

2005 annual report

Activity and Sustainable Development



Be Life Confident

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Develop

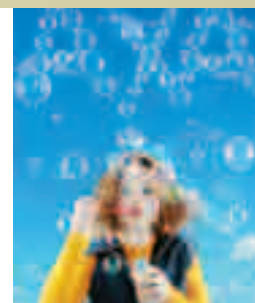
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51.5 million

customers across the globe
trust in AXA.



110,000

employees and distributors
mobilized around the world.

72 billion

euros in consolidated revenues.

+5.2% on a comparable basis.





Be Life Confident

All around the world, we deliver our products and services under a global brand. Combined with our tagline “**Be Life Confident**” the AXA brand conveys our promise to customers: we will protect them and help them realize their projects at every stage of their lives.

15,000
employees volunteer
in their local community.

3.3
billion
euros in underlying earnings.

+24% at constant exchange rates.



1,064
billion
euros in assets under management.

+22%



4.2
billion
euros in net income, group share.

+12% at constant exchange rates.



Historical highlights

20

& years of the brand

1985

The AXA brand is created.

1986

AXA acquires a controlling interest in Providence and Le Secours.

1989

AXA acquires a controlling interest in Compagnie du Midi, becoming the second largest player in the French insurance market.

1991

AXA acquires a majority interest in The Equitable (United States).

1994

AXA acquires Boréal Assurances in Canada and Victoire Belgium in Belgium and establishes AXA Asset Management, which would later become AXA Investment Managers.

1995

AXA acquires a controlling interest in National Mutual in Australia, which will become AXA Asia Pacific Holdings. AXA Life begins operating in Japan.

1996

AXA stock is admitted for trading on the New York Stock Exchange.

1997

AXA merges with UAP, France's number one insurer.

1999

AXA acquires UK insurer Guardian Royal Exchange and Nippon Dantai in Japan. AXA subsidiaries in Asia, Australia, New Zealand and the United States adopt the AXA name.

2000

Henri de Castries is appointed chairman of the management board, succeeding Claude Bébear, who is appointed chairman of the supervisory board.

- AXA buys back outstanding minority interests in AXA Financial which will later become AXA Equitable (United States), Sun Life & Provincial Holdings (United Kingdom) and AXA China Region (Hong Kong).
 - Alliance Capital Management (United States) acquires Sanford Bernstein and will later become AllianceBernstein.
- AXA sells the investment bank Donaldson, Lufkin & Jenrette (DLJ).

2001

AXA shareholders approve a four-for-one stock split.
AXA sells Banque Worms (France).

2002

AXA acquires Banque Directe (France). AXA sells its equity interests in insurance companies based in Chile, Austria and Hungary.
AXA acquires Sterling Grace and ipac, two financial advisory networks in Australia.

2003

AXA sells its insurance businesses in Brazil and Argentina, but maintains an operating presence in the assistance market through AXA Assistance.

2004

AXA acquires MONY, a US life insurer, and strengthens its presence in Asia, the Philippines, Thailand, Indonesia and in China with the opening of a new office in Guangzhou.
AXA creates a Mediterranean regional platform grouping operating units in Spain, Portugal, Italy, Turkey, Morocco, Lebanon, the United Arab Emirates and Saudi Arabia.



“ Globalization can be reconciled with respect for local cultures to move the world forward in the right direction. ”

Claude Bébear, chairman of the supervisory board

Our world is moving fast—very fast: major scientific and technical evolutions; profound religious and cultural evolutions; demographic evolutions, whose consequences are far-reaching; regional powers emerging and others on the wane.

Faced with these major transformations, national and international organizations are struggling to adapt. What can one say about Europe, which, after getting off the ground more than 50 years ago still finds itself unable to present a unified front as a major world power; or the United States, which is desperately trying to unify the Americas under its banner; or the former USSR, which exploded into a multitude of countries that are incapable of living side by side?

Parallel to this world, which is evolving in disorderly fashion and which cannot manage either to avoid serious local conflicts or end the misery in which hundreds of millions of men and women live, large corporations offer an original and advanced socio-economic model. Whether their roots are European, American or—more recently—Asian, they have proven to be genuinely worldly when it comes to their capital, their people, their operations and their clients.

They have succeeded in constructing a global vision, shared by their employees around the world and symbolized by powerful brand names that enjoy international recognition. But at the same time, they have managed to respect cultural diversity wherever they have put down roots. To borrow from corporate jargon, we might say they are “global-local”. Using pragmatism and common sense, they have addressed the local needs and aspirations of clients and employees, while pooling resources to lower their cost of doing business and,

by the same token, reducing their prices, rewarding their people better and giving shareholders the return on investment they have every right to expect. Thanks to globalization, many of these large corporations have reconciled productivity gains and the transfer of technology and wealth, thereby contributing to the development of countries less fortunate than their own.

AXA stands among these global players. Present on every continent, AXA flies the national flag of the country in which it operates, working with local leadership, employees and clients. Moreover, AXA knows how to adapt to its international clients and encourage international mobility among its employees. In the same way, AXA's scale and global reach enable a better risk spread and offer both shareholders and clients the benefits of major synergies. Finally, thanks to its ability to transfer these skills, AXA can be proud to have made a pragmatic contribution to domestic economic progress by creating jobs in developing countries such as Morocco, China and India. In every country, AXA conducts itself as a responsible organization and corporate citizen.

What AXA is doing, a number of other corporations are doing as well, demonstrating that globalization can be reconciled with respect for local cultures. Let's hope that nations, governments and institutions can demonstrate the same pragmatism and move the world forward in the right direction. ►

Claude Bébear



“ We launched a corporate project that would challenge all of our employees: become the preferred company in our industry. That is our ambition for 2012. ”

Henri de Castries, chairman of the management board

How would you sum up AXA's performance in 2005?


Henri de Castries: Our business grew faster in 2005 and our financial performance improved substantially, which enabled us to pay out a significantly higher dividend. 2005 was an excellent year in every respect.

- We got closer to our clients by improving the range of our products and the quality of our service, as evidenced by the rise in their level of satisfaction.
- Our employees and distributors, who put their professionalism to work for their clients, have become even more engaged.
- We have learned the art of disciplined resource management through economies of scale (such as the creation of a regional platform for North Europe), stepped-up industrial and commercial synergies, and innovative capital management (securitization). As the substantial rise in AXA's stock price last year demonstrates, the financial markets recognized the quality of our results and earnings growth.

The Group also celebrated the twentieth anniversary of the AXA brand in 2005. What thoughts does this milestone inspire?

Henri de Castries: Clearly, this anniversary is an ideal occasion to review the last two decades. In twenty years, a small French property-casualty insurance company grew to become a global leader in Financial Protection. This success story is the result of strategic decisions that have since proven to be visionary. The creation of the AXA brand is one of those choices. Today, AXA is a global brand that enjoys a high level of recognition in Europe and that is rapidly gaining in awareness in both North America and Asia.

The AXA Group today is the result of a series of ambitious achievements— objectives that were set and then surpassed every time, that have inspired motivation in our employees, and that have served as a guide for action. Thanks to the work we have



accomplished in the last two decades, we can expect the adventure of the next twenty years to be just as exceptional.

As a matter of fact, what is your project going forward?

Henri de Castries: The time had come to set a new long-term objective. So, in 2005 we worked with AXA's top executives to launch a corporate project that would challenge our employees and around which they could rally their considerable strengths: that of becoming the preferred company in our industry. That is our ambition for 2012. Being preferred means being chosen by clients, and this preference will be earned on the basis of our ability to differentiate ourselves from the competition through the quality of our advice and service, as well as through product innovation and the proximity of our distribution channels to clients. While ambition 2012 is about meeting quantifiable objectives —doubling our revenues and tripling our

underlying earnings— it is also and above all our way of expressing confidence in our people and our core business.

What will it take to achieve this objective?

Henri de Castries: We have already identified and launched initiatives that will help us achieve our ambition. In every one of our markets, we are working to enhance our product range faster, develop our distribution networks and, naturally, deliver on our promise of service quality that is above reproach.

But the key to success will undoubtedly lie in getting our employees to buy into and fully support this project. We will have won when everyone understands what they need to do to enable AXA to achieve this ambition. We will then be in a position to become the preferred company of employees—one which they are proud to be a part of and one that they would like to work for. ►

The events that mattered in 2005

Group structure

AXA and FINAXA merge



In two separate special meetings, the shareholders of AXA and FINAXA –the Group's financial holding company since 1989– approved the merger of FINAXA with and into AXA. Through this transaction, AXA became the owner of its trademark, simplified its holding structure, improved its stock-market profile and increased the percentage of its stock in public hands.

External growth

Targeted acquisitions that make good business sense

AXA is pursuing external growth in the world's key markets by making acquisitions that can be financed without raising additional capital. Recent examples include Seguro Directo in the Portuguese direct insurance market; the UK-based equity investment management group Framlington, which was acquired by AXA Investment Managers; and AXA Canada's acquisition of La Citadelle, a general insurance company. AXA Asia Pacific Holdings announced plans to acquire BNZIM, the New Zealand investment management arm of the National Australia Bank. In India, AXA joined forces with Bharti Enterprises to create a life insurance venture. In Malaysia, AXA made an offer to buy the life insurance business of Tahan Insurance Malaysia Berhad. In China, AXA is creating an asset management firm with Shanghai Pudong Development Bank. Finally, AXA Gulf was established by merging the businesses of AXA and Norwich Union in Bahrain, Oman and the United Arab Emirates.

Rankings

AXA stands among the majors

For the second year in a row, AXA ranked 13th in the Fortune 500 survey conducted by the US magazine of the same name, as measured in terms of 2004 revenues. Among European corporations, the Group moved from 6th to 5th place in 2005, and was once again France's second largest corporation. According to the well-regarded *Forbes* survey, the AXA Group is the world's 26th largest corporation based on four key criteria: revenues, net earnings, invested assets (based on balance sheet carrying values) and market capitalization.



Brand

The AXA brand turns 20

In 1985, a new name arrived on the French insurance scene: AXA. It was short, snappy, and easy to pronounce and remember in every language. When they came up with the name, Claude Bébéar and Françoise Colloc'h were looking to create a common banner for a number of companies and, ultimately, set the foundations for the development of an international group. They succeeded, and today AXA is a global brand. It enjoys significant awareness in Europe, and is rapidly gaining recognition in North America and Asia.



Real estate

AXA REIM –number one in Europe

With more than 22 billion euros in assets under management, AXA Real Estate Investment Managers –the AXA Investment Managers subsidiary dedicated to real estate asset management– came out on top in a survey conducted by INREV, the European Association for Investors in Non-listed Real Estate Vehicles.



Organization

Northern Europe gets a regional platform

The North Europe Region combines AXA subsidiaries operating in Belgium, Luxembourg, the Netherlands, Germany and Switzerland. Together, these countries accounted for 25%

25%

of the Group's consolidated life and savings revenues and 16% of its property-casualty insurance revenues in 2005. Creating regional platforms—as it had already done in the Mediterranean and Asia Pacific—enables the Group to pool best practices, make gains in productivity by combining functions and, in so doing, step up organic growth.

Financial innovation

Securitization of an insurance portfolio

By securitizing a portion of its French personal automobile insurance portfolio, AXA expects to take advantage of a new way of transferring risks, outside of the traditional reinsurance market. This transaction, the first of its kind in the insurance business, is similar to bank securitization. It provides a new source of leverage for managing shareholders' equity. It also offers bond investors an opportunity to diversify their risks by investing in a new asset class.

Customers

New statistics

The AXA Group counts 51.5 million customers according to the latest statistics. At year-end 2005, the number of customers who have placed their trust in AXA can be broken down as follows: approximately 32.4 million in Europe, 9 million in Asia Pacific and 5.3 million in North America. In addition, AXA's asset management and assistance companies have a total of 4.8 million customers.

Labor-management dialogue

European agreement extended

The Group's European Works Council (EWC), which was set up several years ago to inform and maintain a constructive dialogue with personnel representatives, renewed its agreement on labor-management relations within the Group for an additional four years. In particular, the agreement contains a number of commitments to employees, notably in the event of major organizational change.



2005 financial highlights

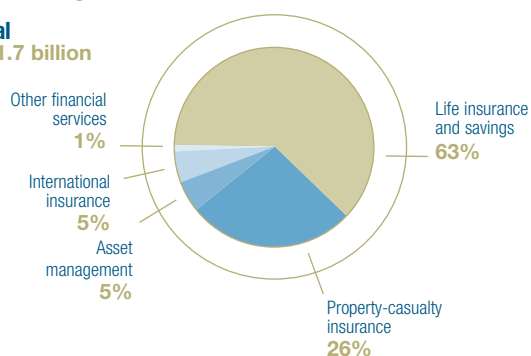
2005 WILL BE REMEMBERED AS A YEAR OF HIGH ACHIEVEMENT: UNDERLYING EARNINGS ROSE BY 24%, REACHING 3.3 BILLION EUROS; ADJUSTED EARNINGS TOTALED 4.1 BILLION EUROS, A 23% INCREASE; AND THE VALUE OF NEW LIFE INSURANCE BUSINESS WAS UP 27%, TO 1.1 BILLION EUROS. AS A RESULT OF THIS PERFORMANCE, AXA IS ABLE TO PAY OUT A DIVIDEND OF 0.88 EURO PER SHARE, A 44% INCREASE OVER THE 2004 PAYOUT.

Consolidated revenues in 2005

Analysis

by business segment

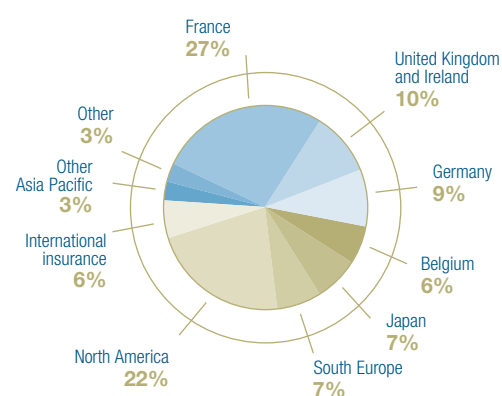
Total
€71.7 billion



Analysis of insurance

by geographic region

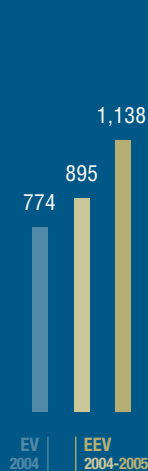
Total
€67.8 billion



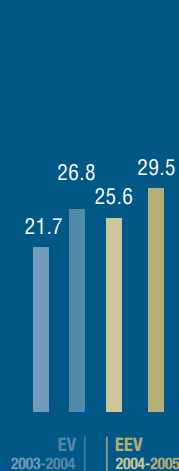
Combined ratio (property-casualty insurance) %



New business value (life)^(a) in millions of euros



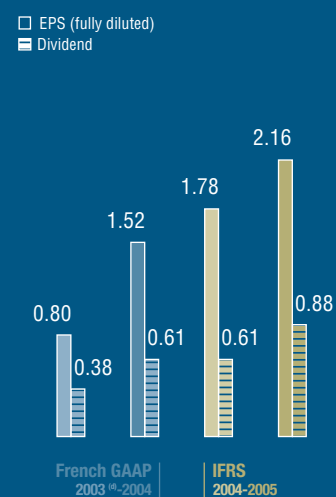
Embedded value (life)^(a) in millions of euros



Gearing ratio^(b) (%, at December 31)



Adjusted earnings^(c) and net dividend per ordinary share in euros

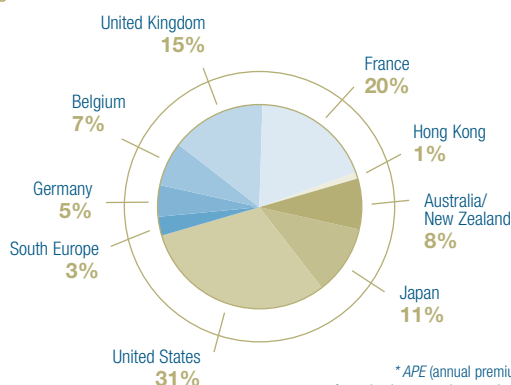


Business indicators

Analysis of life and savings APE*

by geographic region

Total
€5.5 billion

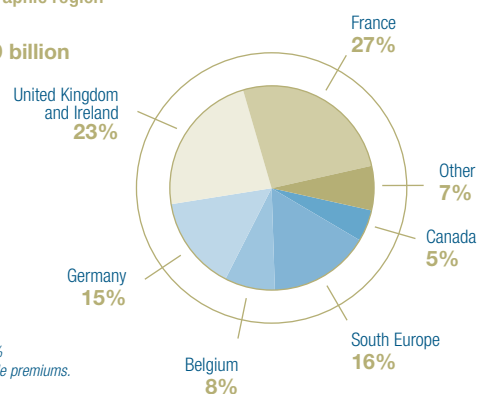


* APE (annual premium equivalent) represents 100% of new business regular premiums +10% of new business single premiums.

Analysis of property-casualty gross written premiums

by geographic region

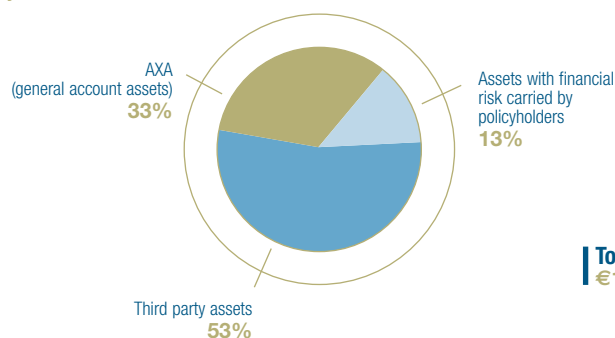
Total
€18.9 billion



Assets under management

Analysis of AUM

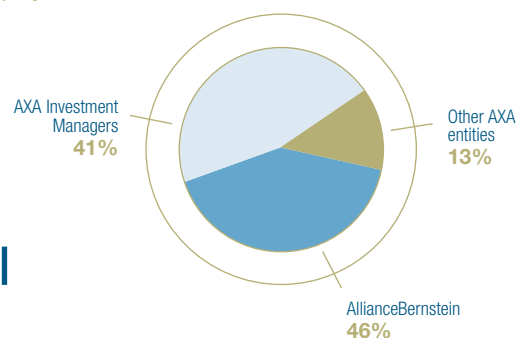
by category



Total
€1,064 billion

Analysis of AUM

by company



Contribution to consolidate earnings

in euro millions

	IFRS		FGAAP	
	2005	2004	2004	2003
Life and savings	1,931	1,563	1,603	1,301
Property and Casualty	1,346	1,102	1,063	753
International insurance	68	138	155	141
Asset management	396	300	316	146
Other financial services	67	23	26	112
Holding companies	-549	-489	-439	-419
Underlying earnings ^(a)	3,258	2,637	2,723	2,035
Net investment gains (losses) attributable to shareholders	850	705	178	-585
Adjusted earnings ^(a)	4,108	3,342	2,901	1,450
Profit or loss on financial assets (under fair value option) and derivatives	149	428	0	0
Exceptional operations	-72	10	267	148
Goodwill and related intangibles	-13	-41	-649	-593
Net income, group share	4,173	3,738	2,519	1,005

(a) In 2005, AXA published Life Embedded Value and the New Business Value for 2004, restated according to the principles of European Embedded Value (EEV). The methodology applied for the calculation of the EEV is based on an approach "bottom up market consist" for a better apprehension of the evaluation of the risk.

(b) Since 2004, gearing ratio excludes cash surplus at Group Level.

(c) 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, foreign exchange rates impacts (including derivatives and except the ones mentioned above) net of tax.

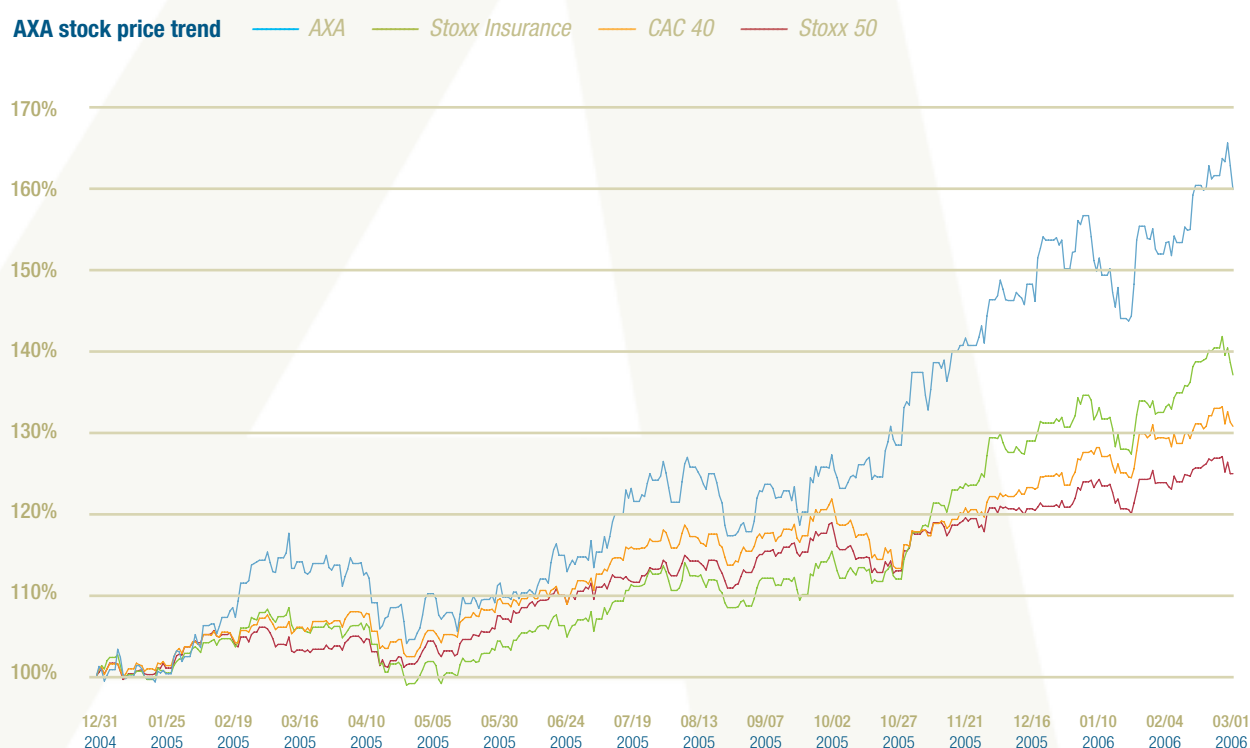
It also includes related impact on policyholder participation net of tax (Life business) and DAC and VBI amortization or other reactivity to those elements if any (Life business).

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 all impacts of foreign exchange except the ones related to currency options in earnings hedging strategies and those related to insurance contracts evaluated according to the "selective unlocking" accounting policy).

(d) Following any significant capital increase with a stock price lower than the market price, such as ORAN conversion in July 2004, average number of shares and consequently earnings per share over each period can be restated to take into account this event.

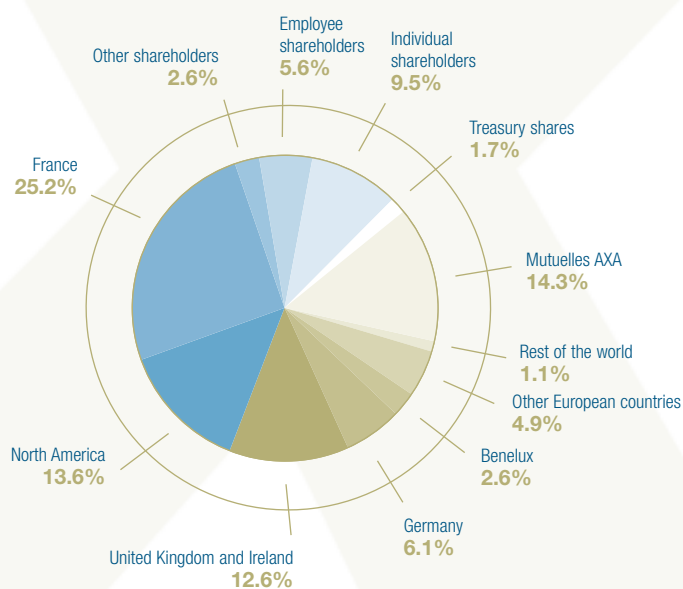
Stock price trends

AXA'S STOCK PRICE ROSE BY 50% IN 2005, OUTPERFORMING INDUSTRY INDICES. THE GAIN WAS DRIVEN BY THE QUALITY OF THE GROUP'S REVENUE AND EARNINGS GROWTH. LAST YEAR'S DECREASE IN SHARES OUTSTANDING ON A FULLY DILUTED BASIS, AFTER FINAXA WAS MERGED WITH AND INTO AXA AND EFFORTS WERE MADE TO REDUCE STOCK DILUTION, SHOULD HAVE A POSITIVE IMPACT ON NET EARNINGS PER SHARE IN 2006.



	12/31/04	12/31/05	% change in 2005	03/03/2006	% change in 2006 through 03/03/06
AXA	€ 18.18	€ 27.26	49.9%	€ 29.0	6.4%
Stoxx Insurance	187.26	244.37	30.5%	256.40	4.9%
Stoxx 50	2,774.77	3,349.10	20.7%	3,463.41	3.4%
CAC 40	3,821.16	4,715.23	23.4%	4,989.15	5.8%

AXA shareholders as of December 31, 2005



Source: Euroclear, CapitalBridge Global Market Intelligence Report (January 2006).

Financial strength ratings of AXA's principal insurance subsidiaries

AGENCY	RATING	OUTLOOK
Standard & Poor's	AA-	Positive
Moody's	Aa3	Stable
Fitch	AA	Stable

AXA stock price and trading volumes

	2000	2001	2002	2003	2004	2005
High (in euros)	42.51	38.39	25.65	16.99	19.12	27.96
Low (in euros)	29.93	17.10	9.31	8.93	15.77	18.06
Closing at 12/31 (in euros)	37.95	23.13	12.61	16.97	18.18	27.26
Market capitalization at 12/31 (in millions of euros)	64,632	40,288	22,537	30,173	34,692	51,020
Average daily volume traded (in number of shares)	4,345,296	5,955,272	9,431,612	10,648,840	7,926,812	7,252,956
Number of shares at 12/31 (in millions of euros)	1,664.9	1,734.2	1,762.2	1,778.1	1,883.9	1,871.6*

Source: Euronext Paris SA, Fininfo

*The merger of Finaxa with and into AXA resulted in the issue of 299 million AXA shares on December 16, 2005 and the subsequent cancellation of 337.5 million shares of AXA stock held by Finaxa and its subsidiaries. Official recognition of this cancellation by Euronext was not given until January 9, 2006, after the expiry of the obligatory period during which objections to the transaction could be filed. In early 2006, Euronext also officially recognized the issue of shares resulting from the exercise of stock options between 12/23/2005 and 12/31/2005 and the conversion of bonds into AXA shares. The number of shares indicated reflects these transactions.

Social and environmental events



Customer survey

Customer satisfaction up

**+17
points**

Every year, AXA measures customer satisfaction via its Customer Scope survey. In 2005, some 170,000 clients were surveyed, and 81% of them said they were very or extremely satisfied with AXA. This figure has risen by 17 points since 2003 (64%), the first year in which the survey was conducted.

Environmental management

Reporting scope expands

In 2005, 100 AXA operating facilities, located in eight countries and accounting for more than 60% of the Group's consolidated revenues, took part in the environmental reporting program. Through this program, AXA tracks changes in 69 environmental indicators.



Corporate governance

High attendance

88%

In 2005, the attendance rate at supervisory board meetings was 88%, equaling last year's rate. The full board met seven times.

Civil society

Internet access for all

Today, AXA has 21 web sites that can be accessed by individuals with disabilities or special challenges. These sites include those of subsidiaries based in Europe as well as AXA's corporate web site (axa.com). In five Asian countries in which AXA operates, similar techniques are currently being rolled out.

and data

Training

Managing workplace relationships

In 2005, AXA France offered training to all of its people managers, in an effort to raise awareness of the importance of workplace relationships. Initially offered in 2004, this program is part of a broader effort on the part of AXA France in the area of basic human rights. The training course covers such key issues as sexual and moral harassment in the workplace.



Human resources

Even more training in 2005

+42%

In 2005, the volume of training offered to AXA employees rose compared with the previous year. AXA's sales personnel received an average of 4.84 days of training in 2005 (+42%), while non-sales staff completed an average of 2.07 days of training (+15%).

Microfinance

Investing in solidarity

The company-sponsored savings plan in France allows employees to invest in microfinance funds that support projects aimed at helping disadvantaged individuals start their own business. Since last year, 24,805 employees (87.5% of AXA's employees in France) have invested in this socially responsible fund.

Suppliers

Socially responsible procurement policy

Since the beginning of the year, the Group Procurement Department has practiced a socially responsible procurement policy that includes a code of conduct, a survey sent out to all suppliers, and a standard clause added to all contracts. In 2005, 1.1 billion euros –which is 59% of the total expenditures managed by the procurement departments– was spent under the new policy. More importantly, however, this figure includes the Group's 25 key supplier accounts.

59%

Social responsibility ratings

AXA RECEIVES SOCIAL AND ENVIRONMENTAL RATINGS FROM SPECIALIZED AGENCIES WORKING ON BEHALF OF THE PRINCIPAL ETHICAL INDICES. IN ADDITION, TO GAIN A BETTER UNDERSTANDING OF ITS PERFORMANCE IN THE AREA OF SUSTAINABLE DEVELOPMENT, AXA SOLICITED A DETAILED RESPONSIBILITY AUDIT AND RATING FROM VIGEO, AN INDEPENDENT AGENCY. THE GLOBAL OVERVIEW THAT EMERGED FROM THAT PROCESS APPEARS BELOW, AND SELECTED ITEMS ARE PROVIDED THROUGHOUT THIS REPORT.

AXA is included in the principal ethical indices

ASPI EUROZONE

YES

Inclusion in this index is related to the rating given by Vigeo, an independent European social and environmental rating agency, in the context of its investor-solicited rating process. The process was not repeated in 2005 but will be in 2006. Consequently, AXA's rating has not evolved since it was published in the 2004 activity and sustainable development report.

FTSE 4 Good

YES

Inclusion in the index is determined by its scientific committee on the basis of the qualitative analysis made by its partners Eiris/Ethifinance.

DJSI STOXX and World

NO

The SAM rating is used to determine inclusion in the Dow Jones Sustainability Index. The 20 best performances of each industry are included in the DJSI World or the DJSI STOXX index.

The scores given by SAM, a Zurich-based research institute, reflect the company's performance across economic, environmental and social criteria. Each dimension is itself a compound of criteria and has a different weighting in the total score. This total is to be compared to the industry average, as well as to the industry's best and worst performances. Scores are to be interpreted on a scale of 0 to 100.

Results of SAM scoring for the insurance industry	AXA		Industry average		Lower limit DJSI World		Lower limit DJSI STOXX	
	2004	2005	2004	2005	2004	2005	2004	2005
Total score	50	60	40	47	53	61	53	64
by dimension:								
Economic	55	75	43	61	49	66	53	70
Environmental	36	47	33	38	32	45	39	51
Social	54	58	42	44	47	52	52	56

Solicited audit and rating from Vigeo

Vigeo's point of view.

“As the global assessment-rating of the AXA Group suggests, a genuine commitment exists at the corporate level* to social responsibility strategy. This commitment is manifest, backed by formal and detailed policies that are often available to the public, and based on the notion of taking the interests of the Group's principal stakeholders into account. In addition, the Group has been proactive on these issues, and the numerous initiatives undertaken in recent years demonstrate its willingness to gradually cover the entire spectrum of social responsibility and to make continuous improvements in areas of observed weakness.

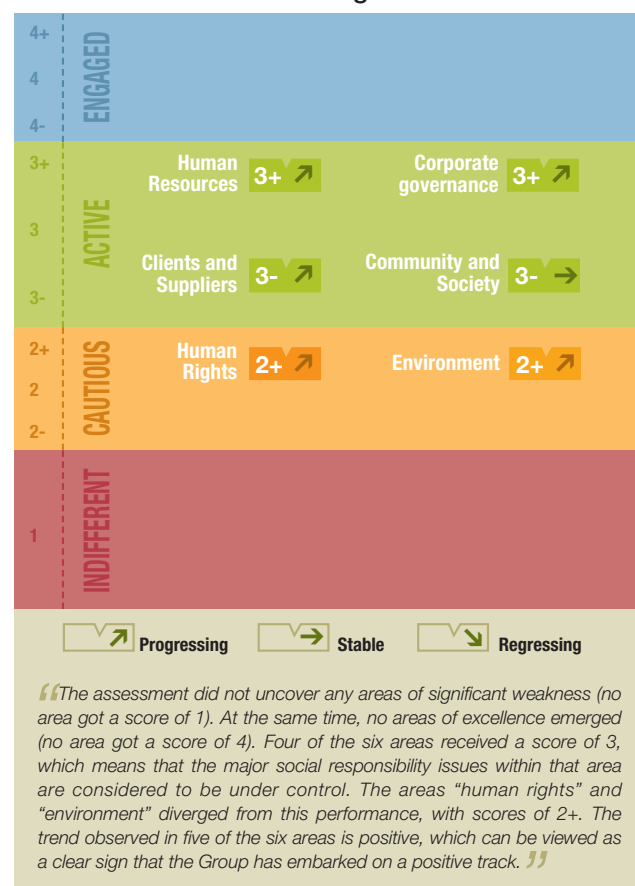
Conversely, the processes put in place at the corporate level to ensure that these policies and procedures are adequately disseminated at the local, operational level do not at this stage guarantee real and uniform deployment across the board.

Online losses exist, and were identified during this audit:

At the Group level, the reporting system presents a number of shortcomings, some in areas that present a risk. Consequently, the Group has no guarantee of total visibility with respect to the actual performance levels of its subsidiaries in areas related to social responsibility. As the results made available attest, we can see that disparities, often substantial, exist on the level of practice between countries. Moreover, the system covers only some of the Group's affiliates in many areas, which presents a serious source of weakness in certain cases.”

* The scope of the audit was the corporate level of the AXA Group (Group management services and executive management). It took place in the fourth quarter of 2004 and in early 2005, and focused on the record for 2003/2004. It tracks observed trends and developments over three years.

Global overview of the rating



Succeed



Financial Protection / p.18 Diversification / p.22

AXA HAS A NUMBER OF STRATEGIC ASSETS: A SOLID PRESENCE IN A FAST-GROWING BUSINESS; THE INTERNATIONAL REACH NEEDED TO LEVERAGE GLOBAL GROWTH BY SPREADING RISKS AND ENCOURAGE STEPPED-UP SYNERGIES; A TEAM OF HIGHLY ENGAGED EMPLOYEES AND DISTRIBUTORS WHO PUT THEIR TALENTS TO WORK FOR CLIENTS.



Power of a group / p.26 Employees / p.28

Financial Protection

IN A WORLD MARKED BY MOUNTING UNCERTAINTY, BOTH INDIVIDUALS AND BUSINESSES ARE FACED WITH A GROWING NEED FOR ADVICE AND PROTECTION. THROUGH ITS CORE BUSINESS, FINANCIAL PROTECTION, AXA RESPONDS TO THIS NEED.

AXA has chosen to define its business as Financial Protection, a term that captures its various areas of expertise: property-casualty insurance, life insurance and savings, personal protection, retirement annuities, asset management and banking services to individuals.

Close and committed to clients

Financial Protection is about offering clients the products and services that allow them to protect or develop what they value most in life: their family, their health, their property. The assessment and advice that AXA's financial planning experts bring to each client's personal situation —assets and liabilities, and the risks to which they, their family and their business may be exposed— form the cornerstones of this business. AXA's role is to help its clients feel reassured, protected and supported so that they can face each stage of their lives with confidence.

A buoyant environment

The macro-economic context favors all these lines of business. While the social, legal, economic and financial environment is characterized by growing wealth, it is also marked by greater risks and a heightened need for protection. AXA's prospects for development can be understood within the context of this dual trend. Issues such as health, life expectancy and long-term care, not to mention global climatic change, population concentration and financial market uncertainties are viewed as challenges and opportunities. Like their English-speaking counterparts, European and Asian governments are gradually reducing their role in funding retirement pensions. For both individuals and businesses, this means finding solutions that will help prepare for retirement as life expectancy increases. As a major force in the area of Financial Protection, AXA naturally seeks to better understand the core issues involved, and for this reason designed and developed the AXA Retirement Scope. ►►►



“AXA’s role is to help its clients feel reassured, protected and supported so that they can face each stage of their lives with confidence.”

Be Life Confident clients

Products adapted to client needs

A few selected examples of innovative products that AXA has developed in response to client needs:

- AXA in Canada offers Protection 50+, a combined homeowners and automobile insurance policy designed for clients who are over the age of fifty. It includes emergency breakdown and towing services for vehicles and home assistance following a hospital stay.
- AXA in Belgium features *Système Accordéon* (Accordion System), a flexible mortgage lending formula: if interest rates rise, monthly payments are maintained at the same level by spreading repayments over a longer period.
- The global travel insurance proposed by AXA in the United Kingdom covers nearly every aspect of a trip, even the cost of getting to another ski resort if the slopes are closed due to a lack of snow.



Strength through diver

THE GEOGRAPHIC DIVERSITY OF THE AXA GROUP AND THE COMPLEMENTARY NATURE OF ITS BUSINESSES ARE THE DUAL FOUNDATIONS OF DURABLE AND PROFITABLE GROWTH AS WELL AS BALANCED OPERATIONS.



One of the distinctive features of the global economy is the disparity in observed growth and consumption from one country and market segment to the next, and differences in cyclical trends in the markets for investment as well as insurance products. Given this reality, AXA's international reach, the breadth of its business lines, and the complementary nature of the channels that distribute its products allow the Group to leverage global growth opportunities and spread risk efficiently.

Geographic diversification

With each successive phase in its development, AXA has gradually become a global powerhouse. Today, AXA ranks among the largest players in most of the markets in which it operates. In both France and Belgium, AXA was the number one property-casualty insurer in 2004, and was third and fourth, respectively, in the life and savings segment. In the United Kingdom, AXA occupies fifth place in the property-casualty market and second place in the

“ Having an international platform reduces the Group's reliance on any particular region. ”

sification

health insurance sector. AXA is the top automobile insurer in Ireland, and ranks third in the variable annuities segment in the United States and the life insurance market in Australia. In Hong Kong, AXA is fifth in the life insurance market. Finally, the AXA Group is the sixth largest asset management firm in the world today.

By limiting the Group's reliance on any particular region, the current contours of AXA's international platform help to guarantee balanced operations. This source of strength is increasingly visible in terms of earnings: in 2000, three countries —France, the United States and Belgium— accounted for 78% of AXA's underlying earnings. In 2005, thirteen countries provided 81% of underlying earnings, which have tripled in the last five years.

Diversified businesses and risks

Geography is not the only source of diversification for the AXA Group, however. Because AXA has developed products that cover a very broad spectrum of financial and insurance risks, the likelihood of their simultaneous occurrence is much lower. In the area of property-casualty insurance, AXA offers conventional automobile and ►►►

Be life confident **shareholders**

Capital as a security asset

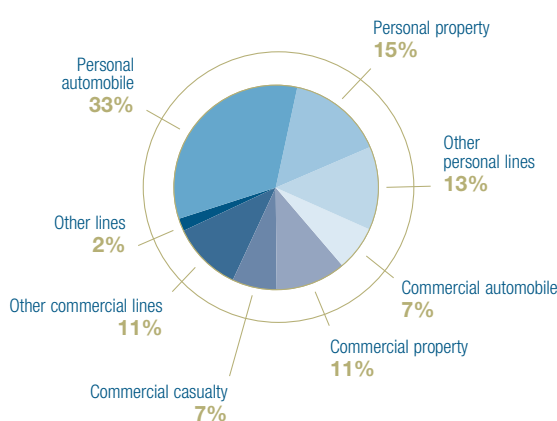
AXA enjoys considerable financial strength, allowing the Group to withstand a number of market stress scenarios, deliver on its dividend distribution policy, self-fund its organic growth, and maintain the debt capacity needed to take advantage of external growth opportunities that arise.

Since 2000, AXA has developed and begun using a special indicator called economic capital to measure the relative exposure of AXA's lines of business to extreme hypothetical situations—including severe financial problems, a sudden collapse of the world's stock markets, an unexpected rise in the loss ratio, discrepancies in reserve calculations, natural disasters—and derive the level of shareholders' equity required to enable AXA to carry out business operations and meet policyholder obligations. These simulations demonstrate that, because of the upside of diversification, the level of capital that the Group needs to sustain all of its business activities is less than the sum of the capital required for each one of its subsidiaries taken individually. By using this instrument of measurement effectively, AXA is able to acquire better protection for its financial strength rating and better allocation of its capital resources.

“AXA sells its Financial Protection products and services via a multi-channel distribution system.”

Property-casualty insurance

(26% of AXA's consolidated revenues in 2005)



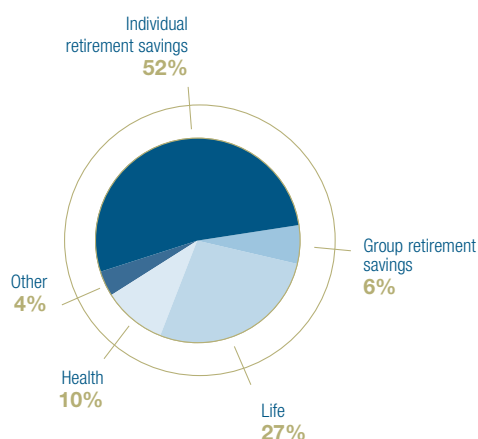
▶▶▶ homeowners' coverage as well as a full range of commercial and international insurance products (including reinsurance and large risks). In life and savings, diversification by line of business —individual and group savings, life insurance and health insurance— also reduces sensitivity to exceptional sector trends.

Complementary distribution channels

AXA sells its Financial Protection products and services via a multi-channel distribution system. The strength of this strategy lies in its ability to generate sales efficiency by reaching a higher number of clients, regardless of their preferred network of purchase. In the course of its development, the Group has made efforts to maintain, consolidate and optimize this sales and marketing organization, which ensures both extensive coverage of the territory and the right fit between points of contact and customer segments. Accordingly, AXA products are sold via internal and exclusive channels comprised of general or specialist agents, a salaried sales force, and direct sales. AXA products are also sold via non-proprietary channels that include brokers, independent financial advisors, banks and business partners. ▶

Life and savings

(63% of AXA's consolidated revenues in 2005)





The benefits of being global

BY POOLING RESOURCES, SHARING BEST PRACTICES AND BUILDING ON THE STRENGTH OF A GLOBALLY RECOGNIZED BRAND, AXA SEEKS TO FULLY LEVERAGE ITS INTERNATIONAL REACH TO DEVELOP A CLEAR COMPETITIVE EDGE.

A global brand

In addition to helping build a global group, AXA's brand strategy also seeks to attract and retain clients. Market research conducted by the Group shows that client trust resides primarily in the capacity of a business to deliver goods and services of high quality, and on its ability to keep its financial commitments.

To help assess the quality of its image, the Group uses a set of robust indicators that have a direct impact on sales: awareness, consideration and preference measure the degree to which clients are familiar with the brand as well as the brand's intrinsic appeal. Studies show that, because it has a global brand, the Group is perceived, in its key markets as being a financially sound organization with a particularly high level of expertise in its core businesses. These attributes contribute to making AXA a trusted name and enable the Group to attract new clients.

Business and industrial synergies

The Group's global scale also allows it to pool resources and, in so doing, reduce the cost of doing business while achieving substantial productivity gains. For units in the same line of business that operate in different countries within the same region, sharing experience, knowledge and, possibly, a single range of products is a viable option. This organization, based on regional

platforms, has proven to be particularly effective in ensuring that many operating units reap the benefits of belonging to a global group. This type of structure allows them to take full advantage of innovations, reduce the time to market for new products, and achieve considerable economies of scale. First created in 2000, the Asia Pacific property-casualty platform is now the Group's most advanced. It was used as a model for the development of the Asia Pacific life insurance platform that was set up a year later, and for those rolled out subsequently in the Mediterranean region (2002) and Northern Europe (2005).

A fully wired infrastructure

AXA Tech manages the information technology and systems infrastructure on behalf of AXA's major business units. This unit was created to enhance service and performance levels while also reducing costs. From 2002 to 2005, the AXA Group reduced the number of its hosting centers from thirteen to three, the number of its messaging systems from seventeen to three, and the number of outside suppliers it does business with from 402 to 150. Today, AXA Tech operates in fourteen countries, has a workforce of 2,100, and has helped the Group trim 160 million euros a year from its IT budget.

A shared service center

Another example of successful resource pooling, AXA Business Services is a service center based in

India. It currently employs more than 2,200 people, who administer policies on behalf of Group operating units located mainly in Japan, the United Kingdom and the United States. The center is responsible for policy updates, changes in address or designated beneficiary, financial transactions, portfolio switches, changes in payment method and other routine administrative tasks. AXA Business Services also monitors and analyzes portfolios of inforce business: client profitability, market segmentation, competition watch, and processed data exploitation. This organization serves the dual aim of improving the quality of service delivered to clients and reducing administrative costs. Savings for the Group are estimated to be close to 25 million euros a year.

Pooling procurement

To reduce the Group's unit costs, AXA has also developed a formal procurement policy. AXA's procurement experts are charged with the task of consolidating volumes and negotiating global agreements to obtain the best price terms. Service level commitments from outside providers, as well as contract performance obligations, are also negotiated in this manner. Overall, the procurement function handles 73% of the Group's expenditures in information technologies and general resources. In 2005, savings of approximately 117 million euros were realized thanks to globalized procurement. ▶

Be Life Confident clients

A new range of products in Asia



Auto, homeowners, health and travel insurance—in all, some fifteen products were brought to market in record time in Hong Kong, Singapore, Thailand, Malaysia and Indonesia. By reusing and adapting products designed and developed at other AXA operating units, where they had already proven their worth, the five entities that comprise the Asia Pacific property-casualty platform stepped up their bid to win market share while also realizing significant economies of scale on product development costs.

Employees: engaged professionals

BY CONTRIBUTING THEIR EXPERTISE AND ENGAGEMENT, AXA EMPLOYEES WILL HELP THE GROUP TO ATTAIN THE PERFORMANCE LEVEL THAT WILL MAKE IT THE PREFERRED COMPANY IN ITS INDUSTRY.

The objective of the AXA Group is to become the employer of choice in its industry. This is why AXA attaches a great deal of importance to motivating employees and encouraging them to improve their core competencies. In addition to retaining and developing talented employees, AXA must also be able to attract the best in the business.

Engagement as a source of performance


In early 2005, AXA conducted an opinion and attitude survey of Group employees based in five countries (France, Germany, Ireland, Spain and Japan). The aim of the survey was to understand the relationship between employee involvement and organizational performance, particularly in the area of client service. The findings indicate a high degree of correlation between the opinion employees have of their company and revenue growth, productivity and customer satisfaction.

Accordingly, initiatives aimed at fostering employee engagement are being undertaken to develop, motivate and retain high-quality people so that organizational performance will improve, to the benefit of clients and shareholders.


Involvement through empowerment

AXA's human resources policy is based on a management style that empowers people and that is aligned with AXA's core values: professionalism, innovation, pragmatism, team spirit and integrity. In practice, this means ensuring that employees clearly understand what the top priorities are, and that individual objectives are set during the annual performance appraisals managers conduct with each of the employees who report to them. Employees know they can always acquire and refine the core competencies that promote their own development and contribute to organizational performance. Finally,

Respect for the right to freedom of association


3  Respect for the rights to freedom of association and collective bargaining

Professional and trade relationships


3  Promotion of labour-management dialogue

Non-discrimination

2  Promotion of equal opportunity between men and women

2  Promotion of equal opportunity for vulnerable persons

Respect for fundamental human rights

3  Respect for fundamental human rights



human resources policy at AXA entails setting up a fair system of performance-based compensation. The employee Scope survey, which has been conducted annually throughout the Group since 1993, is used internally to measure the level of employee engagement. Through the annual Shareplan program, the Group encourages its employees to become AXA shareholders and, in so doing, become more engaged. Today, one employee out of two owns AXA stock; together, employees own 5.6% of AXA's total equity capital. These figures attest to the level of employee confidence in the organization's strategy as well as its future.

Rising to the leadership challenge

Executive attitudes and behaviors will be key drivers of company performance in the years ahead. They will play a preponderant role in shaping the attitudes and behaviors of AXA's 110,000 employees worldwide.

AXA managers are therefore expected to lead by setting the example, developing a performance- and client-focused culture, empowering people, and encouraging collaboration between teams.

Training and mobility

In a permanently evolving organization, success depends on the ability to cultivate a culture that embraces the idea of adaptation and that is based on the dual notions of training and mobility. AXA employees rely on their managers to enable them to acquire and build on the core competencies they need to achieve their objectives and evolve professionally. The annual performance appraisal is an important tool for achieving this goal, since it includes an in-depth discussion of training and development needs. Together, the manager and her or his employee define an appropriate learning plan. In 2005, every AXA employee completed an average of 2.07 days of training (+15%). ▶▶▶

“ Develop and motivate people so that organizational performance will improve. ”

“Promote equal opportunity and respect for diversity.”

Be Life Confident employees

Measuring engagement with Scope

The Scope survey* was designed to measure employee satisfaction, motivation and buy-in to the organization's strategy. In the interest of tracking changes in the global level of employee satisfaction, AXA has devised a key performance indicator defined as the arithmetic mean of the scores received for all Scope questions for all AXA Group companies. It was 62% in 2005. The response rate for the Scope survey was 81.7%, which means that the findings can be considered as highly representative.

Recently, the focus of the survey shifted to achieve a key objective: that of measuring the fundamental factors that impact engagement at AXA. Eight dimensions that have a direct impact on engagement have been identified: leadership, teamwork, direct manager, resources to do the job, workplace satisfaction, remuneration, recognition and development. Steady improvement has been observed along all of these dimensions since 2002. The engagement indicator was 70% in 2005, an increase of 6 percentage points compared with 2004.

In addition to assessing the current climate, the Scope survey also serves as the basis for action plans aimed at correcting observed deficiencies after analysis by local feedback groups. Since 2004, the AXA Group Executive Committee monitors the effective implementation of local action plans, which attests to the growing importance of Scope.

* 2005 Good Practice presented to UN Global Compact.

▶▶▶ Thanks to the Group's global scale and reach, it can offer employees opportunities for international careers. However, since mobility is primarily designed to promote staff development and the acquisition of new skills, it is strongly encouraged —even within the same unit.

Ongoing labor-management dialogue

The importance of establishing and maintaining a genuine dialogue with personnel or their representatives is deeply engrained at AXA. Constructive communication helps create the degree of stability needed to implement the Group's development strategy. The dialogue with personnel or their representatives is organized and conducted at the local level on a regular basis. AXA also has a European Works Council (EWC), whose extensive role makes it a pioneer in social relations. In October of 2005, the agreement on labor-management dialogue was renewed for a four-year period.

Equal opportunity

At AXA, recruitment and workplace organization and methods have been designed to promote equal opportunity and respect for diversity, as well as to contribute to the fight against all forms of workplace harassment and job discrimination. The proposals contained in a report on job discrimination submitted to the French prime minister in late 2004 by Claude Bébéar, entitled *Des entreprises aux couleurs de la France*, have raised awareness of this important issue. One of these proposals, calling for the use of anonymous resumes for job applicants as a way of ensuring equal treatment, quickly became part of AXA France's official hiring policy. In the United States, AXA created the Diversity Advisory Council.

Quality of job conditions

- 3 → Quality of fixed and variable compensation systems
- 3 → Quality of employee benefits

Career opportunity and skills management

- 3 → Quality of employment mobility management
- 3 → Careful management of restructuring divestments/acquisitions

Professional and trade union relationships

- 4 → Promotion of employee profit sharing

Its mission is to promote programs that encourage diversity in such areas as recruitment, development and retention of diverse talents within the company, and raising client and vendor awareness of diversity issues. The Council's role is all the more important considering that African-, Asian- and Hispanic-Americans will make up 28% of the active population in the United States by 2008.

Pay policy

Rules governing compensation are clearly spelled out, and seek to ensure that pay levels are both competitive with market rates and tailored to various individual criteria. The latter take into account not only individual skills and performance, but also the team contribution. In all cases, performance is assessed on the basis of the extent to which identified objectives have been met.

Human Resources data

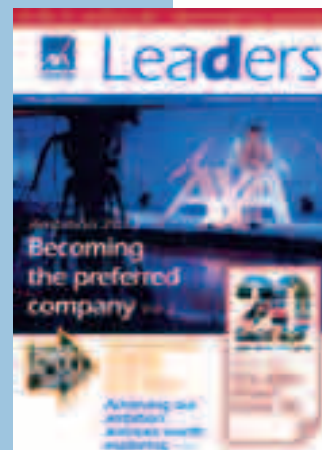
At year-end 2005, the AXA Group employed just over 90,000 people, of which 66% were based in Europe, 18% in Asia Pacific and 15% in North America. This staffing level was little changed versus 2004. The 1.6% decline in the global staffing level (which includes both employees and outside sales associates who work exclusively with AXA), to 110,000, primarily reflects the ongoing impact of efforts to streamline the tied distribution network.

The 9.2% increase in the number of non-sales related new hires was driven by recruitment in Europe and Asia Pacific. Conversely, the number of new hires among sales personnel declined by 5.6%. Voluntary turnover among both non-sales and sales staff fell slightly in 2005, to 7.8% and 20%, respectively. More detailed HR data is presented on pages 84 and 85 of this report. ▶

Launch of Ambition 2012

To be engaged, employees must be motivated. To be motivated, they must understand the Group's ambition and strategy, and feel part of it.

Sending out clear, easily understood information of quality is a key element to this engagement. AXA's communications teams have therefore sent out details on the launch of Ambition 2012 on various Group information media.



Develop



Attracting and retaining clients / p.34

AXA HAS DEVELOPED BUSINESS AROUND THE WORLD BY GETTING CLOSER TO ITS CLIENTS —ILLUSTRATED BY THE STEADY IMPROVEMENT IN THEIR LEVEL OF SATISFACTION AND ACHIEVED BY ENHANCING THE RANGE OF PRODUCTS ON OFFER, THE QUALITY OF SERVICE DELIVERED, AND THE EFFICIENCY OF DISTRIBUTION CHANNELS.

Become the preferred company in the industry for the clients

BEING PREFERRED MEANS BEING CHOSEN BY CLIENTS, WHICH IN TURN DEPENDS ON AXA'S ABILITY TO RESPOND TO THEIR EXPECTATIONS —IN TERMS OF THE QUALITY OF ADVICE AND SERVICES DELIVERED, THE PRODUCTS MADE AVAILABLE AND THE PROXIMITY OF DISTRIBUTION CHANNELS.

Innovative and competitively priced products, advice and service of the finest quality, and distribution networks that are efficient and close to clients —these are the factors that allow to attract and retain new clients.

Product innovation

Clients are looking to protect themselves against risk by contracting coverage that is adapted to their situation. Accordingly, AXA views product innovation as a way of better responding to different needs, particularly through segmentation. The Group's scale is an undeniable source of competitive strength in this area. Products that have already proven their worth in one market can be adapted for reuse in another, often offering the additional advantage of shorter development time and faster delivery to market. For example, segmented automobile insurance products developed in France for drivers who put in less than 8,000 kilometers a year, or for owners of "monospace" vehicles, are gradually

being adapted for the Belgian, Irish and Southern European markets.

But clients might also want to gain access to a global range or additional services that make their lives easier. To address their needs, AXA in Germany has developed *Multi-Help*, a full range of products and services that includes automobile and homeowners' insurance, health and travel insurance, and special services such as the purchase of tickets for sporting or cultural events and gift or flower delivery.

Service quality

Making improvements in the quality of service depends above all on AXA's ability to listen to what clients are saying in order to detect the reasons for their dissatisfaction. This is the aim of Customer Scope, a survey conducted twice a year in sixteen countries that together account for 94% of AXA's consolidated revenues. The survey measures how clients perceive the service they receive at the time of sale as well as when particular services are rendered. In 2005, ►►►

VIGEO'S
RATINGS

Quality of the organization's relationships with its clients

3 ► Extent to which products and services take social and environmental factors into account

2 ► Respect for the client

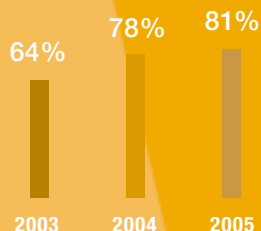
Organization's behavior in the community

1 ► Extent to which the organization takes the social impacts of its products and services into account

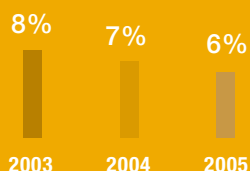


Be Life Confident clients

Very and extremely satisfied



Rather and very dissatisfied



Sources:
Customer Scope 2003,
2004, 2005.
In 2005, 170,000 individuals
were surveyed worldwide.

Growing satisfaction

One of the ways in which AXA has opted to differentiate itself is by focusing efforts on customer satisfaction. The Customer Scope survey is used to measure satisfaction in a consistent fashion across the Group. In three years, improvements made in the areas of product innovation, quality of service and the efficiency of distribution networks have contributed to the 17-point increase in customer satisfaction.

“Becoming the preferred company depends on AXA's ability to respond to client expectations.”



“ AXA devotes considerable resources to training its distributors, with the aim of raising the level and expanding the scope of their expertise. ”

▶▶▶ more than 170,000 AXA clients from around the world were heard as part of this process. Some 81% of those surveyed said they were “very” or “extremely satisfied”, an increase of 3% versus 2004, while 6% said they were “rather” or “verydissatisfied”. This survey is an excellent tool for identifying ways of improving customer satisfaction. A number of initiatives have been launched as a result of the findings to improve the customer experience, particularly when it comes to how claims are handled. The network of claims service providers has been enlarged; administrative platforms that ensure more responsive service have been developed; and efforts have been made to reduce the time needed to settle claims.

Developing a set of service commitments has also become a top priority, in particular with respect to distributors. For a number of years, AXA in Germany has provided extensive support to the intermediaries who sell its health insurance line, starting from the first contact, when a quote is given for the business, and extending to policy issue. As a result of the various surveys conducted, the company was able to identify response time as one of the key sources of dissatisfaction. AXA addressed the issue by promising to process all requests on the day they are received. In order to deliver on the promise of handling every request within 24 hours, the organization and its business processes were examined and rethought. The increase in satisfaction that resulted was a critical factor in differentiating the company from its competitors. New business rose by a substantial 75% as a result.

Managing distribution channels

Sales channels are the company's primary point of contact with clients. Consequently, AXA's image in the eyes of clients depends on how efficient its distributors are, and how well they are able to listen and respond to client needs. For this reason, making continuous quality improvements in this area is vital, whether the sales professional is a member of AXA's salaried sales force or an independent agent. AXA devotes considerable resources to training its distributors, with the aim of raising the level and expanding the scope of their expertise. In 2005, sales staff completed an average of 4.9 days of training, a 42% increase in this indicator over 2004.

To reach and satisfy a larger customer base, AXA needs to develop its existing distribution networks, improve their productivity and, at the same time, launch and develop new platforms and channels of distribution. To achieve these aims, AXA continued throughout 2005 to beef up its network of specialized life insurance agents in France (+8%) and its financial planning force in the United States (+35%).

In Japan, a program designed to improve the productivity of the sales force led to a 35% increase in APE (annual premium equivalent) per distributor, raising the ranking of this network to third in its domestic market. Finally, a number of partnership agreements have been forged, particularly in the United Kingdom and Asia, designed to consolidate or improve AXA's positioning in these markets. ▶▶▶

AXA Way:

537

projects successfully completed,
551 projects under way.

AXA Way launched in

23

companies.

More than

10,000

employees have received some
form of AXA Way training.

Be Life Confident clients

AXA Way and the differentiation strategy

The AXA Way program was developed to introduce into a service context a set of methods and tools that had long ago proven their worth in manufacturing. Based on the idea of listening to the voice of the customer at all times, AXA Way seeks to improve processes in ways that respond to actual client needs. Particularly useful for implementing service level commitments, this approach should enable AXA to differentiate itself from its competitors and, in so doing, help AXA become the preferred company in its industry. In France, for example, brokers expressed high expectations in terms of service quality. They wanted to see a reduction in the time needed to draw up business proposals and underwrite contracts for commercial clients, who are particularly sensitive to this issue. With *72 h Chrono*, AXA promised both brokers and clients that it would complete the entire underwriting process in less than three business days. Because AXA was able to keep this promise, broker satisfaction increased by 17 points and new business was up substantially in 2005 (+13.5%).

►►► Distributor satisfaction

The quality of the relationship between AXA and its distribution channels has an impact on their relationship with clients. For this reason, AXA seeks to measure distributor satisfaction and gain a better grasp of their expectations. After the test phase was completed, Distributor Scope was rolled out in late 2005. This survey was conducted in twelve countries that together account for 86% of AXA's consolidated revenues. Some 26 distribution networks, including eleven non-proprietary channels, were solicited. Nearly 18,000 questionnaires touching on distribution management, product innovation and quality of service were analyzed, leading to the development of a number of improvement oriented initiatives for the years ahead, related to sales support and tools, training and communications. ►



IN EVERY COUNTRY IN WHICH AXA OPERATES, ALL OF ITS BUSINESSES HELPED TO MAKE 2005 A VERY GOOD YEAR. LAST YEAR, AXA ONCE AGAIN DEMONSTRATED ITS ABILITY TO STEP UP ORGANIC GROWTH SIGNIFICANTLY WHILE MAINTAINING A HIGH RATE OF EARNINGS IMPROVEMENT.

In life and savings, new business premiums on an APE basis, (i.e., 100% of new business regular premiums and 10% of new business single premiums) rose by 11%*. Personal property-casualty insurance revenues increased by 4%*, while asset management revenues grew by 14%*. As these figures demonstrate, AXA is able to attract and retain a growing number of clients.

In addition to higher revenues, AXA also improved its profitability in 2005, with underlying earnings up by 24% at constant exchange rates. For life and savings operations, New Business Value (NBV) showed a 27%* improvement on the year, while the NBV/APE ratio was 20.8%*, 2.8 points better than in 2004.

The property-casualty combined ratio is calculated on the basis of the total cost generated by this business segment (claims paid, reinsurance, general

expenses and broker/agent fees and commissions) divided by total premiums received during the year under consideration. The combined ratio once again improved in 2005, by 0.8 point, falling to 97.7%. The contribution of the property-casualty segment to consolidated underlying earnings was up by 22% on a constant exchange rate basis.

Asset management, which is the third pillar of Financial Protection, reported net inflows of 56 billion euros in 2005. For the first time in its history, AXA has more than a trillion euros under management (1,064 billion at December 31, 2005). Underlying earnings were up 32%.

Overall, AXA's figures are of very good quality. In addition, initiatives undertaken last year to start new business and set up regional platforms will help to fuel future growth. ►

* On a comparable basis (constant exchange rates and scope).

France: excellent sales performance in 2005

AXA WAS ABLE TO MAKE STRIDES IN ALL SEGMENTS OF THE FRENCH FINANCIAL PROTECTION MARKET BY DEVELOPING INNOVATIVE PRODUCT RANGES, BOOSTING SALES EFFICIENCY AND MAKING IMPROVEMENTS IN BOTH SERVICES AND MANAGEMENT.

AXA France reported new business growth in APE of 13% in life and savings and of 3.5%, outpacing the market as a whole, in property-casualty insurance. In group insurance lines, new business was up by 7%. AXA Bank opened 60,000 new accounts, surpassing the 500,000 client mark by the end of 2005.

Stepped-up product innovation

For AXA France, the highlight of 2005 was the introduction of some fifteen new property-casualty products and about ten new life insurance vehicles. One of them, called *Odyssiel*, is a savings instrument that offers the client a number of ways to diversify investments as well as a number of innovative and secure coverage options. The personal protection product line was enriched with *Héliade*, which protects the entire family in the event of death or serious illness. It features four standard formulas, plus the option of customizing coverage to suit individual needs.

AXA France continues to pursue its strategy of segmenting the property-casualty portfolio. It developed a homeowners' insurance product called *Forfait Très Zen* to meet the specific needs of apartment owners. This client segment represents 23% of the French homeowners' market and 11% of AXA's house insurance portfolio. The coverage features it offers are perfectly adapted to the needs of this segment, with one additional innovation: emergency home repair service, which includes scheduling and paying for home services.

In 2005, AXA added 50,000 new contracts to its comprehensive homeowners' insurance portfolio.

Retaining clients

AXA France has developed a new motor insurance product known as *Automobis*, designed to meet the specific needs of couples between the ages of 25 and 40 who own two vehicles. This segment represents a potential target of 1,600,000 households in France, of which 680,000 are already AXA clients. However, only 20% of these clients currently insure both vehicles with AXA. The new product offers a 25% reduction in the cost of insuring the second vehicle and includes extended coverage features. Overall, the personal car insurance line was up by 2% in 2005, with net growth of 100,000 policies (22,400 for two-wheel vehicles).

Boosting sales channel expertise

In the complex small- and mid-sized business market, mastery in a number of areas is a prerequisite to providing effective advice to business owners. The "school of business" launched in 2004 mixes technical content with practice in the field, enabling tied agents to improve the level of support they can offer their clients. By the end of 2005, thirteen seven-week training courses had been offered to 520 students, for a total of 15,500 days of training. In addition, AXA is providing its distributors with new resources designed to help them become even more responsive and high performing. For example, *Net Collectives* is an extranet service that allows tied agents



520

new tied agents completed training offered under the school of business program.

An increase of

13%

in **new life insurance business (APE)** in 2005.

More than

500,000

clients for AXA Bank by year-end 2005.

“ERE leads the deferred compensation market.”

“In 2005, the employee savings business handled by AXA IM was brought into alignment with AXA France’s group retirement business. In fact, these two universes were addressing the same people: business owners, human resources managers and CFOs. Separately, each of them led its market segment, and together they are number one in the French company savings retirement segment, with more than 20 billion euros under management.

A dedicated team is now responsible for satisfying the needs of businesses that wish to approach this issue globally. The team can offer clients a global deferred compensation package that combines employee savings, retirement, personal protection, medical expense coverage and employee benefits features.”



Didier Weckner,
head of group insurance
for AXA France.

and broker partners to write proposals and new business as well as follow the full range of group retirement and personal protection and health products in their portfolio. Clients get quicker access to diverse simulations, which help them choose the product that is best for them, as well as information about their policy. This extranet service won AXA the top award given out by *Argus*, a French insurance publication, in the Innovation and Services category.

Developing services

With nearly four million insurance customers in France, AXA is a key player in the field of health coverage. Wanting to go beyond merely reimbursing the medical expenses incurred by clients, AXA offers a range of services that encourage them to stay in good health. *Coaching Santé* (Health Coaching) is a customized program for clients who want to enhance their well-being by kicking the smoking habit, making healthier food choices or getting regular vaccinations. AXA offers them the skills and expertise of the medical doctors, nutritionists and psychologists in the AXA Assistance network.

According to AXA France’s Customer Scope survey in 2005, customer satisfaction is on the rise. This survey sheds light on what really matters to clients and serves as a basis for targeted actions. For example, AXA France transformed its process for settling motor insurance claims by integrating the notion of a service culture. Working with a network of 1,300 service garage partners, AXA offers its clients a full range of additional services in the event of an insured loss, such as towing of the damaged vehicle and the use of a replacement vehicle. Today, its clients opt to use these services in 45% of the time. ▶

Europe: revenues on the rise

FOR THE REGIONS OF NORTH EUROPE AND THE MEDITERRANEAN, AS FOR THE UNITED KINGDOM AND IRELAND, THE YEAR 2005 WAS MARKED FOR AXA BY A GLOBAL INCREASE IN BUSINESS ACROSS THE BOARD.

On a comparable basis, life and savings business was up by 16% in the United Kingdom, by 21% in the Benelux countries and by 12% in Southern Europe. Conversely, Germany reported a 30% decline in new business in 2005, after an exceptional boost was provided in late 2004 by tax reform measures.

In property-casualty insurance, the increase in personal lines was led by growth of 4% in the Southern Europe automobile insurance portfolio and of 5% in the UK's health insurance business. The trend in commercial insurance lines was positive in Southern Europe (+6%) and Belgium (+2%), offsetting the 7% decline reported in the United Kingdom and Ireland, where competitive pressures were particularly strong.

Developing distribution partnerships

AXA distributes its products in the United Kingdom via partners, whose role varies with the line of business. In the health insurance field, for example, AXA products are sold in association with the partner brand or as part of an exclusive agreement. In life and savings, relationships with commercial clients for employee benefits and retirement coverage are always established by intermediaries, giving employers access to the full range of products the market has to offer and control over the decision-making process. Finally, partnerships were set up in 2005 with companies that distribute AXA's range of property-casualty products under their own brand banner. After establishing an agreement of this type with the UK supermarket chain Sainsbury's, AXA made similar arrangements with Lloyds TSB, a bank, and the Post Office.

Resources working for distributors

In 2005, *Wealth Management* in the UK introduced a single AXA management system, which brokers can access online for information on a very wide range of investment funds. Thanks to this handy resource, brokers can spend more time with their clients and less time on administrative tasks. The tool benefits end customers as well, by laying out the logic that led their broker to opt for the recommended solution. In 2005, sales of retirement savings vehicles via this channel rose by 21%.

Growth through product innovation

New life and savings business was up by 21%* last year in the Benelux countries as well, driven by a 26% increase in sales in Belgium. This sales performance was partly due to the enhancement of the savings range with the addition of *Millesimo*, a unit-linked vehicle, and *Crest 40*, a product that invests some savings in equities but that sets aside built-up savings at the end of each year. Activity in Belgium was also boosted last year in anticipation of tax regulatory changes that went into effect on January 1, 2006.

In Southern Europe, new business was up by 12%* on the strength of growth in traditional savings products sold via agents in Italy. Sales of individual savings products were once again robust, driven by the launch of *Progetto Investimento Top*, an



Growth of

21%*

in **new life insurance-business** in Benelux.

Increase of

16%*

in **new life and savings business** in the United Kingdom in 2005.

Growth of

12%*

in **new life business** in the South Europe region.

investment vehicle that allows for conservative management, via a capital guarantee, and a dynamic management component invested in international stocks, with clients choosing the mix between the two that best suits their goals.

In Germany, the publication Capital handed out awards to insurance companies for innovation. AXA, the only company singled out for a property-casualty product, came in third overall. One of its new automobile insurance products offers individuals between the ages of 20 and 24 who have demonstrated that they are safe drivers a 25% reduction in their premium payment. Shortly after the product was launched, AXA reported a 30% rise in new business in this line of business.

United we stand

AXA companies in the Mediterranean region combined their talents to develop the first joint life insurance vehicle. Distributed under the name *Protezione Prima Persona* in Italy, *Primeira Pessoa* in Portugal and *Primera Persona* in Spain, the product offers clients coverage that can be adapted on the basis of age. It provides accident coverage for young people, coverage against pathological illnesses for older clients, and long-term care insurance for the most senior policyholders. Finally, AXA consolidated its businesses in the Gulf nations by signing a joint venture agreement with the Kanoo group, which controlled Norwich Union offices in the region. The new unit, named AXA Gulf, and present in four countries, saw its revenues rise by 22% in 2005, to 120 million euros. ▀

* On a comparable basis (constant exchange rates and scope).

Awards and recognition

- *Milano Finanza Innovation Award 2005:*

The financial daily *Milano Finanza* bestowed a 2005 innovation award on AXA Assicurazioni's *Progetto Investimento Top* in the life and capital redemption category.

- The nationwide Portuguese trade publication *Exame*, which is widely regarded in the financial services business, gave its award for non-life insurance company of the year to AXA Portugal.

- AXA UK was named *Insurer of the Year* in the British Travel Insurance Awards ceremony held in October.

- AXA UK picked up four industry awards last year: the Scheduling Innovation Award, Best Retirement Solutions Provider, Best Individual PMI Provider and Best Use of Marketing to Intermediaries.

North America: going after retirement

AXA'S GROWTH IN NORTH AMERICA IS FOUNDED ON ITS ABILITY TO RESPOND TO CLIENT NEEDS, PARTICULARLY WHEN IT COMES TO THOSE IN THE HIGHLY PROMISING "AT RETIREMENT" MARKET. AXA IS ALSO BUILDING A POWER BASE IN THE DOMESTIC INSURANCE MARKET THROUGH TARGETED ACQUISITIONS.

As 2005 drew to a close, AXA Canada announced its acquisition of La Citadelle, giving the company stronger positioning in the domestic property-casualty market, where it moved up from eleventh to sixth place. In the United States, AXA Equitable is currently the nation's tenth largest life insurer, with market share of 3.5%, and is outpacing its peers in terms of growth. This performance is attributable to two main factors: the successful integration of MONY and growth in variable annuities (+9%*) and guaranteed death and disability benefits (+10%*).

Product range and distribution capability reinforced

La Citadelle sells accident and health, property and casualty, and automobile insurance coverage. Its products are distributed through a network of approximately

350 property-casualty insurance brokers and 1,200 brokers who deal exclusively in accident-health insurance. By acquiring the company through its Canadian subsidiary, AXA is able to build expertise and broaden its product range in the commercial market thanks to the good fit between existing life insurance products and accident-health insurance products.

With the integration of MONY now successfully completed, AXA Equitable's distribution capacity has grown by 790 financial planners, and its workforce now totals 6,200 employees.

Going after the "at retirement" market

The US retirement market represents enormous potential for AXA Equitable. In the next twenty years, America's 77 million baby-boomers will reach retirement age. For this large population group, the challenge today is to ensure a smooth transition into the retirement years that does not entail major changes in lifestyle. The first initiatives rolled out in connection with the At Retirement program should enable AXA to secure its position as an expert in this market segment that can help clients financially plan for their future.

To beef up the professional expertise of its financial advisors in the area of retirement, AXA worked with the highly regarded Wharton Business School of the University of Pennsylvania to develop an accredited training program. The first retirement planning experts received their degrees in 2005, and training courses have already been planned through 2007.

The first step in helping clients to get a better handle on retirement issues is to make sure they understand what the stakes

A rewarding year

- *Fortune* ranking: AXA Equitable in eighth place in the financial services category.
- *Dalbar WebMonitor*: the AXA Equitable site AXAonline.com received a *Seal Of Recognition*.
- At its annual congress in Quebec, brokers elected AXA Canada the year's "most illustrious insurer".



business



6th

place in the Canadian
property-casualty market.

Increase of
9%*

in the US variable **retirement**
annuities market.

6,200

salaried sales associates
at AXA Equitable.

are. To this end, AXA offers seminars for its clients aimed at making them more knowledgeable about financial matters. In addition, studies conducted by AXA show that variable annuities products are often poorly understood and suffer from negative preconceived notions. This is why AXA Equitable launched the *Variable Annuities Knowledge Center* in 2005. This web site, supervised by a committee of independent experts, offers testimonials from clients, case studies and frequently asked questions, all aimed at helping consumers better understand the benefits and risks of these products as they prepare for retirement.

Resources at the service of financial planning

A number of new tools have been developed to help financial planning professionals provide more informed assessments and offer clients better guidance as they move toward an appropriate solution. These tools allow distributors to get a better handle on client needs and goals, and to capture and use all relevant financial information, resulting in a personalized plan that allows clients to allocate resources efficiently on the basis of their priorities in terms of health, long-term care, additional income and estate planning.

A customized approach to underwriting

The insurance products that comprise the Clinical Underwriting® range were designed to meet the needs of a segment that is growing by 24% a year. These products address the needs of individuals whose

aggravated medical history usually means they are denied coverage by conventional insurers. These clients suffer from controllable illnesses, such as certain cardiovascular diseases, diabetes and depression. From the underwriting phase onward, the product line stresses the importance of healthcare and lifestyle. The only company operating in this niche market, AXA has differentiated itself by coining the trademark term Clinical Underwriting® for this line of business. ▶

Marketing and diversity

The AXA Equitable Diversity Advisory Council was set up to oversee minority relations. Its number one priority is ensuring that AXA Equitable makes genuine efforts to hire, promote and retain talented employees from a wide spectrum of cultures and backgrounds. The AXA Equitable Diversity Advisory Council also helps to manage diversity issues that arise in areas such as customer and supplier relationships and communications initiatives.

A number of its many initiatives have received media coverage — the formation of an in-house diversity council, training and in-house communications programs, university scholarships and acts of corporate philanthropy — which in turn is helping the company to attract new clients. Through these efforts, AXA Equitable has earned the reputation as a committed player in the fight for diversity.

* On a comparable basis (constant exchange rates and scope).

Asia Pacific: strong growth

AXA'S STRONG GROWTH IN ASIA PACIFIC IS BASED ON PERFECTLY-TUNED MANAGEMENT PROCESSES THAT ENABLE THE RAPID LAUNCH OF NEW PRODUCTS AND SERVICES, SOLD VIA SALES CHANNELS WHOSE PERFORMANCE IS BOOSTED BY QUALITY TOOLS AND SERVICES.

In Asia Pacific, life and savings new business grew by 30%* on the year, accelerating sharply toward the end of the period. The 55%* increase in new life and savings business in Australia and New Zealand is attributable to a number of institutional mandates won. In Hong Kong, new business growth reached 17%* for the year. These performances were attributable to the successful launch of new products, particularly in retirement savings.

The 20%* rise in new business reported by Japan was due to the strong momentum created by new products and ongoing efforts to improve the productivity of the AXA Advisors network. New individual business APE grew by 15%*, reflecting the successful launch of a new range of term life insurance products and riders in 2005. Group insurance was also up by a substantial 311%, primarily due to the success of a group term life product called *New Mutual Aid*, which features new cancer and disability riders.

Major distribution agreements

To boost its distribution reach in the direction of Japan's small and mid-size businesses, AXA Japan forged a partnership with Mitsui Life, whose network of 10,000 specialist agents distributes AXA products. This agreement was followed by a similar partnership arrangement with Asahi Mutual Life Insurance, which distributes term life insurance

products with a capital growth feature to the same customer segment. In addition, AXA Japan's two life insurance companies, AXA Life Insurance and AXA Group Life Insurance merged to form a new unit, AXA Life Insurance, which should help to step up business development in Japan.

A number of partnerships were also formed in the Southeast Asian countries, with banks that lead their domestic market, for the purpose of selling AXA products to a broad and targeted client base. They include Bank Mandiri in Indonesia, Krung Thai Bank in Thailand and Metrobank in the Philippines.

Customer retention

AXA Japan is also pursuing its policy of taking active measures to retain clients. Clients who signal their intention to let a policy lapse are referred to an operator in the customer care center who has been specially trained to handle requests of this type. The operator's role is to understand why the client wants to terminate the contract and then present the full range of alternative solutions that address his or her particular issues: a new and more adapted policy, for example, or a different payment schedule, or a short-term policy loan if money is a problem. Before the new system was put in place, the lapse rate was 12%. It has since fallen to less than 6%. AXA Japan also took steps to encourage buy-in on the part of its sales staff by adjusting its scale for paying agent commissions.



20%*

increase in **new life insurance business** in Japan.

Increase of

55%*

in **new life insurance business** in Australia and New Zealand.

A new line of Financial Protection products

The range of products sold by AXA in Australia and New Zealand has been completely revamped, with the aim of making its life insurance and retirement savings products more attractive and competitive in the local market. The focus is on simplifying coverage options to facilitate client comprehension and on streamlining the underwriting process to enable independent financial advisors to sell products more easily. Thanks to the mid-year launch of the new line, sales have already risen by 10%.

The Blueprint program has been rolled out in Southeast Asia, enabling companies operating in the region to offer their clients a range of innovative products within the shortest possible timeframe. This best business development practice is used to adapt a full line of products on the basis of demand structure, market maturity level and positioning —particularly in terms of price. Thanks to Blueprint, the *Honey* line of investment-linked life insurance products initially developed for the Hong Kong market was adapted and rolled out in Indonesia, China and the Philippines in less than six months. ▀

* On a comparable basis (constant exchange rates and scope).

Elected tops in management

- AXA was elected manager of the year in 2005 for its international equities and mortgage funds by *Money Management* and *Standard and Poor's*.
- In Hong Kong, the *Hong Kong Business* review cited AXA as the most remarkable company of 2005 in the area of financial planning.

Highly effective product innovations

AXA'S INTERNATIONAL INSURANCE SEGMENT WAS MARKED BY AN EXCEPTIONALLY HIGH LOSS RATIO DUE TO A SERIES OF WEATHER-RELATED DISASTERS. AGAINST THIS BACKDROP, AXA'S VARIOUS OPERATING UNITS ARE FOCUSING ON REINFORCING DISTRIBUTION AND INTRODUCING INNOVATIVE PRODUCTS.

Revenues from the international insurance segment rose by 10%* in 2005, to 3,813 million euros. This segment includes the reinsurer AXA RE; AXA Corporate Solutions Assurance, which specializes in large corporate risks; and AXA Assistance, which provides medical and technical assistance solutions.

AXA RE

AXA RE is a property-casualty and natural disaster reinsurance specialist. Its portfolios of reinsured business are geographically dispersed and highly diverse in terms of the risks covered: casualty

(liability); marine and energy; credit and surety; life and health; and property.

For global insurers, the magnitude of the natural and technical disasters that occurred in 2005 was unprecedented. A series of hurricanes, of which the most devastating was Katrina, cost AXA RE around 575 million euros before taxes.

AXA RE's revenues rose by 17%* in 2005, due to the non-recurrence of negative premium adjustments in 2004 and higher reconstitution premiums following the natural disasters that occurred in 2005. Excluding the impact of these two factors, the rise in revenues was 6%, reflecting primarily the rise in premium rates on certain targeted non-proportional casualty lines, offshore marine business and property damage excluding natural disasters.

AXA Corporate Solutions Assurance

AXA Corporate Solutions provides coverage for large domestic and multinational corporations. It insures property and casualty risks; marine aviation and transport risks; construction and financial risks; and directors and officers liability. AXA Corporate Solutions also provides risk analysis and prevention services, an area of expertise that allows businesses to reduce their loss experience by setting up more effective prevention programs, which are written up as specifications to which clients formally commit. To date, nearly 40,000 drivers who work for AXA Corporate Solutions' corporate clients have

Award for AXA RE

The Asia Insurance Review attributed its reinsurance company of the year award to AXA RE Asia Pacific. In announcing its decision, the panel of judges cited the company's financial stability and its efforts to respond to client concerns in an innovative way, by introducing a business continuity plan for both biological and non-biological terrorist threats.



10%*

growth in international
insurance **revenues.**

Increase of

17%*

in **revenues**
for AXA RE.

completed special driver awareness training. This initiative alone has enabled many clients to reduce significantly the number of car accidents on the job (by 20 to 50%).

Revenues from AXA Corporate Solutions rose by 5%* in 2005, on the strength of disciplined growth in its Aviation and Marine lines of business. In the latter market niche, primarily centered in Asia (which is where 80% of all shipbuilding is done), AXA has established partnerships with local insurance companies, which, in exchange for technical and reinsurance support, are facilitating access to the still highly regulated Chinese market.

AXA Assistance

Via AXA Assistance, AXA provides a range of services that extends from medical assistance for travelers to technical assistance for automobiles. AXA Assistance caters primarily to insurance companies, credit card companies, tour operators and automakers, which serve as intermediaries with policyholders.

AXA Assistance has steadily built up its product range, particularly in the areas of services related to healthcare, home hospitalization, the management of expatriates, cash claims administration and insurance coverage that extends beyond traditional protection to include the availability of a replacement vehicle and home assistance.

Revenues from AXA Assistance rose by 12%* in 2005. ▀

* On a comparable basis (constant exchange rates and scope).

Customizing solutions for businesses

In response to a growing need on the part of businesses for protection, AXA Corporate Solutions has developed an interest in the group individual accident insurance market. It now offers a customizable range of products and services, providing accident coverage for employees and clients and giving businesses total flexibility:

- They can opt for a group policy that protects employees against the risk of accidental death or disability, with options in terms of period and coverage features (24/7, professional or personal life, etc.).
- BTA (*Business Travel Accident*) offers a combination of insurance coverage features and AXA Assistance benefits and services for personnel on international assignment: medical expenses incurred abroad, evacuation and repatriation, personal casualty coverage, and protection against luggage loss or theft.
- For businesses in general, and retailers in particular, corporate image protection insurance covers clients and visitors in the event of an on-premise accident.

Expanding clientele

FOR AXA, THE ASSET MANAGEMENT BUSINESS IS AN IMPORTANT SOURCE OF GROWTH AND PROFITABILITY. IN THIS SEGMENT, THE GROUP IS LEVERAGING ITS EXPERTISE AND THE EXPANSION OF ITS CLIENTELE.

Asset management revenues increased by 14%* in 2005, reaching 3,440 million euros. The rise reflected an increase in average assets under management (AUM), which were up by 16% over 2004. AXA Investment Managers and AllianceBernstein, AXA's two largest asset management

firms, invest and manage investments on behalf of third-party clients — mainly retail and institutional investors — as well as for the AXA Group's insurance subsidiaries. Combined, these sources of business contributed a record total of 56 billion euros of net inflows in 2005.

2005 — a year of rewards

Here is just a small sample of the many awards the Group won in 2005 for its asset management performance:

- AXA IM was elected European Asset Management Company of the year in the first annual Funds Europe Awards, and the top French Asset Manager in 2005 by *Financial News*.
- AllianceBernstein was elected 2005 Fund Manager of the year in Australia by *Money Management* and *Standard and Poor's*.
- The international financial information group *Citywire* named the manager of the AXA-Europe fund the number 1 fund manager in Europe, over 100 peers.
- AXA IM won a gold medal given out by *Le Revenu – Europerformance* for the best performing range of international equity funds over three years, and a silver medal for best performing eurozone equity fund range over three years.

AllianceBernstein

AllianceBernstein reported a 9%* increase in revenues, driven by higher fee income, related to the 11% increase in average assets under management, and performance-based fees.

As of December 31, 2005, assets under management totaled 491 billion euros, an increase of 95 billion euros over December 31, 2004. The positive impact of exchange rates (63 billion euros), market appreciation (34 billion euros) and strongly positive net inflows to long-term fund vehicles (22 billion euros) was more than enough to offset the 24 billion euro decline in assets under management due to changes in the scope of operations resulting from the sale of the money market management business.

AXA Investment Managers

Revenues from AXA IM were up by 27% in 2005. Growth was driven by the 21% rise in average assets under management. AUM totaled 432 billion euros at year-end 2005, an 87 billion euro increase compared with December 31, 2004. Four factors were instrumental in this progression. First, positive net inflows of 34 billion euros, of which 31 billion euros in assets under third-party retail and institutional management. Second, the impact of market appreciation was 38 billion euros. Third, the



Increase of

14%*

in **revenues** from the asset management segment.

9%*

growth in **revenues** for AllianceBernstein.

Growth of

27%

in **revenues** for AXA IM.

positive impact of exchange rates was 6 billion euros, and fourth, the acquisition of Framlington, with effect from November 2005, added another 7 billion euros to AUM.

Building a better range and improving service quality

By acquiring Framlington, AXA IM was able to strengthen its position in the United Kingdom considerably. This latest addition gives AXA IM greater breadth of equity management expertise and provides local distributors with access to a high growth market. The range of funds offered by Framlington includes 24 unit trusts for retail investors, five dedicated pooled funds, and four open-ended umbrella funds registered in Luxembourg. Framlington also manages several institutional mandates and is developing a portfolio management business for private clients.

In the interest of improving the quality of service by industrializing some processes and installing a common data processing and management platform, AXA IM outsourced the investment operation services of its French, German and UK subsidiaries. This transfer enables AXA IM to pursue growth while increasing the security of these operations, and to focus capital expenditure on its core business, which is the management and distribution of investment solutions.

Finally, AXA IM recently turned its attention to the Chinese market, which is growing in terms of its potential client and savings base, setting up a joint asset management venture business with the Shanghai Pudong Development Bank. ▶

“Helping our clients through research”

“Research is the bedrock of everything we do to help our clients reach their investment objectives. Acquiring more extensive knowledge and using it more intelligently than other players in the market can give us a real edge. We currently have more than 175 analysts based in fifteen different countries, divided into dedicated teams according to our investment vehicles: value stocks, growth stocks and fixed income instruments. They are supported by more than 100 analysts from our research unit and ten economists. What do we mean by the term research? The analytic study of businesses, quantitative and economic research, and monetary management. In addition, analysts keep close track of strategic changes in the world and one unit is devoted exclusively to detecting innovations that could become the next successful investment ideas.”

Gerald Lieberman,
Chairman and chief operating officer
of AllianceBernstein.

* On a comparable basis (constant exchange rates and scope).

Lead



Corporate governance / p.54 Shareholder / p.59

THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE WHICH SERVE AS A GUIDE FOR ACTION AT AXA HAVE HELPED THE GROUP BUILD STRUCTURES THAT ENSURE THE STRICT SEPARATION OF MANAGEMENT AND SUPERVISORY POWERS, FULL DISCLOSURE OF INFORMATION, OPTIMAL RISK MANAGEMENT, AND ADHERENCE TO THE HIGHEST STANDARD OF PROFESSIONAL ETHICS.



Risk management / p.62 Professional ethics / p.64

Organization and resp

ATTENTIVE FOR MANY YEARS TO THE NEED FOR SOUND CORPORATE GOVERNANCE PRINCIPLES, AXA HAS IMPLEMENTED STRUCTURES THAT ENSURE A STRICT SEPARATION BETWEEN MANAGEMENT AND SUPERVISORY POWERS.

Because its stock is publicly traded on the New York Stock Exchange, AXA is subject to the Sarbanes-Oxley Act, which was adopted in the United States in 2002. After making the required adjustments, the Group also reviewed its rules of corporate governance in light of the recommendations contained in the Bouton Report and the relevant sections of the French Financial Security Act (*Loi de Sécurité Financière*) of August 1, 2003.

Governance by a management board and supervisory board

A management board and a supervisory board have governed AXA since 1997. This form of corporate governance, which separates the powers of management from those of supervision, is considered to offer the most balanced framework for exercising corporate power.

The supervisory board

Role. The supervisory board oversees the management of the company and is accountable for it to the shareholders. The supervisory board appoints and may remove the chairman and other members of the management board, and supervises executive management of the company. The following matters are submitted to the supervisory board for prior approval:

- the issuance of securities with a direct or indirect claim on AXA's equity capital;
- proposed stock repurchase programs;
- financing operations with a material impact on the Group's financial position;

Be Life Confident
shareholders

High quality governance structure

"The separation of powers between the supervisory board and the management board is the bedrock of good corporate governance. In addition, the quality of corporate governance at AXA is enhanced by a number of factors: the efficiency of the supervisory board's special-purpose sub-committees; the extent of their role and duties; the information and resources we are provided with to carry out our mission; and the work that is undertaken and presented to the supervisory board. I would add that the annual self-appraisal process we have instituted helps the board to make ongoing improvements and leads to better relationships with AXA's management board and Group executives in general."

Ezra Suleiman, independent member of the supervisory board, and a member of the audit committee and the selection, governance and human resources committee.

In 2005, AGEFI* gave AXA top marks for the quality of its corporate governance structures. In particular, AXA was praised for the existence of special-purpose committees, the clear separation of powers between the chairman and other executives, their lack of direct involvement in special-purpose committees, and effective communications on executive powers.

* French financial daily newspaper.

Members of the supervisory board

Claude Bébéar - chairman, **Jean-René Fourtou** - vice chairman, **Leo Apotheker***, **Jacques de Chateaufieux***, **David Dautresme***, **Norbert Dentressangle***⁽¹⁾, **Anthony Hamilton***, **Henri Hottinguer***, **Henri Lachmann***, **Gérard Mestrallet***, **Michel Pébereau**, **Dominique Reiniche***, **Ezra Suleiman***, **Jacques Tabourot**.

* Independent board members.

⁽¹⁾ Pending shareholder approval on May 4, 2006.

onsibilities

- business acquisitions;
- agreements to form strategic partnerships;
- the implementation of all stock option plans;
- proposals submitted to a vote of the shareholders: changes to the bylaws, appropriations of earnings, distributions of dividends for the previous year ended, distributions of interim dividends and final dividend payout dates.

Operation. The supervisory board meets at least five times a year. Its members receive the documentation required to fulfill their board duties prior to each meeting, generally eight days in advance. The board met seven times in 2005, and the global attendance rate was 88%. At each meeting, the board reviews:

- the Group's operations, as presented in the management board's quarterly report, a press review, and a stock price performance report;
- reports on committee meetings that have been held since the last supervisory board meeting.

In addition to the agenda, the board discusses issues

pertaining to the Group's operations, in the form of a presentation on a specific operating company's strategy and priorities, or a presentation on a particular subject. Accordingly, the Group's principal managers may be invited to take part in board meetings from time to time to present their business area, their objectives and their results. Training courses and special meetings are organized for members of the supervisory board as needed. To ensure that their interests and those of the Group are aligned, members of the supervisory board are required to own AXA shares, the value of which must be at least equal to the amount of directors' fees they receive in the course of any given year.

Composition. On December 31, 2005, the supervisory board had 13 members, elected by the shareholders. Currently, four of its members are not French nationals. Gathered on April 20, 2005 for their annual meeting, the shareholders re-elected Anthony Hamilton, Henri Lachmann and Michel Pébereau to four-year terms of office. ►►►



Members of the management board

Henri de Castries (51),
chairman.

Claude Brunet (48),
head of transversal
operations and projects,
human resources, brand
and communications.

Denis Duverne (52),
head of finance,
control and strategy.

Christopher Condron
(58), head of insurance
in the United States
and AllianceBernstein.

François Pierson (58),
head of insurance
in France, large
risks, assistance
and AXA Canada.



Stanley Tulin, vice chairman and chief financial officer of AXA Equitable (United States).

Claude Brunet, member of the management board in charge of transversal operations and projects, human resources, brand and communications.

François Pierson, member of the management board, chief executive officer of AXA France, head of large risks, assistance and AXA Canada.

Gerald Lieberman, chairman and chief operating officer of AllianceBernstein (United States).

Executive Committee members

►►► In addition, the shareholders:

- ratified the supervisory board's decision to appoint Leo Apotheker to fill the vacancy left by the death of Alfred von Oppenheim, for the remainder of the latter's term (April 2007);
- elected Jacques de Chateaufieux for a term of four years, replacing Jacques Calvet, whose term expired at the close of the 2005 meeting;
- elected Ms. Dominique Reiniche for a term of four years, replacing Bruno Roger, whose term expired at the close of the 2005 meeting.

On December 31, 2005, nine of the supervisory board's thirteen members met the independence criteria based on the recommendations of the Bouton Report.

- The shareholders are being asked to consider electing Norbert Dentressangle to a four-year term on the board at their annual meeting on May 4, 2006. If elected, he will qualify as an independent member of the board. The supervisory board took the measures required to ensure that, as of July 31, 2005, all of the members of its audit committee meet the independence criteria set forth in the Sarbanes-Oxley Act.

Supervisory board committees. In 1990, special-purpose ad hoc committees were established to help implement the principles of corporate governance at AXA. Each committee issues opinions, proposals

and recommendations, is empowered to undertake or commission studies on subjects to be presented to the supervisory board, and may invite outside participants to attend its meetings.

Committee chairmen report on completed committee work at the next scheduled supervisory board meeting.

Audit committee. On December 31, 2005, the audit committee had five members, all of whom would be considered independent under US regulations. They were David Dautresme (Chairman), Jacques de Chateaufieux, Henri Lachmann, Gérard Mestrallet and Ezra Suleiman. On February 26, 2006, Anthony Hamilton became a member of the audit committee and Gérard Mestrallet left the committee.

The audit committee met seven times in 2005. The overall attendance rate was 75%.

According to the internal regulations of the supervisory board and the set of guidelines the board developed for the audit committee, its primary duties are:

- To review AXA's interim and annual financial statements before they are presented to the supervisory board
- To assess outside auditors proposed by AXA and review their audit programs, findings and recommendations
- To monitor the accounting rules in force at AXA and review any proposed changes in accounting framework or methods;

Hans Peter Gerhardt, chief executive officer of AXA RE.

Philippe Donnet, chairman of the board of directors of AXA Japan Holding (Japan), chairman of the board of directors of AXA RE.

Dennis Holt, chief executive officer of AXA UK (United Kingdom).





Henri de Castries,
chairman of the management board.



Nicolas Moreau, chief
executive officer of AXA
Investment Managers.



Alfred Bouckaert,
chief executive officer of
AXA Belgium (Belgium)
and head of the
North Europe region.

- To review the program and aims of AXA's internal audit department, as well any findings or reports it issues.

Finance Committee. The Finance Committee had four members on December 31, 2005, one of whom is independent: Claude Bébéar (Chairman), Henri Lachmann, Michel Pébereau and Jacques Tabourot. The committee held three meetings in 2005. The global attendance rate was 62%.

The Finance Committee's primary duties are:

- To examine the Group's financial structure and the broad outlines governing AXA's asset management strategy;
- To examine plans to sell real-estate or equity interests whose appraised value exceeds the authorizations granted to the management board by the supervisory board;
- To review all material financial transactions involving AXA;
- To examine planned acquisitions.

Selection, governance and human resources committee. Selection Committee had four members on December 31, 2005: Jean-René Fourtou (Chairman), Gérard Mestrallet, Michel Pébereau and Ezra Suleiman. Two of its members met the independence criteria on that date.

The committee met four times in 2005. The global attendance rate was 78%.

The committee's primary duties are:

- To issue recommendations on appointments to the supervisory board or the management board, as well as on all appointments to special-purpose committees;
- To be notified of the appointments of AXA's principal executive officers, in particular members of the executive committee;
- To keep informed of AXA's human resources strategy.

Compensation committee. The Compensation Committee had five members on December 31, 2005: Henri Hottinguer (Chairman), David Dautresme, Jean-René Fourtou, Anthony Hamilton and Gérard Mestrallet. Four of its members on that date met the independence criteria.

The committee met twice in 2005. The global attendance rate was 79%.

The committee's primary duties are:

- To make recommendations to the supervisory board on compensation levels for management board members, on the amount of directors' fees to be submitted to a vote of the shareholders, and on proposed stock options grants to members of the management board;
- To issue an opinion on management board recommendations related to the policies and ►►►

Denis Duverne,
member of the
management board
in charge of finance,
control and strategy.

Jean-Raymond Abat,
chief executive officer
of AXA Seguros (Spain)
and head of the
Mediterranean region.

Christopher Condron,
member of the manage-
ment board, chief
executive officer of AXA
Equitable (United States).

Les Owen, group chief executive
of AXA Asia Pacific holdings
(Australia), head of Asia Pacific
region unit (excluding Japan).



VIGEO'S
RATINGS

Exercise of power

3 ↗ Efficacy of supervisory board powers

Efficacy of control mechanisms

3 ↗ Efficacy of supervisory board committees

2 ↗ Quality of relationships with outside stakeholders, regulators and supervisors

Be Life Confident employees

Encouraging employees to become shareholders

As of December 31, 2005, 5.6% of AXA's equity capital is in the hands of Group employees worldwide. Nearly 23,000 AXA employees in 28 different countries —about 25% of the workforce— enrolled in Shareplan 2005, an increase of 34% over 2004.

With the exception of AXA employees in Japan, who, for tax reasons will vote their shares indirectly via fund supervisory boards, AXA employees who invested in Shareplan 2005 will be able to vote at AXA shareholder meetings, giving them a direct say in the decisions that have an impact on Group strategy.

▶▶▶ procedures governing executive pay and AXA's proposed stock option grants to employees.

The management board

The management board is AXA's collegial decision-making body. The management board holds weekly meetings to discuss Group strategy and operations. It operates in accordance with a set of internal regulations. Each management board member is assigned responsibility for a specific aspect of Group management and is devoted to that role exclusively. Acting on the recommendation of its selection committee, the supervisory board voted in December 2005 to reappoint the members of the management board to another three-year term of office, with effect as of January 14, 2006. The next renewal is scheduled for January 2009.

The executive committee

The executive committee's principal mission is to review and execute AXA's strategy. The committee's composition reflects the structure of the AXA Group. It includes members of the management board and the CEOs of the Group's business units.

The 14 members of the Group's executive committee include seven CEOs who are not French nationals. Since 2000, the Committee has conducted quarterly business reviews (QBRs) for the purpose of:

- reviewing operational performance and monitoring the progress of key projects, using consistent and quantifiable standards of measurement defined in collaboration with the Management Board;
- assessing the status of transversal projects;
- exchanging ideas and information on AXA's key strategic orientations. ▶

Earning shareholder trust

BECAUSE STABLE CAPITAL OWNERSHIP IS OF CRITICAL IMPORTANCE TO ORGANIZATIONS THAT SEEK TO CREATE LASTING VALUE, AXA CONSIDERS ITS SHAREHOLDERS AS KEY PARTNERS. AXA'S GOAL IS TO EARN THEIR TRUST AND BECOME THEIR PREFERRED COMPANY IN THE FINANCIAL PROTECTION INDUSTRY.

Shareholders are one of the organization's key stakeholders. By building loyal and durable relationships with them based on trust, the AXA Group can acquire the stability it needs to achieve long-term growth. AXA strives to deliver clear, complete and reliable information that gives shareholders insight into the broad outlines of its strategy and helps them understand earnings and development trends.

Responsive and dedicated teams

To ensure that the information delivered to all shareholders meets the highest standards of quality, AXA has dedicated a team of experts and resources to satisfying the needs of its various investment partners.

Institutional investors. The investor relations department is in 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 is always available to field questions.

AXA executives and the investor relations team devote considerable time and resources to interactive encounters with the investment community.

- Twice a year, AXA holds 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 2005, 356 of these daylong road shows were held in some 26 cities around the world.

- Also in 2005, AXA held several special meetings, presenting information on key issues that included the impacts of adopting IFRS, the notion of European embedded value, and the benefits of being global.
- Finally, last year AXA presented its strategy, position and vision of the business to participants at 13 industry events.

Individual shareholders. AXA has a team within the brand, communications and sustainable development department dedicated to ensuring that individual shareholders receive comprehensive information and are able to voice their concerns via a number of channels:

- The annual shareholders' meeting is a critical forum for exchange between the company and its shareholders. Every year, around a thousand of AXA's shareholders attend this event.
- The *Comité Consultatif des Actionnaires Individuels* (Individual Shareholders' Consultative Committee) was set up to encourage ongoing communications between the company and its individual shareholders via their representatives. As one of its major goals, the board works to improve communications resources. Composed of fifteen volunteer members from the Shareholders' Circle ►►►



356

meetings held
in nearly **26** cities
around the world.

About

1,000

shareholders in
attendance at annual
shareholder meetings.

Number

1

corporate website
in France, all industries
combined.

▶▶▶ (Cercle des Actionnaires), it meets twice a year.

- Various publications are also sent to members of the Shareholders' Circle periodically. *L'Essentiel* is published three times a year to coincide with the release of interim and annual earnings and the annual shareholders' meeting. *Horizon*, which also appears three times a year, contains in-depth feature articles on AXA subsidiaries. In 2005, more than 60,000 copies of the two publications were distributed.
- The four meetings held in various French cities last year brought together more than 1,200 investors. Henri de Castries, chairman of the management board, conducted the meeting held in Rouen last June.
- AXA is also an exhibitor at *Actionaria*, an event for individual investors held in Paris every November. Last year, it attracted 32,000 visitors.

A steady flow of information

AXA communicates on a regular basis with the investment community, through press releases for Group announcements —approximately thirty were published in 2005— and through email alerts for breaking news on AXA subsidiaries. All press releases can be viewed and/or downloaded from the corporate website (www.axa.com).

The same is true for the visual aids used at meetings with the investment community. Some of these meetings are webcast live on www.axa.com. They are also made available via teleconference. All industry conference presentations are available via the corporate website. ▶

AXA draws praise in 2005

- The *CompanynewsGroup* survey on Investor Relations on the web ranked the www.axa.com site France's number one corporate site, all industries combined. The survey covered 261 companies listed in the main European stock indices.
- AXA regularly draws praise for excellence in institutional investor relations. In the most recent *Institutional Investor* and *Thomson Extel* surveys, AXA was ranked number one in the European insurance industry and number one among all French companies.
- The AXA Group came in third for the quality of its 2005 shareholder meeting in a survey of France's largest listed companies (those in the CAC 40). AXA was praised for its efforts to explain its business, strategy and financial performance, as well as for its full disclosures on executive pay and the importance it accords to dialogue with individual investors.
- In France, the AXA Group's annual report and activity and sustainable development report were selected by the Insurers' Club (*Club des Assureurs*) as the best in 2005. The panel of judges included brokers, accountants and financial analysts.

VIGEO'S RATINGS

Exercise of power

3 → Respect for shareholder rights

Risk management: measure and optimize

THE CULTURE OF RISK LIES AT THE HEART OF THE FINANCIAL PROTECTION BUSINESS. BY STRUCTURING THE ORGANIZATION AROUND THE GOAL OF OPTIMAL RISK MANAGEMENT, AXA HAS BEEN ABLE TO SHARPEN ITS COMPETITIVE EDGE. ITS RISK MANAGEMENT FRAMEWORK ENSURES A CONSISTENT APPROACH TO RISKS AND RISK MEASUREMENT THROUGHOUT THE GROUP.

The aim of AXA's risk management capability is to identify, measure and manage the principal risks to which the Group is exposed. An integrated risk management organization was set up in 2003 to define the key management processes associated with operational risks while capitalizing on the positive effects of diversification.

Methods and tools for measuring risk

These processes are part of a broader effort to cultivate a culture of risk awareness across the Group. AXA has developed a set of methods and tools that measure and monitor risks, providing a better grasp of and handle on the calculated risks taken and, in so doing, reducing earnings volatility. Moreover, these tools allow management to optimize the allocation of capital resources among the Group's various business areas. In fact, good

risk management enables the organization, after careful analysis and selection, to take more rather than fewer risks. The risk management capability is built around three principles: stay pragmatic and focused on clearly identified priorities; remain as close as possible to Group operations; and maintain a decentralized approach to management, which mirrors the Group's own operating process. Maintaining the right fit and blend of skills between local and central risk management teams is one of the key pillars of this organization.


Priority missions

Risk management encompasses five key missions:

- Coordinate and monitor asset liability management and asset allocation. Conducted at the Group level, these activities can fully leverage AXA's scale and the diversification of its risks. It is within the scope of this mission that work is being done to measure

VIGEO'S
RATINGS

**Efficacy of internal
control mechanisms**

3  Efficacy of internal
control policies and procedures



“ Take more carefully analyzed and selected risks.”

Internal audit: manage and control

For AXA, identifying and managing the major risks is more than just a simple matter of compliance with the financial security law (FSL) in France or the Sarbanes-Oxley Act (SOA) in the United States. In the field of Financial Protection, they are key parameters of effective management. The role of AXA's 280 auditors is dual: they provide management with an impartial and objective vision of the efficacy of internal controls at AXA, while also helping to identify and measure operational risks. Working out of various local operating units, the auditors have functional reporting ties to Group Audit, which coordinates the local teams by sharing indicators and monitoring quality reviews several times a year. Each year, Group Audit performs around fifteen audits on subjects of strategic importance and also conducts transversal audits. For example, the conditions under which derivatives may be used has been systematically audited at the local level throughout the Group.

economic capital, which is defined as the amount of capital that the business must have to merit an AA rating.

- Promote innovation in order to encourage the development of new products, but also assess their profitability profile in light of the risks that will be underwritten before they are brought to market.
- Limit exposure to insurance risks, in particular by reviewing the adequacy of reserves and optimizing reinsurance strategies.
- Identify and quantify risks related to operations.
- Develop tools and systems to forecast, model, simulate, measure and aggregate risks. ▶

Professional ethics

the foundation of trust

TO EARN AND KEEP THE CONFIDENCE OF ITS CLIENTS AND BECOME THEIR PREFERRED COMPANY, AXA MUST BE ABLE TO HONOR ALL OF ITS COMMITMENTS. THIS IN TURN REQUIRES ADHERENCE TO A STRICT GUIDE OF PROFESSIONAL CONDUCT ON THE PART OF AXA'S EMPLOYEES, ITS SALES PEOPLE AND ITS SUPPLIERS.

AXA's success and reputation on a global scale depend not only on its ability to deliver the highest quality products and services to clients, but also on how it does business. The financial protection business is about making —and keeping— long-term commitments to all its stakeholders, whether they are clients, employees, shareholders, suppliers, regulators or the community as a whole. This relationship of trust is expressed in AXA's brand tagline Be Life Confident. Honesty, integrity, and a high standard of business conduct generate behaviors that instill confidence in these stakeholders.

Rules of conduct

Accordingly, AXA is determined to enforce and promote sound professional ethics, as expressed in the Group Compliance Guide. While it is by no means intended to provide an exhaustive list of the rules of conduct expected of AXA companies and employ-


ees, it does provide a set of minimum standards and underlying ethical principles that serve as a guide to employees as they perform their job and do business. AXA has operations in more than fifty countries today, and each one has its own particular legal, commercial and regulatory framework.

These standards reflect AXA's values and commitments, and consequently the personal conduct that is expected of all AXA employees, in particular to avoid conflicts of interest. The guide also covers the receipt of gifts, entertainment and other perks offered by partners and, conversely, those offered to clients, as well as procurement guidelines. It covers how employees are expected to handle confidential information and disclosure practices, compliance with laws pertaining to insider trading, relationships with government officials and how employees can help their company fight against internal fraud and attempted money laundering. ►►►

VIGEO'S
RATINGS

Respect for market regulations

3  Prevention of corruption

3  Fair trade practices



Be Life Confident clients

Crystal clear relationship with clients

To achieve the strategic objective of being recognized as the preferred company in its industry, AXA in Ireland has launched an ambitious program known as New Deal, based on a high standard of ethics. The aim of the program is to differentiate the company by providing superior quality advice and service and, in so doing, to build a lasting competitive advantage. One of the main thrusts of the program is to promote the most honest and open dialogue possible with clients. This in turn led to the overhaul of all commercial and contractual materials, with the aim of making both the form and the substance accessible to clients and easy for them to understand.

“ The Guide provides a set of minimum standards and underlying ethical principles that help employees perform on the job and do business. ”



“ A high standard of business conduct generates behaviors that instill confidence. ”

►►► Fight against money laundering

AXA is firmly committed to the fight against money laundering, wherever the Group is present and beyond the strict requirements of law. Each AXA subsidiary has established policies and procedures that combine general principles with local regulations in force. Anti-Money Laundering Officers (AMLO) have also been appointed. The local AMLO's primary duty is to implement the guidelines, as well as to prevent, detect and put a stop to any money-laundering that comes to his or her attention. Special attention is paid to cash transactions or those that involve similar monetary instruments. A Group AMLO leads the network, coordinating initiatives and circulating relevant information. Policies and procedures are subject to ongoing change as experience is acquired in this area.

Process and commitment

The Compliance Guide also spells out policy and procedure on whistle-blowing in the event of observed violations of the expected rules of conduct —the first step toward gaining insight into and resolving difficult issues.

In addition, after signing the Global Compact of the United Nations in February 2003, AXA added the ten universal principles that the Group is committed to respecting and promoting in such fundamental areas as labor, human rights, the environment and the fight against corruption. ■

Dialogue with suppliers

The AXA Group has adopted a specific set of additional ethical guidelines that apply to employees who come into contact with suppliers as part of the goods and services procurement process. In particular, these guidelines concern the management of competitive bids issued by AXA and guarantee fair, neutral and transparent treatment of the suppliers who submit bids. From the outset of this process, suppliers are informed that AXA is committed to sustainable development and that they are contractually bound to comply with the four basic principles of the International Labor Organization (ILO) related to the freedom of association, forced labor, child labor and discrimination. Suppliers are informed of their perceived shortcomings in these areas and a support process is set in motion to bring about improvement as needed. AXA's aim here is to use its status as an economic player of the first rank to initiate the virtuous circle of sustainable development. By building close working relationships with its suppliers, AXA seeks to encourage them to understand that responsible social behavior will also impact the sustainability of their own business and the quality of the service they deliver.

VIGEO'S RATINGS

Relationships with suppliers/ sub-contractors

2 ↗ Inclusion of social and environmental factors in the procurement process

3 ↗ Respect for sub-contracting supplier

Engage



Civil society / p.70

AXA'S COMMITMENTS TO THE COMMUNITY AND THE ENVIRONMENT REFLECT A STRONG DESIRE TO ACT RESPONSIBLY AS A CORPORATION, ADDRESSING CONCERNS IN AREAS THAT TOUCH ON ITS CORE BUSINESS AND CLIENTS —RISK PREVENTION, EDUCATION, EXCLUSION, HERITAGE— AND BEING ACCOUNTABLE FOR THE ENVIRONMENTAL IMPACTS OF ITS BUSINESS.

Committed to the com

BECAUSE THEIR CORE BUSINESS IS FINANCIAL PROTECTION, AXA AND ITS SUBSIDIARIES ARE ACTIVE IN THE HEART OF THE COMMUNITIES IN WHICH THEY OPERATE. ACCORDINGLY, THEY ARE EXPECTED TO DO BUSINESS RESPONSIBLY AND PARTICIPATE ACTIVELY IN THE LIFE OF THE LOCAL COMMUNITY, IN PARTICULAR BY DEVELOPING PHILANTHROPIC INITIATIVES AND PROMOTING INNOVATIVE HIRING PRACTICES.

AXA's involvement in the community is a natural extension of its core business, which is about protecting people, businesses and wealth as well as participating in the economic and social development of society. The AXA Group has a formal policy of corporate philanthropy, based on three key concepts: volunteer work, community philanthropy and cultural heritage philanthropy.

Volunteer work: act and support

Throughout the AXA Group, community volunteer work is a strong and long-standing tradition. It is driven by the desire of AXA employees to get involved in the community with support

from the company, which provides financial, logistical and material resources. AXA Hearts in Action, founded in 1991, serves as a bridge between the need for human and financial resources on the part of community outreach organizations and the desire on the part of AXA employees to lend a hand. Most AXA subsidiaries have set up local chapters of AXA Hearts in Action, which are run by locally-appointed managers. Every year, more than 15,000 AXA employees around the world volunteer their skills, their time and their generosity to initiatives that reach out to people who need a boost to regain life confidence—the disadvantaged, the disabled, and those excluded from the mainstream of society or touched by unforeseen tragedy.

In 2005, AXA and its employee volunteers in Hong Kong raised funds for the victims of the tsunami, and worked in tandem with



Impact of the business on the community

3 → Commitments in favor of economic development and local employment in the community

Corporate citizenship

3 ↗ Contributions to causes in the public interest

munity

Hong Kong PHAB (Physically Handicapped Able-Bodied) to organize a training workshop on volunteering and a charity march for all employees. The company also decided to make it easier for staff to help out in the local community by offering more flexible work schedules. In recognition of these efforts, and for its ongoing commitment to the community, AXA received the Caring Company label from the Hong Kong Council of Social Service for the 2005/2006 period.

Community philanthropy: education and prevention

In addition to the individual or collective involvement of its own employees, AXA also participates in the community by providing financial aid for education and prevention. In some countries, this support takes the form of college scholarships. That is the case in the United States, where the AXA Achievementsm Scholarship Program has awarded more than 3.5 million dollars to approximately 900 deserving young American students since it was launched three years ago, making AXA one of the most generous educational benefactors in the US.

In other countries, where education receives more financial support from the government, the focus is on initiatives designed to prevent accidents. In France, for example, motorcyclists were the only group of drivers that experienced an increase in highway fatalities in 2004. AXA's response ►►►

Rewarding commitment

In 2005, UK-based AXA Life received two Big Tick Awards for investing in the community through philanthropic work. These awards, which are bestowed by Business in the Community, recognize the achievements of UK businesses in the area of community work and the environment. AXA Hearts in Action was praised as an example of the Group's "Think Global, Act Local" philosophy, and the quality of its support for local charities was noted, as was its ambassador program, which significantly increased employee involvement in community philanthropy.

“Volunteer work is driven by the desire of AXA employees to get involved in the community.”

50

exhibitions presented at AXA Gallery in New York City since 1992.

2,600

initiatives completed with 1,000 organizations.

A budget of

26 million

euros, not including donations.

Be Life Confident employees

Medical prevention

Three years ago, AXA Portugal began sponsoring an annual health and well-being week for its staff. In 2005, the program included a number of workshops on health, preventive care, and mental and physical well-being. The company provided hearing tests, measured cholesterol levels and blood pressure, gave tips on preventing obesity, raised awareness on the importance of providing emergency first aid, and offered free flu vaccines and workplace exercise sessions. AXA France took a similar path, running an information campaign designed to raise employee awareness of the role of personal hygiene in maintaining good health over the long term. In connection with its Life Balance program, the company commissioned AXA Assistance experts in medicine, nutrition and psychology to offer onsite tips and recommendations to employees on physical activity and dietary choices.

▶▶▶ was to develop fourteen proposals in June 2005 in collaboration with Club 14, France's largest organization for motorcycle enthusiasts. Pragmatic and easy to roll out rapidly via public policy channels, these measures concern such matters as authorizing motorcyclists to drive between stalled traffic lanes, introducing standard inspection of vehicles to ensure safety, and using bus lanes. AXA also partnered with the Red Cross in 2005, on a program aimed at disseminating throughout the European Union a set of best practices concerning domestic accidents and large-scale disasters. After a research and testing phase has been completed, recommendations will be devised leading to the development of a disaster first-aid kit as well as training that features easy-to-understand educational tools adapted to the needs of various European countries.

Cultural and heritage philanthropy: preserve and transmit

AXA's commitment to protecting the world's heritage and cultural treasures is a natural extension of its core Financial Protection business, which involves not only protecting the assets of individuals and businesses, but also developing and passing on their accumulated wealth. The aim of every initiative undertaken in this area is to preserve or restore works of art, build up national museum collections, or expose a wider public audience to art and culture.

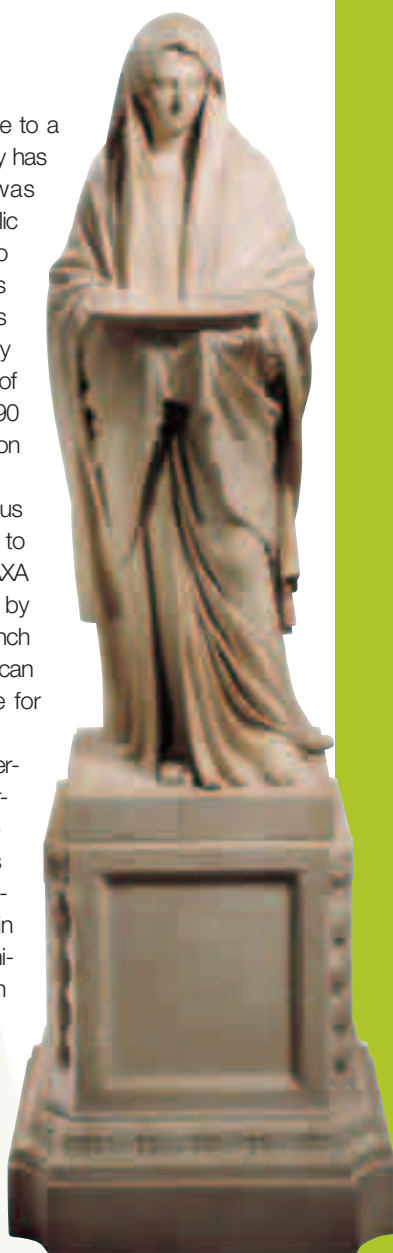
AXA Art, an international insurer for the art world, supports projects aimed at developing new techniques for restoring, conserving and transmitting important works of art without value impairment through its AXA Art Conservation Project.

15,000

employee volunteers
(17% of the workforce).

In the interest of making works of art available to a wider public, the AXA Gallery in New York City has already hosted 50 exhibitions since it was established in 1992. In 2005, the general public was given an opportunity to admire a photo essay retracing the exceptional history of Times Square, one of the city's most famous landmarks. In addition, the AXA Gallery partnered with the International Print Center of New York (IPCNY) to exhibit a collection of 90 sketches illustrating the influence of the image on the development of cultural currents over time. In France, the Group has made use of various government tax incentives that are available to offer support for the arts. In March of 2005, AXA donated *La Vestale*, an exceptional statue by Houdon and a masterpiece of 18th century French sculpture. Previously owned by a private American collector, this piece had not been available for public viewing in more than fifty years.

In 2005, AXA also lent its support to a new international program developed by the *Vocations Patrimoine* organization and UNESCO aimed at protecting the world's heritage. Inspired by the values of sustainable cultural and economic development, this program covers two of the areas in which AXA is especially active in corporate philanthropy: education and cultural heritage. Through this program, scholarships are awarded to enable qualified individuals to get training in the conservation of UNESCO world heritage sites and to support them in their own projects aimed at the enhancement and economic development of a site in accordance with the values that led to its inclusion on the world heritage site List. ▶



Solidarity financing

AXA invests on behalf of its clients via SRI funds (Socially Responsible Investment) that promote the concept of solidarity. Its asset management affiliate AXA Investment Managers is a pioneer in this area. In addition, the Group invests directly in various organizations that specialize in solidarity financing. AXA is also one of the major investors in SIFA (*Société d'Investissement France Active*), an organization that invests in businesses whose aim is to create jobs for individuals who live on the margins of society or who do not have access to traditional bank lending channels. AXA has partnered with several international investors of the first rank, as well as with development agencies, to launch the Global Commercial Microfinance Consortium. This 75-million dollar investment funds is dedicated to micro-finance institutions in India, Pakistan, Peru, Kosovo, Mozambique, Nicaragua and other nations. Thanks to this project, communities located in developing regions have access to various markets and the resources they need to achieve their goals. Assuming its responsibility to the community, AXA got involved in this project by contributing 3 million dollars to the cause of reducing poverty in the world.

“Protecting the world's heritage and cultural treasures is one of the core components of Financial Protection business.”

Improving AXA's environmental scorecard

AS A BUSINESS, AXA IS TAKING STEPS TO LIMIT ITS DIRECT ENVIRONMENTAL IMPACTS. THROUGH THE PRODUCTS IT OFFERS AND THE EFFORTS IT UNDERTAKES WITH CLIENTS TO PROMOTE PREVENTION, THE GROUP ALSO CONTRIBUTES TO PRESERVING NATURAL RESOURCES.

AXA has made a dual commitment to environmental preservation: by working with its commercial insurance clients to prevent their environment risks from occurring and by working to improve its own environmental scorecard. AXA's annual environmental reporting system was set up to enable the Group to make strides in this direction. Thanks to this system, environmental performance objectives can be set and outcomes measured against them. The various indicators used to track the quality of environmental management systems in place at AXA facilities concern the use of water, energy, raw materials and disposable products, as well as waste production and disposal.

Water use

AXA measures its consumption of water and is taking steps to reduce it. For each of the facilities within the reporting scope, the ratio of the amount of water used during the year to the number of employees present onsite is calculated. Global figures on water consumption for the compared scope in 2004 and 2005 indicate that the observed ratio is stable at 14 cubic meters per person on average. Concerning the 2005 larger scope, the ratio reaches 14.25 cubic meters per person. A number of best practices have

been identified to improve or gain better control over the underlying trend. The most recent involves the use of rainwater, a practice that has been adopted by four of the AXA Group's affiliates in the United Kingdom, one in Belgium, and one in Germany.

Reducing energy consumption

At all operating facilities that are tracked via the environmental reporting tool, the consumption levels for electricity, natural gas and fuel are measured and rendered comparable by the use of an indicator of total annual energy consumption expressed in KWh per person. The average level of consumption was 5,746 kWh per person for 2005, which was less than the observed level in 2004.

A wide variety of energy saving plans and systems are being rolled out across the Group. They include efforts to achieve optimal operation and coordination—via centralized technical management—of air conditioning systems and the shutting down of heating and air conditioning at night, on weekends, and during holiday. In addition, efforts are being made to reduce the number of artificial light sources and encourage the replacement of conventional bulbs or tubes with ones that run on lower wattage. ►►►



“AXA participates in environmental preservation by working with its commercial insurance clients to prevent their environmental risks from occurring.”

Be Life Confident **community**

Health in the workplace and the environment

According to AXA's casualty and environmental impairment underwriters, as well as the team of engineers who work in the field for AXA Corporate Solutions, legionella is a growing concern for a number of businesses worried about the harm that would be done to their reputation if they were forced to shut down by public health officials. In 2005, AXA Corporate Solutions set up a special task force to track the legionella risk. One of the task force's primary challenges is to build and maintain a database containing all known information on the disease, regulations governing it and best preventive practices. The task force also educates policyholders during audits or special meetings. Finally, it helps claims settlement experts and loss adjusters. In this way, AXA Corporate Solutions is using its expertise to address a current public health and safety issue that touches the workplace and the environment.



“Taking ecological criteria into account in office activities is an integral part of setting up an effective environmental management system.”

►►► Optimizing the use of consumable office supplies

Businesses in the service industry are notorious for consuming large quantities of paper. From the inception of formal environmental reporting, which began in France and Belgium in 2003, action plans have been drawn up to achieve better management not just of paper but of all consumable office supplies (mainly ink cartridges and toner).

At one of its largest facilities, AXA France devised a method for tracking paper consumption on each floor and within each work unit, and has encouraged employees to use both sides of the paper. In Spain, decisions made in late 2004 aimed at reducing paper consumption were applied in 2005. They include reducing the number of mandatory printed duplicates of insurance policies from four to two.

In Germany, 88% of all operating facilities have begun to set up measures aimed at optimizing the consumption of paper and IT consumables. In Italy, these measures concern 75% of all operating facilities. Both the practices and the results they have produced so far are being analyzed by task forces before related initiatives are rolled out more broadly.

Waste enhancement

Taking ecological criteria into account in office activities is an integral part of setting up an effective environmental management system. In this area, changes in behavior and the adoption of a few simple habits can have a very positive impact. In addition, involving employees in the rollout of these best practices is a vital and highly educational part of the process. AXA France did just that at its principal office in La Défense, making available bins for ►►►

AXA sponsors the fourth Carbon Disclosure Project

Greenhouse gas emissions are widely recognized to be the major cause of climate change. For a number of economic sectors, the economic impacts may be substantial. Through the Carbon Disclosure Project (CDP), which groups 211 institutional investors with assets valued at more than 31 trillion dollars, the goal is to improve understanding of the possible impacts of climate change on the value of the assets managed by the project's signatories. The CDP provides its members with vital information that enables them to assess the threats and opportunities related to climate change for the world's 500 largest businesses in which they invest.

AXA considers that for industries, climate change is a risk factor of the same magnitude as the exchange or interest rate risk.

Consequently, the Group has recently strengthened its partnership with the CDP, by hosting the presentation of the findings for 2005 and supporting the move to enlarge the scope of the survey to include companies in the SBF 120 as of 2006.

**Managerial and strategic awareness
of the environment as an issue****3** → Strategic awareness of the
environment and eco-design**2** ↗ Environmental management**Product manufacturing and distribution****2** ↗ Control over input management**2** → Waste reduction**2** ↗ Management of impacts related
to transportation

AXA's responsible product range

Here are just a few examples of AXA products developed to deal with environmental issues.

- Many of the clients of AXA Corporate Solutions (AXA CS), the Group affiliate that specializes in insuring large corporate risks, rank among Europe's top industrial players. AXA has developed an underwriting policy for selecting environmental risks based on thorough knowledge of its clients' business and operating facilities. Every year, when policies come up for renewal, AXA's environmental engineers make onsite visits whose aim is to detect all of the risks to which clients may be exposed and, in so doing, help the latter improve the quality of their environmental management.
- AXA CS has also developed XS Depoll, a product that encourages businesses to decontaminate their ground soil. Large companies, in particular those involved in manufacturing goods, often have other issues to deal with. The insurance policy developed by AXA CS provides for the reimbursement of all costs related to unforeseeable complicating factors, such as land features or the sub-performance of certain decontamination techniques.
- AXA RE won the bid launched by the UN's World Food Programme to work on a pilot project that involves developing financial instruments to improve the management of humanitarian relief efforts when disaster strikes.

▶▶▶▶ the voluntary recycling of used white sheets of paper. The presence of more than 5% of any other type of paper, cardboard or plastic in the bins results in a lower sale price for these used materials. AXA France has managed to achieve a rate of close to 0%, attesting to the spirit of cooperation and buy-in on the part of all employees.

Globally, for the eight countries that fall within the reporting scope, paper consumption totals 90 kg per person. 98% of all paper used comes with a sustainable management label, and is either chlorine free or made from recycled paper.

In addition, IT and electronic waste products are often recovered. Some 238,667 units — screens, keyboards, CPUs, printers, telephone sets and fax machines — were recycled in 2005. Overall, approximately 46% of all waste products are sorted.

Limiting CO₂ emissions

The atmospheric emissions related to the business activity of a company like AXA are not non-existent. CO₂ greenhouse gas emissions, which are released into the atmosphere and responsible for global warming, are first and foremost related to the consumption of energy for office lighting, information technology and heating purposes. They are also produced by the daily commute to and from the office, as well as by business travel.

To raise employee awareness of these impacts, the AXA Group administers an annual questionnaire on travel and commuting aimed at assessing the amount of CO₂ released. In 2005, AXA's commercial fleet of cars was included in the survey scope. For the eight countries surveyed, approximately 558.5 million kilometers were traveled by car, airplane, train or other means of transportation, releasing around 80,000 tons of CO₂ into the atmosphere.

In Germany, AXA is encouraging its employees to use public transportation through Job Tickets. Under this program, the company offers participating employees a 40% reduction in their public transportation passes. ▶

The background features a dark blue rectangle in the top-left corner. The rest of the page is a light blue field with several darker blue geometric shapes, including triangles and polygons, scattered across it. A dark blue horizontal band spans the width of the page, containing the title text.

Managing sustainable development

Strategy for sustainable development

CONVINCED THAT NO ORGANIZATION CAN ACHIEVE SUSTAINABLE DEVELOPMENT WITHOUT BECOMING INVOLVED IN THE BROADER COMMUNITY IN WHICH IT DOES BUSINESS, AXA MADE A NUMBER OF COMMITMENTS TO ITS PRINCIPAL STAKEHOLDERS IN 2003. THEY SERVE AS THE BASIS FOR THE GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY, WHICH IS BEING ROLLED OUT STEP-BY-STEP.

AXA's commitments

In 2002, AXA joined the UNEP (United Nations Environment Programme) Finance Initiative. A year later, AXA signed the United Nations Global Compact, which commits signatories to supporting ten universal principles related to labor, human rights, the environment and the fight against corruption. In parallel, the Group defined a set of best social and environmental practices in 2003, which constitute AXA's commitments to clients, shareholders and employees, as well as to the community, the environment and suppliers.

Analysis and measurement

To improve its performance in sustainable development, AXA must analyze and measure its action. AXA solicited a detailed responsibility audit from Vigeo, an independent social and environmental rating agency. The audit focused on six areas of analysis: human rights,

human resources, clients and suppliers, the environment, community involvement and corporate governance. The assessment, which covered the Group's policy and procedure, resource allocation and results in the area of responsibility, verified the overall consistency of AXA's orientation and identified priority areas for action.

Strategy orientation

AXA's sustainable development policy is founded on two pillars. First, the Group intends to become an increasingly responsible corporation over both the short and long term. In the area of human resources, AXA will take further steps to promote staff development, diversity in the workplace and equal opportunity regardless of gender. With respect to its involvement in the community, AXA will focus its philanthropic initiatives on prevention and volunteer work through AXA Hearts in Action. AXA's efforts to preserve the environment will lead to programs aimed at reducing paper and energy consumption, and AXA's operating facilities will gradually achieve compliance with HEQ (High Environmental Quality) standards. Finally, the degree to which its suppliers are committed to the goals of sustainable development will be assessed as part of the selection process, and respect for human rights will be spelled out in contracts.

The second pillar of AXA's sustainable development policy entails making this concept an integral part of its core Financial Protection business—after all, it is by doing business responsibly that the Group can best participate in social and economic



development. In the property-casualty sector, AXA's priority is to improve risk prevention by recommending steps that policyholders can take to reduce losses, and by researching emerging risks with the aim of devising new products that protect against them. In life and savings, the priority is to develop higher performing and more adapted pension systems and to conduct research on retirement and related needs. In the asset management segment, AXA intends to encourage good corporate governance by voting its proxies actively, by practicing full disclosure on the funds in which its clients invest, and by integrating

sustainable development criteria into its investment policy and asset selection process.

Strategy deployment

A number of AXA affiliates have adopted an approach based on self-assessment. This scorecard, which currently covers 85% of AXA's workforce and 96% of its business, is used to verify that the priorities identified by the management board are reflected in existing processes at the local level or are the focus of special action plans. ▶

EWC Statement

The European Works Council (EWC) has decided to accompany the AXA Group in its approach to sustainable development.

“The developmental model that western civilization has adopted is not eternal. Since the industrial revolution, it has been driven by the uncontrolled exploitation of non-renewable resources. Objectively, it is impossible to ensure the survival of the six or seven billion individuals who inhabit our planet using this model as a guide. We can already see shortages looming ahead. Moreover, many kinds of pollution are getting worse, and their impacts on global weather systems and human health, in particular, will be disastrous.

The principle of sustainable development must address, in part, the future survival of humanity in our biosphere. As we can see,

this is a sizeable challenge. But we must move beyond utopist dreams and theory to build a tangible project that embraces the notion of sustainable development.

The EWC sees its sphere of influence as operative on several levels:

- Participating openly, in concert with the Group, in its own line of conduct with respect to sustainable development;
- Working to ensure that the Group lives up to its responsibilities in the area of sustainable development when it comes to the way it does business and the way it treats employees, clients, suppliers, distributors and its social and societal environments;
- Working to ensure that AXA employees, managers and distributors are adequately

informed and educated;

- Defining a framework for assessing the sustainable development impact of corporate actions.

Naturally, it is up to the Group to ensure that its policy and practices are adequately enforced. But to give this enforcement credibility, examination by impartial experts is required.

The Group has presented the Vigeo report, the first of this kind to date. We can see immediately that the Group has no area of significant weakness and is prudent, active and progressing in the areas that reflect its social responsibility. However, it has not achieved total engagement in any area. In addition, we see that disparities, often substantial, exist on the level of practice between countries.”

Organization and methodology

TO ENSURE THAT ITS SUSTAINABLE DEVELOPMENT STRATEGY IS DEPLOYED, AXA IS SETTING UP MANAGEMENT SYSTEMS AND IS DEVELOPING A GLOBAL REPORTING CAPABILITY.

In 2005, AXA completed the process of building a framework to manage the Group sustainable development Group policy and has increased its reporting needs.

Managing sustainable development

Managing sustainable development is the responsibility of the Group communications, brand and sustainable development department. Within the corporate department, the sustainable development department is responsible for defining policy and coordinating deployment within each of the Group's subsidiaries. For each area, the team receives support from the group-level departments that own the projects (procurement, human resources, customer care and distribution, etc.). The team also works with a network of correspondents in various companies located in 19 countries.

In addition, the team benefits from the expertise of the emerging risks and sustainable development teams within the global risk management department, which is in charge of raising staff awareness of these issues as they relate to insurance, and works with the Socially Responsible Investment (SRI) research teams at AXA IM.

In 2005, a sustainable development governance board was set up. Under the leadership of AXA management board member Claude Brunet, the

role of the board is to validate strategy orientations and monitor the status of action plans.

Reporting in three areas

The reporting process being rolled out gradually by the AXA Group has three separate components—the environment, employment (HR) and business ethics. Environmental data is gathered on water, energy and raw material consumption, as well as waste and CO₂ production. HR data is gathered via 259 quantified indicators that cover a number of areas, including staffing levels, compensation and benefits, staff turnover and training. The goal of reporting on compliance, which was added to the process at the end of 2005, is to ensure that the Group Compliance Guide is being adapted and enforced at the local level.

Reporting scope

For the employment (HR) and ethical components, all AXA Group companies participate in the reporting process. HR data is available from human resources departments, which have been organized into a solid network. For the environmental component, the scope of reporting is expanding steadily. The concept was first tested in France and Belgium and then extended to Spain, Italy, and the United Kingdom in 2004. In 2005, Germany, Portugal and Australia participated for the first time. The practice of reporting will be broadly rolled out in 2006. ■

Responsibility Web

This intranet site, which is accessible from AXA operating facilities worldwide, was designed to gather, process and present environmental, employment and business ethics data.

Functionality of the tool:

- Adaptable to different structures that may be set up (for example, the integration of a validation system in the environmental component).
- Adaptable to changes in the scope of reporting: modules can be added, such as the ethical component in 2005.
- Enables independent management of components in terms of scope, indicators and level of input.
- Includes a system for converting units, in order to reduce the risk of error.
- Enables the reporting and consolidation of data from different levels (facility, company, country, continent, Group), as well as their analysis, including for a transversal company with offices in several different countries.



Human resources data

STAFFING LEVEL - December 31	2005	DIFFERENCE	
		2005/2004	2004
Non-sales staff	75,672	1.6%	74,463
Senior managers	2,225		2,111
Men	80%		81%
Women	20%		19%
Managers	18,011		16,837
Men	61%		61%
Women	39%		39%
Employees	55,436		55,515
Men	40%		40%
Women	60%		60%
Sales staff	14,556	-5.9%	15,464
Men	60%		59%
Women	40%		41%
WORKFORCE	90,228	0.3%	89,927
Tied agents	20,119	-9.3%	22,191
Men	73%		80%
Women	27%		20%
TOTAL WORKFORCE	110,347	-1.6%	112,118
Men	52.7%		54.4%
Women	47.3%		45.6%
Average age of employees (in year)	41.5		40.5
Non-sales force	41.3		40.3
Sales force	42.4		41.6
Average length of service (in year)	—		—
Non-sales force	12.2		12.7
Sales force	8.6		7.9
Temporary employees (non-sales force)	2,957	-20.4%	3,715
Employees with disabilities	1,293	27.8%	1,012
COMPENSATION	2005	2005/2004	2004
Total payroll in euros (all employees)	5,385,381,099		4,688,006,022 ⁽¹⁾
Variable/total compensation ratio	18%		16%

(1) Does not include certain components in 2004.

(2) Basis of calculation: 94% in 2005 and 90% of the Group non-sales staff.

(3) Basis of calculation: 68% in 2005 and 74% of the Group sales staff.

(4) Basis of calculation: 89% in 2005 and 78% of the Group non-sales staff.

(5) FTE: full-time equivalent.

(6) In 2005, calculated on the basis of 72% of Group sales associates/2004 scope not available.

		DIFFERENCE	
CHANGES IN STAFFING LEVEL	2005	2005/2004	2004
Non-sales force	–		–
External recruitment (open-ended employment contracts)	8,190	9.2%	7,501
External recruitments with fixed-term contract	3,201		–
Fixed-term employment contracts transformed into open-ended contracts	725		983
Departures	9,420	-9.0%	10,353
of which dismissals	21.3%		24.6%
of which resignations	61.7%		57.8%
other (retirements ...)	16.9%		17.6%
Net number of new jobs created during the year (external recruitment + fixed-term contracts transformed into open-ended contracts - departures)	-505		-1,869
Voluntary turnover	7.77%		8.01%
Sales force	–		–
External recruitment (open-ended employment contracts)	3,800	-5.6%	4,027
External recruitments with fixed-term contract	471		–
Fixed-term employment contracts transformed into open-ended contracts	85		70
Departures	3,854	-6.2%	4,107
of which dismissals	17.1%		13.6%
of which resignations	77.0%		82.2%
other (retirements ...)	5.9%		4.2%
Net number of new jobs created during the year (external recruitment + fixed-term contracts transformed into open-ended contracts - departures)	31		-10
Voluntary turnover	19.99%		21.72%
TRAINING	2005	2005/2004	2004
Average number of days spent in training per employee	–		–
Non-sales force	2.1 ⁽²⁾		1.8 ⁽²⁾
Sales force	4.8 ⁽³⁾		3.4 ⁽³⁾
% of employees who participated in at least one training program during the year	–		–
Non-sales force	62% ⁽²⁾		55% ⁽²⁾
Sales force	68% ⁽³⁾		51% ⁽³⁾
WORKWEEK - ABSENTEEISM	2005	2005/2004	2004
Average number of days worked per annum (legal/contractual)	228		229
Average number of hours worked per week (non-sales force, employees)	36		36
% workforce working part-time (not including salaried sales force)	11.9%		11.0%
% of overtime worked by non sales staff (FTE) ⁽⁶⁾	1.71%		1.73%
Rate of absenteeism - all employees	–		–
Non-sales force	5.6% ⁽⁴⁾		4.9% ⁽⁴⁾
of which, due to illness	79%		77%
of which, due to a workplace accident	1%		1%
of which, due to maternity leave	20%		21%
Sales force	2.7% ⁽⁶⁾		2.9% ⁽⁶⁾

Environmental reporting

	2004	France 2005	2004	Belgium 2005	2004	Spain 2005
NUMBER OF MAJOR SITES REPORTING	50	47	6	6	16	16
GENERAL DATA						
Number of people on site ⁽¹⁾ (FTE)	17,366 ⁽⁴⁾	18,845	4,789	4,559	2,548	2,615
Number of visitors received annually (FTE)	753	793	73	196	0	0
Surface area ⁽²⁾ (sq. m)	776,717	2,269,155 ⁽²⁾	106,733	106,733	6,391	8,908
Total internal area ⁽³⁾ (sq. m)	565,043	569,303	222,099	221,376	49,440	10,389
WATER						
Drinking water consumption (cu. m)	197,803	383,411	71,294	82,001	11,322	12,318
Drinking water consumption per person on site + visitors (cu. m/pers+visitors)	12.52	21.53	16.52	18.07	6.57	4.71
POWER						
Total power consumption ⁽⁴⁾ (kWh)	102,576,130	115,060,759	46,890,444	48,595,664	7,458,423	8,335,708
Total power consumption per person on site ⁽⁴⁾ (kWh/pers)	5,907	7,227	9,791	10,659	2,927	3,024
RAW MATERIALS AND CONSUMABLES						
Total paper consumption (T)	2,272	1,274	1,040	1,177	210	237
Total power consumption per person on site (T/pers.)	0.16	0.07	0.3	0.26	0.09	0.09
Percentage of consumed paper under sustainable management ⁽⁵⁾ (%)	— ^(**)	100	— ^(**)	100	— ^(**)	100
Office supplies per person ⁽⁶⁾ (unit/pers)	— ^(**)	0.87	— ^(**)	2.31	— ^(**)	1.85
WASTE						
Percentage of sorted waste ⁽⁷⁾ (%)	— ^(***)	13	— ^(***)	52	— ^(***)	19
Electronic & computer equipment recycled under sustainable management (kg in 2005 and Units in 2004)	22,601	216,880	2,837	12,085	0	300
TRANSPORTATION						
Home/workplace commute ⁽⁸⁾ (roundtrip) + (km)	— ^(****)	146,534,679	— ^(****)	45,018,270	— ^(****)	18,138,493
Business travel (by air and rail) (km)	— ^(****)	41,677,448	— ^(****)	1,718,760	— ^(****)	1,451,900
Sales fleet (km)	— ^(****)	29,876,845	— ^(****)	28,773,156	— ^(****)	690,000
ESTIMATED CO₂ EMISSIONS						
Resulting from Home/workplace commute (T eq. CO ₂)	— ^(****)	18,118	— ^(****)	7,839	— ^(****)	2,517
Resulting from business travel (T eq. CO ₂)	— ^(****)	4,506	— ^(****)	176	— ^(****)	163
Resulting from sales fleet (T eq. CO ₂)	— ^(****)	4,364	— ^(****)	3,742	— ^(****)	110

(1) Number of people on site + number of non-salaried employees on site.

(2) Surface area (including grounds and outdoor parking facilities).

(2) One site (including grounds) covering 1,500,000 square meters did not respond to the survey in 2004.

(3) Total floor space in the building (sum of all floors) not counting underground parking.

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

(4) The ratios include sites for which all data is available. As a result, manual calculations may not reflect actual ratios.

(5) Recycled, chlorine-free bleached paper and paper from sustainable timber management.

2004	Italy 2005	2004	England 2005	Germany 2005	Portugal 2005	Australia 2005	Total 2004 ⁽⁹⁾	Total 2005
4	4	7	7	17	1	2	83	100
892	933	7,090	7,775	8,429	1,484	1,547	32,685	46,187
40	96	57	97	387	0	12	923	1,580
4,990	4,990	154,326	152,952	206,978	9,232	5,926	1,049,157	2,764,874
26,118	26,669	24,847	74,360	338,329	32,670	29,009	887,547	1,302,104
25,342	21,048	49,053	41,876	111,878	16,503	11,768	354,814	680,803
27.21	20.46	6.86	5.32	13.78	11.12	7.55	13.94	14.25
5,736,337	5,711,185	47,828,525	44,453,160	23,799,241	4,406,184	14,829,752	210,489,859	265,391,653
6,431	6,124	6,746	5,717	3,045	3,104	9,586	6,360	5,746
51	58	non exploitable	275	431	153	84	(**)	3,689
0.06	0.06	non exploitable	0.04	0.05	0.10	0.05	(**)	0.09
— (**)	100	— (**)	82	100	100	100	(**)	98
— (**)	2.50	— (**)	0.15	0.33	0.41	0.97	(**)	1.17
— (***)	68	— (***)	47	31	100	35	(**)	46
1,405	3,260	10	1,240	0	4,902	0	26,853	238,667
— (****)	6,741,465	— (****)	58,252,755	76,031,436	8,069,101	11,598,410	(**)	370,384,610
— (****)	3,397,535	— (****)	3,184,378	12,220,848	1,143,434	6,915,822	(**)	71,710,126
— (****)	290,000	— (****)	15,173,910	40,535,511	233,768	785,499	(**)	116,358,769
— (****)	6,139	— (****)	8,060	11,327	1,111	1,276	(**)	56,387
— (****)	370	— (****)	362	1,371	136	899	(**)	7,983
— (****)	49	— (****)	2,646	5,407	47	173	(**)	16,537

(6) Cartridges and toners.

(7) Paper (excluding cardboard), batteries and office supplies.

(8) Questionnaire addressed to employees only. The results have been extrapolated for each country to represent 100% of the workforce.

(9) Total 2004 (proforma 2004 compared with 2005 scope).

(*) This data is based on the proforma of 2004 sites that are also in the 2005 scope. Consequently, there may be differences with respect to the data presented in 2004.

(**) Consolidation was not possible in 2004 due to a change in method. Data for 2004 is contained in the 2004 Environmental Report.

(***) The various units used in 2004 cannot be consolidated. Data for 2004 is contained in the 2004 Environmental Report.

(****) Non comparable.

GRI Indicators / Report content

THE TABLE BELOW IS PROVIDED FOR READER CONVENIENCE. IT INDICATES PAGE NUMBERS FOR LOCATING KEY TOPICS DISCUSSED IN THE 2005 ANNUAL ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT AND THE CORRESPONDING SECTIONS ON AXA'S CORPORATE WEB SITE (WWW.AXA.COM). TOPIC REFERENCES (FAR LEFT COLUMN) ARE BASED ON THE GLOBAL REPORTING INITIATIVE (GRI) CLASSIFICATION, THE GLOBAL COMPACT (GC) PRINCIPLES, AND THE FRENCH NEW ECONOMIC REGULATIONS (NRE) ACT.

GRI/GC/NRE reference	Topic	2005 Annual Activity and Sustainable Development Report	Web site (axa.com)
GRI V 1.1 & 1.2	Vision and Strategy	Interview with Henri de Castries (p.4-5) Strong points (p.16-31)	www.axa.com/en/responsibility/commitments/
GRI P 2.1 - 2.9	Organizational Profile	Index (p.1) Key figures (p.8-9) Global development (p.39-51)	www.axa.com/en/group/ www.axa.com/en/investor/
GRI P 2.10 - 2.22	Report Scope & Profile	Managing sustainable development (p.79-88)	www.axa.com/en/responsibility/organization/
GRI G 3.1 - 3.8	Structure & Governance	Corporate governance (p.54-58)	www.axa.com/en/governance/
GRI G 3.9 - 3.12 NRE Soc 9	Stakeholder Engagement	Extra-financial ratings (p.14-15) Power of a group (p.26-27) Employees (p.28-31) Attracting and retaining clients (p.34-38) Shareholders (p.59-61) Civil society (p.70-73)	www.axa.com/en/responsibility/commitments/ www.axa.com/en/responsibility/citizen/
GRI G 3.13 - 3.20	Policies & Management Systems	Financial Protection (p.18-21) Organization & Methodology (p.82-83)	www.axa.com/en/responsibility/commitments/ www.axa.com/en/responsibility/organization/
GRI EC 1 - 7	Economic Performance Indicators	Financial highlights (p.8-9) AXA stock performance (p.10-11) Financial Protection (p.18-21) Risk Management (p.62-63)	www.axa.com/en/group/ www.axa.com/en/investor/ www.axa.com/en/responsibility/citizen/
GRI EN 1 - 16 GC 7 - 9 NRE Env 1 - 9	Environmental Performance Indicators	Environment (p.74-78) Environmental Reporting (p.86-87)	www.axa.com/en/responsibility/citizen/
GRI LA 1 - 11 NRE Soc 1 - 7	Social Performance Indicators: Labor	Social and environmental highlights (p.12-13) Employees (p.28-31) Human resources data (p.84-85)	www.axa.com/en/responsibility/citizen/
GRI HR 1 - 7 GC 1 - 6 GC 10	Human Rights Fight against Corruption	Power of a group (p.26-27) Professional ethics (p.64-67)	
SO 1 - 3 NRE Soc 8	Social Performance Indicators: Society	Civil society (p.70-73)	www.axa.com/en/responsibility/citizen/
GRI PR 1 - 3	Social Performance Indicators: Product Responsibility	Financial Protection (p.18-21) Civil society (p.73) Environment (p.78)	www.axa.com/en/responsibility/protection/

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■ Photo Credits:

AXA: pp. 4-5 (E. Avenel), 6 (E. Avenel, J.-P. Holbart),
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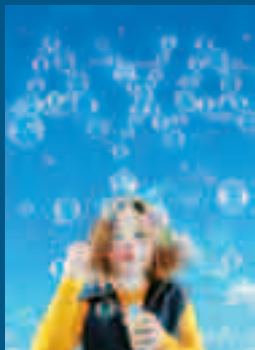
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■ 2005 Annual Report – Reference Document (document de référence)



The AXA Reference Document
(*document de référence*), which contains
detailed information on corporate gover-
nance 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).

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