



Strategic repositioning in the US
August 30, 2000

Summary

- **Strategic vision**
- **DLJ transaction**
- **Proposed minority buy-out of AXA Financial**

AXA strategic vision

- ***Ambition***
to be the worldwide leader in financial protection and wealth accumulation services
- ***Business scope***
Financial protection:
 - Insurance and asset management
 - Expanding to broader personal financial services



AXA strategic vision

● Target Customers

- Individual customers over their lifetime
- Wholesale customers where AXA can leverage strong market positions and generate synergies with other lines of business

● Geographic Scope

- Priority is major developed markets: North America, Western Europe, Japan
- AXA also operates in other markets where sizeable and profitable activities can be built in a stable environment



DLJ transaction

- **Rationale**
- **Characteristics of transaction**
- **Financial impact**

Rationale for DLJ transaction (1/2)

From DLJ's perspective

- DLJ has had a brilliant track record in the 1990s
- BUT
 - European expansion needs to be accelerated and complemented by Asian expansion as the investment banking industry becomes more global
 - International deals are becoming larger; with one stop shopping as a common feature, they require strong balance sheet and ability to underwrite large amounts of debt as well as equity
 - Cost of talent is increasing
- THEREFORE
 - Increasing need to partner with another large investment bank
- The transaction will create a leading global investment bank



Rationale for DLJ transaction (2/2)

From AXA's perspective

- **AXA is not willing to increase its exposure to investment banking**
- **DLJ implies risk & creates volatility for AXA earnings and AXA stock**
- **Sale creates financial flexibility and allows strategic repositioning**
- **Credit Suisse Group's offer is financially attractive**



Transaction characteristics (1/2)

Credit Suisse Group (CS) offers to buy DLJ

- **\$ 90 per share (IPO in late October 1995 at \$ 13.5)**
- **47.4% premium over market price as of August 25 (\$ 61.0)**
- **92.5% premium over 90 day average market price (\$46.7)**
- **Multiples: PER of 19.9; 3.4 times book value (fully diluted)**



Transaction characteristics (2/2)

- Total transaction amounts at \$13.5 billion on a fully diluted basis
- Total transaction amounts at \$11.5 billion on outstanding DLJ shares:
 - 50% cash
 - 50% CS stock
- AXA will receive \$ 8.1 billion:
 - \$ 5.7 billion in CS shares
 - \$ 2.4 billion in cash
- CS has offered to repurchase from AXA Group at market price \$1.2 bn of shares at closing (in November 2000)
- AXA will manage liquidity of its investment in CS stock in close coordination with CS
- Minority shareholders will receive only cash



Financial impact of transaction

- **At AXA Financial level**
 - Gross proceeds: \$ 7.9 bn
 - Assuming proceeds are being reinvested at 11% pre-tax rate, EPS remains stable
- **At AXA Group level**
 - Gross proceeds: \$ 8.1 bn
 - Proceeds net of tax: \$ 5.9 bn
 - Profit on disposal: \$ 2.75 bn net of tax



Proposed minority buy-out of AXA Financial

- **Characteristics of offer**
- **Financial impact**
- **Rationale**

Characteristics of offer

- AXA offers to buy out the minority interests (39.7%) in AXA Financial (AXF)
- Under this proposal, AXF shareholders would receive, for each AXF share, consideration consisting of:
 - \$ 32.1 in cash
 - 0.271 AXA ADR
- On the basis of August 29th, 2000 closing price of AXA ADR, the offer amounts at \$53.5 per share:
 - 21.8% premium over 30 day average market price (\$43.9)
 - 35.5% premium over 90 day average market price (\$39.5)
- Offer conditional upon closing of DLJ transaction
- Offer will be negotiated with special committee of independent directors of AXA Financial



Financial impact of transaction

- **Total amount: \$ 10.4 bn**
- **Net amount of goodwill created: \$ 4.1 billion
(after partial charge of goodwill to equity)**
- **Transaction would be neutral to slightly accretive
on AXA cash EPS (pre goodwill amortization)**



Rationale for proposed minority buy-out of AXA Financial

- Increase proportion of AXA earnings coming from US life insurance and asset management
- Take full benefit of future profits emerging from AXA Financial
- Develop synergies and move towards more operational integration of AXA's businesses worldwide
- Facilitate M&A activity by AXA in the US, AXA stock being a more effective acquisition currency
- Take advantage of the opportunity offered by the sale of DLJ



Important legal information

This presentation contains forward-looking statements. While these forward-looking statements represent our judgments and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, the risk that AXA and AXA Financial will not enter into the proposed transaction or any other transaction; the costs related to this proposed transaction; the risk that anticipated synergies will not be obtained or not obtained within the time anticipated; and other key factors that we have indicated that could adversely affect our businesses and financial performance contained in our past and future filings and reports, including those with the U.S. Securities and Exchange Commission (the "SEC"). Neither AXA Financial nor AXA is under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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