



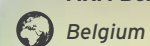
# ACTIVITY AND SUSTAINABLE DEVELOPMENT

2007 ANNUAL REPORT





Savina VANDERMEERSCH  
Marketing Department  
AXA Belgium



“Confidence means being able to let go and get away without worrying about things. You know you can count on the other person and you feel supported.”

What does confidence mean to you—or rather, what is its source?

Some fifty employees from around the world were asked to say what confidence means to them and agreed to back up their words in a photo essay. Photographer Patrick Messina went to meet AXA people from subsidiaries in many countries where the Group is present (Belgium, the United States, France, Japan, Morocco, Portugal, and United Kingdom). To each of their portraits, he attached a facing image of their vision of confidence. Confidence as a mirror of AXA values and corporate culture.

“For me, this photo reportage was an adventure, explains Patrick Messina. Everywhere I went was an opportunity to discover a different culture and above all different individuals. I found it was important to spend a little time with each person so that we could work together to build an image about confidence. Each meeting was an opportunity for personal growth.

I loved this adventure because it transported me to a universe that I was unfamiliar—one rich in diversity and expertise.”

Enjoy discovering the world of AXA.

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**67** **million clients**  
across the globe trust  
the AXA Group

**170,000**

**AXA people**

(employees and exclusive distributors)

**including**

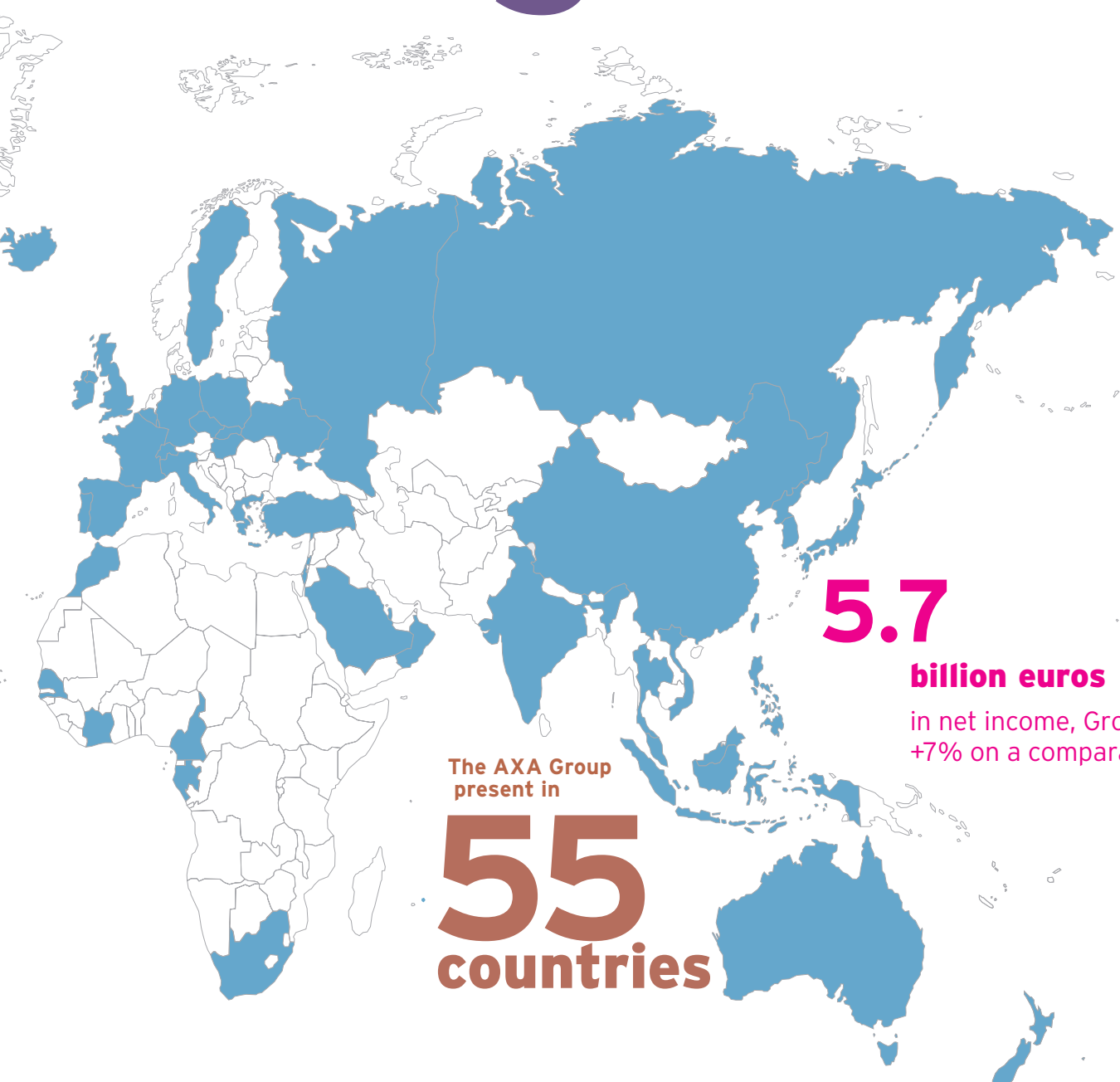
**16,000**  
**employees**

who are active volunteers  
in their local community

**94** **billion euros**  
in revenues  
+5% on a comparable basis



**5 billion euros**  
in underlying earnings  
+15% on a comparable basis



**5.7 billion euros**  
in net income, Group share  
+7% on a comparable basis

The AXA Group  
present in

**55 countries**

**1.20 euro**  
dividend per share  
Pending shareholder approval  
on April 22, 2008



Kumiko KOIKE, Chiemi UCHIUMI,  
Naoko SUGIYAMA, Saigusa KANAOKO



# BUILDING CONFIDENCE WITH AXA

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“As I step down as chairman of the supervisory board, I do so with confidence because the board is made up of people with different personalities, a wide range of experiences and a broad international profile. I am confident in them.”

## MESSAGE FROM CLAUDE BÉBÉAR, CHAIRMAN OF THE SUPERVISORY BOARD

### **The financial crisis**

In 2007, several mature markets—including the United States and the countries of Western Europe—entered into a deep and serious crisis. The collapse of the US subprime market—an invention of minds disconnected from good sense—was admittedly the trigger factor. But its transformation into a systemic crisis was primarily the result of the marked to market measurements that are required under IFRS as well as US GAAP. In my chairman’s messages from 2002 and 2003, I was highly critical of this practice. I am sorry to note today that the risk has become a reality and that the magnitude of the present crisis surpasses the concerns I expressed at the time.



To stem the tide, the FED and then all Western central banks injected massive amounts of liquidity into the economy. The short-term effect of these measures is at the very least hard to determine. Long term, the result will necessarily be an uptick in inflation.

To reverse the trend durably, wouldn't it be preferable to revise the accounting standards whose catastrophic effects we are seeing today? I am not calling into question the need to recognize real economic losses in the financial statements; I am suggesting the need to prevent the marked to market dogma from transforming temporary and virtual impairments in value into immediate losses. Without measures of this type, governments and international institutions will continue to fill the endless void with money extracted from the real economy, which will only evaporate in the financial markets.

## **Governance**

2008 is the year that I am stepping down as chairman of the AXA supervisory board. I had implemented an unwritten rule as chairman, according to which the term of office of board members would not be renewed after the age of 70. This rule has been consistently applied to our board members; therefore, it should apply to me as well.

In 2000, when I decided to step down as chairman of the management board, we decided to conserve the management board/supervisory board structure that we set up in 1996, when AXA acquired UAP, rather than staying with the conventional form of governance by a board of directors.

Once again, we have asked ourselves the question of governance and, in light of the successful experience of the last twelve years, we have decided to maintain this dual structure—because it is more transparent and it better corresponds to the reality of what we are: a global enterprise that cannot be governed by a board of directors, even if it met once a month. We require a daily presence to manage the business and organization: that is the role of the management board. As for the supervisory board, it can perform its core missions with confidence: validation of the company's strategy and its choice of executives, and organizational control.

As I step aside, I do so with confidence in Henri de Castries, chairman of the management board, and in Jacques de Chateaufieux, chairman of the supervisory board. Because both the men and their roles are complementary, I have no doubt that they will be able to continue what I started back in 1975.

**Claude Bébéar**

Chairman, AXA supervisory board

A handwritten signature in black ink, consisting of a long horizontal line with a curved flourish above it.



“AXA combines a strong ambition with an unpretentious culture. In a business where people are essential, we prefer simplicity, authenticity and honesty in our management.”

## INTERVIEW WITH HENRI DE CASTRIES, CHAIRMAN OF THE MANAGEMENT BOARD

**The year 2007 was marked by the so-called subprime crisis and the sharp decline in the capital markets. What is your take on this?**

The fallout from the subprime crisis and the significant turbulence in the financial markets and bank liquidity had a major impact on our stock price. But, for now, the impact on our business has been moderate. We were only marginally exposed to the direct subprime risk. At the end of June, when the crisis was first triggered, mortgage-backed securities represented less than 1% of the general account assets of Group insurance companies. We were totally open with our clients and our shareholders. We reacted very quickly in the interest of getting them the information and advice that they had every right to expect. This turbulence has not had an adverse effect on the quality of our portfolio of business or on the pace of our development in insurance over the second half of 2007. Naturally,

market depreciation has accelerated since the beginning of 2008, and this is affecting the volume of assets we manage and our fee income. However, it is not getting worse and the consequences should be under control because our business activities are diversified and the needs of our clients remain strong.

The decline in the capital markets and the economic slowdown in the United States are not good news in the short term; but that does not mean there is no upside to this crisis. One such positive element is the rise in risk premiums, which were too low. In addition, the medium-term outlook for global growth gives us confidence in the future. Our size, our activity and the geographic diversification of our businesses provide a solid basis for development. Our fundamentals remain sound.

**Does this mean that the objectives associated with the Ambition 2012 challenge remain exactly the same?**

With Ambition 2012, our goal is to double Group revenues and triple earnings per share compared with our respective performances in those areas for 2004. In order to get there, we have to turn ourselves into the preferred company in our industry thanks to our ability to innovate and deliver quality advice and services to our clients. This will allow us to make a difference in their eyes. In 2007, we continued to produce results in line with our expectations, and this was due in particular to a good level of organic growth in our three core business segments: life insurance and savings, property-casualty insurance and asset management. We picked up market share in nearly every country in which we are present.

Nonetheless, we have the feeling that we still have a ways to go in terms of the productivity of our networks and quality of service, both of which should contribute to future growth. The banking and financial crisis is deep, but we are tackling it with a high level of profitability and, unlike the crisis of 2001-2003, our operating model is hardly affected by it.

So we need to stay on course now, by paying close attention to our risks and our expenditures, but without sacrificing the investments that feed future growth.

**AXA has made 19 acquisitions since January 2007. Is external growth the key to AXA's development?**

Our objective is to grow faster than the markets in which we operate by focusing first and foremost on organic growth. As the results I just mentioned demonstrate, we are getting there. But we also want to strike a healthy balance between organic and

external growth. By strengthening our distribution channels in the mature markets and positioning ourselves in the emerging markets, which will be our new sources of growth tomorrow, we are preparing for the future.

**How do you reconcile growth and corporate citizenship in markets where AXA is a player?**

They are not incompatible. The global challenges of sustainable development form an integral part of the way we conceive of our core Financial Protection business. We see ours as a long-term business, in particular due to the long-tail nature of our financial obligations to clients, the timeframe of our performance aims, and the anticipation or prevention of risks.

We are currently working on subjects that commit to the future: retirement, health and long-term care, obviously, but also the prevention of major risks such as the impacts of climate change and pollution. We also make our expertise and ability to innovate available to all.

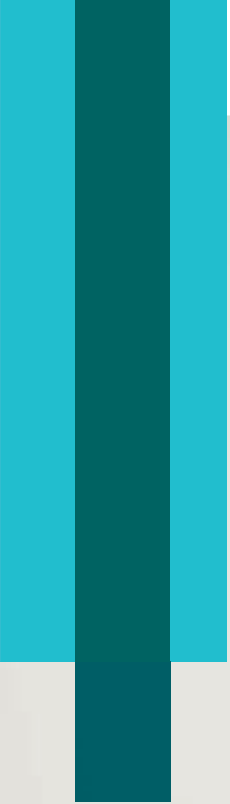
**How are your employees given a part in AXA's success?**

In a service business like ours, where the human element is very strong, we can only reach our growth objectives if our own people are fully engaged. By engaged, we mean that each and every employee understands what he or she has to contribute to the success of our enterprise. The Passport 2012 document, which we disseminated in 2007 so that each employee could fill it in with his or her manager, addresses this objective: it lays out what the Group expects from each one of us by linking these expectations to AXA's long-term goals, and explains in return what the Group offers in terms of opportunities—career development, training and financial benefits.

In addition, and as a way of recognizing the contribution of all our people to the success of the first two years of Ambition 2012, last year we set aside 0.7% of AXA's share capital for a universal employee shareholder program: on July 1, 2007, more than 100,000 AXA employees received 50 free shares as part of the AXA Miles plan. If we are still in line with our Ambition 2012 objectives in 2009, then we will allot another 50 shares to eligible employees. This symbolic gesture sends a strong message to our employees: if the efforts are shared, then success will be too.

“Confidence is essential in my job as a tied agent. It allows me to pursue a winning relationship with ease.”





**Thérèse DEMARQUETTE**  
Tied agent  
AXA France



France

# OPERATING HIGHLIGHTS

**Since January 2007, AXA has pursued an active acquisition policy. The Group has strengthened its presence in mature markets, particularly by boosting its distribution capacities, and has stepped up the pace of its development in the emerging countries. The Group has also made changes in its business portfolio that are consistent with its strategic orientations, and is making progress in its quest to roll out a set of corporate responsibility commitments.**

## STEPPED UP DEVELOPMENT IN THE EMERGING MARKETS

### ENTERING THE RUSSIAN MARKET

Pursuing its development in Eastern Europe, AXA acquired a 36.7% equity interest in Russia's second largest property-casualty insurer, Reso Garantia (7% market share and second largest network of tied agents in Russia). AXA and the shareholders of Reso also plan to set up a separate joint venture that will develop business in the fledgling life and savings market in Russia. For AXA, this strategic investment constitutes an excellent point of entry to the Russian market, which has strong growth potential.

### FIRST STEPS IN THE UKRAINE

Thanks to the acquisition of a 50% stake in Ukrainian Insurance Alliance, the insurance subsidiary of UkrSibbank (which is 51% owned by BNP Paribas), AXA now has a solid position in the dynamic Ukrainian property-casualty insurance market. In doing so, AXA has acquired the right to sell its motor and homeowners' insurance products via an exclusive distribution agreement with the 1,000 branches in the UkrSibbank network, for a period of ten years.

AXA and UkrSibbank have also acquired a 99% interest in Vesko, the country's sixth largest property-casualty insurer. By consolidating the market shares of Vesko and UIA, AXA and BNP Paribas step into third place in the Ukrainian market with around 7%.

### PROMISING ALLIANCE IN HUNGARY

In Hungary, AXA has acquired full equity ownership of the retail bank ELLA and its subsidiaries. Originally a specialist in online banking, ELLA is now the country's fastest growing bank. With 68,000 clients, it is Hungary's sixth biggest mortgage lending institution.

The alliance of the insurance businesses of AXA Hungary, which is the country's fifth largest player in the retirement savings market, with those of Ella Bank, was inspired by the operating model that has produced AXA's success in Belgium.

## STRONGER PRESENCE IN TURKEY

At the beginning of 2008, the Group acquired the 50% equity interest held by OYAK in AXA OYAK, a company that was jointly founded in 1999 by AXA and OYAK. This move, which doubles the Group's exposure in Turkey, is consistent with its development strategy in the emerging markets. With 10% of the domestic insurance market in Turkey, AXA OYAK is one of the very top players in a market where the company has been able to combine strong revenue growth and one of the best records in terms of profitability in recent years, particularly in the property-casualty segment.

## DEVELOPMENT OF DIRECT INSURANCE IN ASIA

In 2007, AXA acquired 90% of the equity capital of Kyobo Auto, the top player in the direct motor insurance market in South Korea (more than 800,000 clients and direct insurance market share in excess of 30%). The AXA Group now has more than 2 million clients around the world in the direct distribution segment.

## STRATEGIC PARTNERSHIP FORGED IN VIETNAM

AXA signed a strategic partnership agreement with Bao Minh Insurance Corporation after acquiring a 16.6% stake in its capital. The second largest property-casualty insurer in Vietnam, with market share of 21%, Bao Minh has solid positioning in all of its lines of business, mainly thanks to its powerful and diversified distribution network. In return, AXA brings to the partnership its technical expertise and regional platforms.

## ACQUISITION OF MEXICO'S THIRD LARGEST INSURER

With a population of around 110 million and low market penetration rates in both property-casualty and life insurance, the Mexican market offers a long-term growth outlook that puts it among the best in the world. In early 2008, AXA reached an agreement with ING to acquire full equity ownership of the latter's Mexican insurance subsidiary ING Seguros, which is the country's third largest insurer. With a 12% share of the market and 5.5 million clients, ING Seguros has leading positions in both the motor and health insurance market segments. The company also operates in the life and savings market, where it has 6% market share, and works through a proprietary network of 7,500 agents, of which 1,500 are life insurance specialists.



## BOOSTING PRESENCE IN MATURE MARKETS

### MAJOR BREAKTHROUGH IN ITALY

AXA entered into a partnership agreement with Banca Monte dei Paschi di Siena (BMPS), Italy's third largest banking group, to acquire a 50% equity interest in MPS Vita (life and savings), in MPS Danni (property-casualty insurance) and in the open pension fund business of BMPS. AXA will also manage the insurance company assets and the open pension funds.

BMPS has a network of 1,900 branch offices and 700 financial advisors, which will reinforce AXA's development in Europe's fourth largest retirement savings and bancassurance market. The acquisition by BMPS of Antonveneta will extend the reach of this distribution network even further.

### ACQUISITION OF BROKERS IN THE UNITED KINGDOM

Because they have been able to develop close relationships with their clients, UK brokers in the property-casualty market now dominate the small- and medium-sized business (SME) segment. In 2007, AXA acquired several of them, including Stuart Alexander, Layton Blackham and Smart & Cook. Integrated into a single entity, these companies will boost AXA to second place in the UK market for SME business done through brokers.

In the personal lines market, AXA also made a distribution breakthrough by acquiring the highly innovative online direct insurer Swiftcover.

## DISCIPLINE MEANS DIVESTING OF NON-STRATEGIC BUSINESSES

### AXA EXITS FROM THE NETHERLANDS

In 2007, the Group decided to leave the Dutch insurance market, selling SNS Reaal (a wholly-owned subsidiary of AXA Pays-Bas, Winterthur Pays-Bas and DBV Pays-Bas). Extremely competitive, the Dutch market is in fact dominated by powerful local players, and it was becoming difficult for AXA to achieve a leading position in the short to medium term period through organic growth, in line with its strategic objectives.





## ► CLOSE-UP

### BIRTH OF A EUROPEAN BANKING DIVISION

*AXA currently has retail banking operations in Belgium, France, Germany and Hungary. To coordinate its European retail banking business, the Group set up AXA Bank Europe. This entity now works in close cooperation with the local insurance affiliates to provide a complete range of Financial Protection products that includes banking. It also ensures the development, control and management of risks at the European level.*

### WINTERTHUR, A SUCCESSFUL INTEGRATION

*The integration of Winterthur, which was acquired in 2006 from Credit Suisse, was successfully pursued in 2007. AXA strengthened its positions in Continental Europe and beefed up its distribution channels in the United Kingdom, Hong Kong and Japan. Moreover, the acquisition of Winterthur has given AXA a much stronger position in Central and Eastern Europe. As planned, the Group sold Winterthur US to the Australian QBE Insurance Group in January 2007, confirming its lack of interest in the United States property-casualty market. Finally, considering that they did not form an adequate development platform, AXA also sold the life insurance business of Winterthur based in Taiwan to China Life Insurance Co Ltd. (a Taiwanese life insurance company).*

### AXA AND HSBC, STRATEGIC PARTNERS

*In connection with its new strategic plan, HSBC Insurance seeks to double its contribution to the earnings of its parent company HSBC. To achieve this goal, the UK-based insurer has teamed up with five strategic global partners, including AXA. The Group becomes an HSBC Insurance partner in property-casualty insurance for Europe and the Middle East. More than ten programs were initiated in 2007 as part of this agreement, which is set to run until 2010.*



“Confidence is what feeds growth, pushes some people to take the initiative, dive into ambitious projects and go where their ideas lead them.”

**Julia TE-JADA MARKHOFER**  
Human Resources Department  
AXA Belgium





## SHARING THE FRUITS OF PERFORMANCE

### AXA MILES PROGRAM

In 2007, as part of the broader corporate challenge known as Ambition 2012, AXA allotted 50 free shares to every employee in its worldwide workforce. More than 100,000 employees working in 54 countries have already become AXA shareholders through this program. This massive grant is the first stage in the *AXA Miles program*.

In 2009, if the Group is still on track with respect to the objectives set for Ambition 2012, an additional 50 shares will be remitted to each employee.

### AXA RESEARCH FUND SET UP

Convinced that promoting research is an integral part of its engagement to good corporate citizenship, AXA announced in October 2007 that it was setting up the AXA Research Fund. A five-year budget of 100 million euros was allocated to the fund, which will be managed by a scientific board headed by Ezra SULEIMAN, a professor of political science at Princeton University in the US and a member of AXA's supervisory board. The fund will be used to support university research institutions, research teams and researchers at every level of maturity (doctoral candidates, experienced researchers and post-doc research fellows). The AXA Research Fund will focus on four principal areas of research, all of them related to the understanding and prevention of major risks to humans and the environment: economics and finance (including systemic financial risks, modeling of the behavior of economic agents in the face of risk and the economics of medical research); the sciences (including such areas as climate change, human longevity, long-term care and rehabilitation); technologies (including network security issues, quantum information and its impact on information systems); and the social sciences (the sociology of modern research and innovation, social reactions to innovation and risks, market trends and consumer behavior, organizational adaptability, etc.). What all of these projects will share is a common focus on research, including fundamental research.

 <http://researchfund.axa.com/en>

## INNOVATIVE CORE BUSINESS INITIATIVES

### AXA IM FORMALLY ADHERES TO THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

In 2007, AXA Investment Managers (IM) signed the Principles for Responsible Investment. Carved out in 2006 under the auspices of the United Nations, these principles encourage institutional investors to make environmental, social and governance considerations a factor in their investment decisions. The Principles have been formally adopted by many of the world's largest pension funds and investment portfolio managers, which together have more than 11,000 billion dollars worth of assets under management. This commitment marks a new step in the responsible investment strategy that AXA IM has been actively pursuing for a decade or so.





## AN INNOVATIVE AND SUPPORTIVE MICRO-INSURANCE OFFERING

AXA France teamed up with MACIF to devise a range of micro-insurance products for entrepreneurs. Noting that 20% of all micro-entrepreneurs are both neophytes and particularly vulnerable, which means that they generally do not qualify for insurance coverage, the two partners have created insurance products for purchase at cost over the first three years. This range of products is sold via the ADIE (*Association pour le Droit à l'Initiative Economique*), which helps former jobseekers, as well as individuals who qualify for the minimum revenue guarantee in France, set up their own business.

This socially-inclusive initiative is consistent with AXA's commitment to also share its expertise and innovative capacity with those who do not have access to traditional insurance products, and supplements the core of expertise in micro-finance that the Group began to develop in 2001 with the AXA World Fund Development Debt fund.

## OUTSIDE RECOGNITION

### AXA CO-CHAIRS THE UNEP FI INSURANCE WORKING GROUP

Established in 2006, the UNEP (United Nations Environmental Programme) Finance Initiative Insurance Working Group (IWG) addresses current and emerging sustainability issues concerning the global insurance industry. The group's first report, which was published in May 2007, highlights the global challenges related to sustainable development that will face insurers and how the latter assume their corporate responsibility in addressing these risks that affect all of society.

### AXA JOINS THE DOW JONES SUSTAINABILITY INDEX

By joining the Dow Jones Sustainability Index, which selects the world's top-performing businesses in the area of sustainable development, AXA's commitments and actions in the area of sustainable development have been confirmed by an independent source.



# OUR CORE BUSINESS IS FINANCIAL PROTECTION

**The impact of our modern lifestyle on the global environment and economy increases our sensitivity to risk and is generating new needs in the area of protection. AXA's business is to address these needs. That is why we have chosen to support our clients day in and day out as they seek to take on new projects and look to the future with confidence.**

## ONE BUSINESS, DIVERSIFIED RISKS

Financial Protection captures the conception AXA has of its business and how it should be conducted. This original coinage covers every aspect of the Group's business of protecting people and property: life insurance and retirement savings, property-casualty insurance, health insurance, personal protection, asset management, assistance, legal expense coverage, etc.

What sets Financial Protection apart is that it offers a highly-personalized approach to the client. AXA supports its clients at every stage in their lives by helping them to manage their risks—whether personal or commercial—and their financial assets. In other words, all of the products and services that AXA makes available address the same basic need for both individuals and businesses: that of protecting their assets, whether those assets are financial or physical. Today, it is this strategic positioning that gives the Group a coherent underpinning and high value added. The variety of its businesses allows for adequate diversification of risks while also ensuring stability for the Group. This is the basis of the business model that is behind AXA's success.

## THREE MAJOR BUSINESS SEGMENTS

The life and savings business segment covers a full range of contracts for savings, retirement, personal protection and health insurance for both individuals and businesses.

Depending on the country, these products are sold via exclusive networks—agents, salaried sales forces, direct sales—or non-exclusive channels—brokers, independent financial advisors and financial planners or financial and non-financial partners. The other financial services segment is mainly carried by banking entities located in Germany, Belgium, France and Hungary.

In late 2007, they were grouped into a single European banking division called AXA Bank Europe.

The property and casualty insurance segment offers a full range of insurance products for both individuals and businesses: motor, homeowners, third-party liability and property damage. The Group also uses a variety of distribution channels to make these products and services available. The international insurance segment, which is mainly focused on meeting the insurance needs of large businesses in Europe, Group reinsurance and assistance, is made up of several subsidiaries: AXA Corporate Solutions, AXA Cessions, AXA Assistance and AXA Liabilities Managers.

The third and final general segment in which the Group is present is asset management, a business that AXA conducts via two companies: AllianceBernstein and AXA Investment Managers. The former leads this industry in the United States, while the latter develops business through a global network of subsidiaries. Both of these companies manage assets entrusted by third parties—both retail clients and institutionals—and by AXA's insurance subsidiaries.

### ► EARNING THE PREFERENCE OF PEOPLE OVER THE AGE OF 50

*For AXA, people over 50 represent a promising market for the future and one of its top strategic priorities. Indeed, this age group occupies a preponderant place in the economic and social life of OECD nations. Senior citizens represent 34% of the aggregate population of Europe, the United States and Japan. What makes them different? Although they have substantial purchasing power, many have not begun to adequately address the issue of their retirement, which they hope will be active and fulfilling. In Europe, members of the grandpa boom (as it is called in France) have financial assets that on average exceed those owned by those in the 20-49 age group by 40%. Similarly, in the United States 66% of those who own stock are over the age of 50. These retirees, or future retirees, express a strong need for Financial Protection and want to maintain their lifestyle—which includes many activities and travel—as well as their purchasing power. As for those who are still in the workforce, they are less and less confident in the ability of public PAYGO retirement systems to meet the need and are looking for savings products that provide an adequate return. And everyone in this age group wants to help their children or grandchildren carry out personal projects.*

## TAKING ON THE CHALLENGES OF SUSTAINABLE DEVELOPMENT

We are also convinced that our core Financial Protection business is intrinsically tied up with the challenges of sustainable development. Supporting and responding to the needs of our clients over the long term presupposes anticipating global risks and encouraging responsible behavior by offering innovative products and services. This source of leverage applies to all three of our core business segments.

The challenge in property-casualty insurance is to develop the notion of prevention and steer risk underwriting in the direction of activities that are compatible with sustainable development. For example, by linking premium rates to behaviors that respect the environment, we can reduce exposure to this risk.

The rehabilitation of bodily injuries constitutes another example: providing support for the victims of serious road accidents in the form of both medical and social care facilitates a speedy and full recovery, or at least offers the greatest possible degree of autonomy. AXA has also launched a number of prevention programs in the area of health, such as smoking, different type of cancer and cardiovascular disease, targeting clients, employees and the general public, via web sites that feature interactive tips and advice.

In the life and savings segment, AXA has a role to play in helping the developed world avoid passing on to future generations the costs engendered by inadequate preparation for the individual and collective costs of demographic aging. This is one of the goals of the financial education program that inspires the awareness-raising initiatives conducted by the Group. It is also reflected in the development of innovative product lines that are adapted to the needs of the new demographic mix, combining savings, advice and services in the area of healthcare and assistance, but also via targeted communications efforts at the local level and, at the global level, with the annual publication of research findings in





“For me, confidence means acting without fear of doing so, like striking the right balance.”

Ana RAPAZ  
Black Belt Organization Department  
AXA Portugal



the area of retirement. In the field of asset management, AXA is a major investor with a global reach. Today, its life insurance obligations account for two-thirds of its consolidated revenues. Because their horizon is primarily long term, assets are chosen only after a careful selection process that examines their durable financial and extra-financial performance. The extra-financial dimension is measured by taking into account social, environmental and governance criteria in management decisions.

## UNDERSTANDING THE WORLD BETTER TO ANTICIPATE CHANGES

By anticipating social trends, we acquire the resources needed to better apprehend the risks they carry and the time needed to come up with solutions that offer protection against these risks. AXA seeks to constantly improve the level of protection it brings to clients. By supporting research or creating proprietary intelligence tools, the Group can maintain and expand its ability to analyze and forecast. On January 1, 2008, the AXA Research Fund was set up with an endowment of 100 million euros for five years to support this aim. The fund will be used to offer support for research initiatives in four major areas. In the same spirit, AXA supports the Fondation du Risque, a French training and research foundations focused on the management of financial and industrial risks. Finally, the Group rolled out the annual AXA Retirement Scope survey. The third edition, which was published in March 2007, covered 26 countries and queried 18,000 active workers and retirees. This tool contributes directly to the development of AXA's forecasting capability with respect to this strategic issue.



*We now live in a knowledge economy*

***“I’m convinced that the future of our societies will depend on our ability to better manage and understand the phenomena that surround us. Whether our focus is on the health of our economies or on the trends that are transforming the world of work, there is ample proof that things are evolving—even if we are not always aware of this—and that these changes have major implications for our lives. We have now entered a knowledge-based economy. Unlike the situation in our old industrial economies, competition is now global and demands continuous innovation. This in turn means devoting considerable effort in the area of research. In a nutshell, without fundamental and applied research, we will not be ready to meet the challenges of the future.”***

Ezra SULEIMAN,  
Professor of Political Science at Princeton University  
Chairman of the AXA Research Fund

# BUILDING CONFIDENCE WITH AMBITION 2012

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# AMBITION 2012, EARNING PREFERENCE

Becoming the preferred company in the industry is the founding objective of Ambition 2012. It gives meaning to the initiatives undertaken by AXA people around the world, and mobilizes AXA people in the workplace.

## THE DYNAMIC OF CHANGE

Our Ambition 2012 corporate challenge is designed to help AXA achieve the goal of becoming the preferred company in our industry, for our clients, our employees and our shareholders.

This deep change dynamic is mobilizing the entire organization: it places the client at the center of our preoccupations and our processes, and presupposes reciprocal commitments with our 170,000 employees. It also enables AXA to create value for its shareholders. Today, every member company of the AXA Group is bringing this challenge to life through local action plans tailored to the specific realities of their market.

## AMBITIOUS GROWTH OBJECTIVES

Our corporate challenge also entails long-term financial objectives. Between 2004 and 2012, the Group seeks to double its revenues and triple its underlying earnings per share. The year 2007 was a pivotal one in the ongoing effort to achieve these objectives: AXA reported strong growth in underlying earnings (on a comparable basis) from affiliates in many parts of the world, particularly in the emerging markets: +41% for the Mediterranean Region; +33% for Northern, Central and Eastern Europe; and +19% for Asia-Pacific (excluding Japan). As a result, by year-end 2007 the Group was ahead of its stated targets.

### > TOP 300 MANAGERS MOBILIZED

Since 2006, Executive Leadership Conferences (ELCs) have been giving the Group's top 300 managers ample opportunity to meet and trade ideas on strategic issues. These week-long programs are designed to facilitate the rollout of Ambition 2012 while also helping participants to develop their leadership skills. During a conference devoted to customer centricity innovation, participants from eleven different countries stressed the need to stimulate local innovation, enable more rapid dissemination of initiatives at the Group level and, finally, encourage the development of a global customer centricity culture of innovation. Another program, which was structured around the strategic management of distribution channels, attracted participants from thirteen countries. They traded ideas on several challenges that AXA must face, in areas such as multi-access distribution, direct selling strategies, recruiting distributors and rolling out best practices. At the end of each program, a set of tangible recommendations are submitted to the management board.





Michael HIRSCH



Belgium



## ENGAGED EMPLOYEES, SATISFIED CLIENTS AND SHAREHOLDERS

The objectives of Ambition 2012 are not just quantitative; they are qualitative as well. To achieve them, two levers of change have been identified, the effects of which are value creating for our shareholders:

- Employee engagement;
- Customer centricity.

Although significant progress was made in these two areas in 2007, the Group continues its daily efforts as well.

## EMPLOYEE ENGAGEMENT

To allow all AXA employees to share in the success of Ambition 2012, AXA launched another program in 2007 calling for the allotment of free shares. In addition, the company has drafted a formal set of reciprocal commitments for each employee and each manager with respect to the Group in a document entitled Passport 2012. It is a positive sign, particularly in light of major internal changes, that the level of employee engagement—as measured by the annual employee satisfaction survey called Scope—increased by two points in 2007 compared with the 2006 survey score. Two areas of improvement stood out in particular: employee confidence in the strategic Ambition 2012 plan, and staff perception of the ability of management to manage change effectively. The confidence of our employees, both in the company and in the Ambition 2012 project, increased by 8 points last year. And 8% more employees feel that the changes AXA has undertaken will be beneficial for them. An additional 7% have confidence in the decisions made by management. Finally, the percentage of employees with a clear vision of Ambition 2012 increased by 6%.



## CUSTOMER CENTRICITY

Since 1999, AXA has been measuring the satisfaction of nearly 700,000 clients in more than 30 countries twice each year via the Customer Scope survey. Clients are queried about their level of satisfaction after certain experiences, such as a purchase or the provision of a service, across business lines: life and savings, investments, property and casualty, health and banking. Every year, a client satisfaction target is set for both the Group and for individual companies. The satisfaction index, as measured in the Customer Scope, has gone from 70 in 2004 to 79 in 2007. In a number of countries, quality of service has improved thanks, in particular, to the continuous quality of service improvement program AXA Way.

## GIVING PREFERENCE TO ACCOUNTABILITY

The Group's sustainable development strategy is another powerful lever for earning the preference of both clients and employees. By taking the societal aspects of Financial Protection fully into account, the Group provides positive content to every dimension of its brand—whether financial, commercial or institutional. The efforts that AXA companies pursued in 2007 to improve their organization's economic, social and environmental performance are contributing directly to meeting the objectives of Ambition 2012. By becoming an efficient organization and a global citizen, AXA satisfies its clients and its shareholders, boosts its reputation and builds employee engagement.

# ADDRESSING NEEDS AND FORGING A UNIQUE RELATIONSHIP

**By forging a unique and lasting relationship based on confidence, we will earn the preference of our clients. Knowing each profile, understanding individual needs, offering distribution channels adapted to those needs, developing innovative products...**

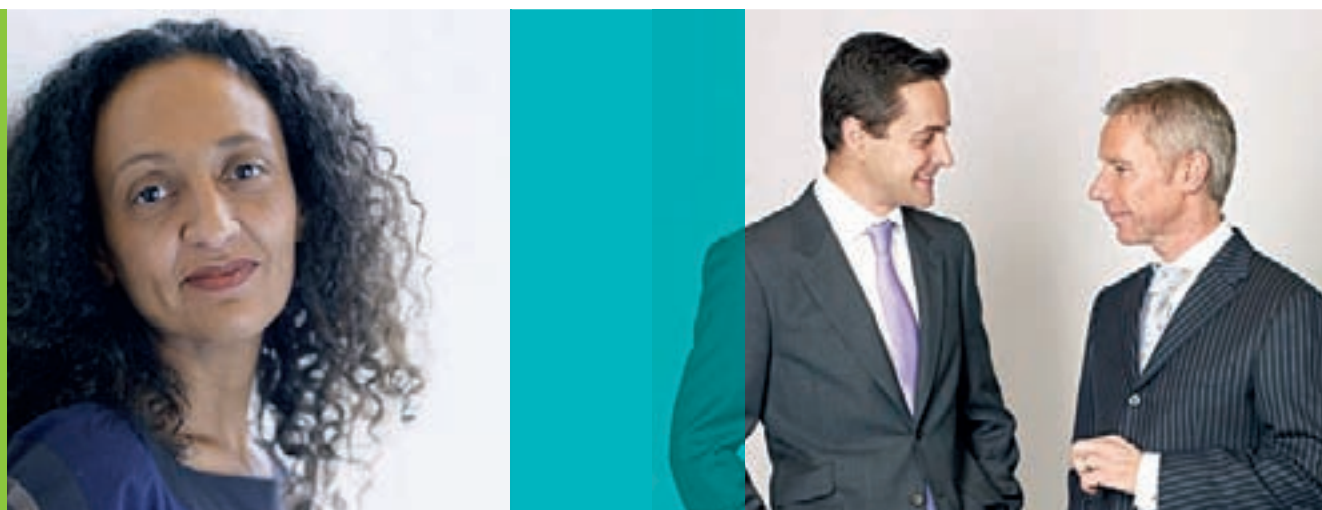
**AXA made great strides on all these fronts in 2007.**

## **GETTING TO KNOW CLIENTS BETTER TO INCREASE CUSTOMER SATISFACTION, CARE AND RETENTION**

Because deep knowledge of consumer needs and expectations is one of the keys to preference, the Group initiated a number of projects in 2007 with this aim in mind. More than 15,000 consumers were surveyed in the Group's ten largest companies to draw up Group client profiles based on similar expectations and purchasing behaviors. Thanks to this strategic segmentation work, we are able to identify the priority needs expressed by consumers in each country. We can also extract information about similar purchasing behaviors in different markets. In parallel, we have initiated reflection on client hospitality and care. The contacts we have with them, although they are not frequent over the course of a year, are important moments in our relationship. Therefore, we want these moments to stand out because of the quality of the interactions, especially with our most loyal customers. In this vein, the Group initiated three global programs in 2007 focused on the way new clients are welcomed, as well as on retention and transparency in product communications. Each program is sponsored by a country-level manager based in the field.

## **OFFERING APPROPRIATE SOLUTIONS**

Although consumer profiles are often comparable across the globe, important cultural differences nonetheless remain. Satisfying our clients therefore depends of AXA's ability to adapt and roll out its products and services locally. The Accumulator annuity product offers a good illustration of this approach. Designed to meet the needs of those who have recently retired or who are planning



for retirement now, and inspired by an income for life product originally launched by AXA Equitable in the United States, Accumulator addresses the growing awareness of the financial challenges related to retirement. In the United States, according to the 2007 edition of the AXA Retirement Scope, some 34% of all retirees feel that they do not have sufficient retirement income. By allowing policyholders to have both a guaranteed level of income for life and capital invested in the markets but protected, Accumulator offers an innovative solution to this problem.

Launched initially in the United States, Accumulator was first adapted for the German and Japanese markets, and then gradually adapted for a large portion of Europe and Asia-Pacific. In 2007, sales of Accumulator rose by 34% in the United States, while 24% of all new production originated outside the United States. This trend is expected to pick up steam in 2008. The success of this deployment was made possible by AXA's considerable expertise in risk management, concentrated in our centers of expertise in Paris and New York. It is also attributable to the Group's ability to rapidly adapt a product to the needs and environment of each market—particularly with respect to differences in terms of tax treatment and consumer savings habits.

## NEW DISTRIBUTION CHALLENGES

Our distribution is also a vital component of the Group's quest to become the preferred company in its industry. It must also be aligned with and responsive to changing consumer demands. In fact, consumer needs differ depending on the nature of the products and client segments. For complex products, such as retirement annuities and commercial property-casualty insurance lines, our clients want advice first and foremost. In other areas, they just want simplicity and speed. Because they want to be active in choosing the products they consume, they demand that the range of products and services available be accessible and self-explanatory. The challenge lies in satisfying expectations that are not mutually exclusive—one and the same client may express both.

Like all major sectors that involve the purchase of a product or service, Financial Protection must be accessible via multiple channels. From product selection to purchase, and from customer relationships to contract and claim monitoring, our clients should be able to choose the point of entry that works the best for them. In addition, they have the right to expect a consistently high level of quality of service regardless of the channel they select—internet, telephone, face-to-face, and so on. AXA plans to evolve its distribution model to suit the multiple expectations of consumers and different priority segments. Accordingly, the goal is to both strengthen our traditional distribution channels and move them toward the multi-access point model while also promoting alternative forms of distribution, through banking channels or direct selling, for straightforward products such as motor insurance.



## TOWARDS A NEW MODEL

To deploy our strategy internationally on the basis of best internal and industry practices, a transversal task force was formed in 2007 to discuss our model and our distribution channels around the world. Six key themes were chosen: direct distribution strategy; multi-access strategy; broker acquisition; sales recruiting; compensation policy; distribution via non-proprietary channels. Because these topics were addressed by international working groups, we were able to come up with models that can be applied by all companies. Accordingly, working in tandem with Group Distribution, Germany is spearheading the multi-access topic, while the United States has been asked to supervise work on distribution via non-proprietary channels. For each of these themes, a common working model was developed to allow countries to converge their organizations and working methods before rolling out action and improvement plans. For example, in the area of recruiting, we estimated the number of new hires in sales that would be needed between now and 2012 and identified the key processes for enlarging our pool of applicants and attracting the best talent. In the area of savings product distribution via non-proprietary channels, our objective is to be able to market an attractive product by providing the partner with a dedicated sales and marketing organization, structured around three key functions: sales inspection, with a team of dedicated sales people; a technical/commercial call center; and a key account sales rep whose role is to develop a trust-based relationship with the partner.



*Grand Slam: one of the programs in our differentiation strategy*

***“Within AXA France, AXA Particuliers et Professionnels is the entity dedicated to serving some 7 million individual clients via several distribution networks.***

***Back in 2005, we initiated a strategy of achieving differentiation through quality of service, supported by a program called ‘Grand Chelem’ (Grand Slam), the goal of which was to earn the preference of our clients at every possible level. With the support of AXA Way teams, we have reviewed our processes and come up with a set of service commitments. The results and successes of these commitments are regularly shared with our tied agents and the sales channels. The first outputs show that their satisfaction has improved as measured via our distributor scope survey. The quality of service efforts made by the Group should also be reflected in the attitude of each and every employee. For each core business, training and coaching in these ‘service attitudes’ were built and initiated in 2007. We expect these programs to intensify in 2008. At AXA France, the program is called ‘Service en tête’ (Service First), whereas in the United Kingdom it is known as ICE (Intensive Customer Experience), a program that puts employees in the client’s shoes for a whole day.”***

Jean-Laurent GRANIER,  
AXA Particuliers et Professionnels Department  
AXA France



France

*Intensive learning opportunity:  
the customer experience*

***“ICE bears no resemblance to a conventional training session. I really worked my imagination and thought about the way our behavior directly affects the confidence that our clients have in us.***

***The opportunity to meet the clients we took care of during the day-long training is a good way of measuring how effective our work is. If every employee understands this, then we have an excellent chance of becoming the preferred company!”***



**Anna DILKU,  
Marketing and strategy Department  
AXA UK**



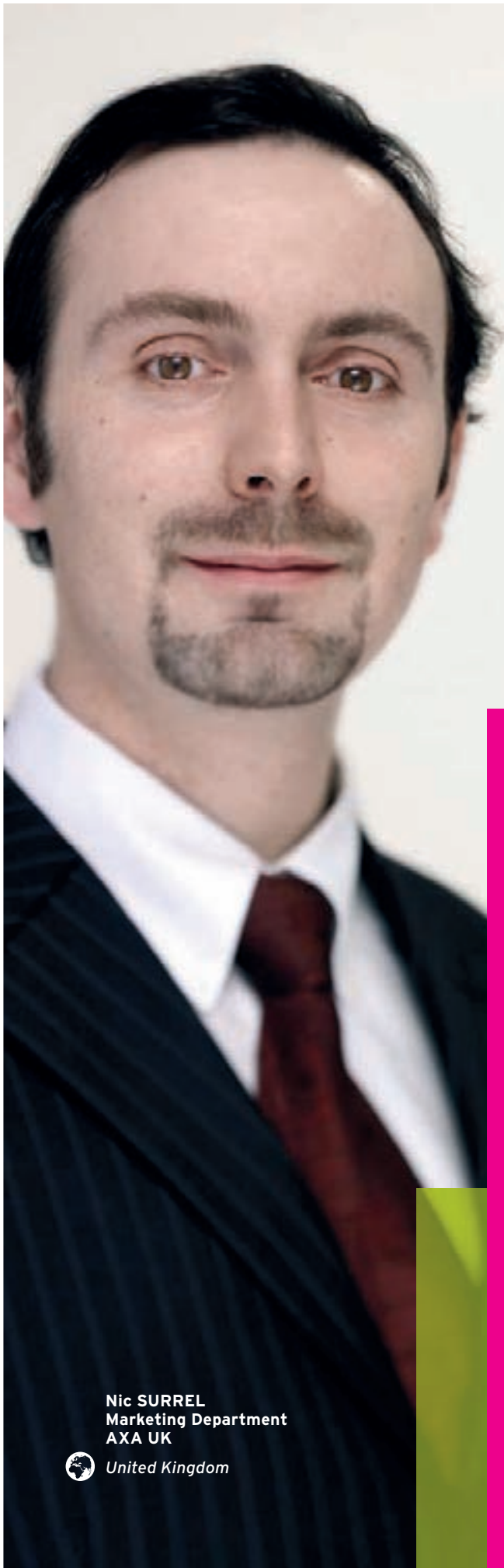
*United Kingdom*

## ACHIEVING DIFFERENTIATION THROUGH QUALITY OF SERVICE


Clients in the Financial Protection industry have strong expectations when it comes to improving quality of service. To differentiate itself in this market, AXA has undertaken the task of industrializing its processes to make gains in both efficiency and quality. Since 2002, we have been using AXA Way, a program based on the famous Six Sigma method and designed to help us achieve quality of service improvements. The underlying principle of this method is to measure the defect rate of a process before attempting to improve it. By applying this method to Financial Protection, we can measure the quality of our business processes, management and the execution of customer requests. Today, AXA has more than 600 in-house experts who have been trained in this methodology –the black belts– whose role is to support operational staff. The early AXA Way projects were oriented towards achieving productivity gains. In the last two years, however, the focus has shifted to a genuine quality of service approach, devoted to satisfying customers by improving key processes that have an impact on the customer experience.

## AN APPROACH THAT INCLUDES DISTRIBUTORS

This approach applies to clients as well as distributors. Distributors are an essential component of quality of service, and for this reason they are closely involved in the task of defining the processes they see as the key to making AXA the preferred company. In 2007, a number of entities worked with distributors on programs that entailed listening to clients in order to take in their needs. In Italy, for example, around 600 clients were interviewed on the claims management process. In Spain, 14 focus groups and 5,000 telephone interviews served as the source of precious information on the perceptions and expectations of the clients of AXA and its competitors.



Nic SURREL  
Marketing Department  
AXA UK

 United Kingdom

“Confidence is based on respect for the rules, kind of like a red light that tells both pedestrians and drivers what they can and cannot do.”







## MAKING SERVICE LEVEL COMMITMENTS

From a business development perspective, 2007 marks a new stage and the rollout of a very novel approach. For the first time, AXA companies made guaranteed service level commitments to their clients that come with related financial penalties if these promises are not kept. Three examples illustrate the concept:

- In motor insurance, AXA Germany now offers its clients a service level guarantee rather than just a simple financial settlement. In the event of a claim, the client calls AXA and, within 30 minutes, receives an SMS confirming that his or her claim report has been filed. Within the hour, he or she gets a call from a licensed garage. The client also gets towing assistance and the use of a courtesy vehicle while his or her vehicle is being repaired. When the repaired vehicle is ready, it is delivered to the client at home by the repairer, along with a six-year warranty on the repair itself. In addition to increasing customer satisfaction, this approach limits the number of intermediaries and hence lowers costs.
- In Italy, AXA Assicurazioni promises to send a letter of courtesy with every claim file that is opened, specifying the name of the claims adjuster who has been assigned the case. This letter must go out within 5 days of receipt of the client's claim report.
- In France, AXA promises in the event of vehicle theft to settle within 15 days following the receipt of a complete claim report from the client. If it fails to keep this promise, AXA France reimburses the last three months of the client's premium payment. This form of compensation was directly inspired by the findings of a study conducted with clients of AXA France.

Hipolito de la CRUZ MARTIN  
Product Department  
AXA Spain



Spain



*Our approach has changed considerably*

*"In the space of one year, the customer centricity approach has caused us to profoundly alter our way of doing business. This marks a genuine cultural shift for AXA and its people. For example, we have installed a television screen in the lobby of all our main sites that features a map of Spain and the number of new customers who join us each day. Our marketing plan is entirely built up from the perceptions of our customers. So we have launched products for immigrants, a target that has been identified as being strategic, and opened agencies for foreigners who live in Spain.*

*Today, our challenge is to better exploit the link between the needs of our principal consumer segments and the information in our client database, and then ensure that the attitudes and actions of our people align with those needs so we can offer relevant and effective solutions. This is our number one objective for 2008."*

## RISK MANAGEMENT IS THE KEY TO OUR PERFORMANCE

AXA'S LONG-TERM FINANCIAL STRENGTH AND PERFORMANCE DEPEND ON ITS ABILITY TO ANALYZE AND MANAGE THE RISKS OF ITS CLIENTS EFFICIENTLY AND PROFITABLY. ACCORDINGLY, THE GROUP SEEKS TO CONSTANTLY OPTIMIZE THIS MANAGEMENT AS WELL AS THE MANAGEMENT OF ITS OWN RISKS.

*Risk management is and has always been at the very core of AXA's business and performance. Indeed, the risks of our clients constitute the raw material of our business. We assume these risks and we transform them. We can opt to assume these risks ourselves by diversifying them, i.e., by pooling them with other related risks. We can also transfer them to other parties, such as reinsurers and the capital markets.*

*Our long-term performance and financial strength depend on our ability to correctly analyze risks, so that we can manage them profitably and efficiently.*

*In 2003, the Group created a transversal organization dedicated to this expertise. The objective in doing so was to allow AXA to anticipate and manage natural and manmade risks that could potentially have an impact on our business activities. These risks are constantly evolving.*

*For this reason, we are particularly attentive to emerging risks. In recent years, the Group Risk Management team has been working on so-called cyber-risks, obesity, nanotechnologies, electromagnetic fields and GMOs. Using this work as a springboard, the Group can develop adapted strategies for risk management and AXA entities can integrate emerging risks into their underwriting processes. For example, thanks to work carried out on nanotechnologies, AXA France has devised an information sheet and an underwriting questionnaire to help sales professionals assess the risk. This expertise gives AXA clients a level of risk prevention and advisory services that few players in the market can rival.*

*Risk management is also interlocked with product innovation. In 2007, several products inspired by Accumulator were launched in different countries and made available at a level of risk that is acceptable to AXA. Remaining within this range entails the use of dynamic hedging techniques. The Risk Management team was closely involved in the creation of a European hedging platform in 2007, whose role is to define dynamic hedging strategies that are absolutely essential for the introduction of products of this type.*

*Finally, risk analysis enables AXA to anticipate the company's evolution with respect to certain ethical issues and thereby protect it from image and reputation risks. In 2007, an active analysis of the evolution of international political and technical consensus on the illegality of certain weapons led to the decision to dispose of all AXA captive insurance company investments in companies that produce cluster bombs. Even though no international treaty banning their use has been enacted to date, as a responsible investor AXA noted that political consensus could lead in 2008 to just such an international agreement prohibiting the use of cluster bombs.*

A genuine center of excellence in France dedicated to risk

***"Industrial risks, health and safety risks, environmental risks... Today, the subject of risk is perceived as central in every sector of society. At the same time, France's potential research and teaching capability in this area is relatively scattered. The Risk Foundation (Fondation du Risque) was born of this observation. It enables an original partnership between four major research and teaching institutions, supported by some of France's major corporations, including AXA. It is about to take the next step, which is to serve as an international center of excellence that will look at risk from every possible angle and promote exchanges between industry and academics. The Foundation may also contribute to defining policy in the area of risk prevention and management. Finally, we will also strive to develop risk education for decision-makers and the general public."***



**André LÉVY-LANG**

**Chairman of the supervisory board of the Fondation du Risque, member of the board of directors of IHES, former chairman of Paribas, emeritus associate professor at the University of Paris (Dauphine campus)**

# CULTIVATING ENGAGEMENT AND MAKING THE DIFFERENCE

In order to earn preference, AXA has undertaken a deep change dynamic that touches upon every aspect of its organization.

The transformation under way is not just technical, however. It is also and above all cultural, and mobilizes every one of the Group's employees in the world.

## EMPLOYEES, A DECISIVE LEVER OF CHANGE

With Ambition 2012, AXA's goal is excellence over the long term. Employees are naturally at the heart of this challenge. In a constantly evolving environment, consumers are less and less captive and more and more attentive to the consistency and quality of the products and services proposed to them. Because they contribute to ensuring this consistency and quality, employees are the primary conduits of change and the best ambassadors of difference and preference. AXA also needs to be able to rely on managers who are capable of inspiring their teams to make the changes that are needed to evolve from a technical insurance culture to a client-centric culture. One of the major projects for 2007 led to the development of a program designed to build the leadership skills of AXA managers. By 2009, 10,000 managers will have completed the 2012 and Beyond training program, which is intended to move their culture in the direction of better listening, greater trust and the ability to delegate. It will also contribute to turning managers into coaches who play a pivotal role in the development of their people.

@ <http://www.axa.com/en/group/profile/people/>



*2012 and beyond makes us all actors in the Group's transformation*

*"For two years, AXA France Services has been working on a profound transformation of its various core businesses, so that it can meet the rising expectations of the Group and contribute to achieving the objectives set forth in connection with Ambition 2012. We were particularly interested in making commitments in the area of quality of service, the run-time of applications, on-time project delivery and keeping costs down. All of this means industrializing our expertise and making the deep changes in our approach that will take us in the direction of a managerial culture based on accountability, confidence and team spirit. For me, the 2012 and beyond program came at just the right time. It gives us the tools we need to understand what's at stake with Ambition 2012 and become actors in this transformation."*



Frank MOUCHEL  
Life and health insurance advisory and services Department  
AXA France Services



France



“In my business,  
I need to have  
confidence in AXA  
to inspire confidence  
in my clients.  
And I do.”

Diana KEARY  
Distribution Department  
AXA Financial



United States



## DEVELOPING COMPETENCIES, A STRATEGIC ADVANTAGE

The purpose of AXA University is to provide employees with the level of expertise that AXA will require. AXA University seeks to maintain and develop the technical know-how and the collective intelligence of AXA.

The high-level training for leadership and management that it offers is the crucible where the Group's culture is strengthened and renewed. The formation of professional colleges also seeks to meet the need to develop technical expertise via traveling programs in which some of the most eminent professors in the world participate—from Wharton, IMD, Insead, Carnegie Mellon and other prestigious institutions.

In addition to building on the expertise of our employees, they mainly help to establish professional communities with expert knowledge in risk management, finance, purchasing, marketing, etc.

The course taught by Professor André Chiappori, who teaches at Columbia University, was initially designed for risk management professionals. The same logic applies to the module organized with the European Institute of Purchasing Management for the members of AXA's procurement community, and to the program for managers designed to raise their awareness of the importance of new information technologies. In all, 26 programs of this type were offered in 2007 by various professional colleges.

## EARNING EMPLOYEE PREFERENCE

Convinced that freedom to choose is a basic right, AXA is working with its employees to develop a relationship based on mutual respect and engagement. To empower employees and inspire them to want to give their best, the Group has begun to formalize its own commitments. These are related to respect for individuals and their diversity, the quality of the workplace setting, reward for performance that is competitive with the market and career advancement prospects. In return, AXA expects its employees to excel at what they do, and to try and surpass rather than just meet client expectations. It also expects them to respect others, seek out team work and team successes, and show that they are worthy of confidence and that they live up to their commitments. Being open to change, showing a willingness to learn, and seeking ongoing improvements in their work area are the kinds of qualities that the Group needs to count on to win. The dissemination of Passport 2012 is part of this approach. Intended to structure the dialogue between each employee and his or her manager, it offers perspective on the active role of every individual in the success of Ambition 2012.

These efforts began to pay off in 2007, as attested to by the improvement in most employee engagement indicators compared with 2006 readings.

## RESPECTING AND INTEGRATING DIVERSITY

Because difference is a source of wealth and appeal, respect for and inclusion of diversity are seen as particularly important values within the Group. Since 2006, AXA has conducted a diversity policy based on three priorities: developing collective awareness of diversity issues within the organization; creating a workplace that is inclusive; and promoting diversified personnel representation. An audit conducted in 2007 by all AXA companies served as the basis for assessing initial progress in this area and highlighting a number of worthy local initiatives. In Germany, both a diversity committee and a dedicated intranet page were created. In Spain, AXA is recognized for its commitment to hiring the disabled and signed an agreement to collaborate with ONCE, a foundation that is very active in this area. In the United States, AXA Equitable has rolled out diversity training modules that all managers and executives must complete.




*For us, diversity is a key source of development*

***“For AXA Equitable, cultivating diversity is a central driver of our business development strategy. It is one of the keys to serving our clients well, attracting the best talent and achieving AXA’s aim of becoming the preferred employer in its industry. One of the things we have done is to set up a diversity and integration board, whose role is to assist top managers. The principles of diversity and inclusion are deeply engrained in all of our managerial practices: competency development, career development, employee engagement surveys. We also support many organizations devoted to promoting diversity, including the National Association of Black Accountants, the National Society for Hispanic MBAs and the Gay and Lesbian Alliance against Defamation. This helps us to recruit staff from many different backgrounds and walks of life. As for the AXA Foundation, it is very active in these areas and has established ten diversity scholarships so far.”***



**James C. WOODLEY**  
Corporate Human Resources  
Diversity and Integration Department  
AXA Equitable

 **United States**



## AN ATTRACTIVE COMPENSATION POLICY

To attract, motivate and leverage the best talents, AXA's compensation policy is closely related to the management of individual and collective performance, over the short as well as the long term. This policy is based on four tenets: competitive compensation, internal fairness, the company's financial performance and the alignment of the interests of employees with those of shareholders. Compensation levels are examined regularly and updated on the basis of compensation surveys that appraise AXA's position in each country relative to the local market.

Internal fairness hinges on compensation systems that take into account both the employee's level of responsibility and his/her contribution in terms of expertise and performance. Individual performance is compared not only to quantitative and qualitative targets, but also to the behaviors exhibited in the achievement of these goals.

Furthermore, variable compensation systems, which are widely used within AXA, ensure consistency between compensation levels and the company's financial performance. The share of variable compensation in total compensation naturally depends on the level of responsibility and local practice in each country. Lastly, to ensure that the interests of employees are aligned with those of the shareholders, we have set up employee stock ownership plans. Via corporate savings plans, stock option plans and the awarding of bonus shares based on performance, these plans are an incentive for employees to support and drive the AXA share price.

## PROTECTING AND SUPPORTING EMPLOYEES

A stress-free employee is an effective employee. Using the expertise culled from its core Financial Protection business, AXA is working to prevent the risks to which its employees are exposed in the course of their personal and professional lives. The Group has developed an ambitious prevention policy that has spawned numerous local initiatives, adapted in each case to the cultural context of the country. To address high expectations in terms of work/life balance, AXA Belgium has set up an in-house nursery and facilitated remote officing. The subsidiaries in the Mediterranean Region offer their employees a well-being week, while AXA France has rolled out a health awareness program whose aim is to help employees fight against cardiovascular diseases, diabetes, obesity and certain types of cancer. Another orientation that is specific to our business, financial education and assistance in planning family finances are the subject of many local initiatives: at AXA Equitable, training courses are offered in-house with the option of taking them via e-learning.

In the United Kingdom, the My Budget Day program offers employees an hour of free financial advice each month.



# PROMOTING INNOVATION AND SHARING GROWTH

**AXA's ambition has always found its support in a strong entrepreneurial culture, made of audacity and innovation, allied with a search for excellence. The Group involves its clients, its employees and its shareholders in this quest.**

## INNOVATION LIES AT THE HEART OF PREFERENCE

A major contributor to the success of Ambition 2012, innovation comes into play in our ability to address the emerging needs of consumers and optimize our organization. To encourage the development of innovation throughout AXA, in 2007 we set up a transversal product innovation group.

Its vocation is to manage the innovation cycle end to end, to identify new concepts, to deploy new products and also to assess their feasibility (financial, human, commercial). The global challenges of innovation must be analyzed for their larger development potential. We have concentrated our efforts at Group level on identifying the innovations contributed by a particular country so they can be rapidly adapted for use in other markets where AXA is present.

## NEW GENERATION PRODUCTS

Innovation hinges on the ability to anticipate the needs of our clients at each stage of their lives and as closely as possible to their patterns of consumption. Innovation is also boosted by the international dimension of the Group, which encourages the emergence of novel product proposals.

In 2007, AXA Belgium launched two options for Twinstar, a product designed for the "happy generation" of consumers over the age of 50. Inspired by Accumulator, Twinstar Tomorrow and Twinstar Today offer both a guaranteed monthly revenue component and a great deal of latitude in terms of how the capital is used. In Spain, where Accumulator was also developed in 2007, the focus is on a specific need expressed by Spanish consumers, who want to have access to 100% of the aggregate performance of a selection of investment funds, while also benefiting from a guaranteed minimum recovery of their initial investment. This approach is also used in the property-casualty and motor insurance lines. In Belgium, this takes the form of a guarantee of mobility, with a replacement vehicle offered in the event of theft or accident. In Europe, product ranges adapted by client segment (young drivers, older drivers) are being rolled out. In Switzerland and Italy, onboard technology is being installed in vehicles to collect data needed in the event of an accident and provide assistance in an emergency. In addition, the development of prevention programs, in areas such as medical insurance and commercial lines, is an additional source of development in partnership with our clients.

### **> NEARLY TWO-THIRDS OF ALL ACTIVE WORKERS AND RETIREES ARE WILLING TO PAY MORE IN SUPPORT OF THE FIGHT AGAINST CLIMATE CHANGE**

*The 2008 edition of the AXA Retirement Scope, an annual survey conducted on 18,000 active and retired workers in 26 countries, devoted a lot of attention to the theme of climate change. The results indicate that the issue of global warming is no longer really contested: 69% of those surveyed say they are concerned or very concerned about its implications. Survey respondents in the Philippines, Japan and Portugal were the most concerned. Some 58% of the respondents think that the next generation will suffer greatly due to climate change, versus 29% for their own generation. Western Europe rates itself as the most exemplary when it comes to fighting against climate change. While 77% of those surveyed are ready to change their behavior, 64% of them would be willing to pay more for green products. A shift in perceptions of responsibility is apparent as well: those surveyed consider that individuals are responsible (68%) as well as governments (69%), even though the manufacturing sector is thought to be the most responsible (86%).*

@ [www.retirement-scope.axa.com/en](http://www.retirement-scope.axa.com/en)



### **A HIGH TECH SHOWROOM**

*In 2007, AXA Tech unveiled a high tech showroom for local and Group information technology managers. A place for sharing and exhibiting the latest breakthroughs in information technology, this window on innovation is organized into four distinct universes: a house (that of an AXA client or employee), a food court space in an airport setting, a meeting room and an office space at AXA. Through the use of different types of décor, visitors are able to project themselves into the discovery of their future workplace or home environment. The demonstrations on display are changed regularly.*

## **DIFFERENTIATING PRODUCT LINES**

At the heart of the solutions we develop for our clients, new information technologies exercise considerable leverage in the storage, processing and flow of information. Accordingly, they play a critical role in our financial management and insurance businesses. In France, AXA Assistance has launched a complete program for remote surveillance of people who suffer from hypertension. Thanks to this program, the patient takes his or her own blood pressure readings with a wireless device and transmits the data to his or her doctor daily. Facilitating the sharing of information between physicians, hospitals and the patient, this innovative program also supports the goal of convalescence at home after a hospital stay and can be adapted to other situations where remote medical monitoring is appropriate.

Several other projects are in the development or test phase, in particular in the area of biometrics, where recognition techniques could make life easier for consumers while also guaranteeing them a high level of security.

The pay as you drive concept is another example of an application that combines insurance needs, road safety aims and environmental protection, by indirectly encouraging policyholders to use their vehicles less frequently. In 2007, AXA France teamed up with Orange Business Services to help companies improve the way they manage the road risk through a fleet management solution. Equipped with a satellite-based geopositioning device, each vehicle in the fleet automatically sends information to a platform managed by Orange Business Services. In real time, the company can optimize fleet management from a web portal accessible via a secure internet access. In Italy, AXA Assicurazioni has launched a product for young drivers called AXA Protezione Autogiov@ni, which combines insurance and assistance services. The premium is modulated on the basis of actual mileage.



## ONGOING TECHNOLOGY WATCH

To develop the technical side of these innovations, AXA makes use of the new information technologies expertise of its subsidiary AXA Tech. The latter has forged strategic partnerships with a dozen flagship enterprises in this field—Dell, Orange Business Services, Intel, IBM, Microsoft, Alcatel—to benefit upstream from the most innovative approaches and services. These partnerships allow AXA Tech to constantly support the evolving needs of AXA and its employees by keeping an eye on the Group’s competitive universe and by developing a range of new services designed to serve the needs of in-house and end clients. In 2007, in addition to the business area projects mentioned above, the teams at AXA Tech fine-tuned a state-of-the-art platform of collaborative working tools (which integrates instant messaging, remote conferencing, audio and video components). The objective is to facilitate access to remote expertise and boost collaboration between people. AXA Tech has also been experimenting with new technologies that optimize the handling of homeowner insurance claims. 2007 was also an important year for the introduction of new equipment that offers an alternative to the standard PC. This thin client terminal offers more flexibility in both deployment and maintenance, leading to a global savings of around 20%. AXA France served as the pilot for this project, deploying more than 500 terminals in 2007. Looking forward, the innovation and strategy team at AXA Tech continues to explore, particularly in the area of new human/machine interfaces (3D video-conferencing, for example, the panoramic camera, an intelligent pen that digitizes writing, ge positioning technologies for people and property). These are the changes that will impact our daily lives and those of our clients.

## VALUE CREATING GROWTH

While success requires innovation, anticipating and preparing for tomorrow’s growth is also important. AXA is already positioning itself in the markets of the future to ensure a steady stream of value creation for its shareholders. The Group is constantly building on its portfolio of businesses, and at the same time setting ambitious targets for organic growth. In the mature markets, the Group made acquisitions in both 2006 and 2007 intended to strengthen its multi-distribution strategy. With the integration of Winterthur, AXA is even stronger in Western and Eastern Europe, and is also able to achieve major synergies. The same can be said for Italy, where AXA acquired a 50% interest in the life and non-life businesses of Monte Paschi di Siena. In the United Kingdom, the acquisition of several brokers (Stuart Alexander, Layton Blackham and Smart & Cook) secures AXA’s distribution reach in a market that is dominated by this particular channel.

Also in 2007, AXA made a number of acquisitions in Asia, Central and Eastern Europe, and the Mediterranean Region. The Group always seeks positioning in markets with high development potential, which can serve as a source of future growth.





*We are looking to financially share the Group's success with our employees through strong and unifying actions*

***"To attract and retain the best talent, we are developing an innovative compensation and benefits policy that closely links our employees to the performance de their Group. As a result of a series of employee stock ownership plans, AXA's employees currently own around 5.2% of the company's share capital. Nearly 44,000 employees (representing 39% of the relevant workforce) have subscribed to Shareplan 2007, for a total amount of 552 million euros, which goes to show that they are confident in the future of their corporation. With AXA Miles, it was the first time that a company of our size awarded bonus shares to every single one of its employees throughout the world, thus making each employee a shareholder of AXA. Nearly 112,000 employees benefited from the first tranche of 50 shares distributed last July."***



**Frank POTARD**  
Group Human Resources  
Compensation and benefits Department  
AXA Group



France

#### > PERFORMANCE AWARDS

*According to Morgan Stanley, AXA is currently considered by 56% to be the best managed company in the insurance industry<sup>(1)</sup>. Since 2004, the Group's underlying earnings have grown by an average of 22% per annum (published basis). The AXA share price has gained 110% in 5 years<sup>(2)</sup>, a performance that places AXA ahead of its principal rivals as well as the CAC 40 and Stoxx Insurance indices.*

## LINKING EMPLOYEES TO THE SUCCESS OF THEIR GROUP

The Group demands a lot from its employees, and in turn intends to provide fair recognition for the contribution made by each one to the performance of the organization and the success of Ambition 2012. It was therefore only natural to give employees a financial share in its development and future earnings. Since 1994, the year that AXA launched its first employee stock ownership plan in France, the Group has been gradually extending the reach of this program, which is known by the name of Shareplan. Now a global program, Shareplan was designed to enable employees to become durable holders of a significant stake in AXA's share capital. In this way, it opens new vistas in terms of employee engagement and involvement, by making AXA people dual stakeholders—as shareholders and employees. This approach is taken even farther with the AXA Miles program. Launched in 2007, it calls for the allotment in two grants of 50 shares of free stock to each eligible employee. The first grant was made in July, while the second is contingent upon the Group remaining in line with the Ambition 2012 objectives.

(1) October 2007.

(2) Through February 18, 2008.



**Abdelkrim ASRAWI**



Morocco

# AMBITION 2012- THE SAME AROUND THE WORLD

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# FRANCE: INNOVATION AND QUALITY OF SERVICE

**For AXA France, achieving Ambition 2012 objectives entails strong revenue and earnings growth, supported by continuous improvement in the quality of service delivered both to clients and distribution networks.**

## MIXED MARKET TRENDS

The French life insurance market contracted by 3% in 2007, with the sharpest decline observed in individual lines. This negative market trend can be partly attributed to the adverse impact of a new inheritance tax law enacted in 2007 (higher abatements offered) and partly to the positive regulatory impacts that contributed to exceptional growth in 2006 (the Fourgous Act, which allows policyholders to transform their life insurance savings contracts into unit-linked vehicles; taxation of earlier generation home savings plans). Conversely, the property-casualty market as a whole was up by around 2% in 2007, despite the 0.5% decline in motor insurance business, against a highly competitive backdrop.

## PERFORMANCES SURPASS THE MARKET

In a difficult context of a declining market, AXA France nonetheless reported a 1.7% rise in revenues from life and savings business. AXA outperformed the market in individual lines business (+1.5%), boosted in particular by the successful launch of *Capital Ressources* (the French version of the Accumulator product). The company's position in Group insurance business was maintained, with revenues up by 1.9%.

AXA France also outperformed the market in property-casualty insurance, posting growth of 2.6%. The year 2007 was marked in particular by record new business in the personal auto-moto insurance portfolio, an achievement that attests to the strong sales performance of the AXA France networks. In the commercial lines portfolio, AXA posted growth that at 6.1% was two times higher than the market as a whole.

AXA Banque and Direct Assurance also reported growth in revenues that surpassed their markets: in 2007, Direct Assurance adopted new positioning around the tagline *Vite fait, très bien fait* ("done quickly and very well"), while AXA Banque passed the 615,000 client mark in 2007 and made major strides with its Oligo interest-earning accounts.

Finally, the acquisition of Nationale Suisse Assurances (NSA) enabled AXA France to complete its territorial coverage with the addition of around 150 tied agents and 250 brokers.

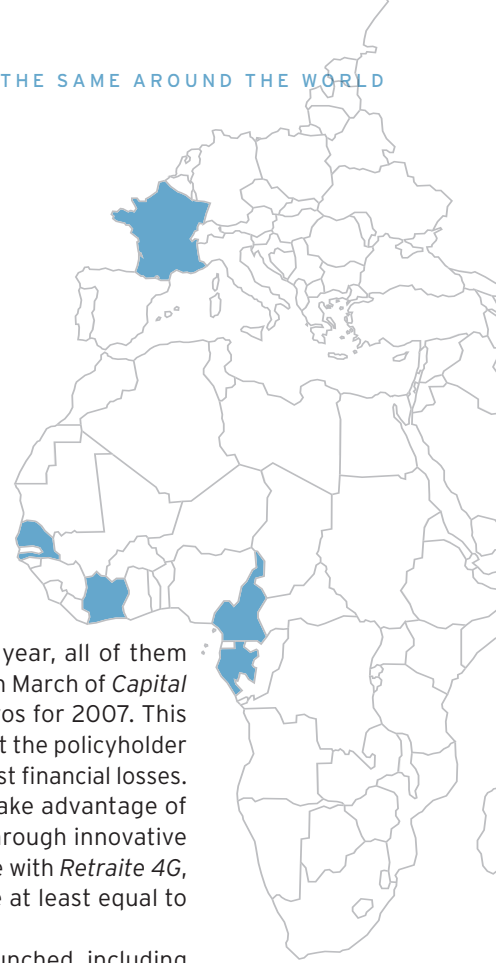


### ► BIRTH OF THE AXA SANTÉ ASSOCIATION

*AXA France is the biggest health insurer in France, providing coverage to more than 4 million individuals. On the strength of the legitimacy earned through its long experience in this area and in risk prevention, AXA's French insurance subsidiary launched AXA Santé in 2007. It is the first organization dedicated to preventive health care. Its three primary missions:*

- *provide information for French residents about a number of prevention-related topics, in particular via [axasanté.fr](http://axasanté.fr), an interactive and participatory website with web 2.0 functionalities (forums, blogs, online tests, videos, thematic cases),*
- *promote innovative services that will support residents of France as they adopt a preventive approach to health care,*
- *support research programs that give priority to the use of innovative technologies in the area of preventive health care.*

The subsidiaries of AXA in parts of Africa (Senegal, Cameroon, Ivory Coast and Gabon) achieved results in line with their objectives. After several difficult years of political and economic instability, the year 2007 saw a turnaround for AXA Assurances Côte d'Ivoire, in terms of earnings and business activity. A satellite hook-up was also deployed to secure all of the operations in Africa, with a real-time access from France.



## INCREASINGLY TARGETED PRODUCTS

A number of new products were brought to market during the year, all of them designed to match client needs as closely as possible. The launch in March of *Capital Ressources* was a success, with revenues totaling 235 million euros for 2007. This contract associates a life insurance policy with features that protect the policyholder in the event he or she outlives the term of policy and coverage against financial losses. Accordingly, the policyholder can invest his or her savings and take advantage of capital market appreciation while also securing the investment through innovative coverage features. The model was also adapted for group insurance with *Retraite 4G*, which guarantees that the capital converted into annuities will be at least equal to the premiums paid in.

In the property-casualty segment, several new products were launched, including the *Atout'Age* motor insurance option, which is specially designed for vehicles that are more than 8 years old (1 vehicle out of 2); the *Bonus Longue Durée* and the *Pack Changement de Véhicule*. For homeowners, the entire range of products was revisited to address the needs of different client families, in particular students and senior citizens.

AXA Entreprises rolled out *Intégrale Santé*, an additional health insurance coverage option with customized features. It also completed its palette of coverage for the protection of business owners, with unemployment insurance and D&O (directors' & officers' liability) coverage that includes emergency legal expense assistance. And the recently developed G.R.E.EN contract insures small- and medium-sized businesses against polluting spills or emissions that they sustain or cause, with coverage including help in preparing for and reacting to the adverse media fallout that may result. This contract was awarded an Argus d'Or in January 2007, in the General Public Product Innovation category.

The Lucky Month sales drive was repeated in 2007, with participation up by 20% compared with 2006.



## STRONG COMMITMENTS TO CLIENTS AND DISTRIBUTION NETWORKS

In 2007, AXA France pursued efforts to improve the quality of service it delivers and the level of customer satisfaction via a number of programs. For example, the Optimus approach seeks to improve customer satisfaction while also generating savings on claims settlements (of around 180 million euros a year). At AXA Particuliers et Professionnels, seven commitments were implemented in 2007 as part of the *Grand Chelem* (Grand Slam) program: property-casualty insurance underwriting, total theft settlement, auto bodily injury settlement, savings, personal protection underwriting, individual health benefits. Launched in June 2007, the seventh concerns AXA Banque, which made delivery timeframe commitments in three areas: account opening, personal loan and revolving credit.

At AXA Entreprises, following the *72 Heures Chrono* and *Top Chrono Règlement* commitments, the *Top Chrono Management* commitment was launched in January. The aim of the latest commitment is to ensure efficient daily management of contracts for holders of property-casualty as well as group insurance policies.

## ROAD PREVENTION INITIATIVES MAKE THE DIFFERENCE

Prevention has been priority for AXA France for a long time. In 2007, the AXA Prévention association conducted a number of initiatives aimed at educating different segments of the population about preventing road accidents. It focused particular attention on the two most exposed segments: young drivers and motorcyclists.

The association received a great deal of media attention after the publication of a survey on women behind the wheel and its annual survey on the behavior of French drivers. Present at the motorcycle fair in France, the association took advantage of the occasion to educate visitors about the dangers of driving a scooter. AXA Prévention also conducted a number of regional initiatives, including the installation of several speed detection devices that were offered to local governments.

### ► CAR FREE, MODULATING CO<sub>2</sub> EMISSIONS

With Car Free (*Libre Voiture*), AXA France launched an environmentally responsible product in 2007 that combines pleasure, savings and ecology. The principle? A service level agreement that offers a choice between two vehicles—a small, fuel-efficient car with low CO<sub>2</sub> emissions, for driving in the city, and a larger and more powerful vehicle for weekend and vacation driving.

*Libre Voiture* received an Assur-innov label in 2007 from [assurnews.com](http://assurnews.com) for its innovative features.





**> EQUAL PAY FOR EQUAL WORK: AXA FRANCE  
A PIONEER IN GENDER EQUALITY**

*Following a company-wide agreement that was signed in 2006, AXA France set aside a total of one million euros to narrow the wage gap between its male and female employees. This initiative, which is unrivaled in the French market, will continue until 2009. In 2007, it enabled 113 women to get an average annual pay raise totaling 2,200 euros.*

**EARNING THE PREFERENCE OF EMERGING TALENT**

AXA France plans to step up efforts to recruit both employees and independent sales professionals. In all, more than 11,000 new hires are expected between now and 2012 in the interest of fostering innovation, as well as to ensure continuous improvement in the quality of service delivered to clients. In 2007, AXA France hired nearly 1,400 new employees, including some 700 for sales positions. In order to get the word out about the professional world of insurance and boost its image as an employer, AXA France launched a new campaign in 2007 called "Energy." The slogan: "You have the energy; we have the opportunities."

In addition, an agreement was signed in June 2007 with the union representing tied agents (Réussir), the aim of which is to increase the number of points of sale from 3,700 to 4,000, as well as to achieve growth in both non-life and life business that is 2 and 3 percentage points higher than the market, respectively. The agreement also seeks to reduce operating expenses and increase net income per agency.



# NORTHERN CENTRAL AND EASTERN EUROPE: A PROMISING DYNAMIC

**In the mature markets of Northern Europe, AXA continues to win market share by making innovation a priority. In Central and Eastern Europe, the Group is reinforcing its presence and stepping up its efforts to reach clients with little or no insurance and savings products.**

## GROWTH DRIVEN BY INNOVATION IN NORTHERN EUROPE

In the mature and intensely competitive markets—Germany, Belgium and Switzerland—the Group has shown that it can be creative when it comes to continuing to earn client preference.

In Germany, where the property-casualty market showed negative growth in 2007, AXA entities posted growth of 2.3% thanks to the launch of highly innovative products.

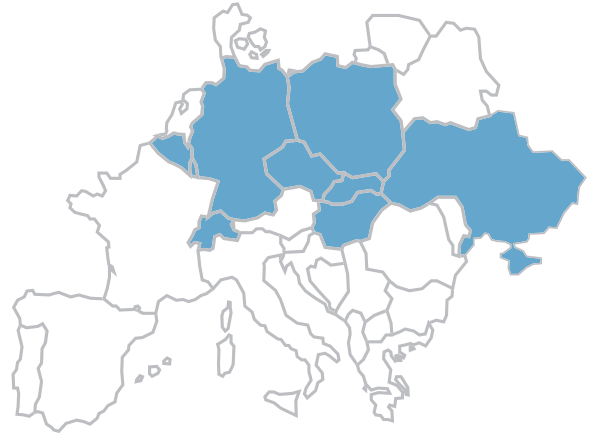
In Belgium, the property-casualty market grew by around 5%, while AXA's performance in this segment was stable last year. Higher sales in personal lines were offset by a decline in workers compensation business. In the life and savings market, new business and revenues increased by 8% and 9%, respectively, thanks in particular to a high level of production for the CREST non-unit linked savings contract. Inspired by Accumulator, the Twinstar unit-linked investment product also contributed to this performance. Well received by the distribution network as of its launch, in September 2007 Twinstar brought in a record 53 million euros in premiums. Finally, with 557 million euros of net inflows, AXA Bank experienced excellent development in all of its lines of business and continued to grow in a declining savings market. The primary driver of this satisfactory performance was the success of the I-Plus savings account. AXA Bank also won market share in consumer credit and bank deposit account business.

Finally, the Swiss life and savings market was marked by a slight turn for the worse in group lines and by moderate growth (+1.4%) in individual lines. While AXA Winterthur Switzerland grew more less in line with the market for group lines, it managed to increase its revenues from individual lines by 3%, with growth of 15.8% in new business thanks to high unit-linked product sales, particularly in the second half of the year following the introduction of new products. In the property-casualty segment, AXA Winterthur continues to lead the Swiss market and posted stable revenues in 2007.



### ► A EUROPEAN BANKING PLATFORM

*In Europe, AXA has developed its retail banking business in Belgium, France, Germany and Hungary, and will pursue the same path in Switzerland this year. In an effort to coordinate these businesses, AXA decided in 2007 to create a single entity called AXA Bank Europe. Its goal is to complete the Financial Protection range with a full line of retail banking products, while also orchestrating development, control and risk management at the European level.*



## DEVELOPING BUSINESS IN CENTRAL AND EASTERN EUROPE—A TOP PRIORITY

The context is quite different in Central and Eastern Europe. In this region, where the Group has 2 million clients, consumers are still under-equipped when it comes to insurance coverage. Moreover, many of them save over the short term or invest in real estate. Hence the emergence of a growing need for long-term savings vehicles.

The acquisition of Winterthur gave AXA access to a promising life insurance and pension fund market in several Central European countries (Czech Republic, Hungary, Poland and Slovakia), with a leading position in the pension fund market and small but rapidly growing market share in unit-linked business.

To coordinate central support services (finance, human resources, audit, risk management, etc.) and ensure that best practices are shared in some key areas such as marketing and information technologies, the Group rolled out a regional platform in 2007. This move stepped up growth by beefing up its distribution capacity, and enlarged its product and service mix, including retail banking in Hungary and property-casualty products in Poland. Finally, regional awareness of the brand grew when several local entities rebranded to AXA.

## AXA BELGIUM, A REGIONAL MODEL

Since the beginning of the third millennium, the AXA Belgium strategy has served as a model. The decision to focus on the happy generation (50 years and over) as the key target has paid off, with a special product range designed to meet their needs:

- *Car Mobility*, motor insurance coverage that offers older drivers total peace of mind while respecting their experienced driver status,
- *Twinstar*, an investment that combines high returns and a guaranteed income stream for life,
- or *Second Home*, which improves quality of life while providing loans and insurance coverage adapted to the needs of people in their fifties.

This approach is at the basis of the long-term differentiating strategy the company is building. Founded on sound knowledge of the values and aspirations of clients, it is able to support their changing needs and guarantees an excellent level of service.



### **> AXA GERMANY KNOWS WHICH WAY THE WIND BLOWS**

*Germany is one of the world's leading practitioners of using wind turbines to produce energy. Today, the country has some 19,000 wind turbines that produce about 7% of the total energy consumed in Germany. The production of wind power has become an important economic activity, employing more than 75,000 people.*

*AXA Germany was an early support of this movement, adapting its coverage to technological advances. Our German subsidiary is now one of the leading providers of insurance for wind farms, with a portfolio of annual premiums worth 10.5 million euros. Its next challenge is to insure offshore wind farms, which have a bright future ahead of them.*

The retail bank is another pillar in the strategy of AXA Belgium. Providing a full offer of insurance and retail banking products will build customer retention (9.2 contracts per bank customer as opposed to just 1.7 for a pure insurance client) and support the insurance business (73% of all single premiums are generated by the banking business). Since 2001, assets under bank and insurance management by the Belgian subsidiary have increased by 9% a year.

Given the efficiency of this strategy in Belgium, AXA intends to deploy the same type of approach in every country in the region, particularly Germany and Switzerland. These markets share many of the same characteristics as the Belgian market.

## **AXA GERMANY, GROWTH SURPASSES THE MARKET**

AXA Germany has been improving its earnings for many years, and 2007 was no exception: the subsidiary posted growth that surpassed the market. AXA Germany owes its growth to numerous product innovations: VIP and clean car products in the automobile insurance line, long-term care insurance and property and casualty protection for professionals. In addition, the success of *Twinstar*—the first European incarnation of the US product series known as Accumulator, allowed AXA Germany to once again improve its new business volume in life insurance. Health insurance sales, boosted by strong demand before the health insurance reform went into effect, also surpassed the market.

In line with Ambition 2012, AXA Germany has decided to become the preferred company in its market, by proposing customized solutions to its various targets, with particular emphasis on the 50+ generation.

## **SWITZERLAND, A NEW STRATEGIC APPROACH**

To meet the challenges of the particularly sophisticated and mature Swiss market, AXA Winterthur Switzerland defined a new strategy in 2007. The uncontested leader with 21.4% market share, the new entity is now fully integrated and has already identified several avenues of development:

- expanded distribution capacity, with more than 600 new tied agents by 2012,
- a more segmented product offering for certain strategic targets (young families, active workers, retirees and small businesses),
- the extension of existing businesses to adjacent markets, in particular savings and group pensions,
- improvements in productivity and quality of service.

## HUNGARY, BANCASSURANCE AS A SPRINGBOARD

With the acquisition of Ella Bank, AXA now has a platform from which to develop its Belgian bancassurance model in Hungary. The Hungarian bank has a multi-distribution network, as well as a strong position in the mortgage lending business and a web platform that attracts short-term investments. Accordingly, the Group has a solid base from which to develop its strategy in Hungary and in other countries of the region, while also developing cross-sales of bancassurance and retirement products.

## POLAND, A STRONGER PRESENCE

The Polish market offers solid growth prospects and meets critical mass requirements. In this market, AXA continues to extend its operations. In its first year of operation, the direct insurance business performed up to expectations, with 32,000 policies written by the end of 2007. The product range was enhanced by the addition of individual savings products such as mutual funds and unit-linked vehicles, as well as property-casualty insurance products designed for SMEs. 2007 was also marked by the development of distribution: the network of tied agents was expanded to 1,300, and the objective for 2008 is to bring the total to 1,400.

## UKRAINE, ENTERING A MARKET WITH HIGH GROWTH POTENTIAL

In November 2007, the acquisition of Vesko and UIA in the Ukraine in partnership with BNP Paribas, gave the Group access to a platform from which to reap the benefits of the reform in motor insurance scheduled for 2008. The Ukraine is experiencing strong growth and has one of the lowest rates of insurance product penetration in Europe; moreover, the life insurance market is virtually non-existent. The outlook for 2008 is therefore quite promising. The company plans to launch a line of automobile casualty insurance products, promote cross-sales and anticipate the reform to come in pension funds.

### ► INTER-GENERATIONAL DIALOGUE AT AXA WINTERTHUR

*For more than thirty years, AXA Winterthur has promoted encounters between people of all generations in Switzerland through its foundation Dialogue intergénérationnel. One of the foundation's most important venues for these meetings is the training and meeting facility at Winterthur called Zentrum am Obertor. It offers a range of diversified courses that allow more than 10,000 people of all ages to acquire cultural, linguistic or artistic skills. The foundation is also involved in thematic projects such as the transfer of new and old generation knowledge via a system of tutorials, or the organization of the second half of life through its highly successful seminars aimed at preparing people for retirement.*



# MEDITERRANEAN REGION: A YEAR OF CONQUEST AND REBALANCING

**With the population aging in Europe, growing demand for retirement annuities with guaranteed benefit rates and a high level of unmet insurance needs, the Mediterranean Region offers significant opportunities**

## **STRONG GROWTH IN LIFE AND SAVINGS**

In 2007, the Mediterranean Region provided 8% of AXA's consolidated insurance revenues. In the property-casualty segment, which today accounts for 73% of its total revenues, the Mediterranean Region increased revenues by 5%, to 5,276 million euros.

Within the Group, the Mediterranean Region has a strong traditional focus on property-casualty insurance. However, to reach their Ambition 2012 objectives, the region's nine entities must rise to a new challenge—that of achieving strong growth in the life and savings market. Its priority targets in this area are those over the age of 50 and SMEs. Two strategic avenues have been identified as key to meeting this challenge:

- strengthening the product/service mix for our priority targets,
- building the presence of our multi-channel distribution system.

Two major transactions carried out in late 2006 and in 2007 illustrate this strategy. First, Alpha Assurance in Greece and a 50% equity stake in the insurance subsidiary of the Italian bank Monte dei Paschi di Siena were acquired. Second, Accumulator was successfully introduced in both Spain and Italy, generating a total of 128 million euros in premiums through December 2007 (AXA MPS generated 144 million euros, not consolidated with Group revenues in 2007), also represents an important step in our development in the retirement savings market.

AXA also pursued its development strategy in the region's emerging markets, buying OYAK's 50% interest in AXA OYAK, which has become one of the top players in the Turkish insurance market. This transaction strengthens the Group's position in this growing market.





## BUILDING PREFERENCE THROUGH SUSTAINABLE DEVELOPMENT

In 2007, the Mediterranean Region made progress toward the full integration of the tenets of sustainable development. Accordingly, AXA Spain decided to make corporate responsibility a theme shared by all employees under the “Somos responsables” label (We are responsible). This includes the partnership with the ONCE Foundation, the promotion of electrically-powered scooters, taking on board the diversity of migrants via adapted assistance products, cultural and community philanthropy, and environmental site management.

In other countries, corporate responsibility is also a tangible reality for the client. In Italy, for example, a prevention product has been created especially for individuals diagnosed as diabetic or at risk for developing this disease, which is increasingly present in our societies.

Other entities have chosen to make a direct contribution to the community: AXA Assurance Maroc has offered its financial support for university programs in micro-finance, while AXA Portugal is involved in scientific philanthropy, awarding research fellowships to young oncology researchers. In addition, AXA Portugal is committed to the protection of forests through an initiative promoted by the Portuguese government and aimed at raising public awareness of the danger of fires.



### > COMMITTED TO HELPING THE DISABLES IN SPAIN

*Since 1988, the ONCE Foundation has been working to integrate disabled people into society through employment and training. Their efforts are supported by AXA Spain, which signed an agreement to cooperate with the Foundation for a period of four years. AXA Spain has promised to encourage the hiring of disabled employees and to improve working and living conditions for disabled workers who are already on board.*

## ENCOURAGING EMPLOYEE ENGAGEMENT

Like the rest of the Group, the Mediterranean Region took steps in 2007 to further develop the level of Involvement and engagement of its people. The dissemination of Passport 2012 as part of the human resources component of Ambition 2012 was very well received. In the 2007 Scope survey, 84% of all employees said they had completed their Passport with their manager or had made plans to do so. In addition, the Well-being Week initiative, which was inspired by a program at AXA Portugal and made available to 8,000 employees in the Mediterranean Region, was repeated in 2007. On the agenda: relaxation sessions, workshops devoted to nutrition and health, and special tastings of healthy food products.

The quality of the workplace offered to employees at several entities is increasingly recognized. For example, AXA Spain was selected by the magazine *Actualidad Economica* as one of the country's best places to work. And AXA Portugal was given an "Igualdade e Qualidade" (Equality and Quality) award for its efforts to promote gender equality and respect for the work/life balance.

## AXA SPAIN REPORTS SUSTAINED GROWTH

Since the integration of Winterthur, AXA Spain has become the second largest property-casualty insurer in the Spanish market.

The first product to come out of the AXA-Winterthur dynamic, known as *Dinamicar*, became the symbol of this new alliance. A highly competitive motor insurance product, *Dinamicar* also offers a set of service level commitments. For example, if a disabled vehicle is not towed within 60 minutes of the call for help, the client receives 60 euros. In addition, an agreement signed with Banesto bank has strengthened distribution in Spain: the clients of AXA Spain have access to the financial services of Banesto, and AXA Spain will be the bank's first partner in the sale of insurance products.

## IN ITALY AND IN GREECE, DECISIVE STEPS

In Italy, the year was marked by the alliance with the Monte Paschi di Siena banking group, which is the country's sixth largest life insurer and fourth in bancassurance. This partnership, which makes AXA one of the principal players in the Italian bancassurance and retirement market, produced a joint venture in October 2007 – AXA MPS – organized around three divisions: AXA MPS Assicurazioni Vita, AXA MPS Assicurazioni Danni and AXA MPS Financial. This partnership should get even stronger with the acquisition of Banca Antonveneta by BMPS.

In Greece, thanks to the acquisition of Alpha Insurance (ninth largest player in both the life and property-casualty markets) AXA has gained a toehold in this particularly promising and steadily expanding market. AXA also reached an exclusive bancassurance agreement with Alpha Bank, the second largest bank in the Greek market, a move that offers an excellent outlook for growth in life insurance sales.



### ► THE MEDITERRANEAN REGION LOOKS AT RETIREMENT

#### **The Spanish are optimistic**

*While they are convinced of the need for an overhaul of the public pension system, the Spanish are not ready to invest personally in the financing of their retirement. They also don't feel that their quality of life or standard of living will decline.*

#### **The Italians are counting on the government**

*The Italians accord little importance to individual or employer responsibility in the financing of their retirement, and remain very attached to public pensions. Nonetheless, both active workers and retirees are not well informed about their pensions and most do not have individual retirement plans.*

#### **The Portuguese are not too optimistic**

*Less than one-third of all Portuguese expect to have enough money when the time comes to retire. But they are still counting on the government to finance it: 37% have begun to prepare for their retirement and only 15% know how much their future pension will pay.*

(Source: AXA Retirement Scope, a survey conducted by AXA for the fourth year in a row. In 2007, more than 18,000 active and retired people were questioned in 26 countries about their vision, expectations and experience of retirement. For a look at the results, go to: [www.retirement-scope.axa.com/en](http://www.retirement-scope.axa.com/en))



## AXA PORTUGAL PLAYS UP DIFFERENCE

AXA Portugal is currently number 2 in the property-casualty market and number 7 in life and savings. In 2007, the company focused on improving the quality of service. Paying particular attention to innovation resulting from synergies, the company adapted the Spanish life insurance product called *Vida Segura Ticket* last year, re-baptizing it *Vida Unica* for the Portuguese market. It also launched a new investment proposition with short- and long-term options called *Dinamico 30/70*. AXA Portugal has also made corporate responsibility a genuine driver of differentiation. In 2007, the company was in the top third among Portuguese companies that are deemed great places to work. Increasingly, AXA Portugal is integrating sustainable development into its product strategy. In 2007, the company launched two responsible products. *Naturinvest* is a savings contract that invests in renewable energies, while *Renovável* is an insurance product that protects companies that opt for alternative systems to meet their energy needs.

## TURKEY POSTS DOUBLE-DIGIT GROWTH

AXA OYAK is the second largest insurer in the Turkish property-casualty market and occupies the number three spot in the life and savings market. The company posted growth of 20%, which enabled it to gain market share, mainly in the property-casualty segment, and to become one of the most profitable companies in its sector. In 2007, AXA OYAK initiated several programs in Istanbul aimed at raising awareness of the important of wearing seatbelts and the utility of children's car seats to fight against automobile accidents.

## NORTHERN AFRICA AND THE MIDDLE EAST SHOW COMMERCIAL STRENGTH

In the other countries of the region, companies have continued to make strides. In Morocco, AXA Assurance Maroc, the country's second largest health insurer, has made service commitments for all health and life insurance underwriting, management and claims settlement. The company also launched a new range of supplemental health insurance products for self-employed professionals, craftspeople and small business owners. It hopes to earn recognition as the specialist of these risks. In the Gulf, AXA Gulf Insurance obtained a license to do business in Qatar in 2007, and since then has been laying the groundwork needed to acquire the status of an insurance cooperative, which will allow it to sell the so-called "takaful" products (i.e., in line with the standards of Islamic insurance). It has also acquired an online platform for claims management. Finally, in Lebanon, AXA Middle East has hoisted itself to a position among the top ten life insurance companies in the country and currently ranks third in the property-casualty market. The company is working with the *Banque de l'Industrie et du Travail* on a bancassurance project.





Ahmed ABOUNOUSS  
Claims Department  
Dispute management  
AXA Assurance Maroc



Morocco



“The company I worked for merged with AXA. This merger was destabilizing for me and I had lost confidence in myself. Thanks to the dialogue I was able to establish with Naïma of AXA Maroc, who is in charge of employee relations, I regained confidence.”

# THE UNITED KINGDOM AND IRELAND: SETTING THE CONFIDENCE STANDARD

**In a highly competitive market, AXA UK & Ireland are earning the preference and confidence of their clients by focusing on being close and delivering quality of service. To this end, they have focused their efforts on attracting the best talent and building employee engagement.**

## SUSTAINED GROWTH

In 2007, AXA UK & Ireland increased underlying earnings by 15% compared with 2006, contributing 10% to Group consolidated underlying earnings. In life and savings, both revenues and earnings rose, and the integration of Winterthur was successfully completed. In property-casualty and health, revenues increased by 8% and earnings reached 235 million euros, despite the impact of the storm that ravaged the United Kingdom in January and flooding last summer (for a pre-tax cost of 327 million euros).

The world's third largest insurance market, the United Kingdom shows substantial potential for growth. In fact, both individuals and businesses have unmet insurance needs. Half of all SMEs are inadequately insured and one-fourth of all households do not have coverage for the contents of their dwelling. In addition, one person out of four in the UK who could be preparing for retirement has not purchased a retirement savings product of any kind, even though setting aside additional funds for retirement has become a necessity in both the United Kingdom and Ireland since defined benefits systems were abandoned.

Today, the strategy of AXA UK & Ireland is to become the preferred company in its strategic market segments by 2012. To get there, three avenues of development have been identified: client services and product mix, distribution and staff recruitment.





## ENHANCING CLIENT SERVICE AND PRODUCT MIX

As consumer surveys demonstrate, confidence is a critical factor. To earn the confidence of its clients differentiate itself from competitors, AXA UK & Ireland developed a number of initiatives in 2007 intended to reinforce the level of expertise, reliability and empathy in the service delivered.

Originally deployed by AXA PPP healthcare, the Promise Delivery System—which is used to track promises made to clients—has been grafted onto AXA Life with success. In 2007, 98% of the promises made to AXA Life customers were kept. AXA UK also took steps to improve the clarity of its oral and written communications with clients. Many employees completed its Plain English training course, and AXA UK has acquired a new publishing tool that helps to improve the readability of its client and policyholder literature. Aware that analyzing grievances can provide precious information about the root causes of customer dissatisfaction, AXA UK carried out systematic work in this area in 2007. The top ten reasons for complaints have been identified and are being taken into account in order to improve the level of service delivered.

AXA UK also enhanced its array of products and services. In September, AXA PPP healthcare bought out ICAS, the United Kingdom's top supplier of social and psychological counseling and support for company employees. AXA also got a boost from the service excellence of Winterthur. Integration of the Swiss company gave birth to AXA & Winterthur Wealth Management, which proposes AXA and Winterthur products to the various types of clients of the two entities with the objective of sharing what is best in both product lines as a way of affirming the company's leadership in the personal wealth management market for high and very high net worth individuals. This approach has met with great success. For the second year in a row, Winterthur has had the rare privilege of being named enterprise of the year by the magazine *Financial Adviser*. As part of the same industry recognition, the company was also the recipient of the highly coveted five-star service award for its life and savings business, for the sixth year in a row. And in Ireland, AXA Insurance Direct set up new AXA Ireland branch offices and opened a client contact center in Derry open 24/7.



### > CLIENT SERVICE NO MATTER WHAT THE WEATHER

*In January, June and July 2007, heavy rain fell on the United Kingdom, provoking record floods. AXA UK responded to the call, demonstrating its ability to provide efficient and much needed service to its clients, even under extremely difficult circumstances. In two months, AXA Insurance received 12,000 claims related to the flooding and storms. AXA's employees, suppliers and experts got involved, working nights and weekends to respond as quickly as possible to the company's clients. Additional phone lines were even made available to handle the increase in phone calls: up to 1,600 a day!*



“The game of golf requires a great deal of precision, just like my work. But with the right training, I know I can put the ball where I want. That’s confidence.”

Phil HICKLEY  
Communications  
Department  
AXA UK



United Kingdom



## DEVELOPING DISTRIBUTION NETWORKS

In 2007, AXA UK made a decisive entry into the brokerage market thanks to several acquisitions, in particular of Stuart Alexander, Layton Blackham and Smart & Cook. These acquisitions enable AXA UK to get closer to its clients and also strengthen its distribution capability. The brokerage subsidiary Venture Preference is now the second biggest in the SME market, with more than 500 million pounds in premiums (660 million euros).

To support the UK financial markets as they evolve toward new advisory and service models, in November 2006 AXA acquired The Thinc Group, a financial consulting firm that has some 250,000 retail clients. In August 2007, The Thinc Group bought PIFC, a company specializing in human resources, compensation and benefits consulting. It has more than 400 middle-market business clients in sectors such as the media, financial services and legal practice.

Finally, with the acquisition in February 2007 of Swiftcover.com, the only totally online insurer based in the UK, AXA UK has a new access channel for retail clients. With a portfolio of 350,000 policies and a management model that is 100% web-based, Swiftcover offers policyholders service that is accessible 24/7, not to mention very competitive prices.



### › A CUSTOMER CONTACT CENTER OPENS ITS DOORS IN NORTHERN IRELAND

*To offer clients 24/7 service, AXA Ireland capitalized on the advantages that Northern Ireland offers from a tax perspective to create a client call center in Derry. This decision led to the creation of 150 jobs.*

### > MY BUDGET DAY

Today, 2.1 million people in the UK are always overdrawn, and 8.2 million adults are heavily indebted. These observations served as the basis in 2006 of AXA Avenue, a highly original initiative in the area of financial education. The goal of AXA Avenue is to help consumers get a handle on managing their budget. In 2007, the subsidiary extended this program to its own employees with My Budget Day, which offers free financial advice to help them manage their budget. A website has also been created, featuring simple tools designed to help them get their debt under control, plan their spending, make decisions about retirement and improve the performance of their investments. Supported by an intense in-house and public communications initiative, My Budget Day strengthens AXA's positioning as a pioneer when it comes to these issues.

## ATTRACTING THE BEST

Recruiting, retaining and developing top talent are critical components in AXA UK's bid to become the standard setter when it comes to confidence. Today, AXA UK finds itself among the very select circle of the 20 best places to work in the United Kingdom (*Sunday Times* ranking).

AXA UK & Ireland have stepped up their efforts to increase the level of engagement of the 8,000 employees who work for them, and encourage staff to play an active role in the achievement of Ambition 2012 objectives.

To share their strategic vision of the company, company executive management held 26 local meetings nationwide. The theme of confidence was also developed via the ICE (*Intensive Customer Experience*) program, which reached 13,000 employees. The aim of this program is to allow every employee, for one full day, to know what it's like to be an AXA client. Participants are exposed to a simulated crisis situation, which gives them a tangible sense of the importance of confidence, whether it is turned toward in-house or end clients. As ICE demonstrates, every employee at every level of the organization has a direct impact on the level of confidence that clients have in the company.

Other initiatives were also launched to foster even greater employee engagement. The induction process for new staff has been improved, and the range of AXA products and benefits offered to employees has been adapted to make the latter genuine ambassadors of AXA services. Finally, a program called Trusted Leader was launched at AXA UK to help its various departments communicate better with one another and develop relations based on trust.



# NORTH AMERICA: DYNAMIC MARKETS

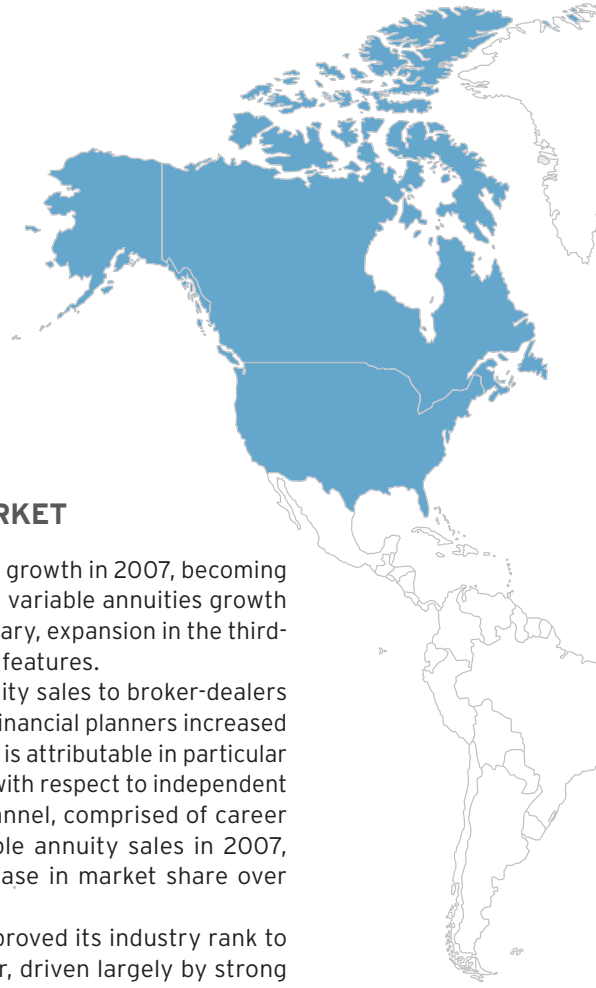
**In the mature North American market, AXA Equitable and AXA Canada are reinforcing their position by targeting members of the baby-boom generation in particular. And to earn preference, the two companies are refining their distribution strategy.**

## MARKETS GROWTH DESPITE INTENSE COMPETITION

In the US annuity market, variable annuities were the product of choice in 2007, with industry sales up 15%, primarily driven by the demand for guaranteed living benefit riders. Industry fixed annuity sales continued to decrease (-3%) over the same period, reflecting the continued low interest rate environment and competition from products such as bank certificates of deposit. In the life insurance market, total life industry sales were up 7% for the full year 2007. Strong equity market performance in the first half of last year, combined with higher universal life prices, greater tax clarity on some Group Life policies and expansion into other distribution channels, buoyed variable life sales (+6%) through 2007. Strong sales for life insurance products such as universal continued over 2007, with industry universal life sales up by 12%. During the same period, fixed whole life insurance sales increased by 1% and term insurance sales rose by 5.3%. In Canada, the property-casualty and financial services markets were once again highly competitive throughout 2007 and across the nation. Moreover, the trend toward consolidation—among insurers as well as distribution channels (brokers and financial advisors)—continued last year.







## AXA EQUITABLE, LEADER IN US RETIREMENT SAVINGS MARKET

Against this backdrop, AXA Equitable experienced record growth in 2007, becoming the US market leader in new variable annuity sales. This variable annuities growth was driven by continuous focus on the financial intermediary, expansion in the third-party distribution networks, and the addition of product features.

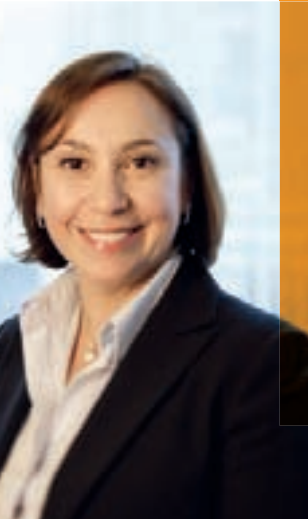
For the full year 2007, third-party channel variable annuity sales to broker-dealers (wirehouses and regional firms), banks, and independent financial planners increased by 26.3% to 9.5 billion dollars. This excellent performance is attributable in particular to efforts made at AXA Equitable to develop its presence with respect to independent financial advisors. The company's retail distribution channel, comprised of career financial professionals, sold \$6.3 billion in total variable annuity sales in 2007, delivering a 10.8% increase in sales and a 2.6% increase in market share over 2006.

In total life insurance sales for 2007, AXA Equitable improved its industry rank to fifth place, with a 33% market share gain over last year, driven largely by strong Fixed Universal Life sales in the first half of the year. In addition, the company made numerous enhancements to its life product portfolios, including adding long term care and extended lapse protection features to its Athena<sup>SM</sup> universal life series, introducing Return of Premium Term<sup>SM</sup>, and offering simplified issue underwriting.

Other revenues (mainly from mutual funds) were up by 18%, due primarily to higher asset management fees.

### **> AXA EQUITABLE TAKES SUSTAINABLE DEVELOPMENT EVEN FURTHER**

*In a bid to go even further down the road to sustainable development, AXA Equitable formed the Environmental Sustainability Council in 2007. This cross-business structure brings together representatives from all divisions and departments of the company. In addition to initiatives that had already been conducted and the system of reporting designed to assess them, the US subsidiary hopes that this latest move will encourage people to share best practices and strengthen in-house communications on environmental issues, leading to genuine change in daily workplace behaviors.*



### ► HOW ARE BABY BOOMERS PREPARING FOR THEIR RETIREMENT YEARS?

According to the AXA Retirement Scope survey carried out in 2007, 63% of Americans think that life insurance will protect their loved ones and give them peace of mind. On the other hand, 34% of them do not have a life insurance policy and 18% have no coverage. The reason usually given by those surveyed is that they don't have life insurance because their employer already covers their needs in this area. This is only partly true, however, since a wide gap often exists between real needs and the coverage actually offered. And the gap is the widest for families with dependent children. Canada, on the other hand, is one of the countries where awareness of the need to plan for retirement is the highest and where people begin preparing the earliest. Two-thirds of Canada's active workers say they have already started planning for their retirement. In addition, Canada has one of the highest rates of life insurance coverage.

© <http://www.retirement-scope.axa.com/en>

## A HIGHLY TARGETED STRATEGY

In its quest for client preference, AXA Equitable is developing a strategy targeted to the needs of various client families or segments. In particular, the company is focusing on the needs and expectations of the 77 million baby boomers who will be reaching retirement age in the US over the next 20 years, but not to the detriment of young families or businesses.

In January 2007, the subsidiary launched its five-product *Term Series*<sup>SM</sup>, which is a set of redesigned term life insurance products designed to meet the needs of *Generation X* consumers, i.e., the 17 million Americans who are currently in their thirties and forties, and who were born between 1965 and 1979. The potential market for these products also includes *Generation Y*—76 million individuals born after 1979.

For individuals At Retirement, AXA Equitable has developed a number of initiatives that are supporting the dynamic retirement market. For example, AXA Equitable partnered with the Wharton School of the University of Pennsylvania to offer an executive education program designed exclusively for AXA Advisors financial professionals to help them better meet the changing needs of this segment. In late May, AXA Equitable introduced Accumulator 07, an optimized version in which early benefits and death benefits were separated in order to make it easier for clients to choose product features and price levels. In the universal life product category, AXA Equitable extended the range of its Athena product series. Instead of a standardized approach, Athena allows for a great deal of flexibility so that clients can customize their coverage to suit their priorities, including adding an option to accelerate the death benefit to help pay for qualified long-term care costs—a significant concern for many American retirees.

In order to better meet the needs of businesses, AXA Equitable created a new distribution channel in 2007 called Corporate Markets, designed to provide retirement plan strategies and solutions to Fortune 1,000 companies and their employees. The creation of this channel addresses the growing uncertainty surrounding the future of the US social security system and traditional defined benefit pension plans, circumstances that are encouraging employees to get more involved in the challenge of preparing for their retirement. To help businesses recruit and retain top talent, AXA Equitable launched its *Athena Universal Life Employer-Sponsored Life Insurance* product in 2007, which offers a vehicle for funding executive benefits plans used to provide key employees with an additional source of retirement income.



## AXA CANADA, A YEAR OF GROWTH

By placing the accent on building close relationships with customers, quality of service, introducing new products and disciplined management, AXA Canada once again turned in an excellent performance. Revenues, assets, shareholders' equity and net earnings all showed improvement over 2006. Net earnings once again broke the subsidiary's historical record. Growth was organic and across the board, both geographically and in terms of the principal lines of business. Profitability targets were also exceeded, with the net combined ratio falling below 90%.

AXA Canada remains one of Canada's leading commercial lines insurers, and the company has stepped up the rollout of initiatives designed to build market share, particularly with Canadian SMEs. In 2007, its portfolio of business increased by more than 7,000 contracts.

In personal lines, AXA Canada reaffirmed the leadership of its brokerage network in the following consumer categories: over-50, young people, women between the ages of 30 and 49 and tenants. In addition, the subsidiary made headlines with the introduction of a website for online automobile insurance sales and underwriting, [DonneTonMinimum.com](http://DonneTonMinimum.com), designed specifically for young people aged 16 to 29. In doing so, it became Canada's first insurer to take this important step.

In life insurance and financial services, two sectors that offer promising opportunities in light of Canada's demographic trends, AXA Canada has considerably expanded its distribution network and placed the accent on improving client service.

As measured by the annual Scope survey, the global level of customer satisfaction (automobile and homeowner services) rose in comparison with the previous year. In the automobile service division, AXA Canada got a score of 93.2% of totally or very satisfied customers—the highest rating since the *Customer Scope* survey was first conducted.

Also in 2007, AXA Canada was rewarded with a particularly high satisfaction rating from its distribution network. In fact, 90% of the respondents to the *Distribution Scope* stated that they were totally or very satisfied with all aspects of their relationship with AXA in Canada.

### ► AXA CANADA IN THE ART MARKET

*Just when the art market began to experience rapid growth, AXA Canada began to insure art objects in response to mounting demand from Canadian collectors, museums, art galleries, artists and patrons of the arts. In 2007, the company launched a full range of policies that cover more traditional collections (paintings, sculptures, sketches, rare stamps and coins, furniture and antiques) as well as fine wines, rare books and vintage automobiles.*

# JAPAN, ASIA-PACIFIC: LEADERSHIP AND PREFERENCE

In a region that includes not only mature markets, such as Japan, Australia and Hong Kong, but also emerging and highly dynamic markets, such as China and India, AXA has made sharing best practices one of the keys to its success.

## A SOLID AND DYNAMIC REGIONAL NETWORK IN A CHANGING MARKET



With the exception of a few countries, the insurance market in Asia is relatively little developed. Although the region has 60% of the population of the planet, it represents barely one-fourth of the global market in terms of premiums. But the formation of a middle class in the region's emerging countries is currently creating major needs in the areas of insurance, health and retirement.

AXA has a strong and growing presence in all of the key markets of the region comprising Japan and Asia-Pacific. Today, this region is making a significant contribution to the Group's performance, with 13% of consolidated revenues and 33% of all new business in life and savings.

For several years, AXA Japan has been one of the principal contributors to the Group in terms of the value of new business. Other companies in the region, both life and property-casualty companies, have adopted a common development model based on the identification of the best practices that optimize synergies.

In addition, to boost the company's chances of ranking among the leaders of tomorrow and conquering new markets, AXA has created a management committee for the thirteen countries that make up the region. Their objective is to make AXA the preferred company in Japan and Asia-Pacific by 2012.



### > ROAD ACCIDENT PREVENTION CAMPAIGN

Road safety has become a major social problem in Asia. And motor insurance is a strategic product line for AXA Asia General Insurance in Thailand, Malaysia, Indonesia, Hong Kong and Singapore. In 2007, the company launched its first road accident prevention campaign in these five countries. In Singapore, Malaysia and Thailand, educational advertising campaigns were aired in December, during the year-end holiday and school vacation period, on the major radio stations.

## RAPID AND SUBSTANTIAL GROWTH IN A DYNAMIC MARKET

In all of the countries of the region, AXA's growth has been rapid thanks to a combination of acquisitions and targeted partnerships. The integration of Winterthur also extended AXA's size and reach within the region in 2007, notably in Japan, China, Indonesia and Hong Kong.

- In Japan, after the integration of Winterthur as a subsidiary of AXA Japan Holding, Winterthur Swiss Life will become a dedicated bancassurance platform operating under the name AXA Financial Life. In addition, AXA has initiated a partnership with SBI, a company that offers financial services over the internet, with the intention of creating a new online insurance company in 2008.
- In India, the partnership forged with Bharti in late 2006 has given the Group access to a base of 20 million clients. Also in 2007, AXA signed two other agreements with this partner to initiate property-casualty insurance and asset management business. Operational start-up is planned for 2008.
- In South Korea, AXA made a strategic acquisition in 2007 with Kyobo Auto, which allows it to return to the property-casualty market with a leading position in direct insurance. This acquisition will encourage the development of synergies with AXA Direct Japan and the rollout of a shared base of expertise within the region, which tomorrow may support the construction of other direct platforms in Asia.
- In Vietnam, the Group has forged a partnership with Bao Minh, the country's second largest property-casualty insurer.

## AXA JAPAN, PERFORMING IN A DIFFICULT CONTEXT

The entire Japanese insurance market, in particular the life insurance market, faced turbulence and changes in regulations that slowed business in 2007. Among the most noteworthy, market supervisors asked all insurance companies to conduct a full review of their claims experience over the preceding five years in order to measure the reliability of their claims settlement processes. This event raised the level of insurance market requirements even higher in Japan, which is already among the global leaders in terms of quality of service and consumer protection.

Against this backdrop, AXA Japan improved its client service around three priorities:

- improving management and information control systems,
- strengthening management teams,
- training and developing staff.

In a stagnant health insurance market, AXA Japan reported solid growth, with new business at 39%. In particular, it launched a product called *Shin Anshin Kijuun* for clients whose health situation makes it difficult to take out a conventional insurance policy.

In retirement savings, performance met expectations. A new savings product called *Active Generation* was sold via ten international or local partner banks. A unit-linked vehicle, *Active Generation* offers the guarantee of payment at maturity of a minimum annuity plus a share in market appreciation over the term of the contract. This product launch helped to boost new life and savings business by 15% in 2007.





#### **> NORTH, AN OPPORTUNITY FOR TODAY'S MARKETS**

*As part of its product deployment bid, AXA Australia has launched North, a new generation of guaranteed superannuation investment products inspired by the US Accumulator series.*

*In addition to offering clients a guaranteed capital benefit, North allows them to take advantage of capital market appreciation. A similar product will be launched in Hong Kong in 2008.*

### **EXCELLENT PERFORMANCE FROM AXA ASIA PACIFIC HOLDINGS**

The regional life insurance entity AXA APH turned in an excellent performance in 2007, underlying earnings growth of 24% on a constant exchange rate basis.

In Australia and New Zealand, the annual performance was boosted by a strong financial market backdrop and regulatory changes that were positive for the insurance industry. The company also reached the six objectives of its AXA 6 program:

- Double the value of new business
- Stay in the top 5 for both net retail funds flow
- Double funds under advice including AXA aligned channels
- Reduce the cost to income ratio by one third
- Rank among the top 5 for service financial advisors
- Rank in the top quartile for employee engagement as measured by Scope.

In Hong Kong, underlying earnings were up by 20% thanks to strong sales growth and the successful integration of Winterthur. New life business was up by 39%, while the distribution agreement with Citibank began to generate significant sales.

### **IN THE REST OF ASIA, GROWTH CONTINUES TO ACCELERATE**

In India, AXA launched SaveConfident, its first deferred capital insurance product. The company is experiencing rapid geographic expansion thanks to operations conducted in ten new states in September and October. The distribution network now counts 77 agencies and more than 13,000 agents and advisors.

In China, AXA now has access to 34% of the market via its five branch offices and the two new licenses recently acquired for the city of Dongguan and for Jiangsu province. The Group continues to grow at a pace that exceeds the market, reporting an increase in total premiums of 86%, compared with 25% for the market as a whole in 2007.

In Indonesia, AXA turned in a very solid performance in 2007, with new business up by 67% thanks to strong growth in savings product sales through the bancassurance channel. These results place the company among the top three foreign players in the Indonesian market.

In Thailand, new business was up by 71%, reflecting an increase in the number of agents and strong growth provided by the bancassurance channel.

In the Philippines, new business growth was very strong: 82%, related to the rise in sales of single premium policies.

In Singapore, new business was up by 29%, reflecting new product launches and the enhancement of the existing range of savings products.



## AXA ASIA GENERAL INSURANCE REPORTS SUSTAINED GROWTH

Overall, property-casualty insurance business showed substantial growth. In both Japan and South Korea, AXA's direct insurance subsidiaries strengthened their positions in the direct selling market, where they are respectively number 3 and number 1, thanks to revenue growth of 17% and 24%, respectively. As for Southeast Asia, AXA entities in Singapore, Thailand and Indonesia took advantage of buoyant markets to achieve growth of 10, 16 and 33%, respectively.

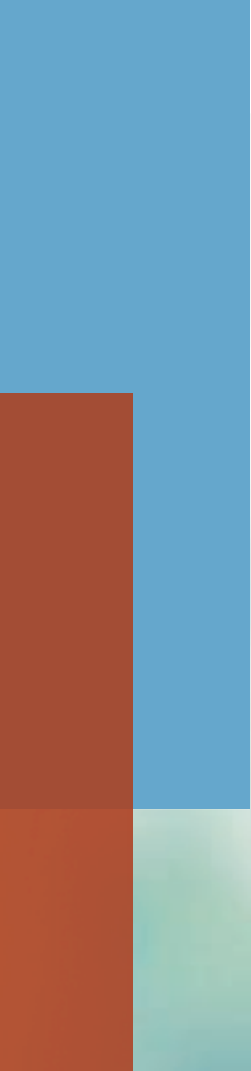
### › PROTECTING MANGROVE FORESTS IN THAILAND

*Thailand is particularly affected by the impacts of global warming. Since 1960, the country has lost more than half of its mangroves. In order to preserve this plant barrier, which offers vital support for biodiversity, and to lessen the impact of tsunamis, AXA Thailand has undertaken a reforestation effort. Since 2006, 50 employees known as the AXA Green Team, have been volunteering their time to replant more than 1,500 young mangroves near the fishing village of Baan Klang Kloan.*



“Confidence is safety.  
And our safety agent is the  
person who embodies that  
the best in my view.”





**Toshiaki MORI**  
Client Service Projects  
AXA Life Insurance Japan



# INTERNATIONAL INSURANCE: AT THE CENTER OF NEW CHALLENGES

**International insurance is one of the Group's pillars of expertise. It offers sources of growth and profitability, particularly in the areas of assistance and new personal services.**

## **BUSINESS BRISK OVER A DIVERSIFIED SCOPE**

The Group's international insurance business covers several areas:

- AXA Corporate Solutions (AXA CS) is dedicated to insuring large corporate risks, principally European, in the property-casualty and specialized markets (marine, aviation and space);
- AXA Assistance, the Group's international assistance entity, is structured around four major divisions: traditional emergency businesses, involving the automobile and travel (business or private), and new businesses focused on home services, including health and personal service;
- AXA Cessions, the Group's captive reinsurance company, is responsible for:
  - placing, managing and optimizing reinsurance for AXA insurance companies,
  - underwriting and claims management for life insurance and property-casualty operations,
- Finally, AXA Liabilities Managers (AXA LM) is dedicated to the management of run-off business, policies for which no new risks are being underwritten, but which are still in the Group's portfolios until expiration of coverage.



### ► ECOSPHERE, FOR ENVIRONMENTAL RISK PROTECTION

*Managing the environmental impairment risk has become a strategic necessity for businesses. To better address the new responsibilities of site operators, in particular those stemming from European Union directives on respect for the biosphere, and their Financial Protection needs, traditional environmental impairment liability insurance is no longer enough.*

*This observation served as the basis for the Ecosphere product line developed by AXA Corporate Solutions. This line includes liability coverage that protects third parties on and off the site, as well as environmental impairment coverage and property coverage to protect the assets of the insured.*

*This product is fully aligned with the commitment of AXA Corporate Solutions to supporting initiatives in the area of sustainable development: with coverage of the costs of preventing and repairing environmental damage as provided for in European directive 2004/35/CE, it allows businesses to anticipate changes in European regulations.*

## AXA CORPORATE SOLUTIONS ON TRACK FOR AMBITION 2012

In 2007, AXA Corporate Solutions met the objectives laid down within the context of the Ambition 2012 plan, earning revenues of 1.805 billion euros, up 6.9% versus 2006.

AXA CS beefed up its team of prevention engineers in new markets such as the United States, where it acquired the risk prevention specialist Matrix Risk Consultants. In 2008, the company intends to open two branch offices in Asia (Singapore and Hong Kong) to strengthen its existing product and service offering in marine insurance with property and construction lines. Thanks to the acquisition de Winterthur, AXA Corporate Solutions will also pursue development in the Chinese market via a dedicated team based in Shanghai, and will complete the establishment of its branch office in Switzerland.

In the specialized markets, new products were developed and brought to market in 2007. One of them is special coverage that insures the launch and life in orbit of satellites within the new space insurance line. In yacht and pleasure boat insurance, the range of coverage was extended to vessels valued at several million euros. Finally, on the level of sales and marketing, the major survey conducted on a sample of the largest European businesses in 2006 led to the development of a set of commitments aimed at achieving excellence in the area of quality of service. This novel initiative won the praise of industry peers.



### ► SPACE, A NEW FRONTIER FOR AXA CORPORATE SOLUTIONS

*Highly international, the space insurance market generates around 800 million dollars in premiums each year. AXA Corporate Solutions already insures satellites in the construction and launch pad installation phases. With its new space insurance line, the company is extending coverage through life in orbit and, in so doing, is handling the entire construction and operation cycle.*

*The development of this new line of business is helping to strengthen AXA Corporate Solutions' reputation as a multi-specialist. The company already has an established presence in the aerospace industry.*

### ► GEOPOSITIONING, AS SIMPLE AS PRESSING A BUTTON

*One button for emergencies, one for assistance: this system that now equips all new vehicle manufactured by Peugeot. Based on a SIM card system, SUAL (emergency onboard positioning device) sends a locator signal via a portable GSM in the event of an accident or other problem.*

*As part of a partnership concluded with Peugeot, AXA Assistance began in January 2008 to handle assistance situations involving vehicle breakdowns or accidents that do not require medical attention. Using GSM technologies, the quality of the service delivered to drivers has improved significantly. Vehicles can be automatically identified and geo-positioning ensures that the best service available for the situation arrives as rapidly as possible.*

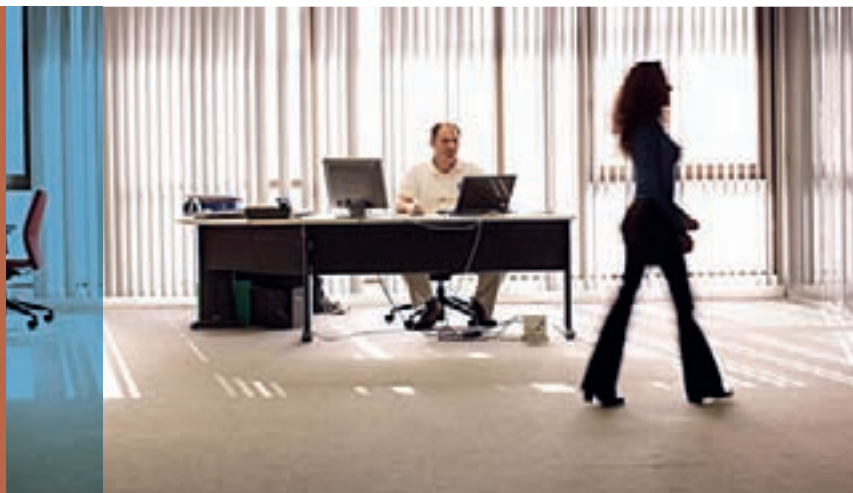
## AXA ASSISTANCE AT THE HEART OF SOCIETY

Dual income families, single parent families, blended families, extended care for the sick or the elderly provided by the younger generation... Demographic and societal changes are generating the need for new services to facilitate daily life. AXA Assistance is changing its strategy in order to rise to the challenge: the company plans to pursue its growth targets as planned and improve profitability in its traditional business lines, while also launching innovative new assistance products and services. For example, the company has rolled out a system for providing vehicle breakdown assistance in large urban hubs like Paris, Rome, Athens and Brussels, and has also developed service ranges in its new business areas—such as assistance for individuals suffering from Alzheimer's, as well as prevention, help for those needing long-term care and the healthcare cost management—whose underlying business model is continually tested and optimized.

Moreover, AXA Assistance launched a number of new projects in 2007. It created AXA Travel Insurance, integrated partner networks in the auto sector, and opened an office in Algiers. In the United States, the assistance company bought Florida-based HAA Preferred Partners, a specialist in the management of healthcare costs.

In France, 2007 saw the consolidation of a full-fledged personal services division. Domiserve, a subsidiary of AXA Assistance and Dexia Credit Local specializing in lifestyle services, experienced its first commercial successes. The company also acquired equity interests in special services firms such as Cours Legendre (tutoring) and Family Sphere (childcare), after Maison & Services (home and garden maintenance service).

Boosted by these initiatives, AXA Assistance posted growth of 15% in 2007.



## SHARING BEST PRACTICES AT AXA CESSIONS

In 2007, total reinsurance premiums collected and managed by AXA Cessions came to 824 million euros, an increase of 14% over the prior year. This improvement reflects in particular efforts to integrate and rationalize the reinsurance of former Winterthur businesses.

As the same time, AXA Cessions extended its reinsurance pool concept to the marine and casualty lines of business. This pooling system now accounts for two-thirds of all premiums managed by the company. By creating a first level pool and inward reinsurance between Group entities—before ceding premiums in the reinsurance markets—the counterparty risk is reduced and some margin is retained.

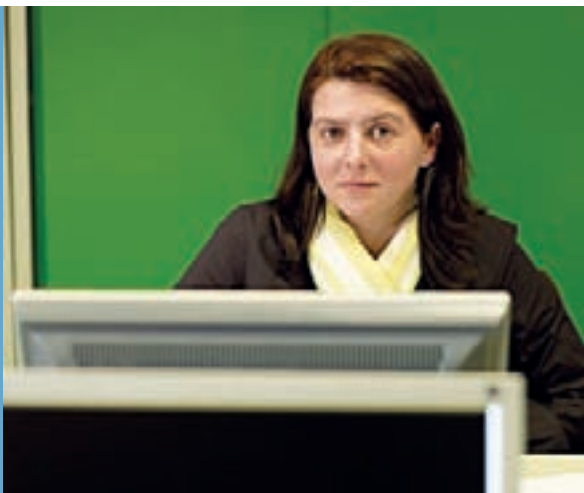
In addition, the recovery of some management tasks carried out by reinsurance brokers was also negotiated in 2007 to optimize costs and reinforce the security of operations.

Launched in 2006, the life business experienced strong growth in 2007, in the reinsurance business—since 30 countries now cede all or some of their risks—as well as support for underwriting and pricing.

Finally, the people of AXA Cessions contributed to improving quality of service and reducing the cost of claims settlement by conducting three initiatives related to property claims management: the fight against fraud, the reduction of overpayments and the optimization of outside suppliers.

## AXA LIABILITIES MANAGERS READY FOR CHANGE

For AXA Liabilities Managers (AXA LM), 2007 was a year of integration and preparation for change. As of January 1, 2008, 160 new employees joined the ranks after AXA sold AXA RE and acquired Winterthur. Last year was also the occasion for AXA LM to initiate reflection on its Ambition 2012, whose deployment beginning in early 2008 should help the company to put its expertise to work for the external market (outside the AXA Group).



# ASSET MANAGEMENT: RECOGNIZED EXCELLENCE

**In a difficult global environment, the asset management business continues to make strides. In 2007, AXA's two asset management specialists—AllianceBernstein and AXA Investment Managers—reported double-digit growth that is mainly attributable to the development of increasingly targeted product ranges.**

## **STRONG RISE IN AVERAGE ASSETS UNDER MANAGEMENT**

Within AXA, the asset management business is primarily conducted by two companies, AXA Investment Managers and AllianceBernstein, which work on behalf of third-party clients—retail and institutional investors—as well as AXA's own insurance affiliates. Both companies achieved double-digit growth in 2007. In 2007, revenues provided by this business increased by 17%, thanks to the rise in average assets under management (+21%) and an improved product mix.

## **RELEVANCE OF THE AXA INVESTMENT MANAGERS MULTI-EXPERT MODEL**

Despite ongoing turbulence in the capital markets, AXA Investment Managers (AXA IM) reported a 21% increase in revenues for 2007. Net inflows amounted to 5 billion euros. These figures confirm the robust financial health of the business, and also attest to the relevance of the multi-expert model that AXA IM has adopted to build preference. When the subprime crisis erupted, AXA IM was among the first asset managers to react and take the measures required to protect the interests of its clients. Transparency on fund values, freedom of choice for clients to remain invested or exit from funds, equality between unit holders and guaranteed access to liquidity that the market could no longer provide, thanks to the AXA Group's line of credit—these are the principles that guided the actions of AXA IM.

In 2007, AXA IM pursued its geographic diversification, focusing in particular on emerging countries that have been achieving strong and steady growth for several years. China and India are long-term ventures. In China, the company created AXA SPDB Investment Managers Co. Ltd., a joint venture with SPDB and Shanghai Dragon that launched its first fund in March 2008. In India, the joint venture Bharti AXA Investment Managers Pvt Ltd was set up by and between AXA APH and Bharti in Mumbai.

### **> AXA INVESTMENT MANAGERS SUPPORTS EXTRA-FINANCIAL RESEARCH**

*AXA IM joined the Enhanced Analysis Initiative (EAI) in connection with its SRI (Socially Responsible Investment) strategy and as a supplement to its adherence to the PRI (Principles for Responsible Investment), under the auspices of the United Nations. Accordingly, AXA IM is committed to allocating a minimum of 5% of its annual brokerage commissions on the basis of how well brokers integrate the ESG (environmental, social and governance) issues into their sell-side research.*

*Today, the EAI represents 1.8 trillion euros in assets under management by its members.*

*In addition, AXA IM supports an important university research program in this same area. The Sustainable Finance and Responsible Investment Chair is a scientific partnership between businesses and academic institutions, including France's prestigious Ecole Polytechnique. The work that emerges should contribute to the development of new valuation models that take into account the environmental and social consequences of the actions of businesses over the long term.*

Each one of the major management platforms has, in addition, beefed up its product range: With respect to equities, AXA Investment Managers subsidiary AXA Rosenberg continues to affirm its role as a major player, with 94 billion euros under management. It was named *European Asset Management Firm of the Year* and, for the fifth year in a row, was *Quant Manager of the Year*. The *Convictions Actions* expertise won a Golden Pyramid award in the French Large Cap Equities category for the AXA France Opportunités fund. Finally, *AXA WF Framlington Emerging Markets*, one of the leading funds marketed by AXA Framlington, a subsidiary of AXA Investment Managers, turned in a performance in excess of 33%.

Fixed-income management suffered from investor wariness of money market instruments. Despite these difficulties, this expertise tallied up a number of major successes, particularly in the high yield business, which counts more than 3 billion in assets.

*AXA IM Investment Solutions*, the expertise dedicated to investment solutions and the manufacture of guarantee and structured products, has confirmed the development potential of the liability driven investment management business (LDI). The *Insurance Investment* teams have completed the integration of Winterthur's assets (60 billion euros).

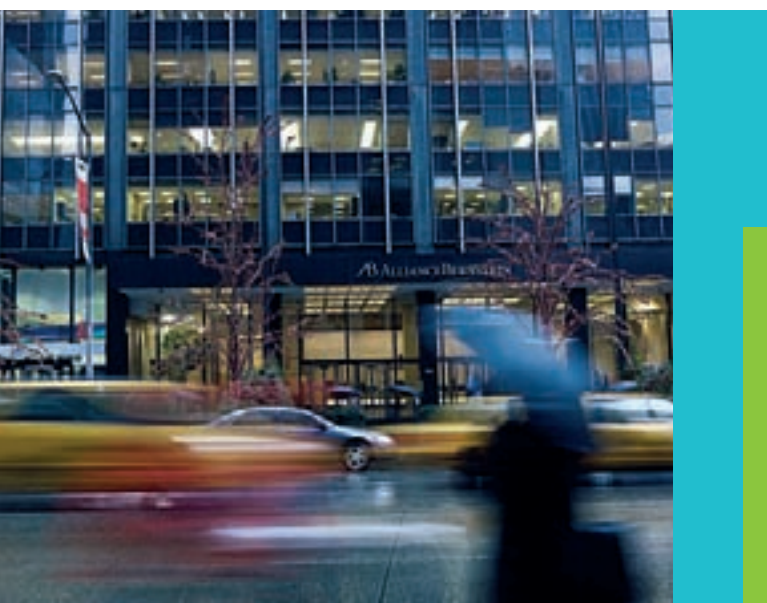
The alternative expertise of AXA IM, strengthening their leading market positions:

AXA REIM saw the number of its institutional clients increase by 45%, bringing the value of the real estate assets it manages to 41 billion euros. The Meudon Campus program in France was singled out for its real estate and urban planning practices with a ULI World 2007 (*Urban Land Institute*) award, competing against 20 real estate projects in the United States, Europe and Asia-Pacific.

The leading fund products of *Hedge Funds*, *AXA Alternative Premium* and *AXA Select Alpha* showed a good deal of resilience in the face of persistent volatility in the markets since the summer of 2007. *AXA Alternative Premium* returned an annual total of 9% in its second year of existence, and is now firmly ensconced in the first quartile of funds in its category.

Increasingly international, AXA Private Equity recently surpassed the threshold of 22 billion dollars in assets under management. Last year, it raised 7 billion dollars across all of its areas of expertise, posting growth of 45% compared with year-end 2006.

And the Structured Finance Division (SFD) of AXA IM was named *CDO Manager of the Year (Europe)* by Total Securitization, an information service that focuses on the structured finance market.



Dominique CARREL-BILLIARD  
CEO  
AXA Investment Managers



France



#### WHY RESPONSIBLE INVESTMENT IS A KEY EXPERTISE

*“Humanity faces serious challenges, ranging from climate change to social inequality. And the nature and scale of these challenges are such that they will not be successfully addressed unless all economic and societal stakeholders make a real contribution. We know that, historically, the capital markets have been one of the drivers of human progress. Already a key player in the global fund management industry, AXA IM strives to earn the preference of all its stakeholders. So we know exactly what we owe them: we must also become a leader in responsible investment.”*

### MANAGE RISK AND IMPROVE QUALITY OF SERVICE

In 2007, AXA Investment Managers created AXA IM Distribution, an integrated interface for its clients. This division, which covers all the regions where AXA IM is present, offers a single point of access for clients to all the company's products and, in doing so, facilitates the development of winning strategies market by market. Growth in gross new money, as well as the fact that it was observed in all client segments, attests to the robust nature of this structure.

AXA IM has built a common base through which all of its investment platforms manage their risks, orient their strategy and measure their results. The company has created the foundations it needs to anticipate fluctuations in the markets and react to them, and has formed a dedicated strategy team to help the executive committee make decisions. Finally, AXA Investment Managers earned SAS 70 certification in 2007, which guarantees that its internal control procedures meet the required standard of quality. This step is particularly important within the context of Sarbanes-Oxley legislation and the cross-business reflection on risk. After the subprime crisis, the need to reinforce transversal risk management procedures is a critical business project.



“I am confident when I coach my son. I have the feeling I’m sharing my passion and that I’m passing on what I have learned to him.”

Gregg ALBI  
AXA Way Office  
AXA Financial



United States





## ALLIANCEBERNSTEIN, AN INCREASINGLY INTERNATIONAL PLAYER

Despite a challenging environment, AllianceBernstein turned in a solid performance in 2007. Revenues rose by 15%, primarily reflecting a 25% increase in management fees (+28% for the institutional segment, +20% for the retail segment and +24% in the private client business) combined with a 21% increase in assets under management. Other revenues increased by 10%. Net inflows came to 23 billion euros, showing strength in all client segments. In 2007, AllianceBernstein reported positive organic growth in all client segments and made tremendous strides internationally. Growth was particularly strong in global services and services delivered outside the United States for clients domiciled abroad. Services outside the United States now represent 60% of assets under management and non-US clients around 40%. The company's client portfolio now covers the entire planet, with a significant presence in Canada, the United Kingdom, the European Continent, Japan, Asia and Australia.

## TOWARDS A NEW BUSINESS POSITIONING

For the past few years, AllianceBernstein has been adjusting its position to that of solutions provider for its clients, in addition to being a manager of long-only mandates. In fact, the asset management business is evolving and must be able to respond to new needs expressed by both institutional and private clients. In response to this emerging opportunity, the company has formed a new product/marketing unit called *Institutional Investment Solutions*, which in many ways parallels its *Wealth Management Group* for private clients. The unit will be dedicated to building a presence in the institutional solutions space as well as driving product development in the appropriate direction. AllianceBernstein sees this effort as potentially transformational. If successful, it will greatly expand the company's relevance to institutional clients and bring with it new sources of revenue, like asset allocation services for instance; it has already won mandates in this area, which promises to become an increasingly important source of growth for the company in the period ahead.

But the largest untapped opportunity in the institutional solutions space continues to be in *Target Date Funds* in defined contribution plans. This market could reach as much as 2 trillion in assets over the next five to 10 years. The company intends to play an important role in this unique transition.

AllianceBernstein also believes it will be ready to offer this new product in the second half of 2008. In addition, AllianceBernstein continues to invest heavily in innovation at the asset class level, especially in the area of currency management, positioned as both a source of alpha and as a risk management overlay for global portfolios. The subsidiary is in the process of extending its capabilities to emerging world currencies, which will distinguish the offering still further.

In 2007, AllianceBernstein introduced the first of its *130/30 Equity Extension* services. The initial offering is based on its Global Value investment platform, but the U.S. based version will be in the market shortly and the company will then extend it to include Growth Equities. While this market is still small, AllianceBernstein believes it offers substantial potential, and sees itself as a differentiated provider because it brings both fundamental and quantitative methodologies to a market that has previously been dominated by currency-only solutions.

### › THE AXA GROUP PARTNERS WITH CARBON DISCLOSURE PROJECT

*AXA has been an active supporter of the Carbon Disclosure Project (CDP) since 2003, and has been one of its official partners since 2005. The CDP is an initiative conducted by 315 institutional investors (which together manage more than 41 trillion dollars in assets) to raise awareness among both investment managers and listed companies of the threats and opportunities related to climate change. In 2007, the nearly 2,400 businesses that were solicited for input also included new regions and sectors (electricity). The Group once again co-financed the SBF 120 survey and presented its findings at a press conference that was held at AXA headquarters in Paris last October. Speakers suggested that the CDP extend its reach beyond information disclosure to become a genuine tool for making investment decisions—for example by developing a sector-based approach or by analyzing in-depth the industries which are the most exposed to the carbon constraint.*



Hélène GATRIO



France

# BUILDING CONFIDENCE TO LAST

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## Principles of Governance

# ORGANIZATION AND RESPONSIBILITIES

**To maintain a strict separation between the powers of management and supervision, AXA has built its corporate governance around structures and a whole set of regulatory and ethical standards that aim to reinforce the rules of disclosure and balanced corporate power.**

Since 1997, AXA's corporate governance structure has consisted of a management board and a supervisory board. This governance structure is designed to clearly separate the powers and responsibilities of management from those of supervision.

The management board is assisted by an executive committee and the supervisory board by four special-purpose sub-committees.

## EXECUTIVE LEADERSHIP TEAM

### **The management board**

AXA's management board currently has six members, each of whom serves for a 3-year term. The management board generally holds weekly meetings to discuss Group strategy and operations. It operates in accordance with a set of internal regulations. Although the management board operates as a collective decision-making body under French law, each member has been assigned responsibility for a specific area of the company's management.

### **The executive committee**

The executive committee's principal mission is to review Group strategy. It is mainly composed of members of AXA's management board and CEOs of the Group's principal subsidiaries and / or business units. The 14 members of the Group's

## MANAGEMENT BOARD MEMBERS

### 01/ Christopher CONDRON

Member of the management board, president and CEO of AXA Financial, Inc. (United States)

### 02/ Henri de CASTRIES

Chairman of the management board

### 03/ Claude BRUNET

Member of the management board, in charge of transversal operations and projects, human resources, marketing and communications

### 04/ Alfred BOUCKAERT

Member of the management board, chief executive officer for Northern, Central and Eastern Europe

### 05/ François PIERSON

Member of the management board, chairman and CEO of AXA France, also responsible for large risks, assistance and AXA Canada

### 06/ Denis DUVERNE

Member of the management board, Group chief financial officer

## SUPERVISORY BOARD ASSESSMENT

Attentive to the need for self-assessment, the supervisory board began to conduct an annual self-review process in late 2002, which involves individual interviews and a specially devised questionnaire. In early 2007, the supervisory board carried out another self-assessment on the following themes:

- the structure and composition of the supervisory board;
- the relationship between the supervisory board and the management board and Group management;
- the organization and operation of the board and its special-purpose sub-committees (finance; audit; selection ethics, governance and human resources; compensation), focused on the quality of information, discussion and the subjects considered;
- the rules governing the board's organization; and
- the system and level of compensation for members of the board.

The findings once again underscore the good overall functioning of the supervisory board and its ongoing improvement, the strategic value of the subjects that come under review, the quality of board discussions and presentations, the level of professionalism and the sense of team spirit.

executive committee meet quarterly to conduct quarterly business reviews (QBRs), introduced in 2000 to provide a clear and consistent framework for:

- reviewing operational performance and monitoring the progress of key projects using quantifiable standards of measurement defined in collaboration with the management board;
- assessing the status of transversal projects; and
- exchanging ideas and information on key strategic orientations.

As an internal management committee, the executive committee has no formal decision making authority. Its principal role is to assist the management board in effectively managing the Group's operating businesses, considering strategic initiatives and such other areas as the management board deems appropriate.

## SUPERVISORY BOARD

### Role and powers

The supervisory board supervises the company's activities and reports to the shareholders. It appoints and dismisses members of the company's management board and supervises the executive management of AXA. Members of the management board may also be dismissed directly by AXA's shareholders pursuant to a resolution duly adopted at a shareholders' meeting.

Issues requiring the prior approval of the supervisory board involve:

- the issuance of securities with a direct or indirect claim on the equity securities of the company;
- proposed share buyback programs;
- financing operations that may have a material impact on the company's financial position;
- any contemplated acquisition by the company, whatever its form;
- agreements to form strategic partnerships;
- the establishment of any stock option plan or the granting of restricted shares;
- proposals to amend the company's bylaws;
- appropriations of earnings and dividends for the previous year; and
- interim and final dividend payment dates.



01 02 03 04 05 06 07 08

**EXECUTIVE COMMITTEE MEMBERS** as of December 31, 2007

**01/ Nicolas MOREAU**

Chief executive officer of AXA UK-Ireland and chairman of the board of directors of AXA Investment Managers

**02/ Denis DUVERNE**

Member of the management board, Group chief financial officer

**03/ Eugène TEYSEN**

Chief executive officer of insurance and bank activities in Belgium

**04/ Gerald LIEBERMANN**

President and chief operating officer of AllianceBernstein (United States)

**05/ Henri de CASTRIES**

Chairman of the management board

**06/ Frank KEUPER**

Chief executive officer of AXA Konzern AG (Germany)

**07/ John R. DACEY**

Chief executive officer for the Japan, Asia-Pacific Region

**08/ Andrew PENN**

Chief executive officer of AXA Asia-Pacific Holdings (Australia)

**09/ Jean-Raymond ABAT**

Chief executive officer of the Mediterranean Region

**10/ Claude BRUNET**

Member of the management board, in charge of transversal operations, human resources, marketing and communications

**11/ Philippe EGGER**

Chief executive officer of insurance activities in Switzerland

**12/ François PIERSON**

Member of the management board, chairman and chief executive officer of AXA France, responsible for large risks, assistance and AXA Canada

**13/ Christopher CONDRON**

Member of the management board, president and chief executive officer of AXA Financial, Inc. (United States)

**14/ Alfred BOUCKAERT**

Member of the management board, chief executive officer for Northern, Central and Eastern Europe

**Operating procedures**

The guidelines governing the operation of the supervisory board are contained in its internal regulations. These regulations require that the supervisory board meet at least five times a year. In 2007, the supervisory board met nine times, and the global attendance rate was 87%.

Supervisory board members are required to own at least 100 AXA ordinary shares.

In addition, to ensure that their interests and those of the company are appropriately aligned, the board's rules of procedure provide that supervisory board members must own AXA shares in an amount at least equal to the amount of directors fees received in the course of any given year.

**Composition**

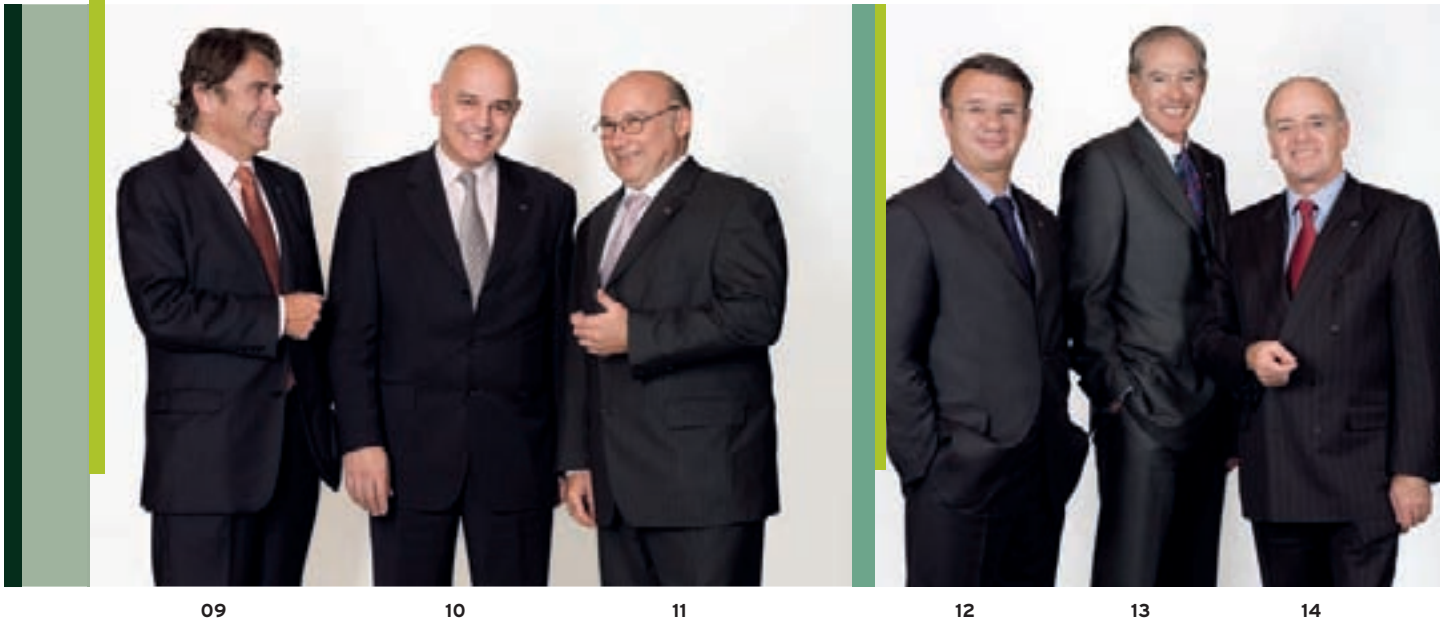
Supervisory board members are selected on the basis of their acknowledged competence and experience, as well as their ability to work together and become actively involved in the supervision of the Group. On December 31, 2007, the supervisory board had 14 members. They were elected by the shareholders. Currently, four of its members are not French nationals.

**SUPERVISORY BOARD COMMITTEES**

The supervisory board has set up four special-purpose sub-committees to support its work.

**Audit committee**

The audit committee currently has four members having either finance or accounting expertise, all of whom were determined by the supervisory board to be independent according to the criteria contained in the Report AFEP/MEDEF and in the Sarbanes-Oxley Act.



The committee met seven times in 2007. The global attendance rate was 93%. Its specific duties are listed below:

- review the company's interim and annual financial statements and certain financial disclosures by the company;
- control the appointment, compensation and replacement of the company's auditors and to oversee the company's auditors and, where legally permissible, the auditors of the company's subsidiaries;
- review the external auditors' proposed audit scopes, audit plans and coordination with the company's internal audit Department and to review the result of their work, their recommendations and obtain timely reports concerning the status of these matters;
- assess the independence of the company's external auditors;
- review the program and aims of AXA's internal audit department, as well any findings or reports it issues; and
- review such other matters as the committee deems necessary or appropriate from time to time in order to assess the Group's internal control environment, risk management practices and risk exposures.

## SUPERVISORY BOARD as of December 31, 2007

### **Claude BÉBÉAR - (72)**

Chairman of the AXA supervisory board  
Chairman of the AXA finance committee  
First term of office: June 1988  
Current term expires: 2008 annual general meeting

### **Jean-René FOURTOU - (68)**

Chairman of the Vivendi supervisory board  
Vice-chairman of the AXA supervisory board  
Chairman of AXA's selection, ethics, governance and human resources committee  
First term of office: April 1990  
Current term expires: 2011 annual general meeting

### **Léo APOTHEKER<sup>(1)</sup> - (54)**

Deputy chief executive officer and president of customer solutions & operations of SAP AG—Member of the AXA supervisory board—Member of the AXA finance committee  
First term of office: February 2005  
Current term expires: 2011 annual general meeting

### **Jacques de CHATEAUVIEUX<sup>(1)</sup> - (57)**

Chairman and CEO of Bourbon  
Member of the AXA supervisory board  
Appointed vice-chairman of the supervisory board on February 27, 2008, replacing Jean-René FOURTOU  
Chairman of the AXA compensation committee  
First term of office: April 2005  
Current term expires: 2009 annual general meeting

### **Norbert DENTRESSANGLE<sup>(1)</sup> - (53)**

Chairman and CEO of Financière Norbert Dentressangle  
Member of the AXA supervisory board—Member of the AXA compensation committee  
First term of office: May 2006  
Current term expires: 2010 annual general meeting

### **Jean-Martin FOLZ<sup>(1)</sup> - (61)**

Chairman of the AFEP (Association Française des Entreprises Privées)  
Member of the AXA supervisory board  
Member of the AXA audit committee  
First term of office: May 2007  
Current term expires: 2011 annual general meeting

### **Anthony HAMILTON<sup>(1)</sup> - (66)**

Non-executive chairman of the AXA UK Plc and AXA Equity and Law boards of directors (United Kingdom)  
Member of the AXA supervisory board  
Member of the AXA audit and compensation committees  
First term of office: January 1996  
Current term expires: 2009 annual general meeting

### **Henri LACHMANN<sup>(1)</sup> - (69)**

Chairman of the Schneider Electric supervisory board  
Member of the AXA supervisory board  
Member of the AXA finance and audit committees  
First term of office: May 1996  
Current term expires: 2009 annual general meeting

### **Gérard MESTRALLET<sup>(1)</sup> - (59)**

Chairman and CEO of Suez  
Member of the AXA supervisory board  
Member of the AXA selection, ethics, governance and human resources committee and member of the AXA compensation committee  
First term of office: January 1997  
Current term expires: 2011 annual general meeting

### **Giuseppe MUSSARI<sup>(1)</sup> - (45)**

Chairman of the Banca Monte dei Paschi di Siena SpA board of directors (Italy)  
Member of the AXA supervisory board  
First term of office: May 2007  
Current term expires: 2011 annual general meeting

### **Michel PÉBEREAU - (66)**

Chairman of the board of directors of BNP Paribas  
Member of the AXA supervisory board  
Member of the AXA finance committee and the AXA selection, ethics, governance and human resources committee  
First term of office: January 1997  
Current term expires: 2009 annual general meeting

### **Dominique REINICHE<sup>(1)</sup> - (52)**

President, European Union Group of The Coca-Cola Company  
Member of the AXA supervisory board  
First term of office: April 2005  
Current term expires: 2009 annual general meeting

### **Ezra SULEIMAN<sup>(1)</sup> - (66)**

Professor of Politics, Princeton University (United States)  
Member of the AXA supervisory board  
Member of the AXA audit committee and the AXA selection, ethics, governance and human resources committee  
First term of office: April 2003  
Current term expires: 2011 annual general meeting

### **Jacques TABOUROT - (62)**

Member of the AXA supervisory board representing AXA's employee shareholders  
Member of the AXA finance committee  
First term of office: April 2004  
Current term expires: 2008 annual general meeting

(1) Independent member.

“Confidence means working with people you trust and knowing how to communicate: bonds are formed, emotions are shared, team spirit grows, gets stronger. In our business, this exchange is fundamental.”







Nuno Henrique DUARTE  
Distribution Department  
AXA Portugal



Portugal

### **Finance committee**

The finance committee has five members, two of whom are independent. The committee met four times in 2007. The global attendance rate was 89%. Its principal duties are listed below:

- review the Group's financial structure and the broad outlines of AXA's asset management policy;
- examine plans to sell real-estate or equity interests with an appraised value exceeding the authorizations granted to the management board by the supervisory board;
- review all material financial transactions involving AXA that are proposed by the management board; and
- examine all acquisition plans, regardless of their form, whenever the proposed price of any one exceeds 500 million euros.

### **Selection, ethics, governance and human resources committee**

The selection, ethics, governance and human resources committee has four members, two of whom are independent. The committee met three times in 2007. Its global attendance rate was 83%. Its principal duties are listed below:

- formulate recommendations to the supervisory board on proposed appointments to the supervisory board or the management board, including their respective chairmen and vice-chairmen, as well as on all appointments to the supervisory board's committees, including their respective chairmen;
- to make suggestions to the supervisory board regarding succession plans for management board members, and to be informed of the succession plans for the Group's other principal executive officers;
- to be notified of the appointments of AXA's principal executive officers; and
- to be notified of AXA's strategy in terms of human resources management.

### **Compensation committee**

The compensation committee has four members, all of whom are independent. The committee met three times in 2007. Its global attendance rate was 92%. Its principal duties are listed below:

- to make recommendations to the supervisory board on compensation levels for each management board member, on the amount of directors' fees proposed to the company's shareholders for approval, and on stock options, free share or other equity compensation grants to members of the management board;
- to examine the performance of the management board members and to give an account of its conclusions to the supervisory board;
- to issue an opinion on the management board recommendations related to the policies and procedures governing executive pay and the company's proposed stock option, free share and other equity compensation grants to AXA Group employees; and
- to be informed by the management board of compensation levels set by the boards of AXA Group subsidiaries for their principal executive officers.

### **> INTERNAL AUDIT: AN INSTRUMENT OF CONTROL**

*The need to identify, manage and control risks goes well beyond compliance with the French LSF Financial Security Act or the Sarbanes-Oxley Act (SOX 404) in the US. A total of 410 auditors, based in various AXA operating units, are responsible for providing executive management with an objective and independent vision of the efficiency of internal controls at AXA. Moreover, they contribute to the identification and measurement of operational risks. In 2007, about ten audits were performed by the Group audit department.*

## EXECUTIVE COMPENSATION POLICY

The general principles of AXA's executive compensation policy are regularly presented to the remuneration committee of the AXA supervisory board. This policy applies to all executive officers of the Group.

It is adapted to local regulations under the supervision of the boards of directors and compensation committees of the company's subsidiaries. The effective application of these principles is regularly reviewed by AXA's remuneration committee.

The executive compensation policy aims at:

- attracting, retaining and motivating the best talents,
- driving superior performance,
- aligning compensation levels with business performance.

It follows 3 guiding principles:

- compensation competitiveness on international markets,
- internal equity, based on individual and collective performance,
- financial ability to pay.

Executive compensation is therefore structured so as to foster and reward performance:

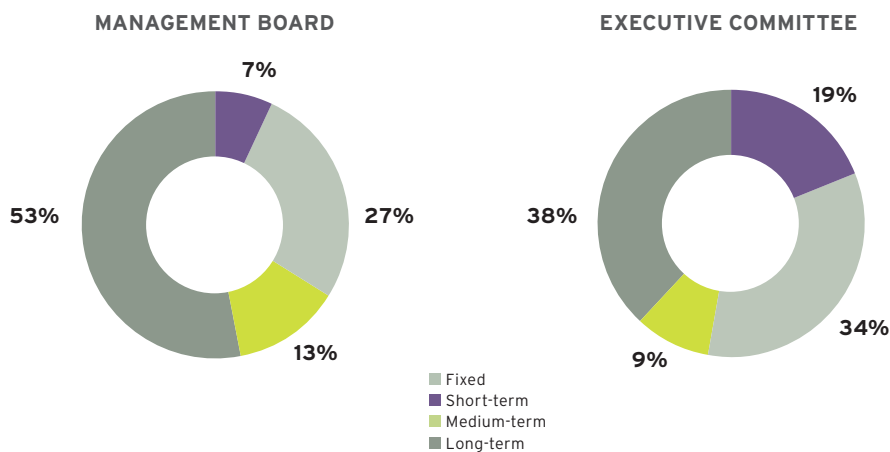
- both at individual level and collective level (local business entity and AXA Group),
- both with a short-term, medium-term and long-term focus.

Executive compensation includes a fixed and a variable component. The fixed component is targeted to fall within the lower quartile of the market. The variable component is tied to AXA's global performance, local performance, and the attainment of the executive's individual objectives, weighted to reflect his or her level of responsibility.

The variable portion is designed to represent the principal component of the executive's annual global compensation such that, in the case of successful attainment of the objectives, the compensation levels of AXA executives will be in the top two quartiles of the going market rate.

The compensation of management board members is defined by the supervisory board, based on the compensation committee's recommendation.

## ANALYSIS OF COMPENSATION



# TRANSPARENT AND CONTINUOUS COMMUNICATIONS

with shareholders, investors and financial analysts

**AXA's individual and institutional shareholders are central to its strategy and interests. Thanks to loyal relationships with shareholders, built on trust, the Group has true partners and the stability required to execute a strategy that creates long-term value.**

To ensure that its individual and institutional shareholders understand the Group's strategy and are aware of key events, AXA makes use of every available means of information, dialogue and care. AXA strives to provide all of its shareholders with a steady stream of information that is useful, clear and consistent in terms of disclosure level. These resources are regularly upgraded to meet shareholder needs and expectations.

## AXA AND ITS INDIVIDUAL SHAREHOLDERS

### A FULL DISCLOSURE AND INFORMATION-SHARING SYSTEM

Individual shareholder communications are managed by a team of five people, who are tasked with coordinating a full disclosure and information-sharing system.

The most comprehensive and accessible source of information is the Group's corporate website ([www.axa.com](http://www.axa.com)). Updated daily with press releases, financial analyses, key figures and capital ownership data, it accurately reflects Group news and stock market activity. The site also keeps shareholders informed of the dates and agendas of shareholder meetings in Paris and elsewhere in France. Online publications include shareholder newsletters and the annual report. Individual shareholders may also subscribe to an email notification service.

Shareholders may receive any Group publication in French or English upon request. The publication of the annual report, which includes the annual financial report and the activity and sustainable development report, is one of the year's highlights. It covers recent Group events, its earnings and its strategy. AXA's 2006 activity and sustainable development report won the gold Top Com 2007 award in the CAC 40-listed company category. The shareholder newsletter *L'Essentiel* is sent regularly to AXA's 15,000 Shareholders' Circle members. Financial analyses of the Group's full-year and half-year earnings are presented in a selection of media publications and on financial information websites.



This system would not be complete without face-to-face meetings with individual investors. In 2007, AXA scheduled such events in the French cities of Rennes, Lyon, Bordeaux and Paris. AXA was also an exhibitor at *Actionaria*, an event for individual investors held in Paris in November. As a philanthropic supporter of French culture, the Group also invited Shareholders' Circle members to private tours at the Louvre and Quai Branly museums in Paris. Almost 1,000 shareholders were able to participate in the five tours that took place in 2007.

AXA strives to maintain quality relationships with its shareholders and intends to continue to expand its range of services for their benefit.

## THE ANNUAL SHAREHOLDERS' MEETING EVENT

Over 1,200 individual investors attended the annual general meeting on May 14, 2007. As in past years, the meeting could be accessed live or on-demand on the corporate website ([www.axa.com](http://www.axa.com)).

AXA was recognized for its shareholders' meeting held in 2007, winning third prize in the general meeting awards ceremony for CAC 40 corporations. The awards aim to encourage and reinforce relationships between listed companies and their shareholders, while gaining the latter's support for the corporate mission. They honor the company whose annual general meeting is most closely aligned with best market practices based on a grid of more than 150 pre-defined criteria (the quality of exchanges with shareholders, meeting organization, the quality of presentations, educational aspects, the accessibility of the financial data, the presentation of the system of corporate governance, etc.). The 2007 panel of judges was impressed by the time taken to transparently explain AXA's executive compensation policy and its corporate governance structure. It also commended the inspiring message delivered on the objectives of the Ambition 2012 plan, the efforts made to measure and track stakeholder (employees, customers and shareholders) engagement and satisfaction, and AXA's clear explanation of the Group's business model.

## CONSTRUCTIVE DIALOGUE WITHIN THE INDIVIDUAL SHAREHOLDERS CONSULTATION COMMITTEE

AXA formed the CCAI (*comité consultatif des actionnaires individuels*) in 1997, reflecting its openness to feedback from individual investors and its desire to offer them clear and transparent disclosure. This committee is composed of fifteen individual shareholders appointed for six-year staggered terms. One-third of the committee's membership is up for reappointment every two years. The committee met twice in 2007 with the chairman and other members of the management committee and the individual shareholder relations team to discuss several issues, including the annual general meeting of shareholders, the activity and sustainable development report and the shareholder newsletters. This board, which promotes dialogue with individual investors, enriches the Group's shareholder communications and enhances the information it produces.



*"I have been a member of AXA's comité consultatif des actionnaires individuels since 2004. We meet at least twice a year with executives and the individual shareholder relations team to talk and work together. With Ambition 2012, AXA wants to become the preferred company of its customers, employees and shareholders. During our meetings, we focus on individual shareholders and open up dialogue about tools and resources that could enhance communications to promote better understanding of Group strategy. Through my participation in this committee, I have learned more about the company and how it works, and therefore feel more confident as one of AXA's individual investors."*

Anne Doris DUPUY,  
Winegrower and member of the CCAI (Gironde, France)

#### ► **DIVIDEND CALCULATOR, AN AXA.COM SERVICE**

Since December 2007, all shareholders can calculate their dividends using the calculator provided on AXA's corporate website. Users simply enter the number of shares held and the estimated average purchase price. Based on the day's share price, the calculator estimates the current value of the shares held, the pre-tax gain or loss and gross dividend payments for the prior year (based on historical AXA share price data provided by Fininfo).

## AXA, INVESTORS AND FINANCIAL ANALYSTS

### ONGOING DIALOGUE

The corporate financial communications department, a team of twelve people based in Paris or New York, has daily contact with institutional investors, financial analysts and representatives of rating agencies. It ensures a steady and comprehensive flow of information on all events that impact AXA's operations and performance, and its team of experts is always available to field the numerous and varied questions it receives. AXA executives also devote considerable time and resources to interactive encounters with the investment community. Every year, the Group organizes meetings in Paris and London to present interim and annual earnings. Following these earnings announcements, AXA representatives meet with institutional investors in the world's major financial marketplaces to share views on earnings and talk about Group strategy. In 2007, the financial communications team held over 400 of these daylong road shows were held in some forty cities around the world, as well as meetings focused on special topics, such as AXA's progress in the achievement of Ambition 2012. AXA also presented its strategy, position and vision of the business to participants at many industry events. The quality of AXA's financial communication is widely acknowledged and regularly singled out for praise by institutional investors and financial analysts.

In 2007, AXA was elected best financial communications in the industry and received two awards: the *Institutional Investor* award and the *Thomson Extel* award for the best financial communications.



# ETHICS, RESPECT AND TRANSPARENCY, THE FOUNDATIONS OF TRUST

**Operational performance alone does not make a company's reputation. By upholding ethical values, AXA builds a transparent and trust-based relationship with its stakeholders.**

## VALUES UPHELD DAY TO DAY

AXA produced a set of ethical guidelines in 2004 aimed at addressing all aspects of its daily activity. An updated version of the guide, along with new recommendations for implementation to promote buy-in, was distributed to all Group companies in 2006. For example, the compliance and ethics guide stipulates that wherever it operates, AXA will comply with regulations and legislation designed to fight money laundering and the financing of terrorism.

## PROCUREMENT POLICY, AN EXAMPLE OF ETHICAL BEHAVIOR

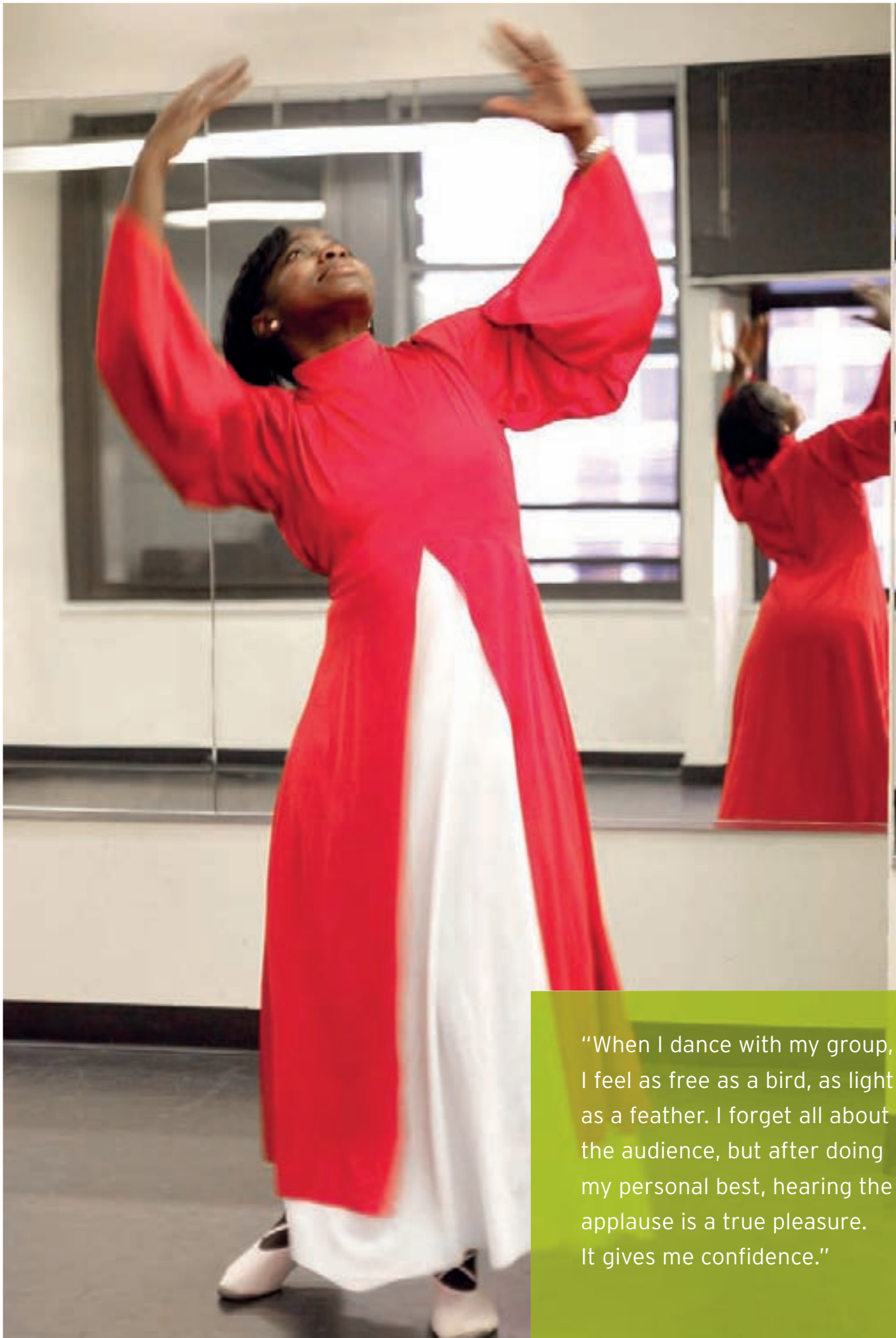
AXA's procurement policy also illustrates this approach. A Group sustainable development procurement policy was established in 2005 and gradually deployed across the Group. It applies AXA's ethical guidelines to supplier relationships and describes certain principles to be observed by all procurement professionals: fairness/competitive bidding, neutrality, confidentiality and transparency/traceability. The Group's procurement standard also integrates sustainable development issues into the supplier sourcing process and its contractual relations with suppliers. During the bidding process, a questionnaire and benchmarks are used to assess each supplier's "maturity" in various sustainable development areas. Three criteria are applied: the company's commitments, its policy towards its own suppliers and subcontractors, the environmental impact of its products or, if the company is a service provider, its code of professional ethics. New contracts include a clause stating that the supplier undertakes to comply with the International Labour Organization's basic human rights principles. AXA's top 16 entities in terms of procurement volume report quarterly on the implementation of this policy. At the end of 2007, all members of the procurement community declared that they applied AXA's compliance and ethics guidelines and followed the sustainable development procurement process. In 2007, the sustainable development clause penetration rate was 76% for new contracts and renewals.



### *A supplier who cares about its commitments*

*"Munters is the world leader in dehumidification, providing services and products for water and fire damage restoration as well as systems for evaporative cooling. Our renovation techniques are much used by insurers as they enable them to rehabilitate a building or area rather than to rebuild it. Our social and environmental responsibility is deeply rooted in our culture and as such we are perfectly in line with AXA's sustainable development strategy, which includes an analysis of the social and environmental performance of its suppliers. In 2007, we have launched a three-year sustainable development plan. AXA's comments and collaboration are very useful to enhance this initiative in a continuous improvement perspective. Nevertheless, one hurdle remains: to convince the different parties in a claims settlement that the economic and environmental advantages of repair exceed those of total replacement."*

Harry VAN NAMEN  
CEO France-Munters Services France SAS




“When I dance with my group, I feel as free as a bird, as light as a feather. I forget all about the audience, but after doing my personal best, hearing the applause is a true pleasure. It gives me confidence.”





**Rachel SMITH-BARROW**  
Marketing Department  
AXA Financial

 *United States*

# ACTIVELY COMMITTED TO THE COMMUNITY

**Fighting exclusion, supporting education and preventing risks, safeguarding our heritage: the three pillars of our commitment to corporate citizenship are a natural extension of our core Financial Protection business. They are based on a strong sense of personal commitment on the part of our employees, and the financial and logistical support of our Group.**

## A CULTURE OF VOLUNTARY GIVING

Giving to the community is a long-standing tradition at AXA: for nearly 17 years, our AXA Hearts in Action program has enabled Group employees to give their talent, their time and their generosity to community organizations. In 2007, more than 16,000 AXA employees around the world volunteered in their community for local initiatives. A few examples:

- AXA Czech Republic supported a project designed to help sight-impaired people live independently.
- In the United States, *AXA Foundation* created a space on the AXA Equitable corporate intranet that allows employees of the company to talk about and share their volunteer work.
- In 2007, AXA Winterthur Spain became one of the main sponsors of the Spanish team for the Beijing Special Olympics in 2008.
- AXA Indonesia renovated an open-air center for street children.
- In Canada, volunteers from AXA lend their ongoing support to the *Fondation Charles-Bruneau*, which helps children with cancer (art therapy, music therapy, etc.).

@ <http://www.axa.com/en/responsibility>

### > SAFEGUARDING WORLD HERITAGE FOR THE FUTURE

AXA is among the founders of an international training program for World Heritage site management in association with UNESCO and *Vocations Patrimoine*. By providing money for fellowships, our Group supported four projects in 2007 selected by a UNESCO appointed jury:

- comparative management of two protected sites (the Galapagos and the National Park of the Channels Islands in the United States)
- management of several historic sites in Italy's Campania region
- comparative study of the conservation of sites in Georgia and in several Eastern and Central European countries
- support leading to optimized management of World Heritage sites in France.



## STRONG COMMITMENT TO EDUCATION AND PREVENTION

AXA is also committed to initiatives in the area of social philanthropy with a strong prevention and education focus: we support the initiatives of our employees in these areas, and also allocate financial or in-kind subsidies. Since 2000, AXA Ireland has been conducting an active prevention program aimed at promoting road safety. After having financed seven awareness-raising campaigns, its name is now closely linked to the theme of road safety.

Another example comes from the United States, where the AXA Equitable's commitment to society is incarnated by the AXA Foundation, which awards college scholarships to students selected on the basis of criteria related to their academic achievements and above all their commitment to the community. More than 500 AXA Achievers are supported each year.

Finally, our corporate citizenship efforts have been enhanced by the acquisition of Winterthur. Since it was founded in 1973, the *Fondation Winterthur Assurances* for loss prevention has been actively involved in Switzerland in reducing the number of accidents, particularly those involving children.

## SAFEGUARDING AND TRANSMITTING OUR CULTURAL HERITAGE

Preserving and transmitting our shared cultural heritage is the third pillar of AXA's commitment. In 2007, the Group was one of the patrons whose support enabled the *Musée des Beaux-Arts* in Lyon and the *Musée du Louvre* in Paris to acquire and conserve as part of the public collection in France Nicolas Poussin's masterpiece *La Fuite en Égypte*. In addition, AXA Art, the Group subsidiary dedicated to insuring works of art, has been financing since 2003 a research program that supports technologies and methods designed to conserve works of art.

In 2007, several works that AXA insured and that the Group acquired ownership of after the settlement of a claim were also donated to museums and organizations involved in art restoration research. For example, AXA donated a painting by Ad Reinhardt to the Guggenheim Museum in New York, several pieces of antique furniture to the College of Art & Design of Leeds, and drawings by the British painter Augustus John to the department of art on paper conservation of the National Museum of Wales. Our objective in making donations of this kind is to support progress in the techniques of artwork restoration.



### > AXA PHILANTHROPY REWARDED

*In 2007, AXA received the Oscar for corporate philanthropy awarded by Admical, an association that works to promote the development of industrial and commercial philanthropy. This prize recognizes corporate philanthropy for the exemplarity of the policy, on the basis of such factors as the duration of the commitment, the originality of the policy, the involvement of employees and the level of resources mobilized.*



# MEASURE OUR IMPACT TO ACHIEVE BETTER CONTROL OVER IT

Now that its reporting process is firmly in place, AXA is making strides toward greater knowledge of its environmental impact, bringing more and more entities and people into the challenge of reducing our ecological footprint.

## ENVIRONMENTAL REPORTING PROCESS UNDERGOES REVISION

In 2007, our reporting process and system underwent significant technical changes. The *Responsibility Web*, which was previously used for reporting purposes, has been replaced by IRIS, a new application for collecting and consolidating data. The IRIS application is attached to the centralized system for gathering and storing all Group data. To facilitate the use of this application, the sustainable development team set up special individual training courses in November 2007 for each country. In addition, as the environmental reporting process reaches maturity, a protocol that describes the entire process has been developed: the aims of reporting, definitions of each indicator, and information on data collection, validation and consolidation. This protocol was audited by PricewaterhouseCoopers, the Group's independent statutory auditors (see page 100) as part of the annual audit of the consolidated financial statements.

@ <http://www.axa.com/en/responsibility>

## EMPLOYEES INCREASINGLY INVOLVED IN THE PROCESS

For 2007, the reporting on locally measured data represents 60% of the AXA Group's global workforce. Getting employees involved is one of the key drivers of progress in this area. In Morocco, where an international communications campaign on sustainable development was launched in early 2007, AXA Maroc (see the Africa heading in the data consolidation table) reported a significant decline in resource consumption compared with 2006. Moreover, for two years an online survey conducted via the corporate intranet on employee transportation has been collecting data on staff commuting practices. The survey for 2007 indicates that the average participation rate is up sharply, to 38%.

The rate was particularly high for AXA Winterthur Suisse (74%), AXA Insurance Public Company in Thailand (65%) and AXA France (59%). In addition to raising employee awareness of the implications of climate change, this survey is used to complete calculations of CO<sub>2</sub> emissions and demonstrates that commuting contributes significantly to total emissions of CO<sub>2</sub>.



## LEAVING A LIGHTER ECOLOGICAL FOOTPRINT

A number of initiatives were carried out at the local level in 2007 that helped to reduce the ecological footprint of AXA's business activities. At AXA UK, for example, twelve employees volunteered to serve as Climate Change Champions. Their role is to promote best environmental practices in their respective local entities. All AXA employees in the United Kingdom received practical written guidelines on steps they can take at home to reduce their individual demands on the ecosystem. A Green Box has also been set up, so that employees can post questions or comments about climate change. At AXA France, only cars that run on diesel fuel equipped with particle filters are now assigned to traveling sales reps. Also in 2007, AXA began to assess the carbon impact of its corporate office using the Bilan Carbone® developed in France. As a result, a number of initiatives have been taken, such as the installation of low consumption light bulbs, solar panels and automated lighting programmers, not to mention the widespread availability of videoconferencing equipment to cut down on travel.

### > GREEN COMPUTING

*The use of computer equipment currently accounts for nearly half of AXA's total electrical bill each year. In 2007, AXA Tech initiated a program called Green Computing, the goal of which is to encourage a reduction in energy consumption and CO<sub>2</sub> emissions and boost recycling. Globally, 16,000 conventional computer screens have been replaced with flat screens, which generate less pollution and use a lot less energy. The adoption of virtual servers has also lowered the use of energy (85% savings). In France, new installations in the desktop publishing center have helped to cut electricity and water use in half. Finally, a campaign designed to teach employees good green habits was kicked off at AXA Tech France and will soon be extended to other countries where AXA Tech is present.*

## REACHING THE OBJECTIVES SET FOR 2009

Coordinated action plans covering all of the Group's 2009 objectives were rolled out in France, Germany, Belgium, Australia, Italy, the United Kingdom, Portugal and Spain.

The Group's objectives with respect to the key performance indicators are the following:

- Energy (kWh/FTE <sup>(1)</sup>): 5% reduction. 40% of the sites surveyed have rolled out an action plan designed to meet this objective and 8% are in the process of doing so.
- CO<sub>2</sub> (T/FTE): 5% reduction. The method used to calculate CO<sub>2</sub> emissions was refined in 2007 to take into account local specificities in terms of energy production (CO<sub>2</sub> emission factors that are specific to each country for electricity), in the interest of obtaining a more accurate vision of CO<sub>2</sub> emissions attributable to energy use. AXA is also taking steps to reduce CO<sub>2</sub> emissions related to employee business travel and commuting. In fact, compared with 2006, work-travel related CO<sub>2</sub> emissions in Europe declined by 6% on an equivalent reporting scope basis.
- Water (m<sup>3</sup>/FTE): 5% reduction. 25% of the sites surveyed have set up an action plan designed to meet this objective and 12% are in the process of doing so. Compared with 2006, water consumption for Europe has decreased by 6% on an equivalent reporting scope basis.
- Paper (T/FTE): 2.5% reduction. More than half of the sites are in the process of reducing their paper consumption, and the use of paper produced by sustainably managed forests is becoming widespread. The data for 2006 and 2007 are not comparable because several countries have now included all types of paper, including that used for advertising and commercial purposes.

In general, readers are advised to use caution when comparing data with the previous year due to the work carried out to improve the quality of data collected. In the interest of transparency, the table (page 118) nonetheless shows changes in the key performance indicators by continent and for the common scope for the 2006 and 2007 reporting seasons.

(1) Full Time Equivalent.

# INDEPENDENT AUDITOR'S REPORT

## ON THE PROCEDURES USED TO ESTABLISH THE AXA GROUP'S SOCIAL AND ENVIRONMENTAL DATA

In response to the request made to us as the independent auditors of AXA's financial statements, we conducted a review that would enable us to express moderate assurance with respect to the procedures used to establish the AXA Group's social and environmental data for fiscal year 2007, as published in this activity and sustainable development report.

The AXA Group's sustainable development department is responsible for collecting and consolidating this data, in conjunction with the Group's HR synergy and measurement department. Our responsibility is to express a conclusion on the procedures used to establish this information on the basis of our review.

### SCOPE AND BASIS OF REVIEW

We carried out the due diligences described below, leading to moderate assurance that the procedures used to establish the environmental and social data in this report do not contain any material anomalies. A higher level of assurance would have required a more extensive review.

Social and environmental reporting is based on a set of formal processes expressed in two protocols drawn up for fiscal year 2007, one describing the establishment of environmental information, the other describing the establishment of social (HR) data.

- With respect to the establishment of environmental data, we completed a review of the organization set up and existing procedures to ascertain their relevance, reliability, objectivity and comprehensibility.

This review was conducted on the basis of interviews we conducted:

- at AXA Group headquarters with members of the Group sustainable development department,
- with certain correspondents appointed at the local level to oversee the environmental reporting process (AXA France, AXA IM, AXA Belgium, AXA Winterthur Switzerland and AXA Germany),
- via telephone interviews with local correspondents in charge of environmental reporting at other AXA entities (AXA France (Lyon), AXA Maroc, AXA P&C Singapore and AXA Equitable).

In the context of this review, we observed that the protocol used for environmental reporting was designed collaboratively by members of a working group made up of contributors to the environmental reporting network, and that it reflects the consolidated experience acquired from previous years' reporting to offer a global vision of all environmental reporting processes and the related tools, presenting in particular a precise definition of each indicator.

- With respect to the establishment of social (HR) data, we completed a review of the organization set up and existing procedures to ascertain their relevance, reliability, objectivity and comprehensibility.

This review was conducted on the basis of interviews we conducted:

- at AXA Group headquarters with members of the Group HR synergy and measurement department involved in the HR reporting process,
- with certain correspondents appointed at the local level to oversee HR reporting (AXA Assistance, AXA IM, AXA France, AXA Service AG, AXA Winterthur Switzerland, AXA Life UK and AXA Belgium),
- via telephone interviews with local correspondents in charge of HR reporting (AXA Life Indonesia, AXA Life Insurance Philippines, AXA Asia Life, AXA Equitable and AXA Assicurazioni).

In the context of this review, we observed that the HR reporting protocol was drawn up from the experience acquired over the years as the Group has published this data, taking into account comments from contributors, in the interest of simplifying and streamlining the process while also building higher levels of precision, for example by breaking down certain indicators by type and socio-professional category.

The reporting tools associated with these procedures for gathering and consolidating data were not reviewed. The *ResponsibilityWeb* platform, which for several years was used in the environmental reporting process, was replaced by the IRIS application as part of the effort to converge the Group's IT applications. This application is presumed to include the same functionalities of the earlier tool. However, it was not included in the scope of our review. *ResponsibilityWeb* was once again the tool used to gather and consolidate HR data for 2007, although it was upgraded to take into account changes in the indicators that went into effect for the 2007 reporting process. Our review did not encompass these changes.

In addition, this review was not intended to and thus cannot be used to form any conclusions as to the exactitude of the published information and data.

In conducting this review, we were assisted by the sustainable development experts employed by our audit firm, working under the responsibility of Mr. Sylvain Lambert, partner.

### CONCLUSION

On the basis of our review, we did not detect any material anomalies that would call into question the procedures used to establish the environmental and social information produced by the Group for fiscal year 2007.

Neuilly-sur-Seine, March 26, 2008

The Independent Auditor  
PricewaterhouseCoopers Audit

Éric Dupont

PwC Sustainable Development  
Department partner

Sylvain Lambert

# FINANCIAL HIGHLIGHTS

- > KEY FIGURES IN 2007 102 / 105
- > STOCK PRICE 106 / 107
- > EXTRA-FINANCIAL RATINGS 110 / 111
- > AXA GROUP HR DATA FOR 2007 112 / 115
- > ENVIRONMENTAL REPORTING 116 / 117
- > CORRESPONDENCE TABLE GRI3 - NRE - GC 118
- > GLOSSARY 119

# KEY FIGURES IN 2007

Our performance was once again solid in 2007, as attested by the 27% increase in underlying earnings, to 4,963 million euros, and the 22% increase in adjusted earnings, which came to 6,138 million euros. Thanks to this performance, AXA is able to propose a dividend of 1.20 euro per share, up by 13% compared with 2006.

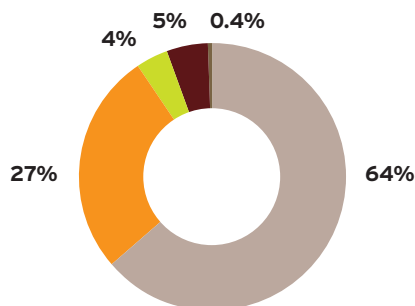
## BUSINESS INDICATORS

Business growth	2006 <sup>(3)</sup>	2007 <sup>(2)</sup>
Life insurance and savings (new business volume on APE basis <sup>(1)</sup> )	+15%	+8%
Property-casualty insurance (revenues)	+4%	+4%
Asset management (revenues)	+29%	+17%

### ANALYSIS OF REVENUES

by segment

TOTAL: 93.6 billion euros

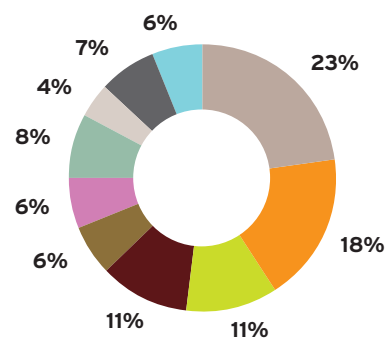


- Life insurance and savings
- Property-casualty insurance
- International insurance
- Asset management
- Other<sup>(4)</sup>

### ANALYSIS OF INSURANCE REVENUES

by geographic region

TOTAL: 88.4 billion euros

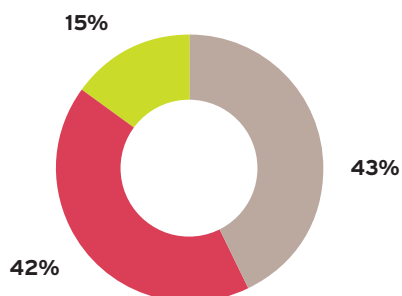


- France
- United States
- United Kingdom and Ireland
- Germany
- Belgium
- Japan
- Mediterranean Region
- International insurance
- Switzerland
- Other

## ASSETS UNDER MANAGEMENT

### ANALYSIS OF ASSETS UNDER MANAGEMENT

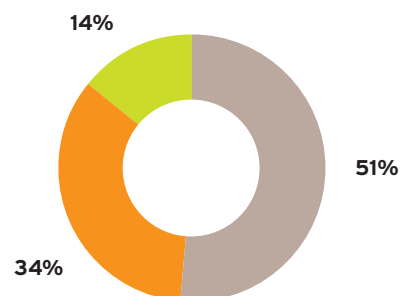
by company



- AXA Investment Managers
- AllianceBernstein
- Other AXA entities

### ANALYSIS OF ASSETS UNDER MANAGEMENT

by category



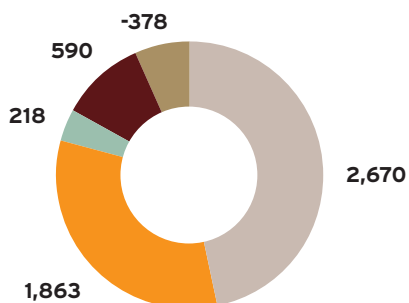
- Third party assets
- AXA assets
- Assets with financial risk carried by policyholders

**TOTAL**  
**€1,281 billion**



## PROFITABILITY INDICATORS

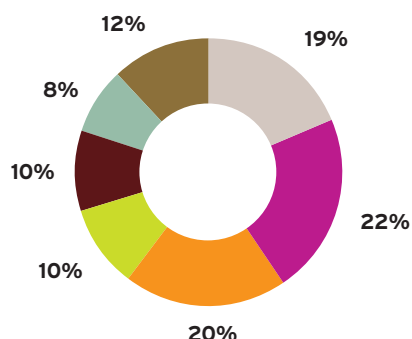
**ANALYSIS OF UNDERLYING EARNINGS<sup>(10)</sup>**  
by segment (in millions of euros)



■ Life insurance and savings  
 ■ Property-casualty insurance  
 ■ International insurance  
 ■ Asset management  
 ■ Other<sup>(4)</sup>

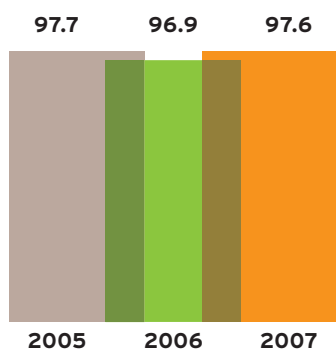
**TOTAL**  
**4,963 million euros**

**ANALYSIS OF UNDERLYING EARNINGS<sup>(10)</sup>**  
by geographic region<sup>(5)</sup>

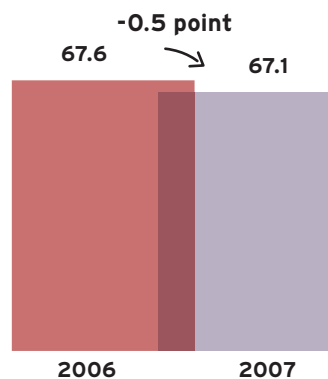


■ France  
 ■ Northern, Central and Eastern Europe  
 ■ North America  
 ■ United Kingdom and Ireland  
 ■ Asia-Pacific  
 ■ Mediterranean Region  
 ■ Asset management

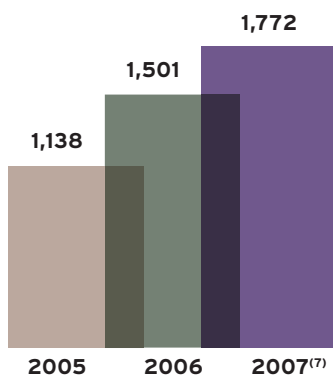
**COMBINED RATIO (PROPERTY-CASUALTY)**  
(%)



**COST INCOME RATIO (ASSET MANAGEMENT) (%)**



**NEW BUSINESS VALUE (LIFE INSURANCE)<sup>(6)</sup>**  
(in millions of euros)



(1) APE (annual premium equivalent) represents 100% new regular premiums and one tenth of single premiums (group share data), in line with the Group's EEV methodology.

(2) On a comparable basis (constant exchange rate, scope of operations, methodology - including Winterthur in 2006 and 2007).

(3) On a comparable basis (constant exchange rate, scope of operations, methodology).

(4) Including the following segments: banking, holdings and other (in particular CDOs and real estate entities).

(5) Excluding the following segments: international insurance, banking, holdings and other.

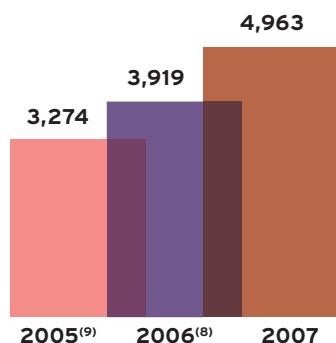
(6) Calculated on the basis of European Embedded Value (EEV). The method used to calculate EEV is based on a market consistent to ensure better apprehension of the risk assessment.

(7) Including Winterthur.

(10) See legend, page 104.

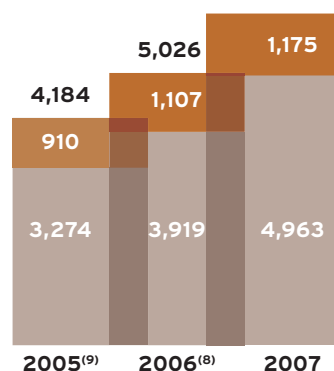
### UNDERLYING EARNINGS<sup>(10)</sup>

(in millions of euros)



### ADJUSTED EARNINGS<sup>(10)</sup>

(in millions of euros)

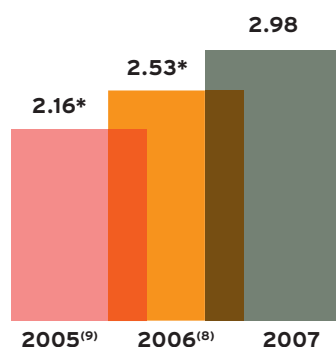


■ Underlying earnings  
■ Share of net capital gains attributable to shareholders (net of taxes)

### NET EARNINGS<sup>(10)</sup>

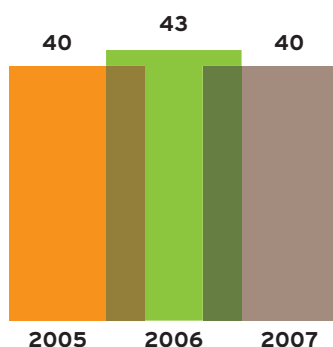
PER SHARE  
fully diluted

(in euros)



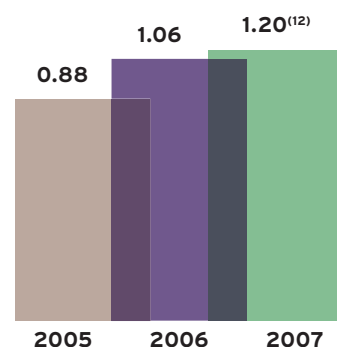
### PAYOUT RATIO<sup>(11)</sup>

(%)



### DIVIDEND PER SHARE

(in euros)



\*Published 2005: 2.16; Published 2006: 2.59.

(6) and (7) See legend, page 103.

(8) Restated in 2006: Dutch business and disposals eliminated.

(9) Restated in 2005: (i) transfer of the forex impact from adjusted earnings to net income Group share, (ii) after clarification of the IFRIC agenda committee after the IASB's decision, AXA reclassified as consolidated shareholders' equity the TSDI perpetual subordinated securities with an impact on net income Group share and (iii) Dutch business and disposals eliminated.

(10) **Underlying earnings** correspond to adjusted earnings excluding net realized capital gains attributable to shareholders. Net realized gains or losses attributable to shareholders include:

- realized gains and losses (on assets not designated under fair value option or trading assets),
- change in impairment valuation allowance,
- related impact on policyholder participation net of tax (life business),
- DAC and VBI amortization or other reactivity to those elements if any (life business).

**Adjusted earnings** represent the net income (group share) before:

- the impact of exceptional operations (primarily change in scope, including restructuring costs related to a newly acquired company during the considered accounting period);
- goodwill and other related intangible impacts, and
- profit and loss on financial assets accounted for under fair value option (excluding assets backing contract liabilities for which the financial risk is borne by the policyholder) and derivatives related to invested assets (excluding (i) all impacts of foreign exchange except the ones related to currency options in earnings hedging strategies and (ii) those related to insurance contracts evaluated according to the "selective unlocking" accounting policy).

(11) Net dividend/adjusted earnings.

(12) Will be proposed to shareholders at AGM on April 22, 2008.

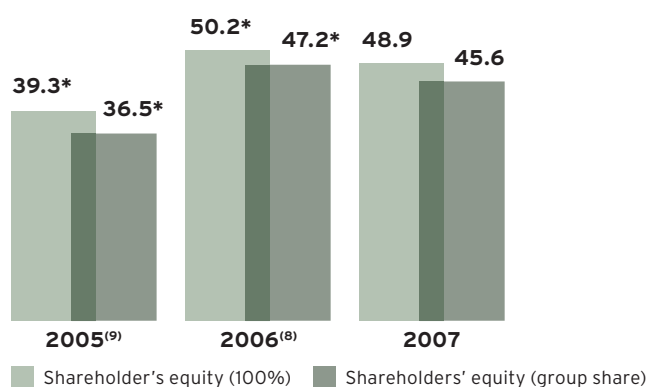
## UNDERLYING EARNINGS, ADJUSTED EARNINGS AND NET INCOME

Net income, group share (in millions of euros)	2005 Published	2005 Restated <sup>(9)</sup>	2006 Published	2006 Restated <sup>(8)</sup>	2007
<b>Underlying earnings<sup>(10)</sup></b>	<b>3,258</b>	<b>3,274</b>	<b>4,010</b>	<b>3,919</b>	<b>4,963</b>
Share of net capital gains attributable to shareholders	850	910	1,130	1,107	1,175
<b>Adjusted earnings<sup>(10)</sup></b>	<b>4,108</b>	<b>4,184</b>	<b>5,140</b>	<b>5,026</b>	<b>6,138</b>
Profit or loss on financial assets (accounted for under fair value option) and derivatives related to invested assets	149	121	-226	-228	-596
Impact of exceptional operations (including discontinued businesses)	-72	25	196	311	482
Goodwill and other related intangible impacts	-13	-13	-24	-24	-106
Integration costs					-252
<b>Net income, group share</b>	<b>4,173</b>	<b>4,318</b>	<b>5,085</b>	<b>5,085</b>	<b>5,666</b>

### CONSOLIDATED SHAREHOLDERS' EQUITY

100% and group share

(in billions of euros)



\* Published 2005: 36.6 billion euros in shareholders' equity (100%) and 33.8 billion euros in shareholders' equity (group share) and published 2006: 50.2 billion euros and 47.2 billion euros, respectively.

### GROUP EMBEDDED VALUE<sup>(6)</sup>

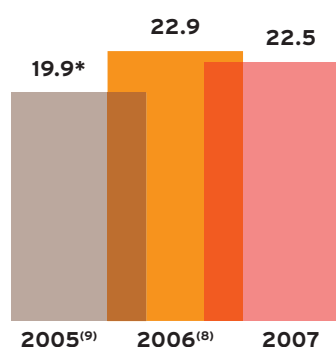
(in millions of euros)



### SHAREHOLDERS' EQUITY

group share, per share

(in billions of euros)

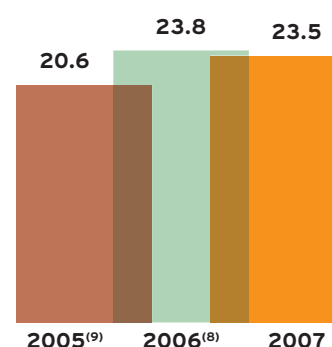


\* Published 2005: 18.4.

### ADJUSTED NET ASSETS

per share

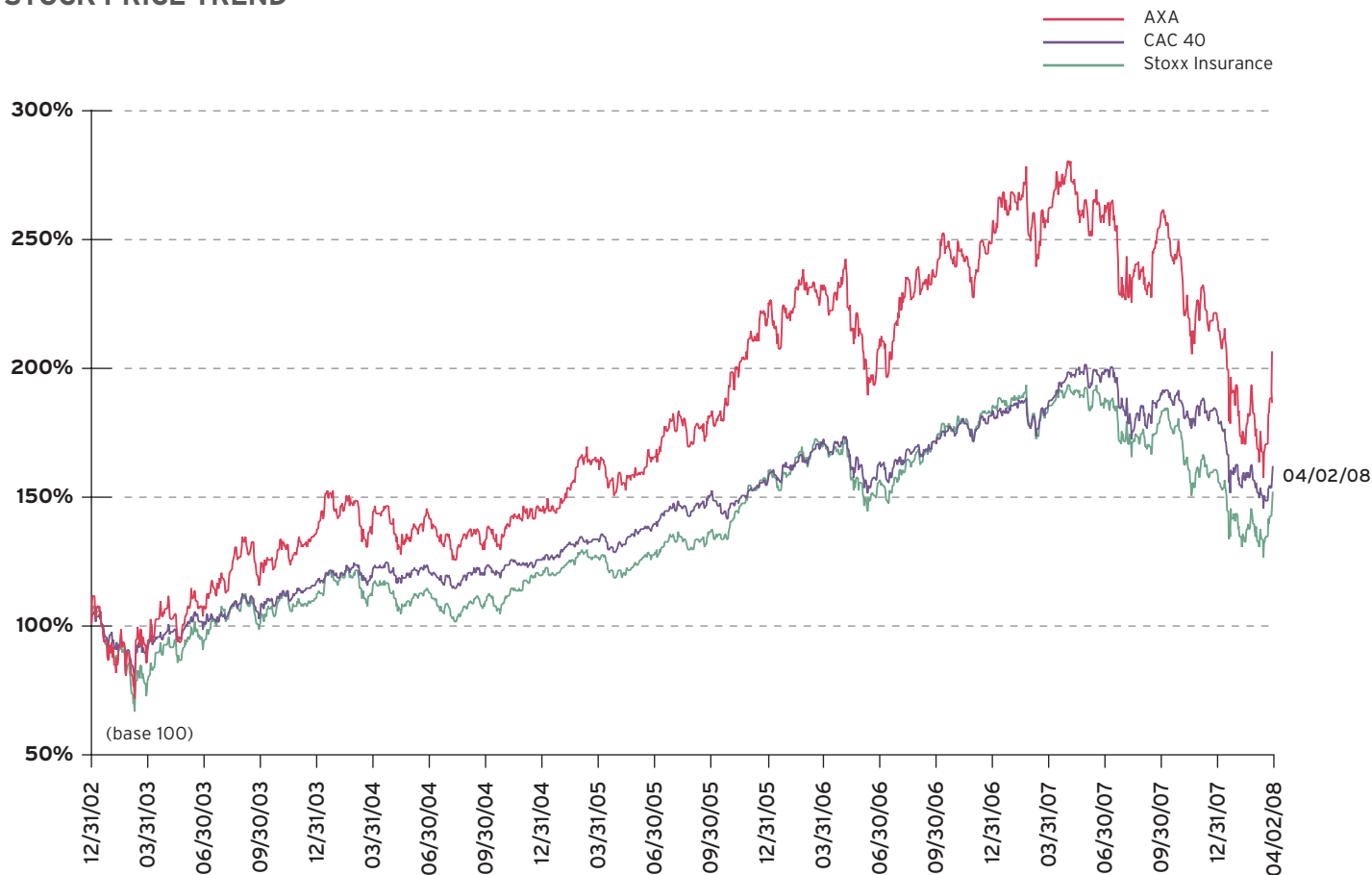
(in euros)



# STOCK PRICE

In 2007, the AXA stock price trended in line with its main industry peers, against a market backdrop that featured significant turbulence in the second quarter due to the crisis in the world's financial markets.

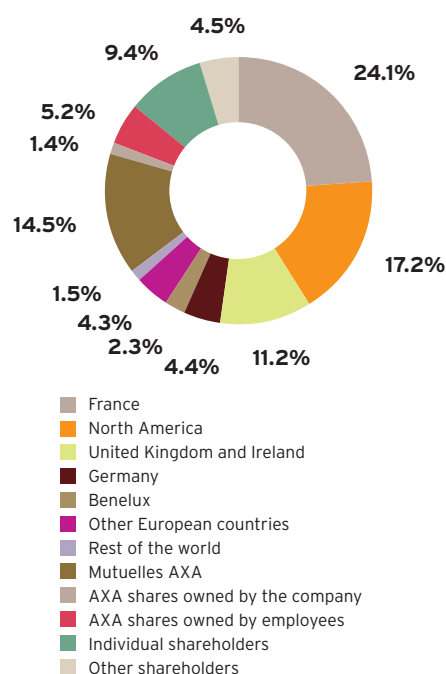
## STOCK PRICE TREND



	December 29, 2006	December 31, 2007	Change in 2007	April 2, 2008	Change in 2008 through April 2, 2008
AXA	€30.67	€27.39	-11%	€25.44	-7%
CAC 40	5,541.76	5,614.08	+1%	4,911.97	-13%
Stoxx Insurance	286.35	252.21	-12%	237.94	-6%

## AXA SHAREHOLDERS

(December 31, 2007)



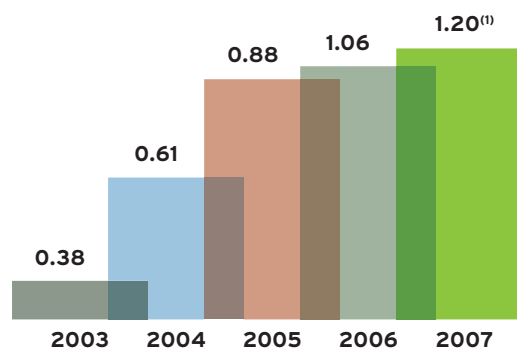
## FINANCIAL STRENGTH RATINGS OF AXA'S PRINCIPAL INSURANCE COMPANIES

(December 31, 2007)

Agency	Rating	Outlook
Standard & Poor's	AA	Stable
Moody's	Aa3	Stable
Fitch	AA	Stable

## DIVIDEND GROWTH

(in euros per share)



(1) Pending shareholder approval on April 22, 2008.

## AXA STOCK PRICE AND TRADING VOLUMES

	2003	2004	2005	2006	2007
High (in euros) <sup>(2)</sup>	16.67	18.76	27.43	31.13	34.61
Low (in euros) <sup>(2)</sup>	8.76	15.47	17.72	23.41	25.33
Closing at 12/31 (in euros)	16.65	17.83	26.74	30.67	27.39
Market capitalization at 12/31 (in billions of euros)	30	35	50	64	56.4
Average daily volume traded (in number of shares)	10,764,494	7,961,322	7,312,847	8,357,196	10,544,811
Number of shares at 12/31 (in millions of shares)	1,778.1	1,883.9	1,835.6 <sup>(3)</sup>	2,063.3 <sup>(3)</sup>	2,030.0

(2) Highs and lows are based on closing prices.


(3) Does not include AXA shares that the company owns, which are not considered outstanding shares under IFRS.



“My bike helmet gives me confidence when I ride. For me and my clients, confidence is security first and foremost. It is a decisive component of action and decision-making.”



**Mattieu ROUOT**  
Finance and Actuarial Department  
AXA Life

 *United Kingdom*

# EXTRA-FINANCIAL RATINGS

**AXA's social, societal, environmental and governance performances are rated by a number of specialists, including investors and rating agencies that focus specifically on the socially responsible investment (SRI) market. AXA is ranked above the average for its industry and is included in the three major global ethical indices.**

## SAM AGENCY AND DJSI INDICES

The scores given by SAM, a research institute based in Zurich, reflect the company's performance across economic, social and environmental criteria. Each dimension is itself a composite of several weighted sub-criteria. The final score is the result of a weighted average for each of the three criteria, and is compared to the industry average.

**In 2007, the AXA Group was included in the Dow Jones Sustainability Index (DJSI) STOXX and World, based on the research provided by the SAM agency.** These indices select the top 10% worldwide in terms of corporate sustainable development practices.

Commenting on this inclusion, Henri de Castries, chairman of the AXA Group management board, noted: *"The AXA Group is proud to join the Dow Jones Sustainability STOXX and World indices. It demonstrates that our engagement in the area of sustainable development is recognized. For AXA, the challenges linked to sustainable development are part and parcel of the practice of our Financial Protection business. This belief contributes to the definition of our corporate responsibility and to our desire to innovate to better serve our clients."*

In addition, AXA was awarded a bronze medal in its industry for the first edition of the SAM Sustainability Yearbook.

	2005		2006		2007	
	AXA	Sector	AXA	Sector	AXA	Sector
Final rating	60%	47%	62%	44%	67%	45%
Economy rating	75%	61%	71%	53%	79%	56%
Social rating	58%	44%	65%	46%	71%	45%
Environment rating	47%	38%	51%	35%	52%	35%
Inclusion in DJSI STOXX Index	No	-	No	-	Yes	-
Sustainability Yearbook category	-	-	-	-	Bronze	-

## AGENCE INNOVEST

*Innovest Strategic Value Advisors* is an internationally recognized research and advisory firm that specializes in analyzing corporate performance on environmental, social and strategic governance issues. In particular, this analysis focuses on their impacts on a company's ability to compete, as well as on profitability and stock price performance.

	2005	2006	2008
AXA rating	A	AA	AA
AXA social rating	A	AA	AA
AXA environmental rating	A	A	AA



## EIRIS AND FTSE4GOOD INDEX

The EIRIS (*Ethical Research Investment Services*) agency, based in London, is one of the principal suppliers of extra-financial information for the European SRI market. The agency does not publish its ratings. The SRI index published by FTSE (FTSE4GOOD) is based on the research provided by EIRIS. The AXA Group is included in this index.

## GMI AGENCY

*Governance Metrics International* (GMI), based in New York, measures the performance of companies primarily in the area of corporate governance on a scale of 0 to 10. AXA's score for each indicator was compared with the scores obtained by other insurance companies in the world as well as with companies in its home market, regardless of sector. At year-end 2007, AXA was rated "well above average" for its home market and "within the average" for the global insurance industry.

	2007 rating (global benchmark, insurance industry)	2007 rating (home market benchmark [France], all sectors)
General rating	7.0	10.0
Director independence	7.5	10.0
Financial communications and internal controls	6.0	8.5
Shareholder rights	4.0	6.5
Remuneration	8.5	9.5
Anti-takeover measures	4.5	6.0
Corporate accountability	10.0	10.0

## OEKOM AGENCY

The German agency *Oekom Research* publishes an annual database containing an environmental, social and societal analysis for around 750 companies, including AXA.

In 2006, the Group received the prime grade, which means that it is one of the stocks that the agency recommends to its investment clients, and was ranked 14<sup>th</sup> in its industry of 27 companies for *Oekom*.

	2003	2005	2006
AXA rating	D+	D+	C prime
AXA rank in its sector	23/70	*	14/27
Social rating	C-	*	C medium
Environmental rating	D	*	C- medium

\* Not detailed score in 2005.

## VIGEO AGENCY AND ASPI INDEX

The AXA Group's performance is rated by Vigeo, a European social and environmental rating agency, in connection with its process of socially responsible investment research for asset managers. The score reflects the level of engagement in or commitment to social responsibility on a scale of 0 to 100. It results from the analysis of the relevance and the efficiency of corporate policies. The score is an absolute grade that positions the company with respect to Vigeo's rating benchmark. The rating is a relative grade that ranks the Group with respect to other businesses in the insurance sector (a panel of 27 European companies in 2006). It results from comparing company scores to one another. Accordingly, scores and ratings can evolve in opposite directions depending on AXA's performance as well as that of other insurance companies.

### Explanation of the ratings:

- the least advanced companies in the sector
- companies that fall below the average for their sector
- = companies that are within the average for their sector
- + active companies
- ++ the most committed companies in the sector.

Vigeo delivers these ratings for each of the six areas of analysis, but does not produce a single score or rating for the company. Inclusion in the ASPI (*Advanced Sustainability Performance Indices*) index is based on Vigeo's research.

		2003	2005	2006
Human resources	AXA score	53	68	64
	AXA rating	=	+	+
Human rights	AXA score	*	67	63
	AXA rating	*	+	+
Community and society	AXA score	69	73	76
	AXA rating	++	+	+
Environment	AXA score	59	61	57
	AXA rating	++	+	+
Market behavior	AXA score	51	59	63
	AXA rating	=	+	+
Corporate governance	AXA score	50	47	46
	AXA rating	-	-	=
Inclusion in ASPI Eurozone® index		Yes	Yes	Yes

\*No human rights category in 2003.

# AXA GROUP HR DATA FOR 2007

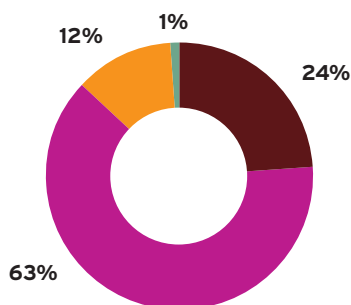
On December 31, 2007, the global workforce of the AXA Group was more than **170,000** employees, an increase of **12%** over 2006. The Group employs more than **120,000** salaried employees, an increase of **7%** (versus an increase of 4% in 2006) that is primarily attributable to a significant rise in the Asian workforce (**+40%**). The number of exclusive distributors rose by **23%**, to more than **54,000**, due to a particularly strong increase in Asia-Pacific.

Analyzed by continent, the Group's workforce is **63%** in Europe (versus 67% in 2006), **24%** in Asia-Pacific (versus 18% in 2006), **12%** in America (versus 14% in 2006) and **1%** in Africa. AXA continues to recruit new staff actively and to manage its HR needs responsibly, which resulted in nearly **27,000** new hires from outside the Group in 2007, excluding mergers and acquisitions. The sales force was the main beneficiary, which nearly **20,000** new staff, an increase of **22%**.

The rate of internal mobility is **16%** for non-sales staff and **5%** for sales staff. The commitment to competency development on the part of staff is apparent in the increase in training investments, both for non-sales staff (**2.7** training days during the year versus 2.3 in 2006) and sales staff (**8.3** training days in 2007 versus 5.2 in 2006). This change is partly due to major investments in training on the part of entities in France and Asia-Pacific.

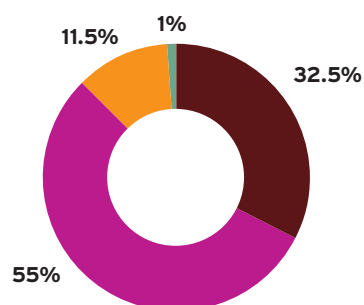
## ANALYSIS OF GLOBAL WORKFORCE BY REGION

**TOTAL WORKFORCE**  
(sales and non-sales staff)  
**TOTAL: 120,390**



- Asia-Pacific
- Europe
- North America
- Africa

**WORKFORCE TOTAL**  
(including exclusive distributors)  
**TOTAL: 174,935**



- Asia-Pacific
- Europe
- North America
- Africa

In 2007, the protocol for reporting AXA's HR or social data was conducted with the help of PricewaterhouseCoopers (AXA's independent auditor). As part of this process, the definitions for 2007 indicators were clarified, which may have an impact on the changes in some data.

<b>WORKFORCE (in number of persons) on December 31</b>	<b>2006 data<sup>(1)</sup></b>	<b>2006/2007 change</b>	<b>2007 data</b>
<b>Non-sales staff<sup>(2)</sup></b>	<b>95,929</b>	<b>5%</b>	<b>100,505</b>
Senior executives	3,278	-13%	2,851
Men	82%		80%
Women	18%		20%
Managers	21,618	-16%	18,228
Men	62%		66%
Women	38%		34%
Experts and employees	71,033	12%	79,426
Men	40%		42%
Women	60%		58%
<b>Sales staff<sup>(3)</sup></b>	<b>16,342</b>	<b>22%</b>	<b>19,885</b>
Men	63%		63%
Women	37%		37%
<b>Salaried workforce</b>	<b>112,271</b>	<b>7%</b>	<b>120,390</b>
Men	49%		50%
Women	51%		50%
<b>Exclusive distributors</b>	<b>44,213</b>	<b>23%</b>	<b>54,545</b>
<b>WORKFORCE TOTAL</b>	<b>156,484</b>	<b>12%</b>	<b>174,935</b>
<b>Temporary staff</b>			
Temporary non-sales staff	2,737	N/A <sup>(4)</sup>	4,441
Average FTE (Full Time Equivalent), temporary employees	N/A		2,365
<b>Profile of AXA employees</b>			
<b>Average age of employees</b>	<b>40</b>		<b>40</b>
Non-sales staff	40		40
Sales staff	42		39
<b>Average length of service</b>	<b>11</b>		<b>11</b>
Non-sales staff	12		11
Sales staff	8		7
<b>Number of employees with disabilities</b>	<b>1,249</b>	<b>12%</b>	<b>1,400</b>

(1) Figures include Winterthur date for year ended 12/31/2006.

(2) The change in category definitions (senior executives, managers, experts and employees) in 2007 had an impact on the workforce breakdown reported by category in 2007.

(3) Sales staff: employees authorized to sell insurance products and services, excluding sales managers who are not authorized to sell such products.

(4) The change is due to a change in definition made in 2007 (for example, the inclusion in this indicator of apprentice and related workers in France).

CHANGES IN STAFFING LEVEL	2006 data	2006/2007 change	2007 data
<b>Non-sales staff on open-ended contracts</b>			
External recruitments <sup>(5)</sup>	11,659	48%	17,311
Fixed-term contracts transformed into open-ended contracts	1,030	16%	1,190
Departures	11,463	11%	12,699
o/w resignations	66%		74%
o/w layoffs	19%		15%
o/w economic layoffs	N/A		54%
o/w other departures (retirement, death, etc.)	16%		11%
<b>Net job creations during the year</b> (open-ended external recruitments + fixed-term contracts converted into open-ended contracts - departures)			
	1,226		5,802
<b>Rate of internal mobility<sup>(6)</sup></b>	N/A		16%
<b>Rate of voluntary turnover<sup>(7)</sup></b>	7.8%		9.8%
<b>Sales staff on open-ended contracts</b>			
External recruitments <sup>(5)</sup>	5,073	87%	9,475
Fixed-term contracts converted into open-ended contracts	166	-1%	165
Departures	4,881	17%	5,729
o/w resignations	79%		85%
o/w layoffs	14%		12%
o/w economic layoffs	N/A		79%
o/w other departures (retirement, death, etc.)	7%		3%
<b>Net job creations during the year</b> (open-ended external recruitments + fixed-term contracts converted into open-ended contracts - departures)			
	358		3,911
Rate of internal mobility <sup>(6)</sup>	N/A		5%
Rate of voluntary turnover <sup>(7)</sup>	22.6%		26.4%
<b>Change in temporary staff</b>			
<b>Non-sales staff</b>			
External recruitments (fixed-term contracts)	3,358	53%	5,149
End of CDD	N/A		3,850
<b>Non-sales staff</b>			
External recruitments (fixed-term contracts)	733	7%	787
End of CDD	N/A		479

(5) Individuals recruited from outside the Group under an open-ended contract, excluding employees who entered the AXA workforce following mergers and acquisitions.

(6) Rate of internal mobility = change of function, promotions included + departures for mobility reasons within the Group / average annual workforce.

(7) Rate of voluntary turnover = total number of resignations of employees on open-ended contracts during the year / average annual workforce. The 2007 rate was significantly impacted by changes in India. Excluding India, the rate of voluntary turnover for non-sales staff was 8.4% (for sales staff, it was 19.4%).

COMPENSATION	2006 data	2006/2007 change	2007 data
<b>Total payroll in thousands of euros for sales and non-sales staff</b>	<b>6,557,798</b>	<b>6%</b>	<b>6,950,917</b>
<b>Ratio (variable pay/total pay)</b>	<b>19%</b>		<b>18%</b>
<b>% employees receiving stock options</b>	<b>N/A</b>		<b>4%</b>
<b>% employees participating in Shareplan 2007</b>	<b>N/A</b>		<b>39%</b>
<b>% capital owned by AXA employees</b>	<b>N/A</b>		<b>5.23%</b>

TRAINING	2006 data	2006/2007 change	2007 data
<b>Average number of training days per employee</b>			
Non-sales staff <sup>(8)</sup>	<b>2.3</b>	<b>17%</b>	<b>2.7</b>
Sales staff <sup>(9)</sup>	<b>5.2</b>	<b>59%</b>	<b>8.3</b>
<b>% employees who have completed at least one training course</b>			
Non-sales staff <sup>(8)</sup>	<b>64%</b>		<b>68%</b>
Sales staff <sup>(9)</sup>	<b>70%</b>		<b>92%</b>
<b>Training days</b>			
Non-sales staff	N/A		100%
Managerial training	N/A		16%
Technical training	N/A		54%
Other training	N/A		30%
Sales staff	N/A		100%
Managerial training	N/A		30%
Technical training	N/A		57%
Other training	N/A		13%

WORKWEEK - ABSENTEE RATE	2006 data	2006/2007 change	2007 data
<b>Average number of days worked per year</b>	<b>226</b>		<b>225</b>
<b>Average number of hours worked per week by salaried employees</b>	<b>37</b>		<b>37</b>
<b>% workforce working part-time (non-sales staff)</b>	<b>12%</b>		<b>11%</b>
<b>% overtime worked/average FTE (salaried employees)</b>	<b>1.9%</b>		<b>1.8%</b>
<b>Absentee rate (non-sales and sales staff)<sup>(10)</sup></b>	<b>4.8%</b>		<b>5.2%</b>
o/w due to illness	N/A		72%
o/w due to work-related accident	N/A		2%
o/w due to maternity	N/A		26%

(8) Calculation covers 96% of the Group's non-sales staff in 2007 and 99% in 2006.

(9) Calculation covers 98% of the Group's sales staff in 2007 and 92% in 2006.

(10) Absentee rate: number of days absent (work-related accident, maternity, illness) divided by the number of work days per year per employee, multiplied by the average FTE employees. The absentee rate excluding maternity leave was 3.8% in 2007, i.e. nearly 4,800 people (FTE basis) absent per worked day in 2007. Calculation covers 88% of the Group's sales staff in 2007 and 75% in 2006.

# ENVIRONMENTAL REPORTING

Due to enhancements to the reporting process in 2007, significant comparisons with 2006 are not possible, except for certain key performance indicators (KPI).

	Key performance indicator (KPI)	Unit
<b>GENERAL DATA</b>		
Number of people on site <sup>(1)</sup>		FTE
Total internal floor area <sup>(2)</sup>		m <sup>2</sup>
<b>POWER (SITES)</b>		
Total power consumption <sup>(3)</sup>		kWh
Total power consumption per person on site	KPI	kWh/FTE <sup>(1)</sup>
Change pro forma 2006 <sup>(*)</sup>	KPI	
<b>TRANSPORTATION</b>		
Home/workplace commute (round trip) <sup>(4)</sup>		km
Business travel <sup>(5)</sup>		km
Motor fleet		km
<b>ESTIMATED CO<sub>2</sub> EMISSIONS</b>		
Resulting from onsite power consumption <sup>(6)</sup>		T eq. CO <sub>2</sub>
Resulting from daily commute <sup>(7)</sup>		T eq. CO <sub>2</sub>
Resulting from business travel <sup>(8)</sup>		T eq. CO <sub>2</sub>
Resulting from AXA motor fleet <sup>(9)</sup>		T eq. CO <sub>2</sub>
Total CO <sub>2</sub> emissions per person	KPI	T eq. CO <sub>2</sub> /FTE <sup>(1)</sup>
Change pro forma 2006 <sup>(*)</sup>	KPI	
<b>WATER</b>		
Drinking water consumption		m <sup>3</sup>
Drinking water consumption per person on site	KPI	m <sup>3</sup> /FTE <sup>(1)</sup>
Change pro forma 2006 <sup>(*)</sup>	KPI	
<b>RAW MATERIALS AND CONSUMABLES</b>		
Total paper consumption		T
Total paper consumption per person on site	KPI	T/FTE <sup>(1)</sup>
Change pro forma 2006 <sup>(*)</sup>	KPI	
Percentage of recycled paper used		%
Percentage of non-chlorine bleached paper used		%
Percentage of paper from sustainably managed forests used		%
<b>WASTE</b>		
<b>TOTAL Electronic &amp; computer equipment disposed of in accordance with sustainable management practices</b>		<b>tons</b>

(1) Full Time Equivalent (FTE): employees + permanent workers on site who are not employed by AXA.

(2) Developed floor area of buildings (every floor except underground or roof parking).

(3) Electricity, natural gas, heating oil and other sources of energy.

(4) Daily round-trip commutes are estimated on the basis of a questionnaire on commuting that is submitted to AXA employees. The data gathered are then adjusted for the number of FTE<sup>(1)</sup> within the reporting scope, multiplied by 226 days worked/year on average. The method used to consolidate the data gathered in this way was improved between 2006 and 2007. We now exclude from the consolidation calculation all sites whose total response rate is less than 5%. We have recalculated data from 2006 and calculated the 2006/2007 changes on the basis of this new data.

(5) Business travel numbers are obtained through the Group's travel agencies, which provide the number of kilometers traveled per year by plane (business and economy class) and by train for each Group entity and by country for 2007. For entities that do not have this data, estimates were made based on the average for their country. The method used to consolidate this data was improved between 2006 and 2007. Data are now consolidated by entity and by country, whereas before they were calculated by continent. Changes were estimated on the basis of actual 2006 values recalculated using the new method.

## Calculating CO<sub>2</sub> emissions

The method used to calculate CO<sub>2</sub> emissions was changed versus 2006. We now use an emission factor that is specific to each country for power and train travel. The changes were estimated on the basis of 2006 values, recalculated using the new method to provide a salient comparison.

(6) CO<sub>2</sub> emission factors used for power: For electricity, we used emission factors specific to each country (source: GHG protocol, [http://www.ghgprotocol.org/DocRoot/DHJVZSCSTno5NU5BeA6q/ElectricityHeatSteamPurchase\\_tool1.2.xls](http://www.ghgprotocol.org/DocRoot/DHJVZSCSTno5NU5BeA6q/ElectricityHeatSteamPurchase_tool1.2.xls), année 2004). For natural gas, fuel and vapor, emission factors are those specified in the ADEME's Bilan Carbone® (Agence de l'environnement et de la maîtrise de l'énergie-France).

(7) CO<sub>2</sub> emission factors used for the daily commute: for the various modes of transportation possible (car, motorcycle, bus, metro/tramway), the emission factors used are based on the ADEME's Bilan Carbone®.

(8) CO<sub>2</sub> emission factors used for business travel: for the various modes of transportation used (plane or train), the emission factors used are those specified in the ADEME's Bilan Carbone®.

(9) CO<sub>2</sub> emission factors used for the motor fleet: for the various types of vehicles (diesel, gas, GPL), the factors are those used in the ADEME's Bilan Carbone®.

2007 data						
Europe <sup>(A)</sup>	Asia-Pacific <sup>(B)</sup>	North America <sup>(C)</sup>	Africa <sup>(D)</sup>	Total actual scope of data collection for 2007	Extrapolations for global scope <sup>(E)</sup>	
57,011	6 321	6,263	602	70,196.81	103,317.02	
1,406,732	107,428	193,868	19,092	1,727,119.14	2 400,503.84	
316,906,227	24,358,557	64,877,151	1,665,362	407,807,297	565,899,760	
5,559	3,854	10,359	2,766	5,809	5,477	
9%	NC <sup>(b)</sup>	NC <sup>(b)</sup>	-8%			
542,278,078	62,317,176	66,628,548	3,104,362	674,328,164	990,579,720	
162,073,280	76,140,870	66,701,182	231,920	305,147,252	588,852,537	
213,406,042	6,028,577	7,418,544	117,357	226,970,520	288,261,087	
55,679	17,983	24,385	1,247	99,294	173,619	
63,732	4,463	7,220	402	75,817	104,208	
38,118	30,758	20,965	68	89,909	197,118	
42,022	1,333	1,642	26	45,023	57,598	
3.5	8.6	8.7	2.9	4.42	5.15	
-6%	NC <sup>(b)</sup>	NC <sup>(b)</sup>	nd			
678,377	62,627	nd	7,550	748,554	1,070,156	
11.9	12.2	nd	12.5	11.9	10.36	
-6%	NC <sup>(b)</sup>	nd	-17%			
9,234	435	547	66	10,282	13,583	
0.16	0.07	0.09	0.11	0.15	0.13	
NC <sup>(a)</sup>	-10%	nd	-24%			
10	1	47	0	12	11	
38	27	77	0	39	38	
76	31	0	0	70	65	
<b>491</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>505</b>	<b>620</b>	

**Change in scope: new countries and new sites were added to the scope of reporting in 2007.**

**Environmental reporting for 2007 covers 60% of the Group's employees (FTE).**

(A) 2007: Europe (Belgium, Germany, Spain, France, Ireland, Italy, Portugal, United Kingdom, Turkey, Switzerland, Poland).

(A) 2006: Belgium, Germany, Spain, France, Ireland, Italy, Netherlands, Portugal, United Kingdom, Turkey. The Group disposed of operations in the Netherlands in 2007.

(B) 2007: Asia-Pacific (Australia, Hong Kong, Indonesia, Japan, Malaysia, Singapore, Thailand, New Zealand).

(B) 2006: Australia, Hong Kong, Indonesia, Japan, Malaysia, Singapore, Thailand.

(C) 2007 and 2006: North America (Canada, United States).

(D) 2007 and 2006: Africa (Morocco).

(E) Extrapolations that enable us to calculate theoretical ratios per FTE employee were made on the basis of the actual responses for each continent, and then extended to the 103,317.02 FTE employees that the AXA Group had on 12/31/2007.

(\*) Changes are calculated on a same scope basis for 2006 and 2007.

nd: Not defined.

NC<sup>(a)</sup>: Not comparable. Certain sites in France and the United Kingdom now report paper consumption figures that include advertising and commercial paper. This was not the case in 2006.

NC<sup>(b)</sup>: Not comparable. Data collection errors made in 2006 (1<sup>st</sup> year) confirmed by the coherent ratio with other regions.

Some sites were unable to provide a value for some published indicators. In such cases, extrapolations were made based on average figures per FTE for the country in question: extrapolation for Orinda (paper consumption), Devonshire Square (water consumption), AXA IM Brussels (water consumption), Milan (water consumption), Wellington (water consumption), Ireland (water consumption), Tours (water and power consumption), Collines de l'Arche (water consumption).

# CORRESPONDENCE TABLE GRI3 - NRE - GC

The table below is provided for reader convenience. It indicates page numbers for locating key topics contained in the 2007 annual activity and sustainable development report and the corresponding sections on AXA's corporate web site ([www.axa.com](http://www.axa.com)). Topic references (far left column) are based on the Global Reporting Initiative (GRI, version 3.0) classification, the Global Compact (\*) (GC) principles, and the French New Economic Regulations (NRE) Act. Indicators are grouped by broad themes.



GRI3	NRE	GC	Website <a href="http://www.axa.com">www.axa.com</a>	2007 activity and sustainable development report
<b>Economic, social and environmental performance indicators</b>				
EC1, EN1 to EN4, EN7, EN8, EN16, EN22, EN29, LA1, LA2, LA7, LA10, LA12, LA13, HR2, PR5	Soc1, Soc2, Soc3, Soc5, Soc6, Soc7, Env1	GC6, GC8	<a href="http://www.axa.com/en/group/profile/figures">http://www.axa.com/en/group/profile/figures</a> <a href="http://www.axa.com/en/group/profile/people">http://www.axa.com/en/group/profile/people</a> <a href="http://www.axa.com/en/responsibility/performance/">http://www.axa.com/en/responsibility/performance/</a> <a href="http://www.axa.com/en/responsibility/socialresponsibility">http://www.axa.com/en/responsibility/socialresponsibility</a>	Profile (p. 2-3) Measure our environmental impact to achieve better control over it (p. 98-99) Financial highlights (p. 102-117)
<b>Strategy, commitments and ethics</b>				
SO2, SO3		GC1 to GC10	<a href="http://www.axa.com/en/responsibility/strategycommitments">http://www.axa.com/en/responsibility/strategycommitments</a>	Our core business is Financial Protection (p. 18-20) Ethics, respect and transparency, the foundations of trust (p. 93)
<b>Product responsibility</b>				
EC2, EN26		GC8	<a href="http://www.axa.com/en/responsibility/protection">http://www.axa.com/en/responsibility/protection</a> <a href="http://www.axa.com/en/responsibility/protection/riskmanagement">http://www.axa.com/en/responsibility/protection/riskmanagement</a>	Various examples of responsible products Our core business is Financial Protection (p. 18-20) Risk management (p. 33)
<b>Employees</b>				
LA4, LA5, LA6, LA9, LA11, LA12	Soc1 to Soc7	GC3, GC6	<a href="http://www.axa.com/en/responsibility/socialresponsibility/employees">http://www.axa.com/en/responsibility/socialresponsibility/employees</a>	Cultivating engagement and making the difference (p. 34-37) HR data (p. 112-115)
<b>Clients and distributors</b>				
PR5			<a href="http://www.axa.com/en/responsibility/socialresponsibility/clientsdistributors">http://www.axa.com/en/responsibility/socialresponsibility/clientsdistributors</a>	Addressing needs and forging a unique relationship (p. 26-33)
<b>Suppliers and human rights</b>				
HR2	Soc9	GC1 to GC6, GC8, GC9	<a href="http://www.axa.com/en/responsibility/socialresponsibility/suppliers">http://www.axa.com/en/responsibility/socialresponsibility/suppliers</a> <a href="http://www.axa.com/en/responsibility/strategycommitments">http://www.axa.com/en/responsibility/strategycommitments</a>	Ethics, respect and transparency, the foundations of trust (p. 93)
<b>Environment</b>				
EN6, EN7, EN18	Env1, Env3, Env4, Env6, Env9	GC7, GC8	<a href="http://www.axa.com/en/responsibility/strategycommitments">http://www.axa.com/en/responsibility/strategycommitments</a> <a href="http://www.axa.com/en/responsibility/socialresponsibility/environment">http://www.axa.com/en/responsibility/socialresponsibility/environment</a> <a href="http://www.axa.com/en/responsibility/protection/property/environment">http://www.axa.com/en/responsibility/protection/property/environment</a>	Various examples of responsible products Measure our environmental impact to achieve better control over it (p. 98-99) PwC verification (p. 100) Environmental reporting (p. 116-117)
<b>Community</b>				
EC1, EC9, SO1	Soc3, Soc8		<a href="http://www.axa.com/en/responsibility/socialresponsibility/community">http://www.axa.com/en/responsibility/socialresponsibility/community</a> <a href="http://www.axa.com/en/responsibility/protection">http://www.axa.com/en/responsibility/protection</a>	Actively committed to the community (p. 96-97)

(\*) AXA became a member of the UN Global Compact in 2003. Accordingly, AXA is committed to respecting its 10 universal principles in the areas of human rights, working conditions, protection of the environment and the fight against corruption. Each year, as an active participant, AXA provides the Global Compact with data on its best practices that reflect certain of these principles.



# GLOSSARY

- **CDO:** Debt securities issued by an ad hoc or special-purpose vehicle, which buys and holds debt obligations issued by corporations or banks. By rendering liquid securities that are not normally highly liquid, CDOs allow banks to refinance via investors that wish to gain exposure to a debt portfolio whose risk level is more or less elevated depending on the nature of the debt held by the vehicle and the rank of the debt issued by the vehicle.
- **FED:** The US Federal Reserve (central bank).
- **Fixed Annuities:** Retirement products backed by the general account assets.
- **Hedge funds:** These are alternative or speculative investment funds.
- **High Yield (or high yield bonds):** Bonds that may generate high returns.
- **LDI (Liability Driven Investment):** LDI management consists of managing the investments of an institution with liabilities and/or solvency requirements by adapting the objectives to optimize solvency (economic, accounting or regulatory) and the probability of meeting the liability payout obligation. This method is particularly suited to pension funds, insurance companies and other investors with long-tail obligations.
- **Pooling:** A portion of the risk underwritten by insurers is traditionally ceded in the reinsurance market. The AXA Group groups some its reinsured risk into pools. These pools allow the Group to conserve some of the benefits of pooling which would otherwise be ceded to reinsurers.
- **Run-off:** Unwinding of the provisions of portfolios that are no longer writing new business. By extension, the term designates companies or lines of business that are no longer accepting new business but that have policies in force to manage until expiration.
- **Structured finance:** This is a form of risk transfer that consists of regrouping assets and then selling rights to investors, structured into tranches and based on the income flows generate by the underlying assets.
- **Universal Life:** Whole life insurance with variable premiums.
- **US GAAP (Generally Accepted Accounting Principles):** US accounting standards.
- **Variable Annuities:** An American term that designates separate account or unit-linked retirement products. Generally, these products come with secondary guarantees that provide minimum death benefits, cash advances, etc.
- **Variable Life:** Unit-linked life insurance for which amount of payments depends on performance of underlying investments.

*This glossary contains a brief definition of some of the main terms used in this document.*



Yoko AMISHIMA  
Japan



Tim CARR  
United Kingdom



Vishal GURDITTA  
Belgium



Elke AELBRECHT  
Belgium



Christel de NIET  
Belgium



Brigitte BOURDET  
France



Sekiko OHTA  
Japan



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Isabelle RAGUENES  
France



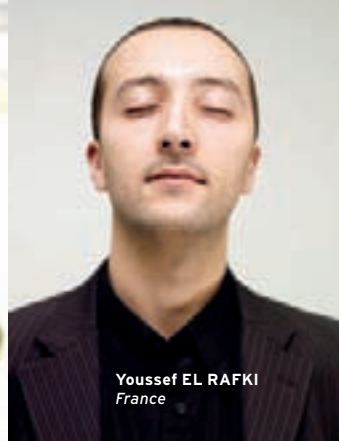
Marion SIGWALD  
United Kingdom



Isabel PEREIRA  
Portugal



Youssef EL RAFKI  
France



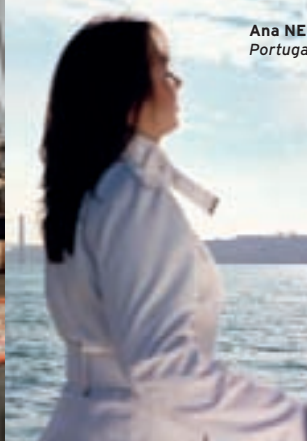
Ashish AGGARWAL  
United States



Andrew WALLACE BARNETT  
France



Aziz SAADI  
Morocco



Ana NETO  
Portugal



Valérie KORBUT  
France



Katsutoshi KASHIWAGI  
Japan



James WOODLLEY  
United States



Abdelkrim ASRAWI  
Morocco



Juliette BRITTON  
United Kingdom



**Fiona MACAN**  
*United Kingdom*



**Hélène GATRIO**  
*France*



**Sabah FAKIR**  
*Morocco*



**Adrian COTTINGTON**  
*United Kingdom*



**Kenji AITA**  
*Japan*



**Laetitia DELACROIX,**  
**Vanessa VANATTENHOVEN**  
*Belgium*



**Maria MEDINA**  
*United States*



**Ayumi OHASHI**  
*Japan*



**Josh MILLMAN**  
*United States*



**Jamila BENLAMFADEL**  
*Morocco*



**Pete RING**  
*United Kingdom*



**Karima SERKOUH**  
*Morocco*



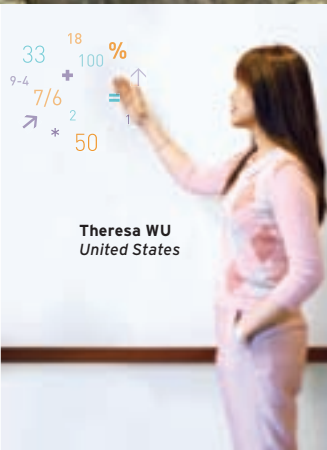
**Masatoshi OISHI**  
*Japan*



**Gilberto SEQUEIRA**  
*Portugal*



**Moufida CHAPUIS**  
*France*



**Theresa WU**  
*United States*



**Miriam Mac LEOD**  
*United States*



**Tim KULH**  
*United States*



*In order of appearance:*

- P13 > Yunkyoung AN - Korea  
> Anne Angélique COHEN - France
- P14 > Rahel HAUSER - Switzerland
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- P16 > Alain DEVREUX - Belgium  
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> Vishal GURDITTA - Belgium
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> Bernadette CICHOSTEWSKI - France
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> Marc RAISIÈRE, Jean-François GARIN - France
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> Laurent ALLARD - France
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Shizuka YOKOO, Shuntaro KATAOKA - Japan  
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> Etienne BOUAS-LAURENT, Emmanuel TOUZEAU,  
Paul-Antoine CRISTOFARI - France  
> Michèle LAPUYADE - France
- P97 > Cédric BORZEE - Belgium
- P98 > Julie SACOTTE, An VAN ROY - Belgium

## Dedicated teams

### Institutional investors

Contacts: analysts and institutional investors

### In Paris, the AXA Group

Financial Communications Department  
25, avenue Matignon - 75008 Paris - France  
Tel.: + 33 (0) 1 40 75 57 00  
Email: [infos.web@axa.com](mailto:infos.web@axa.com) - Internet: [www.axa.com](http://www.axa.com)

### In New York, AXA Financial

Financial Communications Department  
1290, avenue of the Americas  
New York, NY 10104 - USA  
Tel.: + 1 212 314 2902  
Fax: + 1 212 707 1805

### Individual shareholders

Contacts: individual shareholders

### The AXA Group

Individual Shareholder Relations  
25, avenue Matignon - 75008 Paris - France  
Tel.: + 33 (0) 1 40 75 48 43  
Fax: + 33 (0) 1 40 75 59 54  
Email: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

### Contacts

Readers are encouraged to send their comments on this document or any questions they may have to the following contacts:

- Individual shareholder relations  
Email: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)
- Sustainable development  
Email: [developpement.durable@axa.com](mailto:developpement.durable@axa.com)

## 2008 EVENTS AND RELEASES

2007 annual earnings	February 28
Annual meeting of the shareholders	April 22
Dividend payout date <sup>(1)</sup>	April 29
Revenues and business highlights for first quarter 2008	May 7
2008 half-year earnings	August 7
Revenues and business highlights through third quarter 2008	November 6

(1) Board recommendation, subject to shareholder approval on April 22, 2008.

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### 2007 Annual Report - *Document de référence*

The AXA shelf registration document (*document de référence*), which contains detailed information on corporate governance and risk management, as well as the consolidated and parent company financial statements, is available upon request or may be downloaded from the corporate web site ([www.axa.com](http://www.axa.com)).

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