As all relevant indicators demonstrate, our first-half earnings for 2005 are satisfying. Organic revenue growth is of high quality across all business segments. This growth is producing strong earnings growth in all our core business lines (life and savings, property-casualty insurance and asset management) and in all our key markets. This strong growth also reflects certain key business acquisitions.

1. Healthy organic growth

For the six months ended June 30, 2005, underlying earnings were up by 26% (28% on a constant exchange rate basis). Once again, this solid increase came from all of the Group’s core business areas.

- **Life and savings (60% of AXA’s total business)**
  New business or annual premium equivalents (APE) rose by 6.5%, while NBV (the profitability of new life insurance business) was up by 20%. The margin on new life insurance business was 17.6%, an increase of 2 percentage points compared with the corresponding six-month period in 2004. This profitability is both high quality and positively oriented. All figures are provided at constant exchange rates and on a comparable structure basis.

- **Property and casualty insurance**
  Because 2004 was a particularly good year for the P&C market, some observers feared that prices would drop this year. This has not turned out to be the case, however. The 3% increase in revenues observed reflects healthy growth. While this is a good performance, I feel it is possible to do even better. The P&C combined ratio continues to improve. At 97.5%, it has improved by one percentage point—despite our decision to remain extremely conservative in terms of reserving.

- **Asset management**
  Revenue growth was satisfactory, although not as strong as in the previous half year or full year. Growth reflects both Alliance Capital’s sharp reduction in certain of its fees and base effects, which played a full role in the first six months of the year. AUM net inflows as of June 30, 2005, independently of the impact of market appreciation on the portfolio, reached 16 billion euros (excluding the impact of the sale of Alliance Capital’s money market fund
management business) and the progression since June has been strong, particularly for AXA Investment Managers (AXA IM).

2. Targeted acquisitions that will fuel future growth

In addition to healthy organic growth, we are also reaping the fruits of targeted acquisitions completed under reasonable terms and perfectly aligned with our core business.

- **Integration of MONY and sale of Advest**
  The integration of MONY is moving ahead as planned. We are in line with or even slightly ahead of schedule in terms of our cost-cutting goals. We have held on to the distributors we wanted to keep. We have also just sold one of MONY’s subsidiaries whose business was not strategic for AXA. The brokerage firm Advest was sold to Merrill Lynch for a considerable sum, which has reduced the price of acquiring MONY to just over one billion dollars. This acquisition is making a significant contribution to sales growth in the United States, for an acquisition price that was perfectly reasonable. Earnings generated as of the first year under AXA ownership are substantial.

- **Creation of the Northern Europe Region**
  We have placed all of Northern Europe—i.e. Belgium, the Netherlands, Germany, Switzerland and Luxembourg—under unified leadership. We have done so for the same reason that we formed regions in the United Kingdom, the Mediterranean and Asia Pacific. It enables us to step up the development of regional synergies without centralizing operations. This change has improved technical results in the German P&C business. However, we feel we can do better in terms of growth by focusing on improving network productivity and product innovation, and on extending our distribution reach.

- **Other acquisitions**
  The acquisition of Framlington in the United Kingdom strengthens us in the asset management segment. This company has a strong track record in asset management, and will enhance the business portfolio of AXA IM. We now have a number of leading asset management brands in our portfolio, which together allow us to offer our clients well-identified areas of specialization managed by first-rate specialists. Our range of products and services is relatively broad and attractive for our distributors, non-proprietary distributors and third-party clients.

  The acquisition of property-casualty insurer Seguro Directo in Portugal will also fuel future growth.

  Finally, we have reached an agreement in India with the Bharti group, whose 12 million customers gives it a strong position in the mobile telephone services market. A partner of this stature can help us to achieve growth in the Indian life insurance market. We have also established a life insurance joint venture in Malaysia.

We are producing satisfactory organic growth in the emerging markets where we are present, while also continuing to acquire for the future.
3. **Regular harvesting of capital gains builds adjusted earnings capacity**

Our adjusted earnings were up by 28% (+31% at constant exchange rates), attesting to the wisdom of our decision to maintain our exposure to the stock markets. We are returning to a more typical period in terms of capacity to harvest a portion of our unrealized capital gains. We realized approximately 370 million euros in capital gains in the first half of this year. Having a sizeable equity trading portfolio helps to build the Group’s earnings and its capacity to distribute dividends to shareholders. Our dividend payout ratio is between 40 and 50% of adjusted earnings. Given the current pace of growth, and given that we are at the low end of the range, the dividend distribution outlook is fairly encouraging.

All of our business indicators are pointed in the right direction. We continue to gain market share, particularly in property-casualty insurance. We have also increased market share in the US variable annuity market segment. And our net cash flows are strongly positive, which demonstrates AXA’s ability to attract and retain clients. We are picking up more clients than we are losing.

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**Overview of financial performance, balance sheet and equity**

Denis Duverne  
Chief Financial Officer

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**I. Financial performance**

1. **Underlying earnings**

Our underlying earnings have progressed in four of our five core business segments. In life and savings, underlying earnings were up by 19% (22% on a constant exchange rate basis). In asset management, the increase was 25% (30% on a constant exchange rate basis). In property-casualty insurance, they rose by 20% (21% on a constant exchange rate basis). The only segment that saw underlying earnings fall was international insurance. The 26% decrease was attributable to AXA RE. For other financial services and holdings, results fell slightly compared with the corresponding prior period.

2. **Life and savings segment: the successful integration of MONY**

The contribution of MONY to underlying earnings rose by 61%, from 49 to 79 million dollars. We are totally in line with and even ahead of our integration plan. We were aiming for savings of 170 million dollars in 2005. At the end of the first half, we had already achieved 97 million dollars in savings.

Integration of the distribution channels was completed in June 2005.
The sale of Advest for 400 million euros reduced purchase goodwill on the MONY acquisition by 31%.

In Japan, underlying earnings from life insurance operations rose by 38 million euros. In France, the increase was 31 million euros over the first half.

3. **Property-casualty insurance: further improvement in combined ratio and investment income**

The combined ratio improved by one point, with a 1.5 point drop in the loss ratio and a 0.5 point increase in the expense ratio (general expenses + commissions). The expense ratio fell slightly, while the commission ratio rose slightly, which means that our distributors reaped the benefits of the improvement in the loss ratio. In addition to this 102 million euro improvement in technical results, we see that investment income increased by 105 million euros. Our property-casualty operations continue to generate positive net cash flows. The reserves that produce this investment income continued to rise in the first half of the year. Underlying earnings from property-casualty operations totaled 695 million euros, an increase of 20%.

4. **International insurance**

While expenses continue to improve, the international insurance segment was impacted by major losses in the first half of 2005. AXA RE continued to enforce a highly selective underwriting policy, but nonetheless recorded a net cost of 73 million euros on major losses, partly offset by a decrease in administrative expenses. AXA RE’s combined ratio was up slightly.

At AXA Corporate Solutions, where the underwriting policy continues to be selective, revenues were up slightly and the loss ratio deteriorated by one point. It stands at 100.5%, which is very close to the loss ratio for 2004 (99.8%).

II. **Balance sheet and capital**

At year-end 2004, our shareholders’ equity (according to IFRS) totaled 28.5 billion euros. At the June 30, 2005 reporting date, it had increased by 15%, to 32.7 billion euros. This progression can be analyzed as follows:

- 1.7 billion euros on the marking to market of equities and bonds
- 1.1 billion euros reflects the positive impact of exchange rates
- 1.2 billion euros in dividend payouts
- 2.3 billion euros in net income
- 250 million euros of super-subordinated debt.

Unrealized capital gains reached a record 10.1 billion euros (attributable to shareholders), reflecting good financial market conditions and AXA’s equity market exposure policy. This comfortable level of unrealized gains will be used to fuel adjusted earnings in the periods to come.
We deleveraged our balance sheet by 4 points, primarily thanks to the improvement in shareholders’ equity. Our gearing ratio is 38%, which is 4 points lower than at year-end 2004 (expressed in IFRS terms).

**Conclusion**

**Henri de Castries**

Our performance over the first half of 2005 is clearly very good. Our key indicators are all pointed in the right direction. Recent acquisitions are enhancing our growth. We are confident in our full-year results, and believe that AXA is on track to deliver double-digit growth in 2005.

Both our achievements and opportunities are encouraging. We don’t feel that the situation is fully optimized, however. We think we can post sustained growth over the long term, with earnings growth that exceeds revenue growth.

Our product and service ranges are competitive in some markets, but we feel further improvements can be made in others.

**Achievements**

- We are well positioned in the US life and variable annuity markets, and are winning market share in these segments.

- U/L sales by IFAs (Independent Financial Advisors) are up slightly in the United Kingdom, where we are beginning to see positive impacts.

- Our life insurance operations in Belgium are on track and generating strong growth. Our people in Belgium have shown an impressive ability to innovate and offer attractive products and services. This is a strength that will benefit Germany with the establishment of the Northern Europe Region.

- Both France and Southern Europe reported good results in life insurance and even better ones in P&C. Our market share in the P&C markets of this region has improved. We have confidence in the future.

- In Japan, we continue to produce strong growth in the sales of both traditional and medical products, with satisfactory margins.

- Asset management net inflows are very strong.

Our strengths and achievements come from various sources, in both geographic and business terms. Our core business is Financial Protection, which encompasses life and savings, property and casualty and asset management. It is diversified geographically. The Group’s growth is healthy and diversified in terms of its sources.
Opportunities

The fact that we are performing well has not made us lose sight of the sources of improvement or opportunities that we could exploit.

- Bancassurance in Japan is one such opportunity. Some of the rivals against whom we are very strong in the US market have made substantial inroads in Japan with variable annuity products, and this is something we have yet to do. We should be able to do it and to do it better. We are investing to this end now.

- U/L sales in France are accelerating. François Pierson’s people have been very effective and we think that they can do even better, because we aren’t fully satisfied with what they have achieved to date.

- The Belgian and German P&C businesses are facing the challenge of growth rates. We have achieved a good level of technical mastery over operations, but we need to generate additional growth by stepping up new product development and managing distribution more efficiently.

- The US retirement market presents a genuine opportunity, with most available products pertaining to retirement savings. There are fewer players involved in the management of these savings during the payout period. We already have more expertise in the areas of pooling and longevity, and should be able to come with attractive new offerings in these segments.

- The financial planner channel in the United States is also a potential source of growth for us. We are already well positioned with banking and insurance agency distributors. But we have yet to carve out a strong space with the independent financial advisor networks. We are building up the teams that work with this segment and are currently picking up a significant share of business done through this channel.

- The pension business in Germany is also an opportunity. The German market has witnessed some chaos and several reforms. We certainly need to acquire a chunk of this market in Germany, as we have already done with success elsewhere.

We have identified the sources of our future growth. In addition to external growth, we can develop the success stories already under our belt and make better use of well-identified and diversified opportunities. Our growth has been accelerating in recent years, and this has enabled us to produce solid earnings. This growth is multi-faceted and hence all the more solid.

We know that we still have much to do. We are confident in the Group’s long-term growth outlook. Ours is a growth business; our business lines are well identified; our business model is clear; and we have identified key projects and project owners.
Questions from the audience

Are you planning any acquisitions in the months ahead?

Henri de Castries

It all depends on what opportunities come up. Our top priority is to step up and improve the quality of organic growth. If opportunities for external growth arise in our markets of choice, then we will try and take advantage of them, provided that they are attractive and reasonable. So I can’t say anything today about what our next acquisition will be. We don’t have any constraints in this area, since that strategy generally leads to paying too much and failing to buy optimally. The pace of our acquisitions to date, made on reasonable price terms, should convince you that we are able to seize on viable opportunities. But don’t pressure us by stating that we have plans to make an acquisition.

What are the expected impacts of Hurricane Rita in the United States?

Denis Duverne

Rita has not yet reached the US coastline, so it’s too early to say anything about its impacts. If the magnitude of Rita is similar to earlier hurricanes, it will necessarily have an impact. You can consult the guidance we provided after Katrina for an idea.

Are you going to revise the cost of Hurricane Katrina upward?

Henri de Castries

There is no reason to do so.

Do you expect to alter AXA RE’s policy or underwriting strategy?

Henri de Castries

We see no reason to change. With one billion euros, AXA RE represents 3% of the Group’s total shareholders’ equity. We have no reason to change our capital allocation policy at this time. Our business is about paying for claims when insured losses occur. The magnitude of Katrina is probably the same as September 11. However, the impact of Katrina on AXA is not at all comparable with the World Trade Center. Policies have changed, leading to less volatility and better risk management.
In France, and more particularly in property-casualty, are you satisfied with the balance between growth in the number of new contracts and the number of new clients? Are you winning market share?

François Pierson

Let’s take the automobile portfolio as an example. The number of vehicles in circulation in France increased by 1.4% in 2003 and by 1.2% in 2004. The figures for 2005 are expected to be comparable. In terms of the number of vehicles insured, our portfolio grew by around 3% in both 2003 and 2004. We are winning market share in auto insurance. For 2005, we were in net gain territory as of the first half of the year.

How much surplus cash flow do you expect to generate this year and how much did you generate last year? How indebted are you?

Denis Duverne

I imagine you’re referring to the cash flows that go to AXA SA and that are used to pay dividends and fund acquisitions. For our operating units, cash flows are up significantly in light of the positive earnings performance in 2004. They are well in excess of the dividend. The cash flow available is around one billion euros after payment of the dividend. It will probably be higher in 2005.

We don’t have a particular target as far as debt level goes. We are satisfied to have brought it down in the current period and we think that it could go back up if we wanted to partly finance a new acquisition through debt. The current level is satisfactory to us and the rating agencies are not unhappy to see it decrease. We are under no obligation to give our shareholders money except in the form of dividends.

Why did AXA exceed the 15% equity threshold in Friends Provident?

Henri de Castries

In the case you have mentioned, as in the case of Spain, it is a trading portfolio investment and not a strategic equity interest. We are one of the world’s biggest asset managers and, as such, we are required to disclose our holdings in all listed companies, as well as our thresholds when they go up or down. This is generally the consequence of acquisitions made by different fund managers managing different portfolios.

Denis Duverne

Regulatory requirements differ from one country to the next. To meet reporting requirements, we sometimes have to aggregate our positions for our own account and those for third parties. If AXA has exceeded the 15% threshold in Friends Provident, it reflects investments made by our managers for third-party clients, which are unrelated to our core business strategy. The same is true of Endesa in Spain.
Henri de Castries

We have substantial investments in the stock market. We are thrilled to have positions that may one day lead to significant capital gains for our clients.

Can you give us some details on the size of your war chest for acquisitions? How big are your targets? Can you say a word or two about Italy?

Henri de Castries

Do you know the Arthur Koestler novel called *Zero and Infinity*? We have more than zero to invest. We are very happy with our business in Italy. As we say every year, if opportunities come up there, we will seize them.

Allianz stole the spotlight when it declared it was ready to found a European company. Would AXA have done the same if France had been faster to transpose European directives into domestic law?

Henri de Castries

We are happy to see our rivals restructure efficiently, because a better functioning industry is in our best interest. We aren't looking to play a starring role just to be in the spotlight. In addition, the decision to create a European company was particularly astute with respect to the buyout of RAS minority interests.

Denis Duverne

The day that founding a European company opens up opportunities for AXA, we will not hesitate to do so.

Have you made suggestions at the European level on how the status of a European company could be improved?

Henri de Castries

While the notion of a European company and its improvement are both positive developments, we have other priorities in our talks with European regulators and legislators. In particular, we are waiting for signs of progress on the solvency issue.

Do you think you will be able to step up the Solvency II process?

Denis Duverne

This exercise appears to be related to changes in accounting standards. We have entered into phase one of IFRS and phase two is not expected until 2010. We don’t think the Solvency II process will come to an end before this date. Therefore, it is possible that discussions will take place for a step-
by-step implementation of the process. We would be more favorable to a stepped-up timetable, but the issue is a complex one. It is better to draft valid regulations rather to draw them up in haste.

**Have you already done modeling and estimated the impact of these measures on your shareholders’ equity?**

**Denis Duverne**

Solvency II pertains to the definition of the solvency margin, the implementation of risk management and market disclosures. For five years, we have been developing internal models for determining our capital adequacy requirements. In addition, three years ago we set up a risk management unit at Group level, which gives us a consistently high-quality level of risk and risk control.

**Can you give us some idea of your capital requirements?**

**Denis Duverne**

We were not planning to disclose that information today.

**You didn’t mention China as a region of opportunity?**

**Henri de Castries**

We are present in China, and have business licenses in Beijing, Guangzhou and Shanghai. We are developing business in China, but it is important to keep a sense of perspective and scale. Although business is doubling annually, domestic insurers control 97.5% of the life insurance market. We earn revenues in China totaling several tens of millions of euros, versus 6 billion euros in Japan. So even though revenues are doubling in China every year, it will be some time before the Chinese market becomes a significant force within the Group. However, it is a market of the future and one in which our presence is required. At the same time, let’s not oversell this market to analysts or journalists.

**What are your expectations for your partnership in India?**

**Henri de Castries**

Our partner Bharti is a private group, and one of the major players in the Indian mobile phone market. We think that we’ll be able to develop life insurance sales in this market fairly quickly, and we have a competitive advantage going into the game. Our activities in Pune and Bangalore provide us with a local team of trained and efficient employees who could work for a company seeking to develop in the local markets if needed.
While it may be important not to over-estimate the potential of the Chinese life insurance market, what about that country’s asset management market? Could AXA IM be interested in developing a partnership in China?

Henri de Castries

Absolutely. This market offers many opportunities. We are looking at potential partnerships and are in talks—we have no intention of remaining idle. But we are also determined to remain pragmatic. The genuine sources of contribution to revenue and profit are and will continue to be the major developed markets for the foreseeable future. But you will certainly be hearing about what AXA IM can do in China.

Who are you in talks with and when might they lead somewhere?

Henri de Castries

We will give you the information you need when the time comes.