

Note 31: Litigation

31.1. Matters Directly Concerning the Company

AXA SA is involved in lawsuits (both class actions and individual litigations), investigations, and other actions (the "Parent Company Litigations") arising in the various jurisdictions where it does business. The Parent Company Litigations include the following:

On August 25, 1998, AXA and certain other European insurers signed a Memorandum of Understanding with certain U.S. insurance regulators and non-governmental Jewish organizations agreeing to the establishment of the International Commission on Holocaust Era Insurance Claims ("ICHEIC"). Since that time ICHEIC has conducted an investigatory process to determine the status of life insurance policies issued to Holocaust victims between 1920 and 1945 and has settled thousands of claims filed with the ICHEIC with respect to policies issued by the European insurers participating in ICHEIC. The deadline for filing claims with the ICHEIC expired on December 31, 2003 and it is currently anticipated that the treatment of all claims filed will be completed, and the ICHEIC will cease operations, by year-end 2006.

Nationwide commenced arbitration proceedings in January 2002 before the International Chamber of Commerce in Paris against various AXA Group Companies which sold PanEurolife ("PEL"), a Luxembourg company, to Nationwide. Nationwide was seeking cancellation of the sale and/or damages of approximately \$100 million on the grounds of alleged misrepresentation and failure to disclose material facts. The arbitral tribunal issued its final award on January 16, 2006 pursuant to which the AXA Group was required to pay Nationwide approximately €36.47 million composed of (i) €20 million attributable to a diminution of PEL's value due to a deemed negligent failure to disclose certain material facts, (ii) €500,000 for reputational damage, and (iii) the balance for reimbursement of legal and other expenses incurred by Nationwide.

In February 2002, AXA and various of its subsidiaries were named as defendants in a lawsuit, *Kyurkjian, et al. v. AXA, et al.*, which was filed in the United States District Court for the Central District of California on behalf of a purported class of plaintiffs composed of descendants of Armenians killed in the events of 1915 in Turkey. Plaintiffs alleged in this lawsuit that such descendants are entitled to benefits under certain life insurance policies issued to Armenians living in Turkey by two insurance companies (now owned by the AXA Group) between 1880 and 1930. Plaintiffs asserted that AXA, as well as these two insurance companies and/or their successors in interest, failed to fulfill contractual and other obligations relating to such policies and requested judicial relief, including unspecified compensatory and punitive damages. In April 2005, a similar suit containing substantially similar allegations was filed in the same California court against AXA and various of its subsidiaries. These lawsuits were settled in November 2005 for an aggregate amount of \$17.5 million.

31.2. Matters Concerning Company Subsidiaries

In addition to the matters set forth above, several AXA subsidiaries are involved in lawsuits (both class action and individual), investigations, and other actions (the "Subsidiary Litigations") arising in the various jurisdictions where they do business. The Subsidiary Litigations include the following:



31.2.1. United States Matters

In the United States, AXA's U.S. subsidiaries are involved in a number of lawsuits, investigations and other actions in various states. A detailed description of these matters involving AXA Financial, Inc. and its subsidiaries (including AXA Equitable and AllianceBernstein) is included in the annual reports on Form 10-K for the year ended December 31, 2005 and subsequent reports on Form 10-Q, respectively, of AXA Financial, Inc. (SEC file no. 1-11166), AXA Equitable (SEC file no. 0-25280) and AllianceBernstein (SEC file no. 000-29961) filed with the SEC (collectively, the "Subsidiary SEC Reports"). The Subsidiary SEC Reports are publicly available and copies can be obtained through the SEC's EDGAR system (www.sec.gov), at the SEC's public reference rooms at 450 Fifth St., N.W., Washington, D.C. 20549 or at the SEC's other public reference rooms in New York and Chicago, or on the websites of these companies.

Among the matters discussed in the Subsidiary SEC Reports are the following matters concerning AXA Financial, AXA Equitable and AllianceBernstein:

AXA Financial and AXA Equitable Matters

A number of lawsuits have been filed against life and health insurers in the United States involving insurers' sales practices, alleged agent misconduct or misrepresentation, alleged failure to properly supervise agents and other matters. Some of the lawsuits have resulted in the award of substantial judgments against other insurers (including material amounts of punitive damages) or in substantial settlements. In certain jurisdictions, juries have substantial discretion in awarding punitive damages. AXA Equitable and certain of its subsidiaries, like other life and health insurers, are involved in such sales practices litigation, as well as other unrelated litigation.

AXA Equitable and certain of its affiliates are defendants in an action commenced in October 2000 in the Federal District Court for the Northern District of Illinois by American National Bank and Trust Company of Chicago as trustee for Emerald Investments LP ("Emerald") alleging, among other things, that defendants in connection with certain annuities issued by AXA Equitable (i) breached an agreement with the plaintiffs involving execution of subaccount transfers, and (ii) wrongfully withheld withdrawal charges in connection with termination of these annuities. In this case, plaintiffs seek substantial lost profits and injunctive relief, punitive damages, attorney's fees and return of withdrawal charges. In December 2005, the Court granted summary judgment on liability with respect to three of Emerald's causes of action. In March 2006, the Court denied AXA Equitable's motion for reconsideration. While the monetary damages sought by plaintiffs, if awarded, could have a material adverse effect on the consolidated financial position and results of operations of AXA Financial, Inc., management believes that the ultimate resolution of this litigation should not have a material adverse effect on AXA Financial, Inc.'s consolidated financial position.

Two additional lawsuits, involving AXA Equitable, Emerald and DH2, Inc. ("DH2"), an entity related to Emerald Investments LP, have been filed in the same court. One of them, filed by AXA Equitable in December 2001, arises out of the same facts. Emerald, the defendant in this case, counterclaimed alleging common law fraud, violations of several Federal and state laws relating to securities and consumer protection and seeks unspecified amount of money damages, punitive damages and attorney's fees. In September 2004, the Court dismissed AXA Equitable's action and retained jurisdiction over Emerald's counterclaims in that action. The other lawsuit, filed by DH2 against AXA Equitable and EQ Advisors Trust in January 2004, asserts breach of contract and breach of fiduciary duty claims under Federal securities laws, and misappropriation of trade secrets. In March 2005, the Court granted the defendants' motion to dismiss, dismissing DH2's claims for alleged violations of the Investment Company Act with prejudice and dismissing the remaining claims without prejudice on the ground that DH2 failed to state a claim under the Federal securities laws.

In April 2005, DH2 filed a second amended complaint which alleges claims substantially similar to those included in the original amended complaint. In December 2005, the court granted in part and denied in part, defendant's motion to dismiss the second amended complaint. In March 2006, AXA Equitable filed an answer to DH2's Third Amended Complaint that alleges claims substantially similar to those included in the original amended complaint.

AXA Equitable is also involved in a putative class action entitled *Stefanie Hirt, et al. v. The Equitable Retirement Plan for Employees, Managers and Agents, et al.*, which was filed against The Equitable Retirement Plan for Employees, Managers and Agents (the "Retirement Plan") and The Officers Committee on Benefit Plans of Equitable Life, as Plan Administrator. The action was brought by participants in the Retirement Plan. Plaintiffs allege that the change in the pension benefit formula from a final average pay formula to a cash balance formula violates the Employee Retirement Income Security Act of 1974 ("ERISA"). In July 2004, the parties filed cross motions for summary judgment asking the court to find in their respective favors on plaintiffs' claim that (1) the cash balance formula of the retirement plan violates ERISA's age discrimination provisions and (2) the notice of plan amendment distributed by AXA Equitable violated ERISA's notice rules. Following a hearing on the motions, the court ordered a limited amount of additional discovery to be conducted followed by a subsequent hearing. In April 2005, the court denied the cross motions for summary judgment without prejudice. In July 2005, the parties refiled cross motions for summary judgment, and an evidentiary hearing was held in August 2005 on one of the claims.

In September 2004, a petition for appraisal entitled *Cede & Co v. AXA Financial Inc.* was filed in the Delaware Court of Chancery by an alleged former MONY stockholder. The petition seeks a judicial appraisal of the value of the MONY shares held by former MONY stockholders holding approximately 3.6 million shares of MONY common stock who demanded appraisal pursuant to Section 262 of the General Corporation Law of the State of Delaware and have not withdrawn their demands. The parties are engaged in discovery. On or about November 4, 2004, a petition for appraisal entitled *Highfields Capital, Ltd v. AXA Financial, Inc.* was filed in the Delaware Court of Chancery by another alleged former MONY stockholder. The relief sought by the Highfields Capital petition is substantially identical to that sought pursuant to the Cede & Co. petition. The parties are engaged in discovery. In February 2005, the Delaware Court of Chancery consolidated the two actions for all purposes.

AllianceBernstein Matters

AllianceBernstein Mutual Fund Trading Matters. On December 18, 2003, AllianceBernstein settled with the SEC and the Office of the New York State Attorney General ("NYAG") regarding their investigations into trading practices in the shares of certain mutual funds sponsored by AllianceBernstein. AllianceBernstein's agreement with the SEC was reflected in an Order of the Commission ("SEC Order") dated December 18, 2003 (amended and restated January 15, 2004), while AllianceBernstein's final agreement with the NYAG was reflected in an Assurance of Discontinuance ("AoD") dated September 1, 2004 (each, an "Agreement").

AllianceBernstein has taken a number of initiatives to resolve these matters. Specifically, AllianceBernstein (i) established a \$250 million restitution fund to compensate fund shareholders for the adverse effect of market timing (the "Restitution Fund"), (ii) reduced its fees by 20% (on a weighted average basis) with respect to investment advisory agreements with its sponsored U.S. long-term open-end retail funds for a minimum of five years, commencing on January 1, 2004, (iii) appointed a new management team and specifically charged it with responsibility for ensuring that AllianceBernstein maintains a fiduciary culture in its retail services business; (iv) revised its code of ethics to better align the interests of AllianceBernstein's employees with those of its clients; (v) formed two new committees composed of executive management to oversee and resolve code of ethics and compliance-related issues; (vi) instituted a substantially



strengthened policy designed to detect and block market timing and material short duration trading; (vii) created an ombudsman office, where employees can voice concerns about work-related issues on a confidential basis; and (viii) initiated firm-wide compliance and ethics training programs.

AllianceBernstein retained an Independent Compliance Consultant ("ICC") to conduct a comprehensive review of supervisory, compliance and other policies designed to detect and prevent conflicts of interest, breaches of fiduciary duty and violations of law. The ICC completed its review, and submitted its report to the SEC in December 2004. By December 31, 2005, AllianceBernstein had implemented substantially all of the ICC's recommendations. Also, beginning in 2005, AllianceBernstein had, and biannually thereafter will continue to have, an independent third party perform a comprehensive compliance review. With the approval of the independent directors of AllianceBernstein's U.S. registered mutual fund boards and the staff of the SEC, AllianceBernstein retained an Independent Distribution Consultant ("IDC") to develop a plan for the distribution of the Restitution Fund. To the extent it is determined that the harm to mutual fund shareholders caused by market timing exceeds \$200 million, AllianceBernstein will be required to contribute additional monies to the Restitution Fund. In September 2005, the IDC submitted to the SEC staff the portion of his report concerning his methodology for determining damages. The IDC will, in coming months, formally submit to the SEC staff the remainder of his proposed distribution plan, which addresses the mechanics of distribution. Once the SEC staff has approved both portions of the plan, it will be submitted to the SEC for final approval. The Restitution Fund proceeds will not be distributed until after the SEC has approved the distribution plan and issued an order doing so. Until then it is not possible to predict the exact timing, method or amount of the distribution.

Several lawsuits were filed against certain AllianceBernstein companies in connection with these investigations, some of which are described below.

On October 2, 2003, a purported class action complaint entitled *Hindo, et al. v. AllianceBernstein Growth & Income Fund, et al.* ("Hindo Complaint") was filed against AllianceBernstein, certain of its officers and affiliates ("AllianceBernstein defendants"), and certain other defendants not affiliated with AllianceBernstein, as well as unnamed Doe defendants. The Hindo Complaint was filed in the United States District Court for the Southern District of New York by alleged shareholders of two of the AllianceBernstein family of mutual funds ("AllianceBernstein Funds"). The Hindo Complaint alleges that certain of the AllianceBernstein defendants failed to disclose that they improperly allowed certain hedge funds and other unidentified parties to engage in "market timing" and "late trading" of AllianceBernstein Fund securities, violating Sections 11 and 15 of the United States Securities Act of 1933 ("Securities Act"), Sections 10(b) and 20(a) of the United States Securities Exchange Act of 1934 (the "Exchange Act"), and Sections 206 and 215 of the United States Investment Advisers Act of 1940. Plaintiffs seek an unspecified amount of compensatory damages and rescission of their contracts with AllianceBernstein, including recovery of all fees paid to AllianceBernstein pursuant to such contracts. Since October 2003, 43 additional lawsuits making factual allegations generally similar to those in the Hindo Complaint were filed against AllianceBernstein and certain other defendants, and others may be filed. Such lawsuits have asserted a variety of theories for recovery including, but not limited to, violations of the Securities Act, the Exchange Act, the Advisers Act, U.S. Investment Company Act of 1940 (the "Investment Company Act"), ERISA, certain state securities statutes and common law. All of these lawsuits seek an unspecified amount of damages.

On September 29, 2004, following the transfer of all federal cases to the United States District Court for the District of Maryland ("Mutual Fund MDL"), plaintiffs filed consolidated amended complaints with respect to four claim types: mutual fund shareholder claims; mutual fund derivative claims; derivative claims brought on behalf of Alliance Holding;

and claims brought under ERISA by participants in the Profit Sharing Plan for Employees of AllianceBernstein. All four complaints include substantially identical factual allegations, which appear to be based in large part on the SEC Order and NYAG AoD. Except for the claims in the mutual fund derivative consolidated amended complaint which are generally based on the theory that all fund advisory agreements, distribution agreements and 12b-1 plans between AllianceBernstein and the AllianceBernstein Funds should be invalidated, regardless of whether market timing occurred in each individual fund, because each was approved by fund trustees on the basis of materially misleading information with respect to the level of market timing permitted in funds managed by AllianceBernstein, the claims asserted in the other three consolidated amended complaints are similar to those that the respective plaintiffs asserted in their previous Federal lawsuits. All of these lawsuits seek an unspecified amount of damages.

In April 2005, the Attorney General of the State of West Virginia ("WVAG") filed a complaint in Virginia state court against AllianceBernstein, AllianceBernstein Holding and other unaffiliated defendants, making factual allegations generally similar to those in the Hindo Complaint. This complaint was transferred to the Mutual Fund MDL in October 2005. In August 2005, the West Virginia Securities Commissioner signed a "Summary Order to Cease and Desist and Notice of Right to Hearing" addressed to AllianceBernstein and AllianceBernstein Holding. The Summary Order claims that AllianceBernstein and AllianceBernstein Holding violated the West Virginia Uniform Securities Act and makes factual allegations generally similar to those in the SEC Order and NYAG AoD. In January 2006, AllianceBernstein, AllianceBernstein Holding and various unaffiliated defendants filed a Petition for Writ of Prohibition and Order Suspending Proceedings in West Virginia state court seeking to vacate the Summary Order and for other relief.

AXA Financial, AXA S.A. and AXA Equitable are named as defendants in the mutual fund shareholder complaint and the AllianceBernstein Holding unitholder derivative complaint. Claims have been asserted against all these companies that include both control person and direct liability. AXA Financial is named as a defendant in the mutual fund complaint and the ERISA complaint.

In connection with the above-referenced market timing-related matters, AllianceBernstein recorded charges totaling \$330 million during the second half of 2003, of which (i) \$250 million was paid to the Restitution Fund (the \$250 million was funded out of operating cash flow and paid to the SEC in January 2004), (ii) \$30 million was used to settle a private civil mutual fund litigation unrelated to any regulatory agreements and (iii) \$50 million was reserved for estimated expenses related to AllianceBernstein's market-timing settlements with the SEC and the NYAG and AllianceBernstein's market timing-related liabilities (excluding WVAG complaint-related expenses). AllianceBernstein L.P. paid \$8 million during 2005 related to market timing and has cumulatively paid \$310 million (excluding WVAG complaint-related expenses). However, AllianceBernstein cannot determine at this time the eventual, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required, the amount, timing, and impact of which cannot be determined at this time.

AllianceBernstein Revenue Sharing Related Matters. Certain lawsuits were filed against AllianceBernstein and other defendants challenging alleged revenue-sharing practices. Specifically, on June 22, 2004, a purported class action complaint entitled *Aucoin, et al. v. AllianceBernstein Management L.P., et al.* ("Aucoin Complaint") was filed against AllianceBernstein, Alliance Holding, APMC, AXA Financial, AllianceBernstein Investment Research and Management, Inc., certain current and former directors of the AllianceBernstein Funds, and unnamed Doe defendants in the United States District Court for the Southern District of New York by an alleged shareholder of the AllianceBernstein Growth & Income Fund. The Aucoin Complaint alleges, among other things, (i) that certain of the defendants improperly authorized the



payment of excessive commissions and other fees from AllianceBernstein Fund assets to broker-dealers in exchange for preferential marketing services, (ii) that certain of the defendants misrepresented and omitted from registration statements and other reports material facts concerning such payments, and (iii) that certain defendants caused such conduct as control persons of other defendants. The Aucoin Complaint asserts claims for violations of the Investment Company Act, the Advisers Act, breach of common law fiduciary duties, and aiding and abetting breaches of common law fiduciary duties. Plaintiffs seek an unspecified amount of compensatory damages and punitive damages, rescission of their contracts with AllianceBernstein, including recovery of all fees paid to AllianceBernstein pursuant to such contracts, an accounting of all AllianceBernstein Fund-related fees, commissions and soft dollar payments, and restitution of all unlawfully or discriminatorily obtained fees and expenses. Since June 22, 2004, nine additional lawsuits making factual allegations substantially similar to those in the Aucoin Complaint were filed against AllianceBernstein and certain other defendants, and others may be filed. All nine of the lawsuits (i) were brought as class actions filed in the United States District Court for the Southern District of New York, (ii) assert claims substantially identical to the Aucoin Complaint, and (iii) are brought on behalf of shareholders of AllianceBernstein Funds. At the present time, management of AllianceBernstein is unable to estimate the impact, if any, that the outcome of these matters may have on AllianceBernstein's results of operations or financial condition. In February 2005, plaintiffs in these actions filed a consolidated amended class action complaint that asserts claims substantially similar to the preceding complaints. In October 2005, the District Court dismissed each of the claims set forth in the complaint, except for plaintiffs' claim under Section 36(b) of the Investment Company Act. In January 2006, the District Court granted defendants' motion for reconsideration and dismissed the remaining claim under Section 36(b) of the Investment Company Act. Plaintiffs have moved for leave to amend their consolidated complaint.

AXA Financial, AXA Equitable and AllianceBernstein, as well as certain of AXA's other U.S. subsidiaries, are involved in various other types of lawsuits (both class action and individual), investigations or actions, including in connection with the ownership and/or management of real estate, asset management activities, corporate transactions, employee benefit disputes, alleged discrimination in employment practices, as well as other matters. For additional details on these matters, please see the Subsidiary SEC Reports.

Other U.S. Matters

AXA Investment Managers Matters. AXA Investment Managers was named as a defendant in a lawsuit Minnesota Life Insurance Co. et al. v. AXA Investment Managers, et al., pending in the U.S. District Court of Minnesota. Plaintiffs allege that AXA Investment Managers encouraged two former executives of Advantus (an asset management subsidiary of Minnesota Life Insurance Co.) to disclose confidential information they received as Advantus executives during their last four months at Advantus before being hired by AXA Investment Managers. Plaintiffs also claimed that AXA Investment Managers misused Advantus' fund performance record. Plaintiffs claimed compensatory damages of \$31 million and punitive damages and defendants had filed counterclaims in an aggregate amount of \$26.5 million. The lawsuit was settled in September 2005 for a confidential amount not material to the consolidated financial position or results of operations of AXA Investment Managers.

AXA RE Matters. SEC, New York Attorney General, Department of Justice Investigations.

The insurance industry is currently the subject of several on-going investigations being led by various regulatory authorities principally in the United States, including the United States Securities and Exchange Commission ("SEC"), the New York Attorney General ("NYAG") as well as various other state attorneys general, the United States Department of Justice ("DOJ"), the United States Federal Bureau of Investigation ("FBI") and various state insurance commissioners. These investigations, which are wide ranging in scope and on-going, concern various practices of insurers (principally in the property and casualty

and related businesses including general insurance lines) and reinsurers, as well as the purchase and sale of non-traditional insurance products (including finite risk reinsurance). In 2005, AXA RE received subpoenas, inquiries and requests for documents and other information from the SEC, NYAG, FBI/DOJ and various other U.S. regulators and law enforcement authorities seeking information relating to (i) specific reinsurance transactions with MBIA concerning the 1998 bankruptcy of Allegheny Health, Education and Research Foundation, and (ii) the purchase and/or sale of non-traditional products (including finite reinsurance) by AXA RE and its affiliates. Certain of the Company's other subsidiaries with operations in the United States have also received subpoenas, inquiries and requests for documents or other information, principally focused on purchases and/or sales of non-traditional products (including finite reinsurance) in connection with these on-going investigations. At this stage, management cannot assess with certainty the potential financial, regulatory or other impacts that these matters may have on AXA RE and/or its affiliates including the Company. AXA RE and the other AXA Group companies that have received these subpoenas, inquiries and other requests for information have fully cooperated with the authorities investigating these matters and will continue to do so. At this time, management is unable to predict what actions, if any, regulators may take against AXA RE, and/or other AXA Group companies in connection with these matters. Any regulatory actions or sanctions that may arise and/or negative publicity associated with the AXA brand name generated by these investigations may result in general reputational damage to AXA which could adversely affect AXA's results of operations.

WTC Litigation. Litigation currently is pending in New York concerning whether the attack and destruction of the World Trade Center on September 11, 2001 constituted a single occurrence or two separate occurrences for property insurance coverage purposes. The jury verdicts rendered to date in this litigation with respect to the insurance company defendants have been mixed. One jury verdict for one group of defendants deemed to have written coverage on a broker's form determined that the attack on the WTC constituted one occurrence for property insurance coverage purposes. A second jury verdict for the remaining defendants, which were deemed to have written coverage on other forms, determined that the attack on the WTC constitutes two occurrences for property insurance coverage purposes. Both jury verdicts currently are on appeal. While AXA is not party to this litigation, certain of AXA's subsidiaries, including its reinsurance subsidiaries, may be affected if it is ultimately determined with respect to any of the defendants in this litigation that the attack and destruction of the World Trade Center constituted two occurrences for property insurance coverage purposes. In this event, management estimates that AXA's additional exposure with respect to the World Trade Center property loss could amount up to approximately \$17 million in the aggregate. Consequently, management believes that the ultimate resolution of this litigation will not have a material adverse effect on the consolidated financial position or results of operations of AXA, taken as a whole.

31.2.2. Europe, Asia and Rest of the World Matters

In Europe, Asia and other jurisdictions where AXA operates, various AXA subsidiaries have been subject to regulatory investigations and sanctions from time to time in connection with their business. For example, in Germany, one of AXA's Germany subsidiaries, AXA Versicherung AG, was among the sixteen German insurers investigated and fined by the German competition authorities for certain alleged anticompetitive practices among leading German "industrial" non-life issuers. AXA Versicherung AG was fined €27.5 million and appealed this decision and sanction. This appeal led to a reduction by €2.0 million in November 2005. AXA Versicherung AG, together with the other issuers, appealed the new decision. A decision on this appeal is not expected before 2007. This fine will not have a material adverse impact on the results of operations or financial condition of AXA Versicherung given that a reserve in excess of the fine amount had previously been established. Since 2001, AXA France Vie and other life insurers in France have been involved in numerous individual law suits initiated by policyholders who purchased unit-linked life insurance policies and who suffered losses due to the decline in securities markets that began



in 2001. The policyholders claim that the information included in the general terms and conditions of their insurance contracts was inadequate and seek the rescission of their life insurance policies in application of the French laws on consumers' protection. On March 7, 2006, the Cour de Cassation (the French court of last resort in this matter) dismissed the insurers' appeal of a ruling that sets a favorable precedent for plaintiffs in these actions. Although the outcome of these lawsuits cannot be predicted with certainty, as of the date of this Annual Report on Form 20-F, management believes that these litigations will not have a material adverse impact on the consolidated financial condition of AXA, taken as a whole.

From 1998 through 2001, two subsidiaries of AXA, along with other insurers, participated in the Philips worldwide liability program (the "Policy") providing insurance cover for Philips N.V. ("Philips") and its subsidiaries on a worldwide basis. Thompson & Haywood Agriculture and Nutrition LLC ("THAN"), an indirect U.S. subsidiary of Philips, made a claim under the Policy in respect of asbestos-related claims exposure resulting from its distribution of raw asbestos fiber from 1961 to 1980. The insurers (including the two AXA entities) commenced a proceeding in The Netherlands in accordance with the forum selection clause provided in the Policy claiming that the Policy was void for non-disclosure because Philips failed to disclose information about the existence and nature of the business of THAN when the Policy was entered into. This litigation is currently pending. THAN initiated a competing lawsuit in the U.S. federal District Court for the District of Kansas, claiming that its asbestos exposure should be covered under the Policy. The Kansas court dismissed the action for lack of jurisdiction. THAN appealed the decision. AXA's management believes that the litigation initiated by THAN is without merit and intends to vigorously defend against THAN's allegations. At the present time, AXA's management is unable to estimate the impact, if any, that the outcome of these actions may have on AXA's results of operations or financial condition.

In June 2005, the European Commission commenced an investigation into certain areas of the financial services industry in the European Union, including retail banking and business insurance. The scope of the insurance sector investigation covers commercial non-life lines of insurance. The EU has distributed extensive requests for information to insurance companies and trade associations falling into the scope of the investigation. To date, seven AXA subsidiaries (in France, Italy, Luxembourg, Ireland, Belgium, Spain and Portugal) have received such questionnaire and are cooperating fully with the investigation. Management is not in a position at this time to assess the potential impacts of this investigation. There may be additional such regulatory investigations and/ or sanctions in the future.

In addition to the matters described above, AXA and certain of its subsidiaries are involved in various legal actions and proceedings of a character normally incident to their business.

Some of the Parent Company Litigations and Subsidiary Litigations have been brought on behalf of various alleged classes of claimants, and certain of the claimants in these actions seek significant or unspecified amounts of damages, including punitive damages. In some jurisdictions, juries have substantial discretion in awarding punitive damages. To date no Parent Company Litigation or Subsidiary Litigation has resulted in an award or settlement against AXA in an amount material to the consolidated financial position or results of operations of AXA, taken as a whole. Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, management believes that the ultimate resolution of the Parent Company Litigations and the Subsidiary Litigations should not have a material adverse effect on the consolidated financial position of AXA, taken as a whole. However, due to the nature of such lawsuits and investigations and the frequency of large damage awards in certain jurisdictions (particularly the United States) that bear little or no relation to actual economic damages incurred by plaintiffs, AXA's management cannot make an estimate of loss, if any, or predict whether or not the Parent Company Litigations or Subsidiary Litigations will have a material adverse effect on the AXA's consolidated results of operations in any particular period.