



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: information@oci.state.wi.us
Web Address: oci.wi.gov

DATE: December 5, 2006

TO: Roger A. Peterson, Director Financial Analysis and Examinations Bureau

FROM: Tim Vande Hey, Insurance Financial Examiner - Advanced

SUBJECT: TV In the Matter of the Acquisition of Control of General Casualty Company of Wisconsin, Blue Ridge Indemnity Company, Blue Ridge Insurance Company, MassWest Insurance Company, Inc., Regent Insurance Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, and Southern Fire & Casualty Company (hereinafter Winterthur Wisconsin U.S. Holdings) by AXA, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle and AXA Assurances IARD Mutuelle (hereinafter either the "AXA Group" or the "Applicants") (Case No. 06-C30499)

This memorandum is regarding the proposed Acquisition of Control of General Casualty Company of Wisconsin, Blue Ridge Indemnity Company, Blue Ridge Insurance Company, MassWest Insurance Company, Inc., Regent Insurance Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, and Southern Fire & Casualty Company (hereinafter Winterthur Wisconsin U.S. Holdings) by AXA, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle and AXA Assurances IARD Mutuelle (hereinafter either the "AXA Group" or the "Applicants")

DESCRIPTION OF THE TRANSACTION

Overview

AXA is a French corporation managed under the oversight of a Management Board and a Supervisory Board. AXA's headquarters are located in Paris, France. The founding predecessor of AXA was organized under the laws of France in 1852. AXA is subject to the reporting requirements of the U.S. Securities Exchange Act of 1934 as a "foreign private issuer" and files annual reports with the U.S. Securities and Exchange Commission (the "SEC").

AXA is a worldwide leader in financial protection and wealth management, with consolidated gross revenues of \$90.64 billion for the year ended December 31, 2005 and total assets under management as of December 31, 2005 of \$1,344.75 billion, including assets managed on behalf of third-party clients of \$718.77 billion.

AXA operates primarily in Western Europe, North America and the Asia Pacific region and, to a lesser extent, in other regions, including, in particular, the Middle East and Africa. AXA has five operating business segments. The Life & Savings segment offers a range of life insurance products, including retirement and health insurance products for both individuals and groups. The Property & Casualty segment offers a range of personal and commercial insurance products. The International Insurance segment is principally focused on reinsurance and large

risks insurance activities. The Asset Management segment includes third-party asset management and asset management activities on behalf of AXA insurance companies. The Other Financial Services segment includes mainly banking activities conducted primarily in France and Belgium. In addition, various holding companies within the AXA Group conduct certain non-operating activities.

AXA does business in the United States primarily through its subsidiary AXA Financial, Inc., a Delaware corporation (AFI). AFI conducts operations in two business segments: the financial advisory and insurance segment and the investment management segment. AFI's financial advisory and insurance product businesses are conducted principally by its wholly owned life insurance subsidiaries, AXA Equitable Life Insurance Company, MONY Life Insurance Company, MONY Life Insurance Company of America and U.S. Financial Life Insurance Company, a general agency, AXA Network, LLC, and its brokers-dealers, AXA Advisors, LLC and AXA Distributors. AFI's investment management and related services business is conducted principally by its subsidiary Alliance Capital Management L.P.

AXA is a publicly-traded company. The principal trading market for AXA's ordinary shares is Euronext Paris S.A. and AXA's American Depository Shares and Receipts are listed on the New York Stock Exchange. Distribution of ownership is presented in the following chart:

Capital Ownership

Capital ownership - as of 2/28/06			
	Number of shares	Capital ownership	Voting power
AXA Mutuelles	267,711,761	14.30%	23.29%
Self-held shares	10,141,627	0.54%	0%
Shares held by subsidiaries	31,009,671	1.66%	0%
Employees and agents	104,231,745	5.57%	7.02%
General Public	1,458,873,534	77.93%	69.69%
Total	1,871,968,338	100%	100%

AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle and AXA Courtage Assurance Mutuelle (together, the AXA Mutuelles) are three mutual insurance companies established under the laws of France that are engaged in the life and savings insurance business and property and casualty insurance business in France. The AXA Mutuelles have fixed capital contributions and have no shares outstanding. Each of the AXA Mutuelles is governed by a Board of Directors elected by delegates representing policyholders and each Board elects a Chairman and a Chief Executive Officer. The current Chairman of each of the AXA Mutuelles is Henri de Castries, who also serves as AXA's Chief Executive Officer.

Since 1990 AXA has been the primary vehicle for development of the AXA Group and all acquisition activity of the group has been conducted through AXA. There is no requirement,

contractual or otherwise that the acquisition or development activity of the group be conducted through AXA.

In 1992, the AXA Mutuelles consisted of five mutual companies which collectively held, directly and indirectly, a majority of the voting power in AXA (50.03% as of May 1, 1992). The AXA Mutuelles collective interest in AXA has been gradually diluted over time with each significant acquisition by AXA. While still currently the largest shareholder, the AXA Mutuelles voting power and capital ownership have been diluted to 23.29% and 14.3%, respectively. In 2006, AXA Assurance IARD Mutuelle entered into a merger agreement with AXA Courtage Assurance Mutuelle and the merger of these two non-life Mutuelles is expected to be completed on December 31, 2006. Upon consummation of this merger the Mutuelles are expected to collectively hold approximately 21% of AXA's total voting power with the dilution in their voting power being attributable to the lapse of the double voting rights that they currently have with respect to their AXA ordinary shares.

Since 1991 the AXA Mutuelles have been parties to the following agreements intended to formalize their cooperation and historical relationship with AXA:

- The "Pacte d'Union Mutualiste" (mutuality agreement), and
- The "Convention de Preemption" (pre-emptive right).

Pursuant to these agreements, the AXA Mutuelles have established a strategy committee whose members are appointed by the respective boards of directors. The strategy committee elects a chairman from among its members, presently Claude Bébéar, who is also Chairman of AXA's Supervisory Board. Under these agreements, each of the Mutuelles has also granted a right of first refusal to the other Mutuelles in the event of any sale or other disposition of shares of AXA (or subscription or other rights or options relating thereto) and has agreed not to purchase additional shares of AXA without the prior consent of the strategy committee.

AXA is proceeding with the acquisition of Winterthur U.S. Holdings, Inc. (WUSH) as part of its acquisition of the Winterthur Group from the Credit Suisse Group. AXA's principal focus in acquiring Winterthur is on Winterthur's European and Asian operations, rather than its U.S. operations.

The purchase price for the Acquisition is \$9.95 billion, payable in cash, if the transaction closes on or before December 31, 2006. If the closing of the Acquisition occurs after December 31, 2006, the purchase price will be increased by an amount, payable in cash, determined by multiplying an amount in Swiss francs approximately equal to \$1.38 million by the number of calendar days elapsed from and including January 1, 2007, to and including the closing date. In addition, as part of the total consideration for the Acquisition, pursuant to the Share Purchase Agreement, AXA will be required to procure, prior to the closing date, the full repayment of certain indebtedness of Winterthur in an aggregate amount of \$1.29 billion.

AXA intends to finance the total consideration for the Acquisition with a balanced combination of equity and debt offerings, as follows: (a) approximately \$5.18 billion through a share capital issue with preferential subscription rights for AXA's existing shareholders, which resulted in the issue of 208,265,897 new ordinary shares of AXA, the settlement and listing on Euronext Paris of which took place on July 13, 2006; and (b) the balance of approximately \$6.07 billion with a mix of perpetual deeply subordinate debt, subordinate debt and senior debt.

The nature and amount of the consideration were determined through negotiations on an arm's-length basis between unrelated parties.

Scope of Wisconsin's Regulatory Concern

Section 611.72, Wis. Stat., requires the Office of the Commissioner of Insurance (OCI) to approve a plan for acquisition of control if it finds, after a hearing, that the plan would not violate the law or be contrary to the interests of the insureds of any domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation.

OBSERVATIONS BASED ON REVIEW OF DOCUMENTS AND INQUIRIES

Format and Informational Sufficiency of the Form A

The Form A filing was prepared in a format that complies with s. Ins 40.02, Wis. Adm. Code. The information contained in the filing and in the supplementary information obtained by OCI in connection with review of this filing is sufficient for OCI to make a decision concerning the proposed plan.

Legality and Fairness of the Proposed Plan

My review of the Form A included a review of the following items:

1. Stock Purchase Agreement dated June 13, 2006, by and between Credit Suisse Group, as the Seller, and AXA, as the Purchaser
2. The Applicants' Organizational Chart
3. Organizational Chart of U.S. Insurers
4. Officers and Directors Biographical Information
5. Annual Reports of AXA on Form 20-F for the years ended December 31, 2001, through December 31, 2005, together with the "Document de Reference" for each such year.
6. Exhibit 6 - Annual Reports of AXA Courtaige Assurance Mutuelle for the years ended December 31, 2001 through December 31, 2005
7. Exhibit 7 - Annual Reports of AXA Assurances Vie Mutuelle for the years ended December 31, 2001 through December 31, 2005
8. Exhibit 8 - Annual Reports of AXA Assurances IARD Mutuelle for the years ended December 31, 2001 through December 31, 2005
9. Post-Acquisition Organizational Chart

Share Purchase Agreement

Pursuant to the Share Purchase Agreement, the Applicants propose to acquire indirect control of the Domestic Insurers by virtue of AXA's purchase of 100% of the capital stock of Winterthur from Credit Suisse Group, a Swiss corporation which is the ultimate parent of the Domestic Insurers. Winterthur owns 100% of the Domestic Insurers through Winterthur U.S. Holdings (WUSH), its wholly-owned direct subsidiary. The total consideration for the proposed acquisition consists of a cash purchase price of an amount in Swiss francs approximately equal to \$9.95 billion and the repayment by the Applicant of approximately \$1.29 billion of certain outstanding inter-company debt of Winterthur. After consummation of the proposed acquisition, Winterthur will be a direct wholly-owned subsidiary of AXA, and WUSH and the Domestic Insurers will be indirect wholly-owned subsidiaries of AXA. The closing of the transaction is conditioned upon several factors, including the receipt of approval of the Wisconsin Office of the Commissioner of Insurance and other regulatory authorities. Virtually all of these other approvals, including clearance by Swiss and U.S. antitrust authorities, have been obtained.

This review of the Form A and the Share Purchase Agreement, with due consideration to supplementary information filed in response to examiner inquiries, discloses no basis for denial of the application on a point of law.

I can find no basis on which execution of the proposed transactions disclosed in the Form A should not be regarded as reasonable and fair to each participating insurer and to each participating insurer's policyholders, within the scope of Wisconsin's regulatory concern. This conclusion cannot and does not apply to agreements that have not been provided for OCI's review.

Satisfaction of Licensing Requirements Maintained

Execution of the acquisition disclosed in the Form A according to the plan would have no effect on the ability of Winterthur Wisconsin U.S. Holdings or any other participating insurer to maintain their existing licenses to write the lines of insurance for which they are presently licensed.

Effect on Competition within the Wisconsin Insurance Marketplace

The AXA Group has had no significant presence in the U.S. property and casualty insurance market prior to the proposed acquisition. Accordingly, it is evident that the effect of this transaction will not be to create a monopoly or substantially lessen competition in any type or line of business in Wisconsin.

Future Plans after the Change in Control

The Applicants have no present plan or proposals for any of the Domestic Insurers to declare an extraordinary dividend, to liquidate any of the Domestic insurers, to sell their assets or merge any of them with any person or persons or to make any other changes in the business, investment policy, operations, corporate structure or management of any of the Domestic Insurers. The Applicants presently intend to retain the incumbent management of each of the Domestic Insurers and to operate the Domestic Insurers in accordance with their current business plan. However, as disclosed in the Form A and publicly by AXA in connection with the execution of the Share Purchase Agreement, Winterthur's U.S. property and casualty insurance

business is under strategic review, which may include the possibility of a sale of the U.S. operations (including Winterthur Wisconsin U.S. Holdings).

This strategic review is a continuation of the review that was already in process by Winterthur for some time prior to the announcement of the AXA transaction. In this context, AXA agreed to Winterthur's request to complete this strategic review process in order to determine whether there are other parties potentially interested in acquiring Winterthur's U.S. property and casualty insurance operations. While preliminary feedback from this review process indicates that there may be significant potential for a sale, such a transaction, if any, is not likely to be completed until well into 2007.

In the event that the strategic review process does not result in a suitable transaction on terms and conditions (including price) that are acceptable, then AXA would retain and manage the U.S. operations in accordance with their current business plans and would evaluate future development opportunities for these businesses from time to time as they become available. Given the significant Property and Casualty operations outside the U.S. and particularly in Europe, where AXA has market-leading positions in a number of significant European markets, it appears reasonable that the Applicants would have adequate resources and knowledge to manage the business going forward.

Financial Soundness of Prospective Affiliates

AXA is one of the world's leading insurers, with consolidated gross revenues of \$90.64 billion for the year ended December 31, 2005 and total assets under management of \$1,344.75 billion as of December 31, 2005, including assets managed on behalf of third party clients of \$718.77 billion.

As of December 31, 2005, the financial benchmark data for the core U.S. operating insurance subsidiaries for the AXA Group are as follows:

	A.M. Best Rating	RBC Ratio
AXA Equitable Life Ins. Co.	A+	674.2%
AXA Life and Annuity Company	A+	1,378.7%
MONY Life Insurance Company	A+	762.2%
MONY Life Insurance Company of America	A+	794.5%
U.S. Financial Life Insurance Company	A+	666.4%

Although the A.M. Best ratings and risk-based capital ratios are listed side-by-side, the function of each is quite different. The A.M. Best ratings are that nationally recognized statistical rating organization's independent opinion, based on a comprehensive quantitative and qualitative evaluation, of the companies' balance sheet strength, operating performance and business profile. The risk-based capital ratios indicate whether certain thresholds that are commonly accepted among the states for regulatory intervention or inquiry have been reached. For example, a risk-based capital ratio of 200% or below will generally prompt the insurance department of a company's state of domicile to request a business plan outlining how the company intends to improve its financial position. The fact that one company's risk-based capital ratio is higher than another's is not an indication of relative financial strength. The

foregoing financial ratings and risk-based capital ratios generally reflect favorably on the AXA Group of companies.

The financial condition of AXA, individually, and the holding company system taken as a whole, is unlikely to jeopardize the financial stability of Winterthur Wisconsin U.S. Holdings or to prejudice the interests of their respective Wisconsin policyholders.

Competence and Integrity of Prospective Management

The Supervisory Board (AXA)

The Supervisory Board oversees the operation of AXA and reports to shareholders. It appoints the Chairman and members of the Management Board and supervises executive management. The Supervisory Board as of December 31, 2005 consisted of the following individuals:

Name

Claude Bébéar, Chairman
Jean-René Fourtou, Vice Chairman
David Dautresme*
Anthony Hamilton*
Henri Hottinguer*
Henri Lachmann*
Gérard Mestrallet*
Michel Pébereau
Ezra Suleiman*
Jacques Tabourot
Dominique Reiniche*
Jacques de Chateaufieux*
Léo Apotheker*

* - independent members (based on Bouton Report criteria)

The Management Board (AXA)

The Management Board is AXA's collegial decision-making body. The Management Board holds weekly meetings to discuss Group strategy and operations. Members of the Management Board devote their time exclusively to the management of the Group.

Name

Position Held

Henri de Castries

Chairman of the Management Board
and Chief Executive Officer

Alfred Bouckaert*

Member of the Management Board in charge of Northern,
Central & Eastern Europe Region

Claude Brunet	Member of the Management Board in charge of Transversal Operations and Projects, Human Resources, Brand and Communications
Christopher Condron	Member of the Management Board, Chief Executive Officer of AXA Financial (United States)
Denis Duverne	Member of the Management Board in charge of Finance, Control and Strategy
François Pierson	Member of the Management Board, Chief Executive Officer of AXA France, Head of Large Risks, Assistance and AXA Canada (Canada)

* - added to the Management Board in October of 2006.

Board of Directors AXA Assurances IARD Mutuelle

Name

Henri de Castries, Chairman
Octave Manset, Vice-Chairman
Claude Bébéar
Jean-Pierre Chaffin
Francis Cordier
Jacques Gobert
Henri Lachmann
Frédéric Lucet
Alain de Marcellus
François Pierson
Olivier Riche
Francis Vaudour
Pierre de Waziers

Executive Officers

Jean-Laurent Granier, Chief Executive Officer
Jacques de Peretti, Deputy Chief Executive Officer

Board of Directors AXA Assurances Vie Mutuelle

Name

Henri de Castries, Chairman
Octave Manset, Vice-Chairman
Claude Bébéar
Jean-Pierre Chaffin
Frédéric Lucet
Jean-Pol Mairiaux

Francois Martineau
Alain de Marcellus
Dominique Paillet
Francois Pierson
Jean-Claude Puerto Salavert
Olivier Riche
Pierre de Waziers

Executive Officer

Jean-Laurent Granier, Chief Executive Officer
Board of Directors AXA Courtage Assurance Mutuelle

Name

Henri de Castries, Chairman
Octave Manset, Vice-Chairman
Claude Bébéar
Jean-Pierre Chaffin
Francis Cordier
Philippe Guerand
Henri Lachmann
Frédéric Lucet
Alain de Marcellus
Francois Pierson
Olivier Riche
Renaud Streichenberger
Pierre de Waziers

Executive Officer

Jacques de Peretti, Chief Executive Officer

Review of the biographical reports for the individuals noted above disclosed no basis for disapproval of the Form A.

Summary of Observations

1. The Form A filing was prepared in a format that complies with s. Ins 40.02, Wis. Adm. Code. The information contained in the Form A filing and its supplements are sufficient to the transaction.
2. The plan would not violate the law or be contrary to the interests of any member of Winterthur Wisconsin U.S. Holdings or its policyholders.
3. After the acquisition of control, no member of Winterthur Wisconsin U.S. Holdings will experience a change that would cause them to become unable to satisfy the licensure requirements for any member to write the lines of insurance business for which they are presently licensed.

4. It is evident that this transaction will not create a monopoly or substantially lessen competition in any type or line of insurance in Wisconsin.
5. The financial condition of the AXA Group is unlikely to jeopardize the financial stability of any member of Winterthur Wisconsin U.S. Holdings, or to prejudice the interests of their respective Wisconsin policyholders.
6. The plan results in a change in control for Winterthur Wisconsin U.S. Holdings. The Applicants have no present plans or proposals for any of the Domestic Insurers to declare an extraordinary dividend, to liquidate any of the Domestic Insurers, to sell their assets or merge any of them with any person or persons or to make any other changes in the business, investment policy, operations, corporate structure or management of any of the Domestic Insurers. The Applicants presently intend to retain the incumbent management of each of the Domestic Insurers and to operate the Domestic Insurers in accordance with their current business plan. However, as publicly announced by AXA in connection with the execution of the Share Purchase Agreement, Winterthur's U.S. property and casualty insurance business is under strategic review, which may include the possibility of a sale of Winterthur U.S. Holdings and all of its subsidiaries, including the Domestic Insurers.
7. The competence and integrity of the persons who would control the operation of AXA Group are such that it is in the interest of their respective policyholders and of the public to permit the proposed plan.

RECOMMENDATION

It is recommended that the plan for the acquisition of control of General Casualty Company of Wisconsin, Blue Ridge Indemnity Company, Blue Ridge Insurance Company, MassWest Insurance Company, Inc., Regent Insurance Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, and Southern Fire & Casualty Company by AXA, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle and AXA Assurances IARD Mutuelle be approved.