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Corporate Earnings will Slacken and Market Volatility will Rise, Global Investors Believe

Orinda, Calif., December 12, 2007 – Corporate earnings in the US, Europe, and Japan will weaken and stock market volatility will increase, according to a majority of investment professionals surveyed in New York, London, Melbourne, and Tokyo by AXA Rosenberg in October and November. Respondents also showed particular wariness of the US equity markets and a belief that Japan's equity market was the most undervalued.

AXA Rosenberg, an AXA Investment Managers company specializing in quantitative active global equity asset management, polled 196 investment professionals, including institutional pension fund sponsors, consultants, and other financial professionals, across the US, Europe, Australia and Japan, representing over US\$4 trillion in assets under management, as part of a series of client conferences.

Commenting on the findings, Stéphane Prunet, AXA Rosenberg global chief executive officer said, "If predictions for a challenging economic environment and continued heightened volatility come to pass, investors who refocus their attention on stocks with sound fundamentals and portfolio risk control are likely to be rewarded. We also expect that growing interest in innovative equity products that help navigate this volatility will continue well beyond 2008."

Mr. Prunet continued, "We were struck by the degree of similarity in opinions about which economies, markets, and currencies will be the strongest and weakest across the globe. Not 100 percent agreement, but enough to suggest that we really do live in a globally interconnected economy."

Respondents in each region provided views on their own economies and markets. Among the detailed findings of the AXA Rosenberg survey were:

Outlook for corporate earnings

- Respondents in the US, UK, and Japan expected lower corporate earnings in their own markets over the next 12 months (60%, 55%, and 50% respectively).

- In contrast, respondents in Australia expected higher corporate earnings (76%).
- Respondents across all regions rated Asia ex-Japan as the region that will have the strongest growth in corporate earnings (65%, 64%, 59%, 87%).
- Respondents in the UK, Australia and Japan chose the US as the region that will have the weakest growth in corporate earnings (71%, 54%, 71%).

Regional outlook for the economy and equity markets

- US respondents indicated that the US is late in their economic cycle (67%), projected weaker economic growth (65%), and characterized their equity market as overvalued (43%).
- UK respondents thought that they are more in the middle of the economic cycle (48%), though also projected weak economic growth (60%). However they rated their equity market fairly valued (55%).
- Australian respondents, in contrast, thought that they are earlier in the economic cycle (with 69% saying early to mid), and hence projected stronger economic growth (38%), yet also identified their equity market as overvalued (41%).
- Tokyo respondents believed that they are in the mid to late phase of the economic cycle (38% and 38%), projected economic growth that was modest (33%) to weaker (37%), and classified their equity markets as highly undervalued (75%).
- Respondents in all regions predicted that equity market volatility will be higher in the next 12 months (67%, 45%, 75%, 58%).

Regional outlook for inflation, interest rates, and currencies over the next 12 months

- Respondents in all regions saw inflation increasing in the next 12 months (57%, 60%, 84%, 50%).
- Similarly, the outlook for interest rates in all regions was for higher rates (44%, 52%, 87%, 55%).
- All were very bearish on the US Dollar (87%, 85%, 76%, 77%).
- All were bullish on the Euro and Yen. (91%, 79%, 73%, 90% of investors in the four regions chose either the Euro or Yen as the strongest.)

AXA Rosenberg Global Conference Series – Fad or Fundamental

The surveys were conducted at AXA Rosenberg's series of conferences in October and November around the general theme of "Fad or Fundamental." Hosted in four locations—New York, London, Tokyo and Melbourne—these one-day events focused on dialogue among

attendees around a number of topics aimed at differentiating persistent market features and enduring investment opportunities from short-lived trends.

Issues discussed at the conferences included the use of fundamental analysis and other techniques to identify stocks with a relative earnings advantage in the current market environment.

Specific presentation topics included: Comments on the Current Market Environment; The Tension Between Maximizing Information Ratio and Maximizing Alpha; The Global Reward to Earnings; Valuation Components: Evolution and Implications; Responsible Investing; Options for Relaxing Investment Constraints; Relaxing Benchmark Constraints; Relaxing Shorting Constraints; and Benchmark-Free Equity Investing.

Note to Editors

The set of survey questions and responses for all four events are available upon request.

About AXA Rosenberg

AXA Rosenberg Group LLC, an AXA Investment Managers Company, was founded in 1985 by Drs. Barr Rosenberg and Kenneth Reid. AXA Rosenberg models and predicts company fair value, future earnings, and risk in building portfolios that aim to produce higher future earnings per dollar than the markets. This analysis is embedded in an expert system—the proprietary software built to embody the firm’s collective knowledge—so that it can be applied in a consistent and repeatable fashion in markets worldwide. As of September 30, 2007 AXA Rosenberg managed approximately \$142 billion in individual country, regional and global strategies for pension funds, foundations and government entities in the Americas, Europe, Asia and Japan. Headquartered in Orinda, California, the firm has offices in Greenwich, Connecticut, Toronto, London, Tokyo, Hong Kong, Singapore and Sydney. In 2007, AXA Rosenberg was awarded the designation of *Quant Manager of the Year* and *European Asset Management Firm of the Year* by the *Financial News*. For more information please visit www.axarosenberg.com.

About AXA Investment Managers (AXA IM)

AXA Investment Managers is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management. AXA IM is one of the largest European-based asset managers with approximately €550 billion* in assets under management as of the end of September 2007. AXA IM employs over 2,900* people around the world and operates out of 19 countries.

*Source: AXA IM as at the end of September 2007.

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