



Embedded Value 2008 Report

Cautionary statements concerning forward-looking statements

This report includes terms used by AXA for the analysis of its business operations and therefore might not be comparable with terms used by other companies; these terms are defined in the glossary provided at the end of this document.

Cautionary statements concerning European Embedded Value as a non-GAAP measure

This report includes non-GAAP financial measures. Embedded value is not based on IFRS, which are used to prepare and report AXA's financial statements and should not be viewed as a substitute for IFRS financial measures. In the attached report, the European Embedded Value is reconciled to IFRS shareholders' equity as reported in AXA's 2008 annual accounts. AXA believes the non-GAAP measure shown herein, together with the IFRS information, provides a meaningful measure for the investing public to evaluate AXA's business relative to the businesses of peers.

Key principles

The Embedded Value is an estimate of the economic value of a life insurance business, comprised of the adjusted net asset value (ANAV) and the value of the inforce business (VIF), including future profits on existing business but excluding any profits on future new business. It corresponds to the total net amount distributable to the shareholders, after sufficient allowance for the aggregated risks in the covered business.

From the end of 2004, AXA's methodology for Life & Savings EV has been compliant with the CFO Forum's European Embedded Value (EEV) Principles and guidance and has adopted a market-consistent approach. In particular, it:

- Provides for the cost of all significant options and guarantees (O&G) of Life & Savings businesses
- Includes a charge for cost of capital and non-financial risks (CoC/NFR)
- Includes costs of administrative services provided to our life companies by affiliated businesses on a "look-through" basis, although the Life & Savings value does not include the margins earned by our affiliated investment management companies reported outside the Life & Savings segment.

In June 2008, the CFO Forum released the new MCEV Principles[©]. Even though AXA already uses a market consistent methodology when making allowance for the aggregate risks in its Life & Savings business, AXA has remained formally under the EEV principles for its 2008 EV disclosure and plans to formally endorse the MCEV principles at year-end 2009 when they will become mandatory for CFO Forum members.

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I. Highlights

Key figures

- **2008 Life & Savings European Embedded Value (EEV), at Euro 27.2 billion**, was down by Euro 11.3 billion from 2007 as the 2008 operating return was more than offset by a negative investment experience of Euro 17.2 billion.

Market consistent EV is highly sensitive to financial market conditions. The sharp drop in equity markets and interest rates, as well as the increase in volatility and corporate spreads had strong negative impacts on EEV, with no offsetting effect such as assessing return to the mean as is frequently done in alternative valuation techniques.

Total operating return on Life & Savings European Embedded Value (EEV), was relatively stable at 9% despite a drop in NBV reflecting a 9% decrease in volume, combined with adverse financial market conditions impacting all regions.

Total return on Life & Savings European Embedded Value (EEV), was -35% in 2008 compared to 13% in 2007. The main driver of lower return in 2008 versus 2007 was lower investment experience, representing a -44% impact on total return.

The impacts of unfavorable market conditions could be broadly analyzed as follows:

Impact of lower interest rates	-2%
Impact of equity markets drop	-23%
Impact of higher volatilities	-4%
Impact of spreads' widening	-15%

- As described in Chapter IV of this report, AXA used, at end 2008, reference rates which included premia over the swap curves of 50 bps and 100 bps respectively for European and non-European entities (except Japan where no premium was considered due to anticipated closing as of 30 September) respectively.

- **FY08 IDR significantly increased by 2.61% to 10.22%** despite a lower reference rate thus showing that value should rebound if market conditions return to the mean.

- **FY08 Group Embedded Value ("Group EV")'s calculation methodology has been aligned with the Group EV standard proposed by the MCEV principles disclosed in June 2008.** Under this methodology the Group EV is the Life & Savings EEV plus IFRS shareholders equity of other businesses.

Total operating return on Group EV was relatively stable at 12% compared to 14% in 2007 for the restated Group EV.

Total return on Group EV was -31% in 2008 compared to 12% in 2007 for the restated Group EV. The main driver of lower return was the sharp drop in the return on Life & Savings EEV and lower unrealized gains in IFRS shareholders equity of other business reflecting the adverse market conditions; representing a -44% impact on total return..

The impacts of unfavorable market conditions could be broadly analyzed as follows:

Impact of lower interest rates	-2%
Impact of equity markets drop	-23%
Impact of higher volatilities	-3%
Impact of spreads' widening	-13%
Other	-2%

Life and Savings EEV

<i>Euro million - Group share</i>	Free surplus +	Required capital	= ANAV	+ VIF	=	Life EEV 07/08	Life EEV 06/07
Opening Life & Savings EEV	2,174	13,565	15,739	22,752		38,490	38,390
Modeling changes and opening adjustments	93	-197	-104	282		179	-889
Adjusted opening Life & Savings EEV	2,267	13,368	15,635	23,034		38,669	37,501
Operating performance from existing business:	4,808	-979	3,829	-1,327		2,502	2,457
Expected existing business contribution	3,807	212	4,019	-1,271		2,748	2,616
Operational changes	1,001	-1,190	-190	-56		-246	-159
New Business Value	-2,193	730	-1,463	2,449		985	1,772
Operating Return on Life & Savings EEV	2,615	-249	2,366	1,121		3,487	4,229
Current year investment experience	-7,882	2,706	-5,176	-12,000		-17,176	781
Total Return on Life & Savings EEV	-5,267	2,457	-2,810	-10,878		-13,689	5,009
Exchange rate movements impact	259	-160	100	262		361	-2,036
Life EEV of acquired business and others	-170	139	-31	42		11	-340
Capital flows	1,857	0	1,857	0		1,857	-1,645
Closing Life & Savings EEV	-1,053	15,803	14,750	12,459		27,209	38,490
of which Life & Savings VIF:						12,459	22,752
<i>Certainty equivalent PVFP</i>						19,119	27,498
<i>Time value of O&G</i>						-4,264	-2,554
<i>CoC/NFR</i>						-2,395	-2,192
Operating Return on Life & Savings EEV						9%	11%
Total Return on Life & Savings EEV						-35%	13%

Modeling changes and opening adjustments of Euro 179 million included changes in the ownership percentage of AXA Group in operations for a total of Euro 200 million, mainly driven by Germany (Euro 196 million). The opening adjustment in 2007 had a large negative impact mainly reflecting transfers of shares which were made between Life companies and other than Life entities.

Operating performance from existing business of Euro 2,502 million included:

Expected existing business contribution of Euro 2,748 million is the sum of the expected contribution from existing business assuming assets earned the beginning of period reference rates (Euro 1,597 million) and additional earnings consistent with the illustrative investment scenarios used to calculate IDR for the prior year (Euro 1,151 million).

Operational changes of Euro -246 million are split between:

Operational experience changes of Euro 303 million, mainly driven by France (Euro 454 million), reflecting an improvement in loss ratio for protection business and Belgium (Euro 226 million) due to the modeling of a tax exemption in equity dividends, partly offset by the US (Euro -301 million) mainly including VA guarantees hedge basis risk losses partly offset by other positive adjustments.

Operational assumption changes of Euro -549 million, mainly driven by the US (Euro -357 million), reflecting mainly lower modeled flexible premiums and lower dynamic lapse floor for Accumulator and Universal Life products and the UK (Euro -398 million) reflecting higher unit costs projected in the VIF due to a reallocation of one-off expenses to recurring expenses.

New Business Value decreased 43%, on a comparable basis, to Euro 985 million mainly as a result of a 9% decrease in volume combined with a 30% decrease due to adverse financial market conditions impacting all regions.

Operating Return on Life & Savings EEV of Euro 3,487 million represented 9% of Adjusted Opening Life & Savings EEV, compared to 11% in 2007, mainly as a result of a lower contribution from NBV.

Current year investment experience of Euro -17,176 million had a huge negative impact on EEV due to exceptional financial markets dislocation. This impacted EEV through lower year-end 2008 yield curves,

the drop in equity markets, higher volatility than those of year-end 2007 as well as the widening credit spreads.

The impacts of unfavorable market conditions could be broadly analyzed as follows:

Impact of lower interest rates	-1bn
Impact of equity markets drop	-9bn
Impact of higher volatilities	-2bn
Impact of spreads widening	-6bn

Total Return on Life & Savings EEV of Euro –13,689 million represented a decline of 35% in Adjusted Opening Life & Savings EEV, primarily due to the highly negative current year investment experience.

Capital flows of Euro 1,857 million reflected net transfers into the Life segment in 2008 including dividends (paid or received) and capital injections, notably in the US (Euro 2,636 million). Other countries have an offsetting impact of Euro -703 million primarily reflecting dividends paid.

Exchange rate movements impact of Euro 361 million came as a result of the weakening of the Euro versus other currencies. In 2008 the main positive drivers were Japan and US, whereas UK had a negative impact.

Life & Savings EEV of acquired/disinvested business and others of Euro 11 million mainly related to:

- acquired business in 2008 mainly reflecting AXA Mexico (Euro 150 million)
- partly offset by an exceptional adjustment in Japan of Euro -83 million.

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Closing Life & Savings EEV of Euro 27,209 million was composed of:

- **Life & Savings free surplus** decreased by Euro 3,228 million to Euro -1,053 million. This negative surplus number has no economic implication as the capital requirement was assessed on a standalone basis for each entity rather than on a consolidated view, using a specific methodology for the purpose of EEV calculation.

The decrease was mainly driven by:

- a negative investment experience impact (Euro -7,882 million) reflecting higher reserve and capital requirements to support guarantees, impairment mostly on equities and fixed-income, lower fees on unit-linked business and a negative impact on pension plans mainly due to the drop in equity markets,
 - a statutory loss associated with new business (Euro -1,463 million), combined with a transfer from free surplus to required capital associated with new business (Euro -730 million), partially offset by
 - earnings realized during the year from existing business (Euro 4,808 million) and capital flows (Euro 1,857 million).
- **Life & Savings required capital** increased by Euro 2,239 million to Euro 15,803 million, driven by the impact of the negative investment experience during the year (Euro 2,706 million) reflecting additional required capital, net of implicit items, mainly in Belgium, as a result of a reduction of unrealized capital gains, and in the US due to the additional capital needed to support VA guarantees, and additional required capital associated with new business (Euro 730 million) in all the countries. These increases in required capital were partly offset by a negative operational experience impact (Euro -1,190 million) largely driven by the US (Euro -826 million) following an increase in soft capital due to new surplus note (offset by higher free surplus).

- **Life & Savings VIF** decreased by Euro 10,292 million to Euro 12,459 million, largely driven by the unfavorable current year investment experience (Euro -12,000 million) mainly due lower certainty equivalent PVFP and higher cost of options and guarantees due to both the drop in reference rates and higher volatility combined with capital losses projected in VIF due to widening credit spreads on fixed income assets and lower equity returns.

Certainty Equivalent PVFP combined with Time Value of O&G decreased by Euro 10,089 million to Euro 14,855 million, impacted by changing interest rate environments in a number of offsetting ways: lower reference rate environments decrease modeled future investment returns, partially offset by lower discount rates, but also increase the cost of options and guarantees. The higher cost of O&G can be reflected in either element, depending on the relationship of guarantees to current reference yields. The increase in VA guarantees cost was reflected in certainty equivalent PVFP rather than in Time Value of O&G.

CoC/NFR increased by Euro 203 million to Euro -2,395 million reflecting mainly the additional required capital.

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Reconciliation of Life & Savings IFRS Shareholders' Equity to ANAV

The table below shows the reconciliation of Life & Savings Shareholders' Equity to Life & Savings IFRS Shareholders' ANAV.

<i>Euro million, Group share</i>	2007	2008	Change
Life & Savings Shareholders' equity	33,488	33,512	0%
Net URCG not included in Shareholders' equity	683	1,846	170%
Goodwill	-7,079	-7,668	8%
Deferred Acquisition & Origination Costs (DAC & DOC)	-7,338	-8,508	16%
Value of Business Inforce (VBI)	-2,821	-2,863	2%
Other intangibles	-596	-605	1%
UCG projected in PVFP & other Stat-GAAP adjustments	-599	-965	61%
UCG projected in PVFP	-1,933	1,023	-153%
other Stat-GAAP adjustments	1,334	-1,987	-249%
Life & Savings Adjusted Net Asset Value (ANAV)	15,738	14,750	-6%

The major elements of the reconciliation are as follows:

- Addition of unrealized capital gains (or losses) net of taxes and policyholder bonuses to the extent these are not reflected in IFRS equity (for example real estate and loan assets not carried at market value). The increase compared to 2007 was mainly driven by higher unrealized capital gains on real estate
- Elimination of all intangible assets of the Life & Savings businesses including in the scope of EEV modeling
- Deduction of unrealized gains/losses that are counted as part of the VIF. In 2007 only unrealized gains were projected in VIF while in 2008 due to the drop in equity markets some unrealized losses have been projected in certain countries
- Other adjustments between Statutory and IFRS balance sheet, predominantly reflecting different reserving bases

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VIF maturity profile

The table below shows how the VIF generated by the in-force and new business is modeled as emerging into free surplus over future years. To show the profile of the VIF emergence, the value of VIF in the consolidated balance sheet has been split into five maturity ranges representing timespan in which the profit is expected to emerge.

VIF maturity profile (Euro million, Group share)		
1 to 5 years	4,356	35%
6 to 10 years	3,659	29%
11 to 15 years	1,773	14%
16 to 20 years	1,125	9%
more than 20 years	1,547	12%
total	12,459	

The VIF maturity profile shows that 35% of the VIF should emerge in the first five years and 64% during the first 10 years. Expected long term cash flows might be higher in the future as current projection was made using a very low reinvestment rate due to the shape of the interest curves in most economies.

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Implied Risk Discount Rate for Life & Savings VIF

Reference Interest Rate		Total IDR based on distributable earnings	
2007	2008	2007	2008
4.83%	4.26%	7.61%	10.22%

The IDR increased despite a decrease in the reference rate because of:

- a larger gap between the current environment and the illustrative assumptions for future periods (+4.78%)
- higher cost of guarantees on the inforce portfolio as a result of lower interest rate environment and higher volatility (+3.16%)
- partly offset by higher capital requirement (-4.77%)

This demonstrates that after the sharp drop in 2008, value should rebound if market conditions return to the mean.

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Life and Savings NBV

<i>Euro million - Group share</i>	2007	2008
Full Year 2008 - EEV based		
Regular premiums	3,213	3,072
Single premiums	44,814	37,168
Annualized Premium Equivalent (APE)	7,694	6,789
Capitalization factor	7.9	9.4
Present Value of Expected Premiums (PVEP)	70,153	66,015
New Business Value (NBV)	1,772	985
NBV/APE	23.0%	14.5%
NBV/PVEP	2.5%	1.5%
New Business IRR	14.2%	11.2%
APE change		-12%
APE change at comparable basis		-9%
PVEP change		-6%
PVEP change at comparable basis		-2%
NBV change		-44%
NBV change at comparable basis		-43%

Rollforward of Life & Savings NBV (<i>Euro million, Group share</i>)	
2007 Life & Savings NBV	1,772
Modeling changes and opening adjustments	-25
Change in scope and acquisitions	25
Business-driven evolution:	-725
Volume	-169
Mix	34
Expenses	-131
Investment market conditions	-531
Assumptions changes and other	72
Currency impact	-62
2008 Life & Savings NBV	985

<i>Euro million, Group share</i>	2007	2008
Certainty equivalent PVFP less Strain	2,091	1,409
Less: Time Value of O&G	-202	-248
Less: CoC/NFR	-117	-176
Life & Savings NBV	1,772	985

Reference Interest Rate		Total NB IDR based on distributable earnings	
2007	2008	2007	2008
4.80%	4.16%	6.05%	5.60%

- **Life & Savings New Business APE** decreased 9%, on a comparable basis, to Euro 6,789 million, reflecting an overall decrease in sales volume mainly in unit-linked products.
- **Life & Savings New Business PVEP** decreased 3%, on a comparable basis. Its value reflects not only changes in sales but also changes in projection assumptions and discount rates.
- **Life & Savings New Business Value (NBV)** decreased 43%, on a comparable basis, to Euro 985 million, mainly due to:
 - a decrease in volume
 - a strong negative impact of investment market conditions, contributing to a 30% decrease in NBV. This impact can be broadly split as follows:
 - Impact of lower interest rates: -8%
 - Impact of equity market drop: -5%
 - Impact of higher volatilities: -14%
 - Impact of spreads widening: -4%
 - Other: 1%
 - higher expenses, mainly from lower volume as well as higher cost basis, principally in the UK, Japan and France
 - partly offset by favorable business mix, notably in the US due to re-pricing of Universal Life products

Certainty Equivalent PVFP combined with Time Value of O&G decreased by Euro 727 million, mainly due to lower volume combined with adverse financial market conditions impacting all regions. Lower reference rates and higher volatility make the cost of options and guarantees higher.

CoC/NFR increased by Euro 60 million reflecting primarily additional capital requirements in the US on VA guarantees due to lower reference rates and slower run-off of required capital due to business mix.

IDR are lower for new business than those of inforce reflecting a lower level of guarantees. IDR are lower than in 2007 due to a different country mix combined with a shift towards lower financial risk business due to a higher proportion of protection products.

Life and Savings sensitivities

Life & Savings sensitivities (Euro million, Group share)	EEV 2008		NBV 2008	
Original amounts, full year 2008	27,209		985	
Upward parallel shift of 100 basis points in reference interest rates	1,293	5%	119	12%
Downward parallel shift of 100 basis points in reference interest rates	-2,639	-10%	-279	-28%
10% higher value of equity markets	1,085	4%	97	10%
10% lower value of equity markets	-1,047	-4%	-113	-11%
10% higher value of real estate	522	2%	17	2%
10% lower value of real estate	-538	-2%	-22	-2%
Overall 10% decrease in the lapse rates	777	3%	88	9%
Overall and permanent decrease of 10% in expenses	1,355	5%	97	10%
5% lower mortality rate for annuity business	-326	-1%	-18	-2%
5% lower mortality rate for life business	626	2%	58	6%
Upward shift of 25% of the volatility on equity markets	-1,153	-4%	-197	-20%
Upward shift of 25% of the volatility on bonds	-815	-3%	-72	-7%
50 basis points higher credit spread	-1,272	-5%	-37	-4%
50 basis points lower credit spread	1,166	4%	22	2%

Sensitivities are applied one at a time, rather than in combination. Combined effects are likely to be different than implied by adding the effects of two separate sensitivities. The methodology section provides more details on the definition of each shock.

Note that in previous reporting periods AXA had made the choice (given the absence of a market standard approach), to disclose NBV sensitivities reflecting financial shocks occurring before point of sale. Since the CFO Forum MCEV principles recommended a common standard in reporting NBV sensitivities to reflect shock after point of sale, AXA aligned to this position for its 2008 NBV sensitivities. The NBV sensitivities "after sale" indicate how the new business written in 2008 would have been affected by an economic shock after sale but prior to year-end.

As a result of the above change in approach, and the fact that the 2008 sensitivities start from a significantly lower financial market level and higher volatilities than in 2007, direct comparisons between 2007 and 2008 sensitivities have little meaning.

More details are given in the "Detailed results by region section". At group level EEV is primarily sensitive to interest rates, equity markets, credit spreads and volatility driven notably by the US, France, Germany and Belgium.

NBV sensitivities are broadly driven by the same entities, while appearing more significant in percentage due to significantly different portfolios and with a longer expected life than the average of inforce for the same product type with smaller reserves built up.

Group EV

In order to reinforce alignment with CFO Forum recommendations, FY08 **Group Embedded Value ("Group EV")'s calculation methodology has been changed**. The presentation is designed to align with the Group EV standard proposed by the MCEV principles disclosed in June 2008. The Group EV is the sum of Life & Savings EEV and IFRS shareholders equity of other business.

Life & Savings is only one of the business segments of the AXA Group, which also has notably Property & Casualty insurance, Asset Management, Banks, International Insurance, and Holdings segments.

Note that in the past AXA had made several adjustments to define a tangible net asset value: a reconciliation between the other than Life & Savings shareholders equity IFRS and the tangible net asset value presented in previous disclosure is available in appendix 2.

The analysis of movement from 2007 to 2008 is performed on a basis that is consistent with how the opening and closing balances are performed: the values represent Life & Savings EEV plus Other Businesses IFRS Shareholders' Equity. Accordingly, the Other Businesses movement is essentially a movement analysis of IFRS Equity.

<i>Euro million - Group share</i>	Life & Savings EEV	Other businesses shareholders' equity	Group EV 07/08	Group EV 06/07
Opening Group EV	38,490	12,153	50,644	50,015
Modeling changes and opening adjustments	179	-235	-57	-49
Adjusted Group EV	38,669	11,918	50,587	49,966
Operating return	3,487	2,747	6,234	6,806
Current year investment experience	-17,176	-4,899	-22,075	-744
Total Return	-13,689	-2,152	-15,841	6,062
Dividends paid - received	-1,339	-1,134	-2,473	-2,218
Capital Flows	3,196	-2,858	337	-35
Exchange rate movements impact	361	-1,632	-1,271	-1,673
Acquired / Disinvested business and others	11	-371	-359	-576
Change in shares issued and treasury shares	0	156	156	-881
Closing Group EV	27,209	3,927	31,136	50,644
Operating Return on Group EV	9%	23%	12%	14%
Total Return on Group EV	-35%	-18%	-31%	12%

Modeling changes and opening adjustments for Other than Life businesses reflect a correction to the segment allocation of AllianceBernstein shares on 2007 IFRS consolidated shareholders' equity.

Operating return for Other than Life business is equal to the sum of the elements below, net of tax:

- underlying Earnings of Euro 2,536 million, plus
- a normalized equity capital gain assumption of 4.5% before tax, or Euro 424 million, less
- interest on undated subordinated debts of Euro 299 million which are considered debt in this movement analysis, plus
- the elimination of expense for equity-settled share-based compensation of Euro 85 million. This last adjustment is to reconcile with an equity rollforward, since expenses for equity-settled share-based compensation do not cause a reduction in equity.

Current year investment experience for Other than Life businesses is equal to the sum of the elements below net of tax:

- after-tax Net Income (Euro 1,369 million) less Underlying Earnings and less 4.5% normalized equity capital gain assumption (Euro 2,960), plus
- change in the fair value recorded in shareholders' equity (invested assets) but not reflected in IFRS income (e.g. invested assets, pension SORIE) of Euro -2,784 million, plus
- elimination of Euro 523 million in dividends paid by AllianceBernstein to the Life & Savings segment as well as internal financial transfers in the US, which are considered as investment

return by the Life & Savings segment and therefore need to be a negative investment return in Other than Life Businesses (and similar internal financial transfers in Belgium, France and UK).

The total return of Euro -22,075 was impacted by unfavorable market conditions. This could be broadly analyzed as follows:

Impact of lower interest rates	€ -1bn
Impact of equity markets drop	€ -12bn
Impact of higher volatilities	€ -2bn
Impact of spreads' widening	€ -7bn
Other	€ -1bn

Total Return for Other than Life businesses is equal to the operating return plus the current year investment experience.

Dividends for Other than Life businesses is the net of dividends paid (including from the parent company to its shareholders) and the dividends received from the Life & Savings segment, with an adjustment to exclude the dividend from AllianceBernstein to the US Life & Savings segment, which is recorded as investment experience, and dividends paid to other entities in Life & Savings segment and booked in investment experience (these adjustments have no impact on the Total column).

Other Capital Flows for Other than Life businesses includes impacts from a variety of other transactions and internal transfers, including the offsetting impact of all the capital injections made to the Life & Savings segment. In total this line reflects mainly the release of AXA SA dividend withholding tax reserve.

Exchange rate movement impacts for Other than Life businesses includes the impact of foreign currency hedges that cover the total of all businesses.

Acquired/Disinvested business impact on Other than Life businesses reflects the impacts related to acquisition and disposal transactions, most notably AXA Mexico and Quadrifoglio-Vita.

Change in shares issued and treasury shares is the impact of other capital raising such as share-based compensation net of eliminated profit charges.

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II. Detailed results by region

United States

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	2007	2008
Opening Life & Savings EEV	9,759	9,522
Modeling changes and opening adjustments	-10	-235
Adjusted opening Life & Savings EEV	9,749	9,287
Operating performance from existing business:	624	71
Expected existing business contribution	772	729
Operational changes	-148	-658
2008 New Business Value	397	74
Operating Return on Life & Savings EEV	1,021	145
Current year investment experience	224	-7,048
Total Return on Life & Savings EEV	1,245	-6,903
Exchange rate movements impact	-1,088	281
Life EEV of acquired business	-5	0
Capital flows	-380	2,560
Closing Life & Savings EEV	9,522	5,225
of which Life ANAV	3,106	3,560
Required capital	2,019	2,982
Free surplus	1,087	578
of which Life VIF	6,416	1,665
Certainty equivalent PVFP	7,250	2,397
Time value of O&G	-429	-311
CoC/NFR	-405	-422
Operating Return on Life & Savings EEV	10%	2%
Total Return on Life & Savings EEV	13%	-74%

The modeling changes and opening adjustments were mainly due to an adjustment on 2007 ANAV which was overstated.

Life & Savings operating return of 2 % was mainly driven by a decrease of NBV by 80% and unfavorable operational changes (Euro -235 million) analyzed as follows:

- **Operational experience** of Euro -301 million, mainly reflecting hedge basis risk losses net of tax partly offset by other smaller positive adjustments,
- **Operational assumptions** changes of Euro -357 million, mainly driven by lower flexible premiums modeled in the projection and a lower dynamic lapse floor for Accumulator and Universal Life products as well as higher unit costs from lower policies inforce, partly offset by an increase in fees taken on mutual funds.

The total return of -74% was largely impacted by a negative **investment experience** of Euro -7,048 million, mainly reflecting a sharp decrease in unrealized gains on corporate bonds in the general account due to widening of the credit spreads (Euro -2.6 billion), lower fees and expected future fees on unit-linked business notably due to the drop in equity markets (Euro - 2 billion) as well as higher VA guarantees option value due to both the drop in interest rates and equity markets and higher volatility partly offset by gains on hedged assets (Euro - 1.9 billion), unfavorable impact on pension plans (Euro 0.5 billion).

The positive capital flows reflected a capital injection as well as a transfer of AllianceBernstein shares from US holding partly offset by dividends paid.

The **ANAV** increased to Euro 3,560 million due to a capital injection, partially offset by negative investment experience. This included the market impact on pension plans, impairments on fixed-income, higher VA guarantees reserves and capital requirements to support VA guarantees.

The **VIF** decreased to Euro 1,665 million, mainly driven by a large decrease in certainty equivalent PVFP, in-line with the negative investment performance. The increase in VA guarantees cost due to highly volatile markets, lower swap yields and lower equity markets are reflected in certainty equivalent PVFP rather than in Time Value of O&G.

Reference Interest Rate		Total IDR based on distributable earnings	
2007	2008	2007	2008
5.00%	3.55%	8.26%	17.12%

The IDR increased despite a decrease in the reference rate because of:

- a larger gap between the current environment and the illustrative assumptions for future periods
- a higher cost of guarantees on the inforce portfolio as a result of the lower interest rate environment and higher volatility

LIFE AND SAVINGS NBV

Euro million - Group share	2007	2008
Full Year 2008 - EEV based		
Regular premiums	623	402
Single premiums	14,766	11,371
Annualized Premium Equivalent (APE)	2,099	1,540
Capitalization factor	8.2	11.2
Present Value of Expected Premiums (PVEP)	19,861	15,878
New Business Value (NBV)	397	74
NBV/APE	18.9%	4.8%
NBV/PVEP	2.0%	0.5%
New Business IRR	15.2%	12.2%
APE change		-27%
APE change at comparable basis		-20%
PVEP change		-20%
PVEP change at comparable basis		-14%
NBV change		-82%
NBV change at comparable basis		-80%

- APE decreased 20%, on a comparable basis due to a combination of less favorable Variable Annuity market in the second half of the year and an anticipated decline in Universal Life business further to product re-pricing.
- NBV decreased 80 %, on a comparable basis, to Euro 74 million, mainly due to:

- a decrease in volume
- unfavorable investment markets conditions, impacted in equal proportions by lower reference rate (higher cost of hedging new business when rates are lower) and higher volatility
- unfavorable changes in actuarial assumptions due to lower renewal premiums and unfavorable updated withdrawals modeling
- partially offset by favorable changes in mix reflecting an increase in profitability of new Universal Life products with reduced sales to older ages
- This resulted in a lower NBV/APE ratio (4.8 % compared to 18.9 % in 2007).

Rollforward of Life & Savings NBV (Euro million, Group share)	United States
2007 Life & Savings NBV	397
Modeling changes and opening adjustments	-27
Change in scope and acquisitions	0
Business-driven evolution:	-270
Volume	-73
Mix	132
Expenses	-9
Investment market conditions	-309
Assumptions changes and other	-11
Currency impact	-27
2008 Life & Savings NBV	74

- The IDR increased despite a decrease in the reference rate because of:

- larger gap between the current environment and the illustrative assumptions for future periods partly offset by
- higher cost of capital as a result of higher capital requirements to support

Euro million, Group share	2007	2008	
Certainty Equivalent Value less Strain	452	149	
Time Value of O&G	-38	-10	
CoC/NFR	-17	-66	
NBV	397	74	
Reference Interest Rate	Total NB IDR based on distributable earnings		
2007	2008	2007	2008
4.95%	3.29%	7.57%	11.04%

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities (Euro million, Group share)	EEV		NBV	
Original amounts, full year 2008	5,225		74	
Upward parallel shift of 100 basis points in reference interest rates	552	11%	89	121%
Downward parallel shift of 100 basis points in reference interest rates	-993	-19%	-133	-180%
10% higher value of equity markets	252	5%	63	85%
10% lower value of equity markets	-244	-5%	-72	-98%
10% higher value of real estate	94	2%	0	0%
10% lower value of real estate	-94	-2%	0	0%
Overall 10% decrease in the lapse rates	64	1%	2	3%
Overall and permanent decrease of 10% in expenses	263	5%	18	25%
5% lower mortality rate for annuity business	-118	-2%	-8	-11%
5% lower mortality rate for life business	343	7%	33	45%
Upward shift of 25% of the volatility on equity markets	-321	-6%	-117	-158%
Upward shift of 25% of the volatility on bonds	-233	-4%	-35	-47%
50 basis points higher credit spread	-245	-5%	-10	-14%
50 basis points lower credit spread	255	5%	-7	-9%

The sensitivities to interest rate movement for EEV exhibit the classical pattern of decreases reducing value (because of contractual guarantees eroding target margins) while increases having a positive effect

For NBV, the impact of a parallel upward/downward shift in interest rates of 100 bps is very material primarily due to higher spread compression on the general account business, mainly on universal life products as a result of a lower reference rate in the baseline scenarios. Some management actions have been taken in early 2009 to discontinue some riders on these flexible premium products in order somewhat to reduce this sensitivity. Furthermore, despite the hedge on VA guarantees claims, the level of required capital to support VA guarantees remains sensitive to interest rates and leads to higher CoC/NFR in the event of a further drop.

The NBV sensitivities to lower equity markets are explained by lower unit-linked fees and increased VA guarantees' reserve cost and CoC/NFR.

The NBV sensitivities to equity and bond volatility are explained by the sensitivity of VA guarantees to these parameters.

France

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	2007	2008
Opening Life & Savings EEV	8,099	8,041
Modeling changes and opening adjustments	-364	180
Adjusted opening Life & Savings EEV	7,735	8,222
Operating performance from existing business:	544	1,217
Expected existing business contribution	530	594
Operational changes	14	623
2008 New Business Value	230	78
Operating Return on Life & Savings EEV	774	1,295
Current year investment experience	52	-3,380
Total Return on Life & Savings EEV	826	-2,085
Exchange rate movements impact	0	0
Life EEV of acquired business	0	0
Capital flows	-520	-428
Closing Life & Savings EEV	8,041	5,709
of which Life ANAV	4,064	4,150
Required capital	2,857	2,928
Free surplus	1,208	1,222
of which Life VIF	3,977	1,559
Certainty equivalent PVFP	5,042	3,729
Time value of O&G	-670	-1,811
CoC/NFR	-395	-360
Operating Return on Life & Savings EEV	10%	16%
Total Return on Life & Savings EEV	11%	-25%

The modeling changes and opening adjustments mainly reflect a refinement in modeling the retirement business and the annuitization of individual retirement business.

The operating return of 16 % was driven by favorable operational changes (Euro 623 million):

- **Operational experience** changes of Euro 454 were mainly driven by an improvement in loss ratio in the protection business.
- **Operational assumptions** changes of Euro 169 million were mainly driven by a favorable update of the mortality rates in the savings business, lower lapses projected in the model and a favorable review of the indexation assumptions for protection and health business.

However, the total return of -25% was largely impacted by the current financial market crisis:

Investment experience had a large negative impact of Euro -3,380 million reflecting sharp decrease in unrealized gains due to the drop in equity markets (around -2.1 billion) and widening credit spreads (-0.6 billion) as well as higher time value of option value mainly due to higher volatility and higher spreads creating higher dispersion in the stochastic scenarios (-0.4 billion).

The **VIF** decreased to Euro 1,559 million, mainly driven by a large decrease in certainty equivalent PVFP, impacted by lower investment performance, and a high increase in time value of O&G due to higher volatility and spreads applied on guaranteed rates remaining on the inforce portfolio.

Reference Interest Rate		Total IDR based on distributable earnings	
2007	2008	2007	2008
4.81%	4.29%	7.35%	11.01%

The IDR increased despite a decrease in the reference rate because of:

- a larger gap between the current environment and the illustrative assumptions for future periods
- higher cost of guarantees on the inforce portfolio as a result of higher volatility and spreads

LIFE AND SAVINGS NBV

<i>Euro million - Group share</i>	2007	2008
Full Year 2008 - EEV based		
<i>Regular premiums</i>	481	589
<i>Single premiums</i>	8,792	7,577
Annualized Premium Equivalent (APE)	1,360	1,347
<i>Capitalization factor</i>	6.8	10.9
Present Value of Expected Premiums (PVEP)	12,045	13,997
New Business Value (NBV)	230	78
NBV/ APE	16.9%	5.8%
NBV/ PVEP	1.9%	0.6%
New Business IRR	12.9%	10.2%
APE change		-1%
APE change at comparable basis		-1%
PVEP change		16%
PVEP change at comparable basis		16%
NBV change		-66%
NBV change at comparable basis		-66%

Rollforward of Life & Savings NBV (<i>Euro million, Group share</i>)	France
2007 Life & Savings NBV	230
Modeling changes and opening adjustments	14
Change in scope and acquisitions	0
Business-driven evolution:	-166
<i>Volume</i>	-2
<i>Mix</i>	-55
<i>Expenses</i>	-46
<i>Investment market conditions</i>	-107
<i>Assumptions changes and other</i>	44
Currency impact	0
2008 Life & Savings NBV	78

<i>Euro million, Group share</i>	2007	2008
Certainty Equivalent Value less Strain	323	244
Time Value of O&G	-60	-135
CoC/ NFR	-33	-31
NBV	230	78

Reference Interest Rate		Total NB IDR based on distributable earnings	
2007	2008	2007	2008
4.81%	4.16%	7.07%	8.17%

- APE down 1% due to negative trends in the French Investment & Savings market (notably unit-linked business) offset by a strong performance in Health.

- NBV decreased 66% to Euro 78 million, mainly due to:

- less profitable business mix due to lower sales of unit-linked products in the savings segment
- negative expense experience reflecting acquisition expenses decreasing less than the new business volumes
- strong negative impact from investment markets, mainly due to lower unrealized gains allocated to new business
- partly offset by favorable assumption changes, mainly driven by an improvement in loss ratio in the protection business and lower projected lapses

- This resulted in a lower NBV/APE ratio (5.8 % compared to 16.9 % in 2007).

- IDRs are lower for new business than those of inforce reflecting a lower level of guarantees

- The IDR increased despite a decrease in the reference rate because of:

- a larger gap between the current environment and the illustrative assumptions for future periods
- higher cost of guarantees as a result of higher volatility and spreads.

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities (Euro million, Group share)	EEV		NBV	
Original amounts, full year 2008	5,709		78	
Upward parallel shift of 100 basis points in reference interest rates	247	4%	10	13%
Downward parallel shift of 100 basis points in reference interest rates	-298	-5%	-7	-10%
10% higher value of equity markets	221	4%	8	11%
10% lower value of equity markets	-205	-4%	-12	-15%
10% higher value of real estate	157	3%	6	8%
10% lower value of real estate	-163	-3%	-10	-13%
Overall 10% decrease in the lapse rates	164	3%	25	32%
Overall and permanent decrease of 10% in expenses	517	9%	30	38%
5% lower mortality rate for annuity business	-28	0%	-2	-2%
5% lower mortality rate for life business	16	0%	2	2%
Upward shift of 25% of the volatility on equity markets	-344	-6%	-31	-40%
Upward shift of 25% of the volatility on bonds	-141	-2%	-10	-13%
50 basis points higher credit spread	-227	-4%	-10	-13%
50 basis points lower credit spread	224	4%	14	18%

The sensitivities to interest rate movement for EEV exhibit the classical pattern of decreases reducing value (because of contractual guarantees eroding target margins) while increases having a positive effect.

New business often has a very different sensitivity than inforce due to significantly different portfolios. The new business will have a longer expected life than the average of inforce for the same product type, does not include impacts on free surplus, and has small reserves built-up, so sensitivities for NBV tend to be a larger percentage of value than those of EEV.

The NBV sensitivities to equity volatility are explained by the variable annual guaranteed rate under French regulation for the non-unit-linked contracts and by the dynamic surrender laws in the context of low reference rate.

United Kingdom

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	2007	2008
Opening Life & Savings EEV	5,749	4,596
Modeling changes and opening adjustments	-1,215	1
Adjusted opening Life & Savings EEV	4,534	4,597
Underlying performance from existing business:	328	-87
Expected existing business contribution	303	303
Operational changes	25	-391
2008 New Business Value	140	125
Operating Return on Life & Savings EEV	468	38
Current year investment experience	-21	-1,289
Total Return on Life & Savings EEV	447	-1,251
Exchange rate movements impact	-412	-873
Life EEV of acquired business	0	0
Capital flows	26	30
Closing Life & Savings EEV	4,596	2,503
of which Life ANAV	1,852	1,482
<i>Required capital</i>	2,777	2,162
<i>Free surplus</i>	-926	-680
of which Life VIF	2,744	1,021
<i>Certainty equivalent PVFP</i>	3,151	1,452
<i>Time value of O&G</i>	-69	-183
<i>CoC/NFR</i>	-339	-248
Operating Return on Life & Savings EEV	10%	1%
Total Return on Life & Savings EEV	10%	-27%

The operating return of 1 % was driven by unfavorable operational changes (Euro -391 million):

- **Operational experience** changes of Euro 7 million were boosted by the conversion of AXA Annuity Company to an Insurance Special Purpose Vehicle, which enabled its solvency capital to be met by the inherited estate of ASL, thus removing the cost of holding separate capital. This was partly offset by expenses experienced in 2008 that had not been anticipated in the 2007 EEV.
- **Operational assumptions** changes of Euro -398 million were principally driven by higher unit costs projected in the VIF reflecting a reallocation in the expense model of servicing project expenditure relating to business efficiency in the more traditional life book from one-off expenses to recurring expenses.

The total return of -27% was largely impacted by the current financial market crisis:

- **Investment experience** had a large negative impact of Euro -1,289 million reflecting (a) lower projected management charge income on unit-linked business following the drop in equity markets, (b) a sharp decrease in projected terminal values of with-profits business reducing the value of the shareholders' share of future bonuses and (c) lower value of the bond portfolio backing annuity liabilities (due to widening credit spreads).

The capital flows of Euro 30 million reflected capital injections into new distribution and fund management businesses within the UK Life segment.

The VIF decreased to Euro 1,021 million, reflecting a large decrease in the certainty equivalent PVFP due to lower asset values and higher unit costs, and an increase in the time value of O&G due to the fall in equity markets combined with an increase in equity volatility, which brought the implicit guarantees associated with the with-profits business closer to being in the money.

Reference Interest Rate		Total IDR based on distributable earnings	
2007	2008	2007	2008
4.84%	4.02%	6.92%	8.03%

The IDR increased despite a decrease in the reference rate because of:

- a larger gap between the current environment and the illustrative assumptions for future periods
- higher cost of guarantees on the inforce portfolio as a result of lower equity performance and higher volatility

LIFE AND SAVINGS NBV

<i>Euro million - Group share</i>	2007	2008
Full Year 2008 - EEV based		
Regular premiums	547	480
Single premiums	10,412	8,076
Annualized Premium Equivalent (APE)	1,588	1,287
Capitalization factor	5.5	6.2
Present Value of Expected Premiums (PVEP)	13,424	11,065
New Business Value (NBV)	140	125
NBV/ APE	8.8%	9.7%
NBV/ PVEP	1.0%	1.1%
New Business IRR	10.3%	9.3%
APE change		-19%
APE change at comparable basis		-6%
PVEP change		-18%
PVEP change at comparable basis		-4%
NBV change		-11%
NBV change at comparable basis		4%

Rollforward of Life & Savings NBV (<i>Euro million, Group share</i>)	United Kingdom
2007 Life & Savings NBV	140
Modeling changes and opening adjustments	0
Change in scope and acquisitions	0
Business-driven evolution:	4
<i>Volume</i>	-7
<i>Mix</i>	2
<i>Expenses</i>	-31
<i>Investment market conditions</i>	27
<i>Assumptions changes and other</i>	13
Currency impact	-19
2008 Life & Savings NBV	125

<i>Euro million, Group share</i>	2007	2008
Certainty Equivalent Value less Strain	141	126
Time Value of O&G	0	0
CoC/ NFR	-1	-1
NBV	140	125

Reference Interest Rate		Total NB IDR based on distributable earnings	
2007	2008	2007	2008
4.86%	3.44%	6.53%	5.78%

- APE decreased 6% due to lower sales of onshore and offshore bonds following fiscal changes and falling confidence by customers in products whose returns depend on stock market performance.
- NBV increased 4%, on a comparable basis, to Euro 125 million, mainly due to:
 - a positive impact from lower interest rates on the protection business
 - favorable assumptions updates (mainly extension of the allowance for future mortality improvements from annuity business to certain protection products) leading to better profitability
 - partly offset by higher expenses due to higher servicing costs
- This resulted in a higher NBV/APE margin (9.7 % compared to 8.8% in 2007).

IDRs are lower for new business than those for inforce reflecting a different business mix, with lower financial risk due to a higher proportion of protection products.

The NB IDR decreased by 75bps to 5.78%, mainly because of the decrease in the reference interest rate and a change in the shape of the swap curve which was very steep in the early years in 2008. In addition there has been a change in mix of business since 2007 away from wealth management and toward protection products which decreased the liability duration and the margin from financial risks. This negative impact on IDR has been partly offset by a larger gap between the current environment and the illustrative assumptions for future periods.

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities (Euro million, Group share)	EEV		NBV	
Original amounts, full year 2008	2,503		125	
Upward parallel shift of 100 basis points in reference interest rates	16	1%	-11	-9%
Downward parallel shift of 100 basis points in reference interest rates	-32	-1%	8	7%
10% higher value of equity markets	138	6%	11	9%
10% lower value of equity markets	-139	-6%	-12	-9%
10% higher value of real estate	21	1%	1	1%
10% lower value of real estate	-15	-1%	-1	0%
Overall 10% decrease in the lapse rates	65	3%	14	11%
Overall and permanent decrease of 10% in expenses	130	5%	11	9%
5% lower mortality rate for annuity business	-42	-2%	-3	-2%
5% lower mortality rate for life business	31	1%	9	7%
Upward shift of 25% of the volatility on equity markets	-13	-1%	0	0%
Upward shift of 25% of the volatility on bonds	0	0%	0	0%
50 basis points higher credit spread	-78	-3%	-1	0%
50 basis points lower credit spread	83	3%	1	0%

The relatively small sensitivity impacts to interest rates on inforce demonstrate that the in-force assets and liabilities are well matched.

The sensitivities to interest rates have an opposite impact on NBV than those of inforce due to the significantly different business mix, with a higher proportion of protection products in new business.

Northern and Central Eastern Europe

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	NORCEE 2007	NORCEE 2008	Switzerland 2008	Belgium 2008	Germany 2008	CEE 2008
Opening Life & Savings EEV	9,037	8,085	1,826	3,186	2,762	311
Modeling changes and opening adjustments	-878	112	55	44	-11	24
Adjusted opening Life & Savings EEV	8,159	8,196	1,881	3,230	2,750	335
Operating performance from existing business:	482	1,063	299	595	130	39
Expected existing business contribution	515	587	143	266	151	27
Operational changes	-33	476	157	329	-21	11
2008 New Business Value	376	223	77	29	86	31
Operating Return on Life & Savings EEV	858	1,285	377	624	215	70
Current year investment experience	568	-3,321	-515	-1,903	-893	-10
Total Return on Life & Savings EEV	1,426	-2,035	-138	-1,279	-678	60
Exchange rate movements impact	-29	140	188	0	0	-48
Life EEV of acquired business	-817	0	0	0	0	0
Capital flows	-654	-198	-126	-278	69	138
Closing Life & Savings EEV	8,085	6,103	1,804	1,673	2,141	484
of which Life ANAV	2,902	2,425	814	905	560	147
Required capital	3,653	5,190	2,102	1,887	1,134	67
Free surplus	-751	-2,765	-1,288	-982	-575	80
of which Life VIF	5,183	3,678	991	768	1,582	337
Certainty equivalent PVFP	6,940	6,214	1,844	1,722	2,295	353
Time value of O&G	-1,021	-1,525	-483	-555	-479	-9
CoC/NFR	-736	-1,012	-371	-400	-234	-7
Operating Return on Life & Savings EEV	11%	16%	20%	19%	8%	21%
Total Return on Life & Savings EEV	17%	-25%	-7%	-40%	-25%	18%

The modeling changes and opening adjustments mainly reflect a refinement in the assets model in Switzerland in order to separately simulate real estate, private equity and hedge funds and several minor refinements in Belgium.

The operating return increased to 16%, driven by favorable operational changes (Euro 476 million):

- **Operational experience** changes of Euro 187 were mainly driven by Belgium (Euro 226 million) due to the introduction of a tax exemption for equity dividends.
- **Operational assumptions** changes of Euro 289 million were mainly driven by Belgium (Euro 103 million) due to lower unit costs, Switzerland (Euro 94 million) reflecting lower lapses in Group Life business and lower unit costs in Traditional business in Individual Life and Germany (Euro 90 million) due to the release of some allowance for uncertainty made in 2007 regarding the Health reform impact on the VIF.

However, the total return of -25% was negatively impacted by the current financial market crisis:

- **Investment experience** had a large negative impact of Euro -3,321 million reflecting a sharp decrease in unrealized gains due to widening credit spreads and the drop in equity markets (in Belgium, in a market where gains on equities are tax-free, and Switzerland primarily) as well as higher options value due to both the drop in interest rates and higher volatility (notably in Germany and Belgium).

The positive capital flows in Germany and CEE reflected capital injections from AXA, partly offset by dividends paid by Germany.

The **ANAV** decreased to Euro 2,425 mainly due to a decrease in Belgium driven by lower unrealized capital gains because of widening credit spreads, a drop in equity markets and dividends paid in 2008.

The **VIF** decreased to Euro 3,678 million, mainly driven by a higher option cost impacted by lower asset values and higher volatility (mainly in Belgium and Germany), due to higher proportion of business with guaranteed rates and higher CoC/NFR (mainly in Belgium and Switzerland), due to a decrease in soft capital composed primarily of unrealized capital gains.

	Reference Interest Rate		Total IDR based on	
	2007	2008	2007	2008
Switzerland	3.95%	3.17%	5.82%	7.14%
Belgium	4.86%	4.37%	8.69%	9.38%
Germany	4.86%	4.18%	7.08%	8.34%
Central Eastern Europe		4.17%		6.22%

The IDR increased despite a decrease in the reference rate because:

- a higher gap between the current environment and the illustrative assumptions for future periods
- higher guarantees on the inforce portfolio as a result of lower investment performance and higher volatility
- partly offset by higher required capital driven by lower unrealized capital gains in Belgium and due to lower policyholder bonus reserve in Germany which led to a decrease of soft capital

LIFE AND SAVINGS NBV

<i>Euro million - Group share</i>	Total NORCEE 2007	Total NORCEE 2008	Switzerland 2008	Belgium 2008	Germany 2008	CEE 2008
Full Year 2008 - EEV based						
Regular premiums	813	871	178	163	419	112
Single premiums	3,136	3,002	1,020	970	489	523
Annualized Premium Equivalent (APE)	1,126	1,171	280	260	468	164
Capitalization factor	10.8	11.7	17.0	11.4	10.6	8.2
Present Value of Expected Premiums (PVEP)	11,939	13,233	4,038	2,828	4,924	1,442
New Business Value (NBV)	376	223	78	29	86	31
NBV/ APE	33.4%	19.0%	27.7%	11.1%	18.3%	18.8%
NBV/ PVEP	3.1%	1.7%	1.9%	1.0%	1.7%	2.1%
New Business IRR	13.1%	9.9%	10.7%	11.5%	9.0%	9.9%
APE change		4%	26%	-24%	2%	53%
APE change at comparable basis		1%	22%	-24%	0%	33%
PVEP change		11%	48%	-23%	7%	51%
PVEP change at comparable basis		7%	43%	-23%	4%	30%
NBV change		-41%	68%	-80%	-48%	58%
NBV change at comparable basis		-42%	62%	-80%	-49%	38%

- **APE increased 1%** due to a record year in Group business in Switzerland and continuous growth in CEE, offsetting a decrease in Belgium.
- **NBV decreased 42%** to Euro 223 million, driven by strong decreases in Belgium and Germany. This was partly offset by a strong increase in Switzerland and CEE.

The decrease is analyzed by factor in the following table:

Rollforward of Life & Savings NBV (Euro million, Group share)	Total NORCEE	Switzerland	Belgium	Germany	CEE
2007 Life & Savings NBV	376	46	144	166	19
Modeling changes and opening adjustments	-28	0	6	-34	0
Change in scope and acquisitions	6	2	0	2	1
Business-driven evolution:	-133	28	-121	-48	8
Volume	-16	12	-34	-0	6
Mix	-25	12	-12	-21	-4
Expenses	1	1	-10	15	-5
Investment market conditions	-129	-4	-94	-41	10
Assumptions changes and other	36	7	30	-1	1
Currency impact	3	1	0	0	1
2008 Life & Savings NBV	223	78	29	86	31

- **Switzerland:** NBV up 62% to Euro 78 million, due to higher volumes and better business mixes both in Individual and Group Life.
- **Belgium:** NBV down 80% to Euro 29 million, due to:
 - lower volumes, mainly on Individual Life non unit-linked products, leading to higher unit costs
 - a strong impact from investment markets mainly on non unit-linked products for both Individual and Group business mainly driven by low interest rates combined with a negative tax impact due to a lower equity exposure in a market where gains on equities are tax-free.
- **Germany:** NBV down 49% to Euro 86 million, due to:
 - modeling changes for Twinstar products
 - negative impact from investment markets driven by lower interest rates and higher volatility on Twinstar
- **CEE:** NBV up 38% to Euro 31 million, due to mainly higher volume.

Euro million, Group share	Total NORCEE 2007	Total NORCEE 2008	Switzerland	Belgium	Germany	CEE
Certainty Equivalent Value less Strain	510	360	132	98	98	33
Time Value of O&G	-88	-80	-30	-50	0	-1
CoC/ NFR	-47	-57	-24	-19	-12	-1
NBV	376	223	78	29	86	31

	Reference Interest Rate		Total NB IDR based on distributable earnings	
	2007	2008	2007	2008
Switzerland	3.67%	3.10%	5.57%	5.95%
Belgium	4.74%	4.34%	7.64%	9.64%
Germany	4.84%	4.13%	5.66%	5.27%
Central Eastern Europe		4.21%		5.36%

IDRs are lower for new business than those for inforce reflecting a lower level of guarantees.

The IDR increased despite a decrease in the reference rate in Switzerland and Belgium, mainly reflecting a higher margin for financial risk due to a higher gap between the current environment and the illustrative assumptions for future periods.

The IDR decreased in Germany due to lower reference rate and higher capital requirements, partly offset by an increase in the margin for financial risk.

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities (Euro million, Group share)	EEV 2008 NORCEE		NBV 2008 NORCEE	
Original amounts, full year 2008	6,103		223	
Upward parallel shift of 100 basis points in reference interest rates	537	9%	7	3%
Downward parallel shift of 100 basis points in reference interest rates	-1,093	-18%	-100	-45%
10% higher value of equity markets	311	5%	8	3%
10% lower value of equity markets	-300	-5%	-9	-4%
10% higher value of real estate	230	4%	9	4%
10% lower value of real estate	-246	-4%	-11	-5%
Overall 10% decrease in the lapse rates	145	2%	12	5%
Overall and permanent decrease of 10% in expenses	242	4%	14	6%
5% lower mortality rate for annuity business	-91	-1%	-3	-1%
5% lower mortality rate for life business	51	1%	2	1%
Upward shift of 25% of the volatility on equity markets	-398	-7%	-33	-15%
Upward shift of 25% of the volatility on bonds	-335	-5%	-19	-9%
50 basis points higher credit spread	-575	-9%	-15	-7%
50 basis points lower credit spread	450	7%	14	6%

The sensitivities to interest rate movement for EEV exhibit the classical pattern of decreases reducing value (because of contractual guarantees eroding target margins) while increases having a positive effect.

Due to significantly lower investment assumptions and asymmetric profit sharing, the parallel shift of the risk free rates and parallel shift of volatility have a higher impact compared to 2007.

NBV of Twinstar business is negatively impacted by a downward parallel shift of interest rates especially in the current low environment. Due to hedging strategy a part of the shock is absorbed, however this hedging strategy cannot compensate for the total effect of the decrease resulting from a sudden drop of -100 bps in interest rates as there is no immediate rebalancing of hedging assets.

The NBV sensitivities to equity and bond volatility are explained by the sensitivity of VA guarantees to these parameters.

Asia-Pacific

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	Asia-Pacific 2007	Asia-Pacific 2008	Japan 2008	Australia/NZ 2008	Hong Kong 2008	SEA & China 2008
Opening Life & Savings EEV	6,245	6,568	4,232	1,087	1,144	104
Modeling changes and opening adjustments	-68	30	26	2	1	1
Adjusted opening Life & Savings EEV	6,177	6,598	4,258	1,089	1,145	105
Operating performance from existing business:	478	172	19	12	137	4
Expected existing business contribution	424	433	257	79	87	10
Operational changes	55	-262	-238	-67	49	-6
2008 New Business Value	587	430	299	35	75	21
Operating Return on Life & Savings EEV	1,065	602	318	47	212	25
Current year investment experience	-35	-2,015	-1,360	-255	-390	-10
Total Return on Life & Savings EEV	1,030	-1,413	-1,042	-208	-178	15
Exchange rate movements impact	-507	850	931	-133	55	-3
Life EEV of acquired business and others	0	-127	-83	-44	0	0
Capital flows	-133	-108	24	-60	-78	6
Closing Life & Savings EEV	6,568	5,800	4,088	644	945	123
of which Life ANAV	2,763	2,017	1,592	260	106	58
Required capital	1,204	1,401	918	232	241	10
Free surplus	1,559	616	674	28	-135	48
of which Life VIF	3,805	3,783	2,495	384	838	65
Certainty equivalent PVFP	4,276	4,354	2,719	426	1,137	73
Time value of O&G	-255	-326	-64	-13	-250	0
CoC/NFR	-217	-245	-160	-29	-49	-8
Operating Return on Life & Savings EEV	17%	9%	7%	4%	18%	24%
Total Return on Life & Savings EEV	17%	-21%	-24%	-19%	-16%	14%

The modeling changes and opening adjustments mainly reflected a refinement on 2007 VIF in Japan driven by review of the commission payment and medical whole life premium calculation, as well as merger of channels.

The operating return of 9% was driven by unfavorable operational changes (Euro -262 million):

- **Operational experience** changes of Euro -26 million were mainly driven by Japan (Euro -59 million), primarily due to lower surrender for savings products with high guaranteed rate contracts and higher surrender rates for cancer products partly offset by a positive impact in Hong Kong (Euro 28 million), mainly reflecting better than expected lapse experience.
- **Operational assumptions** changes of Euro -236 million were driven by Japan (Euro -180 million), primarily due to medical group contract re-pricing and Australia/NZ (Euro -76 million), mainly resulting from an increase in unit costs due to a lower level of funds under management.

The total return of -21% was largely impacted by the current financial markets crisis:

- **Investment experience** showed a large negative impact of Euro -2,015 million, mainly due to the significant drop in the credit and equity markets in all countries as well as a significant negative impact on Japan's VIF due to the lower swap curve, only partly offset by higher unrealized gains on Japanese government bonds.

The Life EEV of acquired business and others reflected an exceptional adjustment of Euro -83 million in Japan. As a reminder, AXA Japan closes its books at the end of September. According to IFRS principles, whereby the financial statements of the subsidiary shall be adjusted to reflect the effects of significant events that would have been recognized with a closing date aligned on the AXA Group, AXA Japan's 2008 accounts were adjusted with a provisional loss related to activity from October to December 2008. This adjustment mainly reflected the further increase of spreads on CDS during this period. Consistent with the accounts, this adjustment has been reflected in the ANAV.

The positive capital flows in Japan reflected additional capital allocated to the Japanese VA business in AXA Life Europe.

The **ANAV** decreased to Euro 2,017 million driven by the lower value of assets due to widening spreads and lower equity returns partly offset by higher unrealized capital gains on bonds.

The **VIF** decreased to Euro 3,783 million driven by lower reference rates as well as a sharp decrease in equity prices, mainly impacting Australia/NZ, partly offset by an additional year of new business.

	Reference Interest Rate		Total IDR based on	
	2007	2008	2007	2008
Japan	2.25%	2.09%	7.87%	6.72%
Australia/New Zealand	7.12%	4.85%	7.97%	6.84%
Hong Kong	4.92%	3.62%	7.71%	9.14%

The IDR decreased in Japan and Australia mainly due to lower interest rates and a shift towards products with lower financial risk, like health products in Japan and protection products in Australia.

The IDR increased in Hong Kong, despite the decrease in reference rate, as guarantees on some products are closer to be in the money.

LIFE AND SAVINGS NBV

<i>Euro million - Group share</i>	Asia-Pacific 2007	Asia-Pacific 2008	Japan	Australia & New Zealand	Hong Kong	SEA & China
Full Year 2008 - EEV based						
<i>Regular premiums</i>	666	585	404	26	102	53
<i>Single premiums</i>	6,482	4,529	783	3,519	100	127
Annualized Premium Equivalent (APE)	1,314	1,037	482	378	112	66
<i>Capitalization factor</i>	7.4	7.1	7.4	9.6	7.3	3.0
Present Value of Expected Premiums (PVEP)	11,441	8,681	3,786	3,770	836	289
New Business Value (NBV)	587	430	299	35	75	21
NBV/APE	44.6%	41.5%	62.1%	9.2%	67.3%	32.0%
NBV/PVEP	5.1%	5.0%	7.9%	0.9%	9.0%	7.3%
New Business IRR	20.9%	17.0%	13.5%	18.2%	35.0%	13.3%
APE change		-21%	-15%	-31%	-20%	5%
APE change at comparable basis		-17%	-10%	-29%	-13%	12%
PVEP change		-24%	-19%	-30%	-19%	-15%
PVEP change at comparable basis		-22%	-18%	-28%	-12%	-10%
NBV change		-27%	-32%	-32%	-2%	13%
NBV change at comparable basis		-23%	-29%	-28%	6%	21%

- **APE down 17%** to Euro 1,037 million, due to the decline in sales of mutual funds in Australia following a favorable legislation change in 2007 and negative market conditions in 2008, as well as a change in tax regulation for certain term products in Japan.
- **NBV down 23%** to Euro 430 million, mainly driven by volume decreases in Japan and Australia/NZ. The decrease is analyzed by factor in the following table :

Rollforward of Life & Savings NBV (Euro million, Group share)	Asia-Pacific	Japan	Australia/NZ	Hong Kong	SEA & China
2007 Life & Savings NBV	587	440	51	77	19
Modeling changes and opening adjustments	20	15	4	0	0
Change in scope and acquisitions	1	1	0	-1	-0
Business-driven evolution:	-158	-148	-17	4	3
<i>Volume</i>	-68	-49	-12	-9	2
<i>Mix</i>	-22	-27	-6	9	2
<i>Expenses</i>	-41	-32	-9	0	0
<i>Investment market conditions</i>	-14	-23	7	2	0
<i>Assumptions changes and other</i>	-13	-17	3	2	-2
<i>Currency impact</i>	-18	-9	-3	-5	-0
2008 Life & Savings NBV	430	299	35	75	21

- **Japan: down 29% to Euro 299 million, driven by:**
 - A less profitable business mix, especially in Medical Whole Life
 - higher expenses, mainly for higher marketing support combined with lower volume
 - a strong negative impact due to the lower risk free rate
 - negative changes in assumptions reflecting the Collective medical pricing change and higher lapses.
- **Australia/NZ: down 28% to Euro 35 million due to:**
 - lower volumes because of a drop in mutual fund sales as a result of the equity market downturn partly offset by an increase in volume of individual protection plans
 - higher unit costs for mutual funds due to lower funds under management.
- **Hong Kong: up 6% to Euro 75 million, driven by:**
 - a more favorable business mix (shift towards traditional protection plans)
 - this was balanced by lower volumes, especially on unit-linked products.
- **SEA & China: up 21% to Euro 21 million due to higher volumes and more profitable business mix.**

This resulted in an overall **lower NBV/APE ratio of 41.5%** (compared to 44.6% in 2007).

Euro million, Group share	Asia-Pacific	Asia-Pacific	Japan	Australia/NZ	Hong Kong	SEA & China
	2007	2008				
Certainty Equivalent Value less Strain	610	458	303	38	95	22
Time Value of O&G	-11	-17	0	0	-17	0
CoC/NFR	-12	-10	-3	-3	-3	-1
NBV	587	430	299	35	75	21

	Reference Interest Rate		Total NB IDR based on distributable earnings	
	2007	2008	2007	2008
Japan	2.15%	2.01%	3.39%	3.06%
Australia/NZ	7.12%	4.85%	7.81%	5.64%
Hong Kong	4.92%	3.39%	6.87%	6.90%

IDRs are lower for new business than those for inforce reflecting a different business mix with fewer guarantees.

The IDR decreased in Asia Pacific reflecting lower risk in new business as well as a decrease in the reference rate. The increased proportion of protection business in Japan and Australia/NZ has reduced the margin from financial risks. The IDR is stable in Hong Kong as the lower level of reference rate in 2008 had offset the increase in margin of financial risk and increase of option and guarantees from higher volatility.

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities <i>(Euro million, Group share)</i>	EEV 2008 Asia Pacific		NBV 2008 Asia Pacific	
Original amounts, full year 2008	5,800		430	
Upward parallel shift of 100 basis points in reference interest rates	128	2%	33	8%
Downward parallel shift of 100 basis points in reference interest rates	-342	-6%	-54	-12%
10% higher value of equity markets	120	2%	6	1%
10% lower value of equity markets	-117	-2%	-7	-2%
10% higher value of real estate	13	0%	1	0%
10% lower value of real estate	-13	0%	-1	0%
Overall 10% decrease in the lapse rates	310	5%	32	7%
Overall and permanent decrease of 10% in expenses	184	3%	21	5%
5% lower mortality rate for annuity business	-33	-1%	-2	-1%
5% lower mortality rate for life business	169	3%	9	2%
Upward shift of 25% of the volatility on equity markets	-70	-1%	-14	-3%
Upward shift of 25% of the volatility on bonds	-75	-1%	-5	-1%
50 basis points higher credit spread	-135	-2%	0	0%
50 basis points lower credit spread	146	3%	0	0%

The sensitivities to interest rate movement for EEV exhibit the classical pattern of decreases reducing value (because of contractual guarantees eroding target margins) while increases having a positive effect.

New business often has a very different sensitivity than that of inforce due to significantly different portfolios. The new business will have a longer expected life than the average of inforce for the same product type, does not include impacts on free surplus, and has small built-up reserves, so sensitivities for the NBV tend to be a larger percentage of value than those of EEV.

Mediterranean and Latin American region

LIFE AND SAVINGS EEV

<i>Euro million - Group share</i>	2007	2008
Opening Life & Savings EEV	978	1,558
Modeling changes and opening adjustments	56	90
Adjusted opening Life & Savings EEV	1,034	1,648
Underlying performance from existing business:	36	67
Expecting business contribution	72	101
Operational changes	-36	-34
2008 New Business Value	43	56
Operating Return on Life & Savings EEV	79	123
Current year investment experience	-8	-113
Total Return on Life & Savings EEV	71	10
Exchange rate movements impact	0	-37
Life EEV of acquired business	482	138
Capital flows	-30	5
Closing Life & Savings EEV	1,558	1,764
of which Life ANAV	930	1,009
Required capital	1,054	1,140
Free surplus	-124	-131
of which Life VIF	627	754
Certainty equivalent PVFP	838	972
Time value of O&G	-111	-109
CoC/NFR	-100	-109
Operating Return on Life & Savings EEV	8%	7%
Total Return on Life & Savings EEV	7%	1%

The modeling changes and opening adjustments mainly reflected a refinement in annuities modeling and an increase in pension plan scope in Spain, a new dynamic lapse function in the four largest operations as well as minorities buyout in Turkey.

The operating return of 7 % was driven by unfavorable operational changes (Euro -34 million):

- **Operational experience** changes of Euro -18 million were mainly driven by lower profit than expected, mainly in Spain and Italy, partly offset by a reassignment of real estate assets from P&C to the Life segment.
- **Operational assumptions** changes of Euro -16 million were mainly driven by higher unit costs in Spain.

The total return of 1% was largely impacted by the current financial market crisis:

- **Investment experience** had a large negative impact of Euro - 113 million, mainly due to lower equity return.

The Life EEV of acquired business mainly reflected the acquisition of AXA Mexico.

The **ANAV** increased to Euro 1,009 million, mainly due to the reclassification of assets between P&C and Life in Italy as well as the acquisition of AXA Mexico and the buyout of minorities in Turkey.

The **VIF** increased to Euro 754, mainly driven by an increase in certainty equivalent PVFP due to the new acquisitions and a reduction in option and guarantees in Spain as a result of a new dynamic lapse function.

Reference Interest Rate		Total IDR based on distributable earnings	
2007	2008	2007	2008
4.74%	4.08%	6.53%	5.56%

The IDR decreased due to a lower reference rate, lower options and guarantees reflecting the review of dynamic lapse behavior in Spain, lower CoC/NFR in Italy slightly offset by a higher margin for financial risk.

LIFE AND SAVINGS NBV

<i>Euro million - Group share</i>	2007	2008
Full Year 2008 - EEV based		
Regular premiums	83	145
Single premiums	1,226	2,614
Annualized Premium Equivalent (APE)	206	406
Capitalization factor	2.6	3.8
Present Value of Expected Premiums (PVEP)	1,443	3,162
New Business Value (NBV)	43	55
NBV/ APE	20.7%	13.5%
NBV/ PVEP	3.0%	1.7%
New Business IRR	11.2%	9.3%
APE change		97%
APE change at comparable basis		0%
PVEP change		119%
PVEP change at comparable basis		63%
NBV change		28%
NBV change at comparable basis		-10%

Rollforward of Life & Savings NBV (<i>Euro million, Group share</i>)	MedLA
2007 Life & Savings NBV	43
Modeling changes and opening adjustments	-4
Change in scope and acquisitions	18
Business-driven evolution:	-1
<i>Volume</i>	-2
<i>Mix</i>	2
<i>Expenses</i>	-5
<i>Investment market conditions</i>	2
<i>Assumptions changes and other</i>	2
<i>Currency impact</i>	-1
2008 Life & Savings NBV	55

<i>Euro million, Group share</i>	2007	2008
Certainty Equivalent Value less Strain	55	71
Time Value of O&G	-6	-5
CoC/ NFR	-7	-11
NBV	43	55

Reference Interest Rate		Total NB IDR based on distributable earnings	
2007	2008	2007	2008
4.80%	4.07%	5.47%	4.33%

- **APE remains stable** (on a comparable basis, notably including restatements for AXA MPS and Mexico) as the increase in Spain driven by traditional saving products was offset by Italy due to lower contribution from index linked products.
- **NBV down 10%** (on a comparable basis) to Euro 55 million, mainly due to:
 - unfavorable modeling changes mainly driven by a review of the costs and commissions assumptions in Spain.
 - lower volume leading to an increase of unit costs mainly in Spain, Italy and Portugal.
- This resulted in a lower NBV/APE ratio (13.5 % compared to 20.7 % in 2007).

IDRs are lower for new business than those for inforce reflecting a lower risk profile.

LIFE AND SAVINGS SENSITIVITIES

Life & Savings sensitivities (Euro million, Group share)	EEV		NBV	
Original amounts, full year 2008	1,764		55	
Upward parallel shift of 100 basis points in reference interest rates	-186	-11%	-10	-18%
Downward parallel shift of 100 basis points in reference interest rates	119	7%	7	13%
10% higher value of equity markets	42	2%	1	2%
10% lower value of equity markets	-43	-2%	-1	-2%
10% higher value of real estate	7	0%	0	0%
10% lower value of real estate	-6	0%	0	0%
Overall 10% decrease in the lapse rates	30	2%	3	6%
Overall and permanent decrease of 10% in expenses	19	1%	3	6%
5% lower mortality rate for annuity business	-14	-1%	0	0%
5% lower mortality rate for life business	16	1%	2	4%
Upward shift of 25% of the volatility on equity markets	-6	0%	-2	-3%
Upward shift of 25% of the volatility on bonds	-31	-2%	-2	-3%
50 basis points higher credit spread	-12	-1%	-1	-1%
50 basis points lower credit spread	9	1%	1	1%

Results reflected a blend of effects from different business lines in the four largest operations (Spain, AXA Italy, AXA MPS Italy, and Portugal); smaller operations are not included in the sensitivities.

An increase in the reference interest rate has a negative impact on EEV/NBV, because of 1) the drop in value of bond holdings in segregated funds, 2) investment profits that did not change greatly (although interest rates are higher, assets were lower) and 3) future profits that are more heavily discounted.

III. Methodology

Covered business

AXA's Life & Savings segment offers a broad range of Life insurance products including retirement and Health, for both group and individuals. This segment accounted for 64%, or Euro 58 billion of AXA's consolidated IFRS gross revenues for the year ended 12/31/08. The net asset value of the unmodeled Life and Savings entities was Euro 107 million which represented 0.3% of the total net asset value of the Life & Savings segment.

Cash flows projected in the VIF are from the following entities, which represented 98.6 % of the total Life & Savings technical reserves and 99.2% of total Life & Savings revenues (smaller entities included in EEV are consolidated on the equity method in IFRS and therefore do not contribute to revenues) as of 12/31/08:

- United States
- France
- United Kingdom
- Northern and Central Eastern Europe (Germany, Belgium, Switzerland, and Central & Eastern Europe : Hungary, Czech Republic and Poland)
- Mediterranean and Latin American Region (Italy, Spain, Portugal, Greece, Turkey and Mexico)
- Japan
- Australia/New Zealand
- Hong Kong
- Southeast Asia & China (China, Indonesia, Thailand, Philippines and Singapore)

Some entities are not taken into account for the VIF and NBV calculations, but have their Life & Savings business operations included in the Life ANAV, using IFRS shareholders equity plus unrealized capital gains and losses after policyholder bonus, taxes, DAC and reactivity. Their ANAV represented 1.2% of the total ANAV as of 12/31/08.

ANAV, VIF and NBV methodology

ANAV METHODOLOGY

The Life & Savings ANAV can be reconciled to the IFRS shareholders' equity based on the following main adjustments:

- Addition of unrealized capital gains/losses on asset classes for which the IFRS balance sheet does not reflect current market values
- Elimination of the value of intangibles (*Goodwill, VBI, DAC, DOC ...*), conceptually to be replaced by VIF for business inforce, thereby excluding any value for future business. Adjustment for differences between local regulatory and IFRS values of assets and liabilities
- Subtraction of unrealized capital gains included in the projection of future cash-flows (VIF)

AXA's IFRS Shareholders' Equity already includes the full impact of any actuarial gains or losses on employee benefit plans, so no adjustment is needed in EEV for employee benefits.

The ANAV for each operation includes the book value of any shares it holds in other AXA Group entities that are outside the Life & Savings segment, although any crossholdings within the Life & Savings segment are eliminated locally. The book value of crossholdings outside the Life & Savings segment is eliminated in the Holdings segment for Group EV purposes.

AXA has chosen to exclude the profits of its investment management companies on managed assets for Life & Savings operations from Life & Savings EEV. This choice is linked to the commercially sensitive nature of disclosing margins for companies that also manage third-party assets, and because AllianceBernstein units are publicly-traded. It is also noteworthy that the units of AllianceBernstein held by US Life entities in the Group are not valued at their 12/31/08 market value of Euro 2.5 billion (gross of tax) in the Life & Savings EEV; instead, these units are carried at their cost basis of Euro 2.1 billion. This treatment is consistent with other cross-shareholdings of entities within the AXA Group.

VIF METHODOLOGY

The Life & Savings VIF is valued in the following three step process:

- the base value is a **certainty equivalent present value for future profits (PVFP)**, which is the value of the business considered without taking credit for any future investment risk premiums (which are the expected excess returns of equities, corporate bonds, etc. over the reference interest rate). This value reflects the intrinsic value of the O&G but not their time value nor non-financial risks, except for Accumulator-type products where the full policyholder charges less hedging costs for guarantees are reflected here rather than a portion in Time Value of O&G
- the base value is then reduced by an allowance for the **Time Value of O&G**, which is valued in a manner consistent with the approach used in financial markets to value O&G: the net value is therefore a **risk neutral value**, it is the value of the business adjusted for all financial risks
- a final reduction is made for the **CoC/NFR**, which is the lock-in cost of capital and provision for other operational and insurance risks (i.e. non financial risks)

In practical terms, the VIF is derived for most business from at least 30 year projection, and includes a provision for the remaining shareholder profits beyond that term.

Risk neutral value and Time value of options and guarantees (O&G)

The O&G valued in the EEV cover all material O&G embedded in AXA's Life and Savings business - consistent with the requirements of the European Embedded Value Principles. The key O&G considered are:

- the interest rate guarantees on traditional products (such as guaranteed cash values, guaranteed annuity options (GAOs), etc.)
- the profit sharing rules (bonus rates, credited interest rates, policyholder dividends, etc), which combined with guarantees can create asymmetric returns for shareholders
- the guaranteed benefits (GMDB, GMIB and similar) on unit-linked annuity products and no lapse guarantees¹ in life insurance contracts (although note that as mentioned above the hedging costs for guarantees on Accumulator-type business are reflected in the Certainty Equivalent PVFP rather than in the Time Value of O&G)
- the dynamic policyholder behavior, that is, the options (such as full or partial surrender, premium discontinuance, annuitization, etc.) that policyholders can elect at a time that disadvantages the company.

The risk neutral value includes (i.e. is net of) the required allowance for all such financial O&G. The calculation of the base certainty equivalent value of the businesses enables us to separate the Time Value of O&G from the intrinsic value:

$$\text{Time Value of O\&G} = \text{Risk neutral value less Certainty Equivalent PVFP}$$

The exceptions to this general treatment are Southeast Asia & China where the traditional EV approach makes an aggregate allowance for risks.

Methodology for calculating the risk neutral value

The risk neutral value is evaluated using a set of specific stochastic models (entirely designed for the purpose of valuation under a risk neutral framework), based on a set of economic and financial conditions, which are run over at least 1,000 economic risk neutral scenarios based on the assumptions described below. The value allows for the behavior of clients (lapses, etc.) and for some management actions (dynamic investment strategy, varying credited rate, etc.).

The economic scenarios are constructed using a proprietary economic scenario generator developed by Barrie & Hibbert. A number of asset classes and economic assumptions are modeled stochastically. This includes equity, bond yields, credit spreads, credit defaults, property, foreign exchange, inflation, and GDP.

The construction of market consistent risk neutral economic scenarios requires a careful calibration to underlying market parameters to ensure that the valuation replicates the prices of market assets. Three key areas of calibration are the initial yield curves, the implied market consistent volatilities, and the correlations between asset classes and

¹ 'No lapse guarantees' are guarantees on insurance contracts that the contract will remain in force so long as the contract holder pays a predetermined level of premiums, even if the investment performance is lower than expected and insufficient funds are present to keep the contract in force in the absence of the guarantee.

economies. The model calibration is described further under Economic Assumptions. The interest rate model considers both parallel shifts and twists to the yield curve.

Methodology for calculating the CoC/NFR

This item is based on the cost of holding capital corresponding to the highest of

- the capital required by internal economic capital models before any Group diversification benefits
- the local regulatory requirement
- the capital consistent with a AA capital requirement in each operation.

These three amounts are considered net of implicit items that can be used to support capital requirements.

This can be considered to provide a provision for two elements: 1) a cost of locked-in capital, and 2) an additional provision for other non-financial risks.

The cost of capital is the economic cost incurred through the payment of investment expenses and taxes on investment income of assets held in excess of the policyholder reserves. Mechanically, this can be viewed as the difference between investment earnings which are the reference rate after-tax and after investment expenses, compared to a discount rate which is the reference rate before tax and expenses. The amount of such assets is equal to the higher of regulatory capital and the capital requirements resulting from the internal economic capital model, and is considered to be locked-in.

The non-financial risks represent the economic cost incurred through the exposure of the company to insurance and operational risks. AXA assumes an allowance for non-financial risks. As of today, there is no established market practice for the estimation of the non-financial risks. Hence, AXA has calculated the allowance for non-financial risk by assuming a higher locked-in capital base. The CoC/NFR was approximately Euro 1.1 billion higher than the minimum local regulatory requirements.

Hong Kong is the exception to this treatment: because tax is paid on premium rather than income there would be no non-financial risk provision under this methodology. A provision has been made applying the Group average tax rate to an estimated capital level for Hong Kong.

The UK is also worth a special mention regarding cost of capital. Under the terms of the scheme of arrangement, the UK Inherited Estate assets are 'locked in' to the long term funds until they are no longer required to provide with-profits policyholders the level of security implied by the scheme. Under EEV, allowance for financial and non-financial risks is made explicitly through the use of stochastic models and market consistent pricing techniques. In particular the methodology allows explicitly for risks to the Inherited Estate in that:

- The Inherited Estate asset is valued as a future distribution rather than an asset that is distributable
- Allowance is made for shareholder taxes for the period of 'lock-in' and on distribution
- Explicit modeling is performed of the potential for the asset to be permanently transferred to the with-profits fund.

NEW BUSINESS VALUE METHODOLOGY

The value of new business sold during the calendar year is consistent with the methodology outlined for the VIF. The new business value will include both the initial cost (or "strain") of selling the business and the future earnings and return of capital to the shareholder.

It should also be noted that the value of the inforce includes all business as at the year-end date. This includes the future earnings and return of capital for business written during the year.

No value is placed on future new business sales, although certain future flexible premium receipts are included in the VIF as described below.

The assumptions for valuing the new business VIF are consistent with overall inforce VIF; that is, they are set to reflect year-end conditions. Unit-linked products are a special case in NBV, with year-end conditions used for future asset returns but fund performance from point of sale to year-end based on beginning-of-year expectations in order to avoid distortion by market performance relative to potential future profitability.

New business includes new contracts written in the current year. If future flexible premiums are reasonably predictable, for example they are included in pricing the contract and/or there is stable historical experience, then they and the benefits associated with them are included in the projection of future cash flows. That is, they are included in the calculation of VIF, and to the extent they are related to contracts sold in the current year, they are part of NBV. If policy additions are the result of significant new marketing activity, and were not anticipated at the time of original contract sale, then such additions are reflected as new business. This treatment of future flexible premiums is

required by the EEV Principles and Guidance, but some areas of judgment remain. Due to different practices across the market, AXA looks to better align its treatment in each country with that of its peer companies.

Other definitions (sensitivities and IDR)

SENSITIVITIES

Sensitivities are applied one at a time, rather than in combination. Combined effects are likely to be different than implied by adding the effects from two separate sensitivities.

For purposes of the NBV sensitivity, shocks to financial market conditions (such as change in reference interest rates or equity market levels) are assumed to occur after the point of sale, rather than just before the point of sale. Therefore, the NBV sensitivity gives an indication of how the NBV of business written in 2008 would have been affected by an economic shock prior to year-end assuming no re-pricing action was taken. It does not indicate what future NBV might be if sales occurred at the same volume and mix as those in 2008, but in a new market environment.

Sensitivities do not include China/Southeast Asia, where the full MCEV methodology is not applied.

Upward parallel shift of 100 basis points in reference rates simulates a sudden shock to the initial conditions. This means changes to: 1) the current market values of fixed-interest assets, with related possible changes to projected capital gains/losses and/or fee revenues, 2) future reinvestment rates for all asset classes, and 3) risk-discount rates. Inflation rates are not changed. Policyholder and management behavior is adjusted following normal behavioral modeling, and may not be wholly consistent with these conditions. This impacts ANAV, VIF, and NBV. If guaranteed rates are automatically adjusted based on market conditions through a formula, then the sensitivities to reference rate movements should reflect such an adjustment.

Downward parallel shift of 100 basis points in reference rates is the same as above but with a shift downward. Where the shift of 100 basis points would drop rates below 0%, they are floored at zero.

10% higher value of equity markets simulates a shock to the initial conditions just for equities. Listed equities and private equities including the impact of equity hedges should be shocked. This means changes to current market values of all these equities excluding hedge funds, with related possible changes to projected capital gains/losses and/or fee revenues. Policyholder and management behavior is adjusted to be consistent with these conditions. This impacts ANAV, VIF, and NBV. To avoid any possible confusion, any shares held in related Group entities should not be impacted by this sensitivity.

10% lower value of equity markets same as above but a decrease.

10% higher value of real estate simulates a shock to the initial conditions just for real estate. This means changes to current market values of real estate, with related possible changes to projected capital gains/losses and/or fee revenues. Policyholder and management behavior is adjusted to be consistent with these conditions. This impacts ANAV, VIF, and NBV.

10% lower value of real estate same as above but a decrease.

The sensitivities to initial values of equity and real estate only change the initial values of assets, and so new scenarios are not needed. However, stochastic runs are needed for business subject to stochastic modeling.

Upward parallel shift of 25% of the volatility on equity markets simulates a shock to the initial conditions, representing the base volatility times 1.25 for the key duration and then apply a parallel shift for the other durations. The main impact is expected on VIF and NBV through the Time Value of O&G.

Upward parallel shift of 25% of the volatility on bonds simulates a shock to the initial conditions, representing the base volatility times 1.25 for the key duration and a parallel shift for other durations. The main impact is expected on VIF and NBV through the Time Value of O&G.

50 basis point instantaneous increase in credit spreads is immediately applied at the valuation date and is applicable to all corporate bond asset classes and associated derivatives and government bonds for emerging markets. This should be calibrated as a sudden shock of plus 50bps on the single A credit spread. This means changes to the current market value of credit assets, with related possible changes to projected capital gains/losses and/or fee revenues. Policyholder and management behavior is adjusted following normal behavioral modeling, and may not be wholly consistent with these conditions. This impacts ANAV, VIF, and NBV.

50 basis point instantaneous decrease in credit spreads is the same as above but a decrease.

Overall 10% decrease in the lapse rates means that base lapse rates are multiplied by 0.9. Decreased lapses can have a positive or negative effect on embedded value depending on policy design and at which duration the lapse occurs. This impacts VIF and NBV.

Overall and permanent decrease of 10% in expenses applies to all future expenses other than commission and commission-related (for example, agency manager payments that are a percentage of agent commissions) expenses and investment expenses (as they are managed separately from Life companies general expenses). This impacts VIF and the VIF part of NBV. As the expense reflected in ANAV movement and the new business Strain included in the NBV is the actual historical figure, the strain is not adjusted for this sensitivity.

5% lower mortality rate for annuity business reflects the impact on annuity business profits from assuming 5% lower mortality rate. This impacts VIF and NBV. The base assumption in VIF for annuity business already reflects expected mortality improvement (note that mortality improvement hurts annuity profits).

5% lower mortality rate for life business reflects the impact on life insurance business profits from assuming 5% lower mortality rate. This impacts VIF and NBV.

IMPLIED DISCOUNT RATES

In a market consistent EEV, the value of the projected earnings, allowing for financial risks, Time Value of O&G, and non financial risks is the result of a stochastic valuation technique. As a result, the equivalent implied risk discount rate (IDR) is derived from a bottom up assessment of the risk. It is the discount rate that would reproduce the VIF from a deterministic projection of statutory distributable earnings (profit less movement in required capital) in an illustrative scenario. Specifically, it is not an assumption used to determine the value. The IDR will vary depending on the economic assumptions used to deduce it; however it does not affect the market consistent value in any way. It is a useful measure of the risk reflected in the overall value estimate given a set of assumptions about future asset returns. IDRs are disclosed on the basis of discounted distributable earnings including the impacts of required capital which is roughly comparable to the discount rates used in Traditional EV.

In particular it allows comparison across countries of the components of EEV.

The total implied risk discount rate therefore reflects:

- the reference interest rate of the local economy
- a margin for financial risks
- an allowance for the Time Value of O&G
- an allowance for the cost of capital and non financial risks.

The implied risk discount rate will differ for each country, and between inforce and new business. The illustrative investment assumptions used in calculating Implied Discount Rates can be found in Appendix 1.

IV. Assumptions

Financial assumptions

INVESTMENT MARKET CONDITIONS

The model of projected cash flows includes investment scenarios designed to reflect market conditions. Any such model necessarily has a limited number of inputs, and will not perfectly reproduce all of the current conditions. Described below are the target conditions for the modeling; the fit of the model to these defined targets is tested by assuring that €1 of initial asset value is reproduced when projected and discounted and by tests that confirm the model stays close to the targets (the models and the present values they produce are therefore called ‘market consistent’). The process of refining the model so that it reproduces market conditions is referred to as ‘calibration’.

In response to the current dislocated market conditions, the CFO Forum agreed, on December 19, 2008, to review the impact of turbulent market conditions on the MCEV principles, notably in respect of the use of swap rates as a proxy for reference rates and the effect of liquidity premia. In that context, AXA has used as part of its 2008 market-consistent methodology, a **reference rate** that includes a premium over swap rates. This reflects the ability, in current conditions, for insurers with long term liabilities to earn risk free returns in excess of swaps as a result of their investment in corporate bonds and the potential to purchase credit default swaps. In prior years, any such premium has been immaterial.

While it might be appropriate to set different premia for each portfolio (reflecting the specific asset mix within that portfolio), until more detailed guidance is potentially issued by the CFO Forum, AXA has adopted uniform premia above swaps for each major territory, specifically 50 bps for its European businesses, and 100 bps for its non-European businesses. In Japan, no premium was included due to anticipated closing.

The increases to reference rates were set at levels consistent with the estimated additional yield achievable, given the proportion of corporate bonds held to back AXA's life insurance liabilities across each of these regions at 31 December 2008, and taking into account AXA's ability to hold those assets over the long term.

The following table shows the **swaps yield curves as of 31 December 2008**. The swap yield curve as of December 2007 is also shown for comparison. In its 2008 EEV figures, the economic scenarios have been calibrated using reference rates based on those swaps yield curves plus a premia of 50bps and 100bps for respectively European and non-European entities (except Japan).

maturity	Euro zone		US		UK		Japan (September)		Switzerland		Australia	
	28/12/07	31/12/08	28/12/07	31/12/08	28/12/07	31/12/08	30/09/07	30/09/08	28/12/07	31/12/08	28/12/07	31/12/08
1	4.72%	2.55%	4.17%	1.28%	5.66%	2.00%	1.08%	1.06%	2.95%	0.78%	7.76%	3.27%
2	4.55%	2.68%	3.90%	1.47%	5.30%	2.63%	1.13%	1.12%	2.96%	1.09%	7.83%	3.55%
3	4.52%	2.96%	4.02%	1.76%	5.22%	2.92%	1.22%	1.21%	2.98%	1.42%	7.89%	3.90%
5	4.56%	3.27%	4.32%	2.13%	5.17%	3.19%	1.41%	1.37%	3.09%	1.94%	7.67%	4.33%
7	4.62%	3.52%	4.59%	2.35%	5.13%	3.37%	1.60%	1.52%	3.21%	2.32%	7.47%	4.39%
10	4.75%	3.81%	4.87%	2.55%	5.09%	3.52%	1.87%	1.73%	3.38%	2.65%	7.25%	4.41%
15	4.91%	4.01%	5.15%	2.81%	4.99%	3.79%	2.21%	2.02%	3.64%	2.90%	7.04%	4.20%
20	4.99%	3.93%	5.28%	2.81%	4.81%	3.65%	2.44%	2.24%	3.75%	2.79%	6.82%	3.63%
25	4.96%	3.64%	5.30%	2.75%	4.74%	3.43%	2.59%	2.38%	3.77%	2.55%	6.63%	3.17%
30	4.92%	3.45%	5.30%	2.74%	4.54%	3.24%	2.68%	2.41%	3.78%	2.38%	6.38%	2.73%

(1)

AXA Japan uses September rates.

Hong Kong results are based on US asset classes, as Hong Kong policies are mainly denominated in US\$.

The approach to setting **market consistent volatility** targets in a risk neutral calculation focuses on the implied volatility of market prices for different asset classes. These implied volatilities can be derived from pricing formulas and the observed market prices of various derivative instruments. For example, targets have been set for 20 year swaptions implied volatilities for bond yields, and equity options implied volatility, at year 5, 10 and 20, for each of the major areas outlined in the table below.

Target volatilities	Equities			20 yr Swaptions		
	year 5	year 10	year 20	year 5	year 10	year 20
US	27.23%	28.32%	29.67%	20.13%	16.12%	14.03%
Euro zone	28.00%	29.19%	30.91%	13.94%	13.37%	13.50%
Japan	22.82%	23.90%	25.82%	16.10%	14.34%	13.43%
UK	27.80%	28.94%	30.95%	11.57%	11.18%	12.10%
Switzerland	25.98%	27.33%	28.82%	13.94%	13.37%	13.50%

AXA's approach to setting volatility targets attempts to align with the long-term nature of the options and guarantees embedded in the liability portfolio, and reflects the depth of markets used to derive the implied volatilities, as well as trading anomalies which can result in narrow markets from time-to-time. For equity volatilities the implied volatilities are the average daily at-the-money forward volatility observed over 2008.

In the current market environment where there are some concerns over liquidity and unusual activity, AXA's swaption implied volatilities are the average daily at-the-money forward volatility observed during 2008. In addition, AXA also model credit spreads reflecting levels observed on CDS (rather than on corporate bonds), also averaged over 12 months.

Correlations measure the extent to which various asset classes and economies move together over time. The correlation of equity returns, inflation, bond yields, and economies, has been set with reference to historical market data. It is not possible to estimate an "implied correlation," as there are almost no financial instruments available with sufficient liquidity from whose price one can, in an objective manner, derive market consistent implied correlations. AXA's modeling ensures that correlations between equities and 10 year bond interest rates are between 5% and 15%.

ASSET MIX ASSUMPTIONS

The assumptions described above are used in local models in conjunction with the asset mix to derive the assumed projected fund volatilities, a key driver of the risk neutral values. **Asset mixes** used are shown in the table below at the country level, although generally calculations are done using the applicable asset mix at a line of business level. The asset mixes describe the intended investment strategy of each operating company rather than the position at the start of the projection.

Asset Mix (FI/Equity/ other)	2007	2008
United States	76/2/22	81/4/15
France	80/12/8	85/8/7
United Kingdom	43/49/8	48/45/6
Switzerland	69/9/22	71/8/21
Japan	78/4/18	84/5/11
Belgium	72/21/7	76/15/9
Australia/New Zealand	70/27/3	70/27/3
Hong Kong	73/27/0	73/27/0
Germany	89/6/5	86/9/6
MedLA	91/8/1	87/9/4
CEE	70/23/7	70/21/8

EXCHANGE RATES

ANAV and VIF are calculated using end of year exchange rates.

New business metrics are calculated using average exchange rates over the year.

Exchange rates local currency vs Euro	2007		2008	
	EoY	Avg	EoY	Avg
United States	1.473	1.370	1.395	1.471
United Kingdom	0.733	0.684	0.958	0.797
Switzerland	1.656	1.642	1.494	1.587
Japan	163.6	158.3	126.8	161.7
Australia	1.675	1.637	1.989	1.744
Hong Kong	11.49	10.64	10.83	11.45
Czech Republic	26.32	27.78	26.85	24.96
Hungary	253.8	251.3	265.6	251.7
Poland	3.597	3.788	4.148	3.515
Singapore	2.114	2.062	1.998	2.073
Philippines	60.61	62.89	66.23	65.14
Thailand	43.86	44.25	48.55	48.45
Indonesia	13889	12500	15873	14085
China	10.75	10.42	9.54	10.23
Turkey	1.717	1.787	2.145	1.907

Operational assumptions

ACTUARIAL ASSUMPTIONS

All cash flows (premiums, expenses, commissions, death and surrender claims, taxes) are included on a best estimate basis up until the termination of AXA's obligations towards the policyholder and beneficiaries. AXA's embedded value uses an active basis where the assumptions are adjusted to reflect historical experience. The assumptions are reviewed at least on an annual basis.

The historical trend of past mortality improvements for life insurance business has been assumed to continue for part of the future projection at a more conservative level than historical experience. However, annuity business in all markets reflects the expected continuation of past mortality improvement trends into the future; this combination of partially reflecting improvement trends for life insurance business while fully reflecting it for annuities is on balance prudent.

TAX ASSUMPTIONS

The following table shows the nominal tax rates applied. In most jurisdictions different tax rates apply to different types of income and expense, so effective tax rates will vary. Generally, stochastic projections also reflect the impact of economic scenarios on the sources of taxable income and the recoverability of tax loss carry forwards.

Tax Rate	2007	2008
United States	35%	35%
France	34%	34%
United Kingdom	28%	28%
Switzerland	22%	22%
Japan	36%	36%
Belgium	34%	34%
Australia/New Zealand	30%	30%
Hong Kong	0,875% of premiums	0,875% of premiums
Germany	32%	32%
MedLA	26%	28%
CEE	19%	19%

EXPENSES

The EEV methodology makes full provision for all expenses. Consistent with IFRS disclosures, operating entities are recharged most holding companies' expenses, which therefore are included in local unit costs. The VIF includes the present value of future projected expenses related to Life & Savings business. No productivity gains are built into the projected future expenses, and a provision is made for future inflation. Base general price inflation rates are shown below; these are modified as appropriate for specialized areas (such as healthcare costs or salaries) and for the stochastic scenarios.

Inflation Rate	2007	2008
United States	2.6%	2.5%
France	2.0%	2.0%
United Kingdom	3.0%	3.0%
Switzerland	1.5%	1.5%
Japan	1.0%	1.0%
Belgium	2.3%	2.0%
Australia/New Zealand	2.5%	2.5%
Hong Kong	2.5%	2.5%
Germany	2.0%	2.0%
MedLA	2.0%	2.0%
CEE	2.3%	2.3%

Excluded expenses		
<i>Euro million, Group share, pre-tax</i>	2007	2008
United Kingdom	136	113
France	33	53
Germany	62	45
United States	42	27
Belgium	26	15
MedLA	11	12
Switzerland	4	7
Other countries	16	10
Total excluded expenses	328	281

The expense basis used to estimate projected unit costs does not include productivity-oriented and one-off expenses, although they are naturally considered in the current year's result impacting the movement in ANAV. Productivity oriented expenses are those incurred investing in and developing projects that will give rise to future benefits. As those benefits are excluded from projections, the related expense is also excluded. One-off expenses might not lead to future benefits, but are not expected to be repeated in future years, hence also are excluded from the expense basis for VIF.

In 2008 the largest amount of excluded expenses is in the UK, and represents a variety of initiatives to increase sales and productivity in the future and some expenses associated with Winterthur's integration. France excluded expenses are related to non-capitalized IT investments. Germany and Belgium excluded expenses are related to Winterthur's integration. The Other countries excluded expenses is a variety of items spread.

MODELING OF PARTICIPATING AND ADJUSTABLE CREDITED RATES BUSINESS

Participating business is generally characterized by the following key features:

- a minimum interest rate or level of bonus is guaranteed on the contract. At least the guaranteed rate or bonus is credited under all circumstances. Hence, whenever fund return does not achieve the minimum performance, the shareholder will bear the cost of maintaining the guaranteed level
- generally bonuses and crediting rates will exceed minimum guaranteed levels. The amount credited will be based on profit sharing rules as well as the performance of the investment markets and will involve a degree of management discretion.

Given the above, it is essential in a stochastic framework, when future expected performance varies, that the value reflects how bonuses and crediting rates are determined. This will impact the value in the following manner:

- the guaranteed interest rate and any further policyholder participation in profits which is not linked to the actual investment results above the reference interest rate will impact the certainty equivalent value.
- the profit sharing rule will impact the Time Value of O&G depending on the market performance. In cases where the market performs well the policyholder will participate in the investment profits while in case of negative market performance the shareholder will bear a higher portion if not all of the loss. The level of the Time Value of O&G will reflect the likelihood of these additional payments being made, net of the amount reflected as intrinsic value in the certainty equivalent value.

The participating features of businesses are usually a combination of contractual / legal, and management discretion based on competitors' pressure or market practice (where management actually chooses the level of credited rate, over and above the guaranteed rate).

In all operations where this is relevant, the participating business has been modeled to reflect contractual and regulatory constraints, in addition to how AXA manages the business.

Where there are participating funds that can be apportioned between shareholders and policyholders, the limited residual funds at the end of the projection period are apportioned between shareholders and policyholders.

Appendix 1: Details on the Implied Discount Rates

As explained previously in the report, the risk-neutral valuation method applied in AXA's EEV means that assumptions about future return spreads for different asset classes do not affect the reported EEV. The methodology is equivalent mechanically to assuming that the expected return on all asset classes is the reference rate. However, to facilitate comparisons to other companies (especially those not following a market consistent basis), and to Traditional EV, we have made calculations with illustrative future investment returns, and derived implied risk discount rates. The illustrative assumptions for 2007 and 2008 are shown in the tables below. It is important to always view IDRs in the context of their illustrative investment assumptions, because a change in assumptions will change IDR.

2007	FI Return	Equity Return	Cash Return	Real Estate Return	"Other" Return	Life EEV IDR	Life NBV IDR
United States	7.40%	9.00%	5.00%	7.50%	6.71%	8.26%	7.57%
France	5.00%	8.00%	4.00%	6.50%	4.82%	7.35%	7.07%
United Kingdom	5.49%	8.03%	n/a	6.50%	n/a	6.92%	6.53%
Switzerland	3.47%	6.50%	2.50%	4.38%	n/a	5.82%	5.57%
Japan	3.75%	6.50%	2.28%	n/a	5.00%	7.87%	3.39%
Belgium	5.22%	8.00%	4.16%	6.50%	n/a	8.69%	7.64%
Australia/New Zealand	6.50%	9.00%	6.50%	7.75%	n/a	7.97%	7.81%
Hong Kong	6.08%	8.18%	n/a	n/a	n/a	7.71%	6.87%
Germany	5.39%	8.00%	n/a	6.50%	n/a	7.08%	5.66%
MedLA	5.18%	8.00%	4.00%	6.50%	n/a	6.53%	5.47%
TOTAL Life & Savings	5.58%	8.05%	4.09%	7.34%	5.68%	7.61%	6.05%

2008	FI Return	Equity Return	Cash Return	Real Estate Return	"Other" Return	Life EEV IDR	Life NBV IDR
United States	7.40%	9.00%	5.00%	7.00%	6.90%	17.12%	11.04%
France	6.00%	8.00%	4.00%	6.50%	n/a	11.01%	8.17%
United Kingdom	5.33%	8.04%	n/a	6.50%	n/a	8.03%	5.78%
Switzerland	3.04%	6.50%	2.17%	5.00%	6.50%	7.14%	5.95%
Japan	3.64%	6.50%	1.99%	n/a	5.00%	6.72%	3.06%
Belgium	5.29%	8.00%	4.15%	6.50%	7.00%	9.38%	9.64%
Australia/New Zealand	5.50%	9.00%	3.50%	7.75%	n/a	6.84%	5.64%
Hong Kong	6.31%	7.77%	n/a	n/a	n/a	9.14%	6.90%
Germany	5.62%	8.00%	4.26%	6.50%	n/a	8.34%	5.27%
MedLA	5.60%	8.00%	4.00%	6.50%	n/a	5.56%	4.33%
CEE	4.77%	9.25%	3.00%	1.76%	4.17%	6.22%	5.36%
TOTAL Life & Savings	5.53%	7.91%	3.73%	6.43%	6.17%	10.22%	5.60%

Fixed income returns vary even within one economy due to different durations and average quality of fixed income holdings.

The drivers of the evolution of the Total IDR for each country are described in the Detailed Results section of this report. IDRs are disclosed on the basis of discounted distributable earnings including the impacts of required capital which is roughly comparable to the discount rates used in Traditional EV.

Appendix 2: Group EV restatement

FY08 Group Embedded Value ("Group EV")'s calculation methodology has been aligned with the Group EV standard proposed by the MCEV principles disclosed in June 2008. Under this methodology the Group EV is the Life & Savings EEV plus IFRS shareholders equity of other businesses.

A reconciliation between the Group EV under the CFO Forum's methodology and the Group EV based on the tangible net asset value presented in previous disclosure is shown below:

Euro million, Group share	2007 published			2007 restated		
	Life & Savings	Other than Life & Savings	Total	Life & Savings	Other than Life & Savings	Total
Shareholders' equity @12/31/2007	33,488	12,153	45,642	33,488	12,153	45,642
Net UROG not included in Shareholders' equity	683	1,394	2,077	683		683
Excluded TSS/ TSDI		-7,781	-7,781			
Mark to Market debt (1)		-77	-77			
Excluded Intangibles	-17,833	-9,339	-27,172	-17,833		-17,833
UCG projected in PVFP & other Stat-GAAP adjustments	-599		-599	-599		-599
Adjusted Net Asset Value (ANAV)	15,738	-3,650	12,088	15,738	12,153	27,892
Life & Savings VIF	22,752		22,752	22,752		22,752
Group EV @12/31/07	38,490	-3,650	34,840	38,490	12,153	50,643

(1) in 2008, mark to market of the debts would have lead to an adjustment of Euro 2,864 million, and tangible net asset value would have been Euro 6,141 million vs Euro 12,088 million in 2007

Appendix 3: Glossary

Adjusted opening Life & Savings EEV:

This is the balance published for previous year closing, adjusted by modeling and opening adjustments. It serves as the basis for calculating Operating Return on Life EEV and Total Return on Life & Savings EEV.

ANAV:

Adjusted Net Asset Value. The tangible net assets on a mark to market-value basis derived equivalently either from consolidating the local regulatory (statutory) balance sheet or adjusting the consolidated IFRS balance sheet. It excluded a portion of unrealized capital gains and losses which is projected in the VIF.

APE:

Annual Premium Equivalent. A measure of new business volume, equal to 100% of regular premiums on newly issued recurring premium contracts plus 10% of single premiums received. APE links closely to the current period cash inflow of business, but is adjusted from the raw premium number because typically single premium policies will generate less profit than recurring premium policies.

Beginning of period reference rate:

This is the first year rate included in the previous year swaps curve

Capitalization factor:

This is the multiple of regular premium that single premium plus capitalization factor times regular premium equals PVEP; it is a rough measure of the duration of regular premiums business

Certainty Equivalent PVFP:

The present value of future statutory after-tax profits, projected over the remaining duration of liabilities in a scenario where all investments are assumed to earn the reference rate.

CoC/NFR:

Cost of Capital/Non-Financial Risks. This is the cost of holding capital in excess of the policy reserves. The level of capital held is at least the estimated amount necessary to maintain capital consistent with a AA capital requirement (or higher if local regulatory basis or internal Economic Capital models have a higher requirement) at each operation, net of implicit items.

Comparable basis

Change on a comparable basis was calculated at constant FX and scope

Current year investment experience:

This includes the variance in experience during the year from that expected in the illustrative investment scenario at the end of the previous year, and the change in value created by reflecting the current yearend yield curves and investment assumptions in the VIF rather than those of last year.

Free surplus

This represents the assets not supporting policy liabilities and required capital

Group EV

The Group EV is the Life & Savings EEV plus IFRS shareholders equity of other business

IDR:

Implied Discount Rate. This is the discount rate which would reproduce the market consistent VIF from a deterministic projection of statutory distributable earnings in an illustrative scenario.

Implicit items

This represents the amounts allowed by local regulators to be deducted from capital amounts when determining the required minimum margin.

NBV:

New Business Value. The value of new business issued during the current year consists of the VIF of new business at the end of the year plus the statutory profit result of the business during the year. Usually the first year statutory profit is negative due to the costs of acquiring business; this negative profit at the point of sale is commonly referred to as "new business strain." AXA calculates this value net of tax.

NBV/APE Margin:

Equals NBV divided by APE.

NBV/PVEP Margin:

Equals NBV divided by PVEP.

Operational assumption changes:

These are the impact on the VIF of changes in future assumptions for items like mortality, expenses, lapse rates, etc.

Operational experience changes:

These are the impact of actual versus expected experience for items like mortality, expenses, lapse rates, etc.

Operating performance from existing business:

This considers the movements in EEV related to the business inforce at the beginning of the year, excluding the investment impacts that relate to variances from the illustrative investment assumptions used in the previous year.

Operating Return on EEV: This is the movement in the Embedded Value from the beginning to the end of the year, excluding the following elements:

- modeling changes or other opening adjustments,
- exchange rate impacts,
- the impact of acquisitions,
- capital flows into or out of the Life & Savings segment,
- the difference between actual investment performance and that expected as reflected in the IDR at the beginning the year, and
- any changes in investment assumptions for the future, other than those directly tied to observing current market prices.

This therefore includes:

- unwind of discount at the beginning of year IDR on VIF + Required Capital,
- expected return on free surplus assets (i.e. those not supporting policy liabilities and required capital),
- new business impacts,
- differences in operational experience from that expected, and any changes in operational assumptions.

PVEP:

Present Value of Expected Premiums. A measure of new business volume, equal to the present value at time of issue of the total premiums expected to be received over the policy term. The present value is discount at the reference interest rate. While the measure is not as closely linked to cash received in the current period as APE, the ratio of NBV/PVEP is a more economical indicator of profit margin than is the ratio of NBV/APE.

Required capital

This represents the amount of assets, over and above the value placed on liabilities in respect of covered business, whose distribution to shareholders is restricted. In AXA's methodology it has been set up to be at least equal to the AA level requirement on a standalone basis net of implicit items.

Reference Interest Rate:

Refers to the rate used as the basis for the market-consistent valuation. In stable markets, the reference rate is taken as the swap curve yield. In current conditions AXA has used as part of its 2008 market-consistent methodology, a reference rate that includes a premium over swap rates to reflect the ability, for insurers with long term liabilities to earn risk free returns in excess of swaps by investing in corporate bonds and credit default swaps. The Reference interest Rates in the IDR tables reflect the current yields as at year-end 2007 and 2008 based on the average liability duration for inforce or new business, respectively.

Risk Neutral Value:

This is equal to the sum of Certainty Equivalent PVFP and Time Value of O&G

Time Value of O&G:

Time Value of Options & Guarantees. This is the difference between the value of business determined across a range of scenarios and the value determined in a single scenario. The single scenario contains some intrinsic value of O&G that are "in the money" in that scenario and the stochastic projection allows the total value of the O&G to be determined. The difference represents the Time Value.

Total Return on EEV:

The Operating Return on EEV, plus the impact of investment experience during the year differing from that assumed for the beginning of year IDR, and the impact of any investment assumption changes (for those assumptions not directly observed in current market prices). Total return on Life & Savings European Embedded Value (EEV) excludes the impact of capital transfers, modeling changes, EEV of acquired business and foreign exchange effect.

VIF:

Value of Inforce. The discounted value of local regulatory (statutory) profits projected over the future duration of existing liabilities. This is equal to the sum of Certainty Equivalent PVFP, Time Value of O&G and CoC/NFR.

Appendix 4: Towers Perrin opinion

Tillinghast, the insurance consulting business of Towers Perrin, has reviewed the methodology and assumptions used in the Life & Savings European Embedded Value (EEV) at December 31, 2008, and the 2008 Life & Savings New Business Value (NBV) for the principal life operations of the AXA Group. Our review included the analysis of movement in embedded value from December 31, 2007, and the sensitivities.

Towers Perrin has concluded that the methodology and assumptions comply with the EEV Principles. In particular:

- The methodology makes allowance for the aggregate risks in the covered business through AXA's market consistent methodology as described in the Report. The methodology uses reference rates in excess of swap rates to allow, on a uniform basis within major territories, for the current dislocated market conditions and includes a stochastic allowance for the cost of financial options and guarantees. It should be noted that in calibrating the stochastic scenarios, asset volatilities are based on market data averaged over a one year period;
- The operating assumptions have been set with appropriate regard to past, current and expected future experience;
- The economic assumptions used are internally consistent and consistent with observable market data; and
- For participating business, the assumed bonus rates, and the allocation of profit between policyholders and shareholders, are consistent with the projection assumptions, established company practice and local market practice.

The methodology and assumptions used also comply with the EEV Guidance (noting the disclosed exception concerning the treatment of affiliated investment management companies, where the value of their profits for managing assets for the Life & Savings segment are not included in the Life & Savings EEV).

Towers Perrin has also performed limited high-level checks on the results of the calculations and has confirmed that any issues discovered do not have a material impact, at the group level, on the disclosed embedded value, new business value, analysis of movement, and sensitivities. Towers Perrin has not, however, performed detailed checks on the models and processes involved.

In arriving at these conclusions, Towers Perrin relied on data and information provided by AXA. This opinion is made solely to AXA in accordance with the terms of Towers Perrin's engagement letter. To the fullest extent permitted by applicable law, Towers Perrin does not accept or assume any responsibility, duty of care or liability to anyone other than AXA for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.