



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28-VIII-2006

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NOT TO BE PUBLISHED

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

AXA S.A.
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France

Via :

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Juan A. Rodriguez
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Dear Sir/Madam,

Subject: Case No. COMP/M.4284 - AXA/WINTERTHUR
Notification of 20 July 2006 pursuant to Article 4 of Council Regulation
No 139/2004¹

I. INTRODUCTION

1. On 20 July 2006, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("Merger Regulation") by which the undertaking AXA S.A. ("AXA", France) acquires within the meaning of Article 3(1)(b) of the Council Regulation sole control of the whole of the undertaking "Winterthur" Swiss Insurance Company ("Winterthur", Switzerland) which is a wholly-owned subsidiary of Credit Suisse (Switzerland) by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the Common Market and the EEA Agreement.

¹ OJL 24, 29.01.04, p.1

II. THE PARTIES AND THE OPERATION

3. AXA is an international group active in the provision of life and non-life insurance and related financial services primarily in Western Europe, North America, the Asia Pacific Region, the Middle East and Africa.
4. Winterthur is an international group active in the provision of non-life insurance products and services, predominantly in Europe and the United States of America, and life insurance and pension products and services in Europe and selected Asian markets.
5. The operation consists of the acquisition by AXA of all of the issued and outstanding shares of Winterthur from Credit Suisse. As a result, AXA will acquire sole control over Winterthur. The present operation therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

III. COMMUNITY DIMENSION

6. The transaction has a Community dimension pursuant to Article 1(2) of the Merger Regulation.² The parties have a combined aggregate worldwide turnover in excess of €5,000 million (AXA over €71 billion, Winterthur over €13 billion), and each party has a Community-wide turnover in excess of €250 million (AXA over €41 billion and Winterthur over €5 billion). The parties concerned did not achieve more than two thirds of their Community-wide turnover in one and the same Member State.

IV. RELEVANT MARKETS

A. Relevant product markets

7. The transaction concerns the insurance sector. In its previous decisions, the Commission has distinguished between three large categories of insurance products: life insurance, non-life insurance and reinsurance³. This distinction has been confirmed by the Commission's market investigation.
8. Although the Commission has not previously definitively concluded on the matter, it has been suggested that life and non-life insurance can be divided into as many product markets as there are different kinds of risks covered, given that their characteristics, premiums and purposes are distinct and that there is typically no substitutability from the consumer's perspective between certain different risks insured, e.g. life-individual, life-

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25).

³ See Case No. COMP/M.2676 - Sampo/Varna/If Holdings/JV, Decision 18/12/2001; Case No. COMP/M.2400, Dexia/Artesia, Decision 14/06/2001; Case No. COMP/M.2225, Fortis/ASR, Decision 13/12/2000; Case No. COMP/M.1989, Winterthur/Colonial, Decision 09/06/2000; Case No. COMP/M.1886, CGU/Norwich Union, Decision 13/04/2000; Case No. COMP/M.1910, Meritanordbanken/Unidanmark, Decision 10/04/2000; Case No. COMP/M.1816, Churchill Insurance Group/Hig Holdings, Decision 02/02/2000; Case No. COMP/M.1777, CGU/Hibernian, Decision 18/01/2000.

- group and unit linked for life insurance; motor, fire, transport, health, property, general civil liability, casualty, litigation, working accidents etc. for non-life insurance⁴.
9. However, the Commission has also recognised that from a supply-side perspective the conditions for insurance of different types of risk are quite similar and most large insurance companies are active in several types of risk. This suggests that different types of non-life insurance could be included in the same product market⁵. The Commission also considered that a similar approach might apply to life insurance.⁶
 10. The market investigation has largely confirmed the Commission's general approach. Only few respondents pointed out that even from a supply side perspective different life and non-life products needed different kinds of expertise and could therefore not be considered as substitutable.
 11. The parties consider that whereas the high level of supply-side substitutability indicates that all life insurance may constitute a relevant product market, from the demand-side, a distinction could be drawn between group life insurance products and individual life insurance products. Another possible distinction between life insurance products could be to categorise them into protection products, pension products and savings and investment products.
 12. Most respondents confirmed that within life insurance, one should distinguish between group life insurance products and individual life insurance products because of, *inter alia*, different customers' needs and the legal framework. As far as a distinction between protection products, pension products and savings and investment products is concerned, the results of the market investigation are not conclusive.
 13. For non-life insurance the parties submit that product markets can be defined according to the type of risk insured. Therefore, the parties have considered what their combined position would be based on the narrowest likely product markets in non-life insurance.
 14. Specifically for the Belgian non-life insurance market⁷, the majority of respondents agreed with the parties' view that one could distinguish the following categories (i) accident & health insurance, (ii) workers' compensation, (iii) third party liability ("TPL") motor insurance, (iv) non-TPL motor insurance, (v) insurance against fire and other damage to property, (vi) liability insurance, (vii) legal protection insurance and (viii) transport insurance. It should be noted that several respondents considered that categories (iii) and

⁴ See Case No. M.2676 Sampo/Vama/IF Holding/JV Decision 18/12/2001; Case No. COMP/M.2400, Dexia/Artesia, Decision 14/06/2001; Case No. COMP/M.1453, AXA/GRE, Decision 8/4/1999; Case COMP/M.2343, Toro Assicurazioni/Lloyd Italoico, Decision 15/03/2001; Case No. COMP/M.2225, Fortis/ASR, Decision 13/12/2000; Case No. COMP/M.1886, CGU/Norwich Union, Decision 13/04/2000; Case COMP/M.1712, Generali/INA, Decision 12/01/2000.

⁵ Case No. COMP/M.2676, Sampo/Varma Sampo/IF Holding/JV, Decision 18/12/2001; Case No. IV/M.3556, Fortis/BCP; Case COMP/M.2491, Sampo Storebrand Decision 27/07/2001; Case No. COMP/M.1989, Winterthur/Colonial, Decision 09/06/2000; Case No. COMP/M.1886, CGU/Norwich Union, Decision 13/04/2000; Case COMP/M.1712, Generali/INA, Decision 12/01/2000.

⁶ Case No. COMP/M. 4055 Talanx/Gerling,, Decision 05/04/2006, Case No. COMP/M.3446. Unica/Mannheimer, Decision 28/06/04.

⁷ The market investigation focused on the Belgian insurance market, where the present operation gives raise to affected markets.

(iv) should be regarded as one segment only since these types of insurance products are usually sold together in a package.

15. Concerning the distribution of insurance products, in its earlier decisions the Commission left the product market definition open⁸. The parties submit that the relevant market for either non-life or life insurance distribution would comprise all outward (*i.e.* third party or non-owned) distribution channels, such as brokers, agents and other intermediaries. The sales force and office network of insurance companies themselves, pursuant to which insurance providers directly sell products to end-customers, would not come within this definition as they form an inherent part of the insurance companies' normal business. This has been confirmed by the market investigation.
16. For the purpose of this case the Commission can leave the exact product market definitions open as the transaction does not lead to any competitive concerns.

B. Relevant geographical markets

17. The Commission in its previous decisions has defined the markets for life and non-life insurance as being mainly national in scope as a result of national distribution channels, the established market structures, fiscal constraints and differing regulatory systems⁹. For the purpose of the present operation the parties have considered life and non-life insurance markets on a national basis, except for marine and aerospace risk insurance, which the parties have considered to be at least EEA-wide in scope. The parties consider reinsurance to be worldwide in scope or at least EEA-wide.
18. The market investigation has confirmed that in general the relevant geographical markets for life and non-life insurance can still be considered as mainly national. As to marine and aerospace risk insurance and reinsurance, all respondents have confirmed that these markets are at least EEA-wide in scope.
19. The parties consider that the markets for the distribution of most insurance products can be regarded as national in scope. This follows from the fact that life and non-life insurance markets are themselves national in scope. The Commission has also recognised the national nature of insurance distribution channels in previous decisions¹⁰. This has largely been confirmed by the market investigation.
20. For the purpose of this case the Commission can leave the exact geographic market definitions open as the transaction does not lead to any competitive concerns.

⁸ See Case No. COMP/M.3395 – Sampo/If Skadeförsäkring, Decision 28/04/2004; Case No. COMP/M.1307 – Marsh & McLennan/Sedgwick, Decision 23/10/1999.

⁹ See Case No. IV/M.759, Sun Alliance/Royal Insurance, Decision 18/06/1996; Case COMP/M.2343, Toro Assicurazioni/Lloyd Italo, Decision 15/03/2001.

¹⁰ See Case No. COMP/M.1307 – Marsh & McLennan/Sedgwick, Decision 23/10/1999; Case No. COMP/M.2225, Fortis/ASR, Decision 13/12/2000.

V. ASSESSMENT

21. The parties have overlapping activities in the life and non-life insurance markets in Belgium, Germany, Luxembourg, Spain and the Netherlands. In the UK, the parties' activities overlap in the life insurance market only. The present concentration however does not give rise to any affected market within the EEA except in several non-life insurance markets in Belgium and in motor insurance in Luxembourg.
22. As far as reinsurance is concerned, Winterthur is not active in providing reinsurance and AXA is in the process of selling its reinsurance business (AXA RE). Therefore, this market is not considered further.

Luxembourg

23. According to the parties' estimates, their combined market share in the overall non-life insurance market in 2004 in Luxembourg is 13%.¹¹ Only in the TPL motor insurance and non-TPL motor insurance their combined market share slightly exceeds 15%. In all three hypothetical segments (i.e. TPL motor insurance, non-TPL motor insurance, both segments combined) the parties' combined market share would be approximately 16%.
24. Considering the parties position in this market and the presence of strong competitors such as Foyer Assurances and LA Luxembourgeoise (with more than 30% of the motor insurance market), the present operation is unlikely to significantly impede effective competition in Luxembourg.

Belgium

25. The transaction will result in the creation of the biggest non-life insurance provider in Belgium with a post merger combined market share of 23.5% (AXA – 16.7%; Winterthur – 6.8%), based on 2004 data.¹²
26. Based on the narrowest (hypothetical) product market definitions, the transaction will give rise to eight horizontal affected markets in the non-life insurance sector in Belgium: (i) accident & health insurance; (ii) workers' compensation; (iii) third party liability ("TPL") motor insurance; (iv) non-TPL motor insurance; (v) insurance against fire and other damage to property; (vi) liability insurance; (vii) legal protection insurance; and (viii) transport insurance.
27. In five of eight affected markets the parties' combined share is below 25%¹³, while the parties' combined market share in motor insurance in each of the TPL and non-TPL segments is 28%. In the hypothetical segment for overall motor insurance (comprising both TPL and non-TPL) the parties' combined market share would be 28%. In workers' compensation their combined market share is 31% (See Table 1).

¹¹ Market share data for 2005 from the insurance regulator in Luxembourg (Commissariat aux Assurances) are not yet available.

¹² Market share data for 2005 are not yet final but the data already available from *Union professionnelle des entreprises d'assurances belges* (Assuralia) show that market shares remain largely similar to those of 2004.

¹³ See Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentration between undertakings ("Horizontal Guidelines", OJ C31, 5.2.2004, p5), recital 18. An indication that a concentration is not liable to impede effective competition exists when the market share of the undertakings concerned does not exceed 25% either in the common market or in a substantial part of it.

Table 1: Shares in non-life insurance segments in Belgium in 2004

	(i) Accident & Health	(ii) Workers Compensation	(iii) Motor Third Party Liability	(iv) Motor Non- TPL	(v) Fire and other damage	(vi) Liability	(vii) Legal Protection	(viii) Transport
AXA	14%	22%	20%	20%	15%	17%	14%	6%
Winterthur	5%	9%	8%	8%	6%	5%	9%	9%
Combined	19%	31%	28%	28%	21%	22%	23%	15%
Ethias	11%	17%	16%	19%	9%	12%	8%	20%
Fortis	15%	14%	12%	12%	18%	10%	10%	25%
KBC	7%	7%	11%	7%	12%	9%	12%	1%
ING	7%	3%	4%	3%	4%	3%	2%	1%
Dexia	3%	1%	6%	5%	5%	3%	6%	0%
P&V	1%	5%	6%	8%	5%	4%	4%	<1%
Allianz	4%	0%	4%	4%	6%	6%	2%	4%
Others	33%	23%	13%	14%	20%	32%	33%	34%

Source: Union professionnelle des entreprises d'assurances belges (Assuralia) market statistics and the parties' estimates

28. The present operation gives rise to a modest increase in concentration levels in each of the eight horizontal markets.¹⁴ The non-life insurance market in Belgium is characterised by the presence of several significant competitors such as Fortis, ING, Dexia, KBC and Ethias. The market investigation has shown that although special know-how is necessary for each insurance product, in general there is high supply-side substitutability and therefore, insurers are able to easily switch between the provision of different types of insurance.
29. In addition, barriers to entry into the non-life insurance market in Belgium are not significant, and the cost of setting up a distribution channel is not a barrier to entry given that most non-life insurance products in Belgium are distributed through independent brokers. Participants to the market investigation confirmed the high importance of brokers in Belgium. Moreover, respondents have pointed out that *inter alia* legal and regulatory constraints and the need for a minimum volume of business might be barriers to entry but that these are not important enough to keep new entrants out from the Belgian non-life insurance market. This is in line with previous Commission decisions where the Commission considered that the Belgian insurance market is particularly open to entry by the major European insurers.¹⁵

¹⁴ According to the parties' estimates, in two of the eight segments, which are (vi) liability insurance (vii) legal protection insurance, the post-merger Herfindahl-Hirschmann Index (HHI) in 2004 is below 1000. According to the Horizontal Guidelines, recital 19 these markets are unlikely to raise competition concerns and do not normally require extensive analysis. In the segments for (i) accident & health insurance, (v) insurance against fire and other damage to property and (viii) transport insurance, the post-merger HHI is between 1000 and 2000 and the delta below 250 and none of the caveat factors seems to apply (Horizontal Guidelines, recital 20). Finally, in the three segments where the parties' combined markets shares are above 25%, i.e. (ii) workers' compensation, (iii) third party liability ("TPL") motor insurance and (iv) non-TPL motor insurance, the post-merger HHI is between 1000 and 2000 and the delta ranges from 320 and 380.

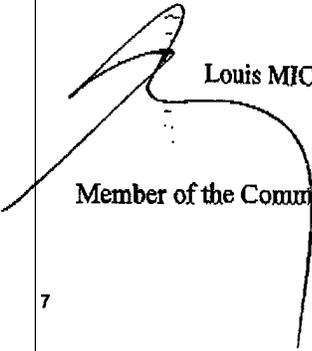
¹⁵ See Case No. COMP/M. 862 AXA/UAP Decision of 20/12/1996, Case No. COMP/M. 1193 AXA/Royal Belge Decision of 12/06/1998.

30. AXA and Winterthur are also present in the outward insurance distribution market via their participation in brokers. In particular Winterthur owns Atelia and has a 60% stake in VJL and AXA owns Viaxis. Each of these three companies, however represent less than 1% of the total insurance broking in Belgium.
31. In addition, coordinated effects between main non-life insurance providers on the Belgian market are very unlikely due to the characteristics of the non-life insurance market in Belgium. As mentioned above, concentration levels on the Belgian non-life insurance market are low, there are a number of big and small competitors, no constraints on the supply side and barriers to entry are not significant. Coordinated behaviour would be also difficult to sustain due to the countervailing power of independent brokers, which control over 70% of the insurance distribution in Belgium.
32. The transaction is very unlikely to give rise to any conglomerate effects, and in particular portfolio effects, that could lead to a significant impediment of competition. The combined AXA and Winterthur product offerings will not be materially different from AXA's current portfolio or a portfolio of any big competitor. The transaction will mainly broaden the geographic scope of AXA's product portfolio by adding the insurance business of Winterthur in those countries where AXA is currently not present or has very small market shares. Moreover, the parties' abilities and incentives to profitably bundle products will be low. Even if AXA were to become a market leader in all relevant markets, there are strong competitors in each market that may counterbalance such efforts to bundle or leverage its power to neighbouring markets. The market investigation confirmed that there are no capacity constraints on the part of the competitors and entry barriers into the Belgian insurance market are low. All the insurance companies are or could potentially be active in all the relevant markets where bundling could occur, therefore a strategy to bundle could be counteracted by offering a similar bundle of insurance products.
33. It follows from the above that the transaction is unlikely to significantly impede effective competition in the non-life insurance sector in general or in any of its segments in Belgium.

VI. CONCLUSION

34. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

For the Commission

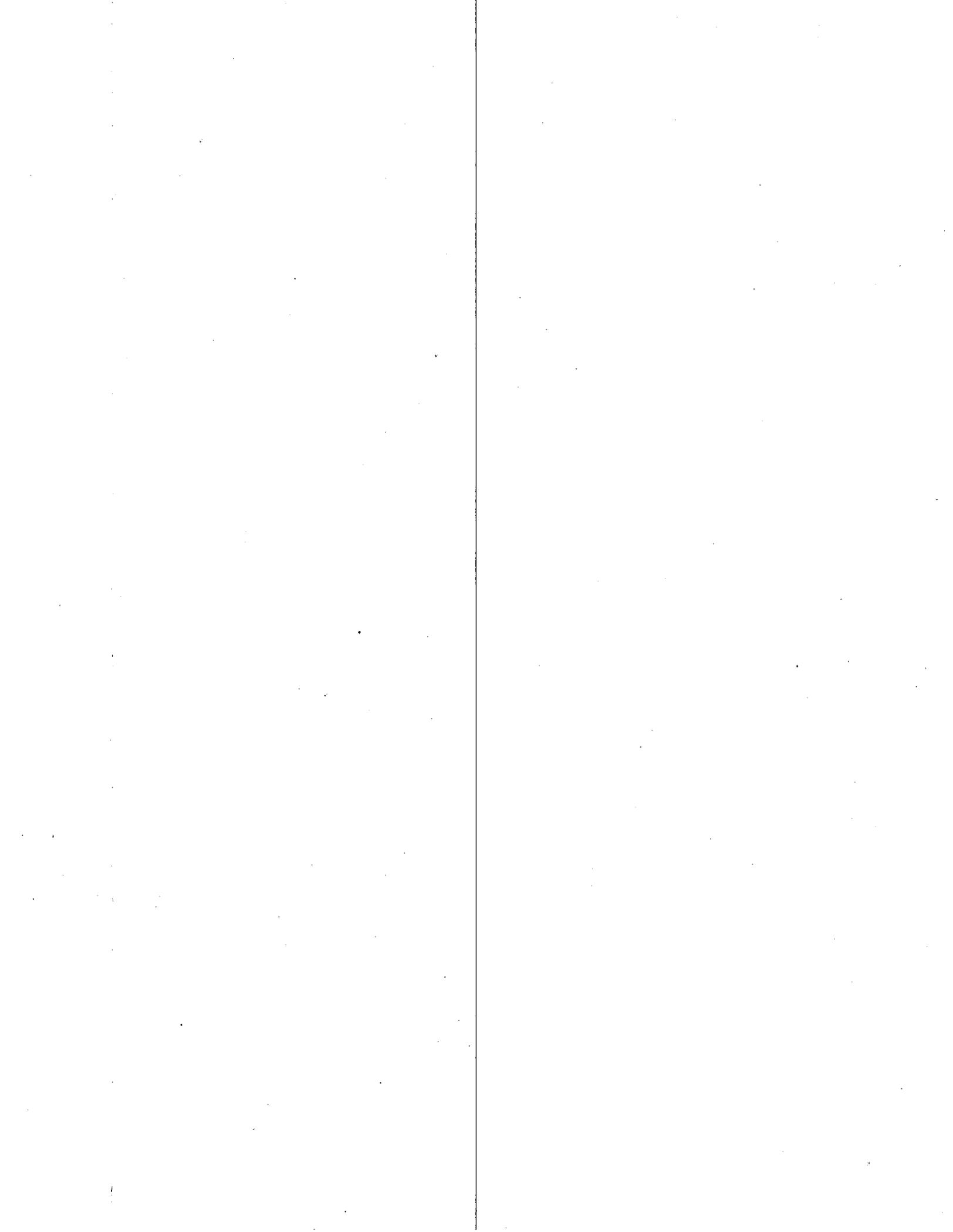


Louis MICHEL

Member of the Commission

Please note that third parties showing a sufficient interest can obtain a copy of this decision. You are therefore invited to inform the Commission, within 7 days following notification of this decision, whether you consider that this decision contains business secrets which you wish to have deleted before distribution to third parties. You should give reasons for any such request which the Commission will evaluate before distributing copies of the decision to third parties. Your request should be sent by registered letter or telefax to:

Commission of the European Communities
Competition DG
Merger Control Services
Rue Joseph II / Jozef II-straat 70
B-1000 Brussels
Fax No 32 2 296.43.01



		Competition Commission [emblem] [stamp] RECEIVED Sept. 12, 2006 Handled:
Your reference Our reference Direct line Date	41-0443/sch/fas/nyt 031 323 17 95 September 11, 2006	Bär & Karrer Attorneys at Law Mr. Mani Reinert Brandschenkestrasse 90 8027 Zürich

41.-0443: AXA/Winterthur merger plan - Statement of grounds for the order

Dear Mr. Reinert:

By letter dated September 5, 2006, we informed you that the Competition Commission (Weko) believes that the AXA/Winterthur merger plan is unobjectionable and that it can be implemented without reservation. Attached please find the statement of grounds for the order.

Weko will publish the adopted statement of grounds for the order in the series "Recht und Politik des Wettbewerbs" [Competition Law and Policy] (RPW). Attached please find the statement of grounds for the order. Please inform us by **Monday, September 25, 2006**, concerning whether the statement of grounds for the order contains business secrets that have to be eliminated prior to publication. In the absence of notification from you by the aforementioned deadline, we will assume that you consent to publication of the complete text.

Mr. Marc Schröder (031 323 17 95) or Ms. D'Amelio-Favez (Tel. 031 323 02 36) will be available to answer any questions you might have.

Sincerely yours,

COMPETITION COMMISSION SECRETARIAT

[signature] Dr. Olivier Schaller Vice Director	[signature] Marc Schröder Scientific Employee
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Commission **Competition**

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AXA/Winterthur merger plan

Statement of grounds for the order

Secretariat	Monjijoustrasse 43 CH - 3003 Bern Telephone: 031 322 20 40 Fax; 031 322 20 53 www.weko.ch weko@weko.admin.ch
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A Statement of facts

1. On August 11, 2006, the Secretariat of the Competition Commission received the complete registration of a merger plan. According thereto, AXA S.A. (AXA) intends to acquire all of the shares of Winterthur Schweizerische Versicherungs-Gesellschaft (Winterthur) from the Credit Suisse Group (CSG).
2. AXA is a stock corporation organized under French law and domiciled in Paris. AXA is the holding company of the AXA Group. It is active worldwide in the property and life insurance business, as well as asset management, and is currently Europe's second largest insurer. AXA is represented in Switzerland by its wholly-owned subsidiary AXA Versicherung (Schweiz), which offers all insurance services in the area of life and non-life.
3. Winterthur is a Swiss corporation domiciled in Winterthur. Winterthur is an internationally active conglomerate that is active in the areas of casualty insurance, as well as single and collective life insurance, predominantly in Europe, the U.S. and individual Asian markets. In its home market of Switzerland, Winterthur is the second largest life insurer and largest non-life insurer and the leading composite insurance company (casualty and accident insurer).
4. The transaction fits into AXA's strategy of organic growth coupled with targeted acquisitions. By means of the transaction, AXA will be acquiring an important insurer in Switzerland and strengthening its position in individual EU member states and Asia.
5. The merger plan was registered with the European Commission (case no. Comp/M.4284) and cleared by the Commission on August 28, 2006. A waiver secured the collaboration between the European Commission and the Swiss competition agency. The plan was also registered with the FTC, the U.S. competition agency, which cleared the merger on August 14, 2006 (case no. 20061525).

B. Considerations**B.1. Type of merger**

6. The transaction is structured as a purchase of shares. According to the provisions of the Share Purchase Agreement, AXA will acquire 100% of the shares of Winterthur. The entirety of Winterthur's shares are currently held by CSG. Following the execution of the transaction, Winterthur will be a direct subsidiary company fully held by AXA.

7. In light of the foregoing, the merger plan constitutes an acquisition of sole control of Winterthur within the meaning of Art. 4 par. 3 letter b KG [Antitrust Act].

B.2 Duty to register

8. The participating corporations earned gross premium revenues of **CHF 132.2 billion** in 2005 (AXA: CHF 110.95 billion; Winterthur: CHF 21.27 billion). **CHF 328 million** of AXA's sales revenue, and **CHF 9.711 billion** of Winterthur's sales revenue, was attributable to Switzerland.

9. The sales revenue thresholds set forth in Art. 9 par. 1 and par. 3 KG are therefore satisfied. Thus, the merger plan is subject to the registration requirement.

B.3 Relevant markets

10. The substantive market encompasses all goods and services that the market counterpart views as substitutable with respect to their characteristics and intended use (Art. 11 par. 3 letter a VKU [Regulations Concerning the Monitoring of Company Mergers]).

11. According to the practice of the Competition Committee to date (see RPW 2005/2, p. 387, margin no. 24), the direct insurance business—broken down according to the life insurance and non-life insurance business—is subdivided into the following substantively relevant markets:

- a.) Life insurance business: single life insurance, collective life insurance, investment life insurance.
- b.) Non-life insurance business: accident insurance (single and collective), health insurance, liability insurance, motor vehicle insurance, transport insurance, miscellaneous property insurance (fire damage, elementary damage insurance and other property insurance) and miscellaneous insurance (credit insurance, security deposit insurance, legal defense insurance and traffic service).

12. Reinsurance must be distinguished from the direct insurance business. The reinsurance market will not be addressed since AXA intends to sell its reinsurance business (AXA RE)—a plan to that effect has already been filed with the Federal Antitrust Office—and the participating parties' residual activity volume in this area is negligible, particularly in relation to the international dimension of this business.

13. Taking into account the aforementioned breakdown of the insurance markets based on Weko's practice to date, the market shares of the participating companies can be presented as shown in the following table. Since the figures from 2005 are not yet available, the calculation of the market shares is based on the statistics for 2004. As a result of the lack of market shifts, however, the values for 2005 will not substantially deviate from the distribution in 2004.

Table 1: Market shares

Direct insurance markets in Switzerland 2004						
Relevant insurance markets	Total market volume (million CHF)*	AXA		Winterthur		Added market shares
		Gross premium income	Market shares	Gross premium income	Market shares	
Individual life	7,003	100	1.43%	1,113	15.90%	17.33%
Group life	21,419	39	0.18%	5,921	27.64%	27.83%
Unit-linked life	1,813	2	0.12%	65	3.61%	3.73%
Accident (individual)	408	2	0.56%	-	-	0.56%
Accident (group)	2,011	16	0.77%	442	21.99%	22.76%
Health insurance (group according to Insurance Contract Act VVG)	3,559	8	0.22%	372	10.44%	10.65%
Liability	1,873	20	1.07%	317	16.94%	18.01%
Motor vehicle	5,173	44	0.86%	1,145	22.14%	23.00%
Transport (sea, aviation, other transport)	493	5	0.97%	138	27.90%	28.87%
Property damage	3,450	52	1.15%	472	13.68%	15.19%
- Fire	1,151	12	1.05%	160	13.93%	14.98%
- Natural hazard	226	6	2.63%	-	-	2.63%
- Other property damage	2,073	34	1.65%	312	15.03%	16.68%
Other insurance	841	3	0.37%	144	17.12%	17.49%
- Credit	72	-	-	19	26.31%	26.31%
- Surety	105	-	-	16	15.20%	15.20%
- Legal protection	280	3	3	55	19.51%	20.61%
- Traffic services	148	-	-	38	25.61%	25.61%

*Source: BPV, Private Insurance Institutions in Switzerland, Figures and Facts 2004

14. This general market division may be specified in more detail. From the demand point of view as many different product markets could be included in the insurance field as there are insurances for different risks, since the characteristics, premiums and possibilities of use of the individual insurances differ clearly and may thus only be exchanged with difficulty by the insurance holder.

15. For example in the health insurance field Weko (Competition Commission) distinguished between the following sub-markets in various cases: (i) compulsory healthcare insurance according to KVG (Health Insurance Law), (ii) healthcare insurance according to VVG (Insurance Contract Law), divided into individual and group insurance, (iii) daily benefits insurance according to KVG and according to VVG, each divided into individual and group insurance. In the area of health insurances, as a result of the Wincare transaction Winterthur is only offering supplementary insurance according to VVG and group daily benefits insurance according to VVG. Since the combined national market share in this area is 10.65% in Switzerland and the consideration of the figures supplied by the parties, prepared according to regional directorate, does not affect the cantonal or regional markets, the question of the differentiation in the area of health insurances may be left open in the case at hand.

16. In the present practice of the Swiss and European competition authorities no separate market was defined for the industrial insurance. The Federal Office of Private Insurance (BPV) does not distinguish between minor agreements (for private and small businesses) and major agreements (for industry) either. If a separate market for industrial insurances were defined, it would tend to be international. In the case at hand a possible differentiation of the market for industrial insurances is not required. Apart from major Swiss insurers international insurers are operating in the individual segments of the industrial insurance on the Swiss market. A market dominating position of the resulting unit may be excluded.

17. A possible further subdivision or combining of individual insurance segments for the decision at hand is not made, since this would not have any influence on the evaluation of the intended fusion.

18. The spatially relevant market includes the area in which the market competition demands or offers the goods or services comprising the factual market (see art.11 para. 3 letter b VKU [combination of undertakings]).

19. According to the practice of Weko primarily a Swiss market must be assumed in the area of direct insurance. In the area of health insurance the markets are mostly distinguished by cantons (see RPW [Law and Policy on Competition] 2005/2, p. 387, marginal note 29). Deviations thereof may also result in other insurance segments, such as for example in the area of transportation insurance, which has international

dimensions. A final determination of the regional markets may be left open in the case at hand.

B.4. Affected markets

20. Pursuant to art. 11 para. 1 letter d VKU only those factual and spatial markets are analyzed in detail where the joint market share in Switzerland of two or more participating enterprises is 20% or more or the market share in Switzerland of one of the participating enterprises is 30% or more. If these threshold values are not reached, the fusion may generally be regarded as unobjectionable. Normally a more detailed examination is not necessary in this case.

21. In the case at hand the threshold values of the participating enterprises in the areas of group life insurance, group accident insurance, motor vehicle insurance, transportation insurance as well as legal cost insurance are reached and will be analyzed hereinafter in more detail.

B.4.1. Group life insurance

22. The combined market share of the participating parties is 27.83%. If the market shares of the participating parties are below 30%, this is usually an indication that no market dominating position has been achieved yet. Market leader in the area of group life insurances is Swiss Life with 34% of the market shares; other large competitors are Zurich (11.53%), Basler (8.41%), Patria (6.26) and Allianz (4.67%). The resulting unit AXA/Winterthur will therefore continue to have active competition. Furthermore, the market share addition resulting from the fusion is negligibly low with 0.2% and will therefore not change the existing market structure in any way. Based on the mentioned considerations the formation or strengthening of a market leading position may be excluded.

B.4.2. Group accident insurance

23. Since the Wincare transaction Winterthur is only offering group accident insurance in the area of accident insurances. In this market the participating parties will hold a share of 22.76%. The creation or reinforcement of a market dominating position in this market is not apparent. On one hand the market share addition of less than 1% is very small, on the other hand other established competitors operate in the market. Thus Zurich as the second largest competitor has a market share of 19.67%, Allianz 10% and Basler 6.83%, and there are also other numerous providers. A critical concentration of the relevant market resulting from the fusion may be excluded.

B. 4.3 Motor vehicle insurance

24. A formation or reinforcement of a market dominating position in this market may be excluded. The fusion will not change the present market structure, since the market share addition with 0.9% is negligibly small here as well. Although the new entity will be the market leader – as previously Winterthur – with market shares of 23% in the area of motor vehicles insurances, but they will continue to have strong competition from Zurich (21.43%), Allianz (13.94%), Mobiliar (11.96%), Basler (8.69%) and other insurers. In addition, the amendment of art. 24 VVG, effective since January 1, 2006, will further promote the competition, since this leads to a reduction in costs for insurance switches. Art. 24 VVG has eliminated the principle of indivisibility of the premium, i.e. in the event of an early cancellation or ending of the insurance contract the premium is only due until the time of cancellation of the contract, and the insurant will be reimbursed by the “old” insurer for the premium for the remaining insurance duration.

B.4.4 Transportation insurance

25. In Switzerland the participating parties reach market shares of 28.87%. In the opinion of the parties the market of the transportation insurance must be internationally delimited, since the competition occurs on an international level and the parties compete with internationally operating insurers. In fact, Swiss enterprises are already taking considerable foreign risks and foreign insurers are increasingly operating on the Swiss market. Even when considering the tighter market delimitation the formation or reinforcement of a market dominating position by the parties is not apparent: The market share addition is only 1%, and apart from the parties strong competitors are operating on the market, whereof four Swiss competitors are holding market shares around 10% (Zurich, Basler, XL Insurances and Allianz). Additionally, international insurers (ACE, AIG, Fortis, ING) are operating in all segments of the transportation insurance on the Swiss market.

B.4.5. Legal costs insurance

26. In the area of other property insurance AXA is only operating in the area of legal costs insurance in Switzerland. The combined market share of the parties is 20.61%. Based on the low market share addition of 1.1% and the existing competition on the market of the legal costs insurance the formation or reinforcement of a market dominating position may be excluded.

C. Result

27. Based on the mentioned reasons the preliminary examination does not give any indication that the fusion will form or reinforce a market dominating position. The requirements for an examination of the fusion pursuant to art. 10 KG (Antitrust Law) are thus not given. Art. 38 KG is reserved.



TRANSPERFECT
TRANSLATIONS

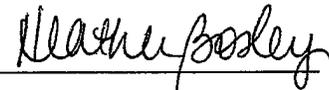
City of New York, State of New York, County of New York

I, Jessica Majestic, hereby certify that the following is, to the best of my knowledge and belief, a true and accurate translation of the attached document "Approval of AXA/Winterthur merger plan dated September 11, 2006", from German to English.

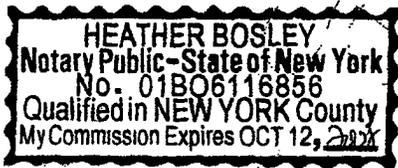


Jessica Majestic

Sworn to before me this
2nd day of October, 2006



Signature, Notary Public



Stamp, Notary Public

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