redefining / standards

Activity Report / Full Year 2009

Cautionary statements concerning forward-looking statements

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

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Please refer to AXA's Document de Référence for the year ended December 31, 2009, for a description of certain important factors, risks and uncertainties that may affect AXA's business. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

Insurance and Asset Management markets

LIFE & SAVINGS

France[1]. Life & Savings market increased by 11% in 2009. This positive market evolution was due to a very competitive position of French Life and Savings insurance contracts (+12% vs. +16% for AXA) in a context of low interest rates and steep yield curve. In 2009, unit-linked contracts represented 13% of premiums, as investors favored general account contracts (87%). In this context, AXA overperformed the market (+16%), and ranked 3rd. The market growth in Health was +8% (vs. +6% for AXA) and +2% in Accident (vs. +9% for AXA).

United States[2]. 2009 presented a difficult sales environment for the Life insurance and Annuity industry:

- In the Life insurance market, total sales were down 20% for the period as compared to last year. Industry Variable Life product sales declined by 55% as a result of uncertain equity markets. Industry universal life sales declined by 27%, partly attributable to price increases across the industry. Whole Life insurance sales increased by 1% and term insurance sales decreased by 2%.
- In the Annuity market, total sales declined by 8%. Variable Annuity industry sales declined by 23%, negatively impacted by uncertain equity markets and low investor sentiment towards equity-oriented investments. As well, overall industry redesign of Variable Annuity products offering generally lower benefits and higher charges reduced market demand. Offsetting that decline was a 25% increase in sales of Fixed Annuities as consumer preferences continued a shift to more conservative investment vehicles.

In Life, AXA ranked 13th with a 2.6% market share. In Variable Annuities, AXA ranked 5th with a 6.4% market share.

United Kingdom & Ireland. The UK Life insurance market decreased by 26%[3] on an Annual Premium Equivalent (APE) basis[4], mainly as a result of recessionary pressures and a fall in consumer confidence, particularly in the long term savings market. The UK Protection products market decreased by 2%[3] mainly as a result of depressed mortgage related sales. AXA's Protection businesses' APE for 2009 was 8% higher[3] than 2008, with market share[5] up to 8.4% (7.3% in 2008). The strong performance has been driven by further development of the AXA Protection Account products and new distribution agreements for SunLife Direct. The UK Wealth management market decreased by 34%[5] mainly as a result of the difficult economic conditions. Despite these, AXA's Wealth Management Proposition has outperformed the market, with volumes down 27%[3] with market share[5] up to 8.6% (versus 8.3% in 2008). Fund Supermarkets and Wrap platforms continued to attract advisers and investors alike, and the AXA Distribution Services Wrap platform, Elevate, was starting to see encouraging growth in volumes after being successfully introduced to the UK platform market earlier in 2009. The UK Corporate Pensions business decreased by 16%[5] as pay and recruitment freezes limited opportunities to drive up volumes from existing schemes. AXA's volumes were broadly in line with the market trend (-15%)[3].

Japan. The Life insurance market experienced a decline of 4.7% in terms of premiums[6] due to lower Variable Annuity sales following turbulent market conditions. Bancassurance sales continued to suffer as several major Variable Annuity players exited the market due to insufficient pricing. Term products with tax deductibility also showed the same declining trend as demand notably from small and medium entreprises was significantly impacted by the economic slowdown. Medical sales remained stable and competition intensified with entry of both life & non-life insurers in this market. AXA had a market share of 2.7% and ranked 8th based on premiums (7th in Medical business)[7].

Germany.[8] The Life & Savings market increased by 4.8% in 2009[9] with a 45% increase in single premiums. Short-term and medium-term investment products, which compete directly with banking products, continued to grow

[1] *Source: FFSA.*
[2] *Please note that the numbers quoted for the market data (life and annuity) are for the nine months ended September 30, 2009. Source: LIMRA and MARC (Morningstar).*
[3] *APE volumes quoted compared 12 months to Q4 2009 against 12 months to Q4 2008 excluding mutual funds.*
[4] *Annual Premium Equivalent (APE) is new regular premium plus 10% of single premiums.*
[5] *Source : ABI/MSE ©2009 Association of British Insurers, 12 months to Q3 2009 versus 12 months to Q3 2008 (excluding mutual funds).*
[6] *Sources: Insurance Research Institute (excluding Kampo Life and Yamato Life) and financial statements of the companies. Data are for the twelve months ended September 30, 2009.*
[7] *Market share and ranking information based on data as of March 2009 (fiscal year 2008 in Japan).*
[8] *Source: http://www.gdv.de*
[9] *Forecast by GDV in November 2009*

strongly in 2009 (+117% for single premiums contracts)[10]. The core Retirement products declined by 21% in terms of regular premiums[10]. In the "Riester" business, the regular premiums declined by 50% due to the exceptional fiscal incentive in 2008[10]. German Private Health insurance market grew by 4%[9]. In 2008, AXA ranked 6th in the Life market and 4th in the Health market.

Switzerland. The Life insurance market was under pressure and negatively impacted by the effects of the financial and economic crisis, with premiums falling by 3%[11]. In Group Life, premiums fell by 4%[12] driven by absence of salary increases and by the standstill in the market resulting from less new business opportunities. Switch for small and medium entreprises clients to a fully financed Group life foundation set up by Life insurers was very difficult given underfunding of pension institutions. AXA held the leading position in Group Life with a market share remaining above 30%[13]. Individual Life market growth was slightly positive at 0.3%[14] despite a low interest rate level environment. The trend towards unit-linked products especially those with secondary guarantees continued, while traditional products were on a low level of interest and attention. AXA ranked 2nd in Individual Life with a market share of 13%[15].

Belgium[16]. In Life, the market in 2009 weakened compared to 2008 (approximately 14% decline in premiums) but towards year-end, signs of recovery were observed. As in 2008, Individual Life continued to decrease sharply (-18%), with consumers favoring short term banking products while Group Life kept on growing (+7%) driven by the legal requirements on pension contracts. AXA ranked 3rd in the market by revenues with a market share of approximately 13%[17].

Mediterranean and Latin American Region. Italy[18]**.** The market growth was +40%[19] fueled by the increase in general account products (+164%) while index-linked products decreased (-62%). The increase in new business (+68%) was driven by a significant contribution from the bancassurance channel (+66%), financial advisers (+252%) and agents (+6%). **Spain.** The market growth was +5%[20], driven by the performance of sales through large bankassurance joint-ventures. **Mexico.** Life insurance market continued to grow at a strong pace (11%[21]) despite adverse economic conditions, driven by traditional insurance companies. **Turkey.** The Life insurance market growth was +13% [22]. The competition between Private Pension Plan players, due to higher tax incentive, continued to drive the market. **Portugal**. Life & Savings insurance market was down 5% [23]. **Greece.** The market decreased by 6% [24] mainly due to lower production in bancassurance channel. **Morocco.** The market evolution in 2008 showed a 12%[25] growth mostly from bancassurance channel.

In Italy, AXA ranked 8th, in Spain 13th, in Mexico 6th, in Turkey 8th, in Portugal 8th, in Greece 9th, and in Morocco 5th. (Italy and Morocco as at December 2008, all other entities as at September 2009).

Australia/New Zealand. In 2009, the total managed funds market increased 10%[26] to AUD 1.3 trillion, driven by superannuation funds and life insurance offices' assets. AXA ranked 5th for funds under management[27] and 7th for net funds flows[28] [29]. The Australian financial protection market was relatively resilient with in-force annual premium increasing by 13,4%[30]. In Australia, AXA ranked 6th for new annual premium and in-force annual premium[30].

[10] Data from 1st quarter to 3rd quarter
[11] Source: SIA (Swiss Insurance Association)
[12] Source: SIA (Swiss Insurance Association)
[13] Source: FINMA (Swiss Financial Market Supervisory Authority, Market share 2008)
[14] Source: SIA (Swiss Insurance Association)
[15] Source: FINMA (Swiss Financial Market Supervisory Authority, Market share 2008)
[16] Source: Assuralia (Belgian Professional Union of Insurance companies). Derived from the nine months ended September 30, 2009 figures.
[17] Source : AXA Belgium estimates based on Assuralia market figures
[18] Source: Italian Association of Insurance Companies: ANIA as of December2009.
[19] Source: Istituto per la vigilanza sulle Assicurazioni Private e di Interesse Collettivo (ISVAP) as of September 2009.
[20] Source: Spanish Association of Insurance Companies: ICEA as of September 2009
[21] Source: AMIS Asociación Mexicana de instituciones de Seguros as of September 2009
[22] Source: Turkish Association of Insurance Companies as of Sept 2009
[23] Source: Instituto de Seguros de Portugal as of Sept 2009
[24] Source: Hellenic Association of Insurance Companies as of Sept 2009
[25] Source: Moroccan Association of Insurance Companies as of Dec 2008.
[26] ABS Management Funds 565501 September 2009.
[27] Plan for Life September 2009.
[28] Ambition 2 measure (cumulative NFF since December 2007).
[29] Plan for Life September 2009.
[30] Plan for Life September 2009.

The wealth management market in New Zealand decreased only by 5.9%[31] driven by a strong growth of KiwiSaver products. AXA's position in the New Zealand financial protection market remained strong ranking 3rd for in-force annual premium in a market that grew 9.3% from the previous year[32].

Hong Kong. Hong Kong remained a very attractive Life insurance market with high savings ratios and a continued growth +2% despite the impact of the financial crisis. The Life insurance market is relatively concentrated with the top 10 players accounting for about 80% market share [33]. AXA ranked 4th in inforce business and increased its market share by 0.7% from 7.1% in 2008 to 7.8% in 2009[33].

South East Asia. AXA continued to strengthen its market position in growing markets with a relatively low insurance penetration. **Indonesia.** The market was up by 12%[34] in new business premium and AXA ranked 8th [35] with a 71% growth in APE. **Thailand.** Life insurance market with a relatively low Life insurance penetration rate of 3%[36], continued to grow strongly by 26%[37] in terms of new business. AXA outperformed the market and ranked 6th [38] compared to 7th in 2008. **Singapore** market recorded a decrease in new business sales by 33%[39] in 2009 mainly due to a 50%[40] decrease in single premium products. AXA grew by 7% and ranked 9th [41] for new business. **India.** The pace of growth slowed down, driven by private players declining by 6%[42] in terms of new business. AXA grew by 39% and ranked 15th amongst private players (16th amongst all players). **China.** The pace of growth in the life insurance industry slowed down in 2009 with the total premium increasing only by 11%[43]. AXA outperformed the market growing by 41% and ranked 38th [44] amongst all insurers and 16th [45] amongst foreign insurers.

Central and Eastern Europe. Due to the financial market conditions, Life market decreased by 25% in Poland (with a -20% decrease in short term products), by -13% in Hungary and increased by +2% in Czech Republic and in Slovakia. AXA's market share in the region increased by 0.5pt to 2.9%. AXA ranked 10th in Hungary, 10th in Czech Republic and 13th in Poland. In the Pension Funds market, AXA's position improved; AXA ranked 1st in Slovakia, 2nd in Czech Republic and 5th in Poland and Hungary, with a market share of 10% in the region (as compared to 8% in 2008).

PROPERTY & CASUALTY

France[46]. In 2009, premiums grew by 1% compared to +2.5% in 2008. Commercial and Personal Motor business decreased by 0.5% (after a 1.0% growth in 2008). Household market increased by 4.5%. Commercial lines (other than Motor) were stable in 2009 notably in Property, whereas Construction declined by 3%, partly offset by a 2% increase in Liability. AXA ranked 2nd in the Property & Casualty market with a market share of 14.5%.

United Kingdom & Ireland. The UK insurance market has been relatively soft in 2009, although lately there have been signs that the Motor market was starting to harden. AXA ranked 5th in the UK Personal Lines market, with a market share of 5%[47] (up 0.5pts). This has been driven by significant growth in the direct business, especially Motor. In Commercial lines, AXA ranked 4th and have maintained its share of business in a challenging market at 8%. The UK private medical insurance market has been adversely impacted by the recession. AXA's Healthcare revenues grew by 4%, mostly driven by international markets. In the domestic market, Individual business has declined, while

[31] ISI 2009 Annual Review June 2009.
[32] ISI 2009 Annual Review June 2009 Individual risk products.
[33] Source: Office of the Commissioner of Insurance, in-force business 2008Q3YTD and 2009Q3YTD.
[34] Source: AAJI statistics report as at 30 November 2009.
[35] Source: AAJI statistics report as at 30 November 2009.
[36] Source: TLAA statistics report as at 31 December 2009.
[37] Source: TLAA statistics report as at 31 December 2009.
[38] Source: TLAA statistics report as at 31 December 2009.
[39] Source: LIA statistics report as at 30 September 2009.
[40] Source: LIA statistics report as at 30 September 2009.
[41] Source: LIA statistics report as at 30 September 2009.
[42] Source: IRDA statistics as at December 31, 2009.
[43] Source: CIRC statistics as at December 31, 2009.
[44] Source: CIRC statistics as at December 31, 2009.
[45] Source: CIRC statistics as at December 31, 2009.
[46] Source: FFSA.
[47] Source: Datamonitor analysis of 2008 FSA Returns. Data excludes MAT, Home-foreign business and Lloyd's Premiums.

corporate revenues have held up. AXA remains 2nd in the Healthcare market, with its share strengthened at 25%[48]. In Ireland, AXA ranked 5th overall with a market share of 11%[4] or 2nd in its core market of Motor with a market share of 18%[49]. AXA's market share stabilised and grew marginally in 2008. The Irish market reached the bottom of its pricing cycle in 2008 with average prices 40% lower than in 2002. In 2009, tariff increases started to be applied in the market.

Germany[50]. In 2009, market increased by 0.2%, impacted by the economic slowdown[51]. Personal and Commercial Motor lines fell by 2% in the context of an intense price competition[51]. Personal and Commercial Liability remained stable[51]. In Personal Non-Motor the situation was positive: accident slightly increased (+1%)[51], Property increased considerably (+3%), mainly driven by price indexation[51]. Industrial commercial and agricultural property premiums increased by 1%, and Engineering was up 2%. AXA ranked 3rd in the Property & Casualty market in 2008 with a market share of 5.8%.

Switzerland. The Property & Casualty market grew by 1%[52]. The Swiss market was a saturated and very competitive market with a continuing pressure on prices, especially in Motor business. AXA was the market leader in Property & Casualty with a market share of 14%[53].

Belgium[54]**.** The Property & Casualty market, negatively impacted by the economic slowdown, showed a slower growth of 2% (compared to 3% in 2008). In Motor, growth reached 1%, still impacted by the high competition in this market. Property grew by 4% versus 2% in 2008 partly due to indexation. Liability grew by 3% while Workers Compensation decreased by 1% (compared to 3% growth in 2008). As in 2008, tariff increases continued to fuel the market growth in Health (+7%). In Property & Casualty, AXA remained the leader with a stable market share above 22%[55].

Mediterranean and Latin American Region. In **Italy** Motor business was still under pressure (-4%), whereas Non-Motor business remained stable (+0.1% as of September 2009)[56]. In **Spain,** market decreased by 3%[57]. Car sales were -18% below last year[58]. In **Mexico,** market increased by 6%[59], excluding one large outsourcing insurance contract. In **Turkey**, despite GDP contraction, the market increased by 2% [60] following the liberalization of tariffs for Motor Third Party Liability. In **Portugal,** the market decreased by 5%[61], reflecting of the economic slowdown and the increasing in price competition, mainly driven by Motor (-8%). In **Greece,** the market increased by 8%[62] driven by the increase in premiums in Motor line. In **Morocco,** the market increased by 11% [63] driven by (i) an increase in number of cars, and (ii) Group compulsory health insurance. In the **Gulf Region,** the global financial crisis had adversely affected expatriate population and UAE car sales.

In Italy, AXA ranked 7th, in Spain 2nd, in Mexico 2nd, in Turkey 1st, in Portugal 2nd, in Greece 9th, in Gulf Region 4th, and in Morocco 1st [64].

Asia. South Korea[65]**.** The insurance market increased by 13%. However, the Motor market only grew by 0.2%, due to the economic slowdown and strong price competition. AXA ranked 1st in the direct Motor insurance market or 6th in the total Motor market, with a market share of 5%. **Japan.**[66] The market declined by 4% in the year ending March 2009. Motor insurance recorded a modest drop in the second half of 2009, while Motor Liability insurance recorded the sharpest drop with 17%. AXA ranked 2nd in the direct insurance market, with a market share of around 18% and

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[48] *Source: Lang and Buisson 2008.*
[49] *Based on data from Irish Financial Regulator's "Insurance Statistical Review".*
[50] *Source: http://www.gdv.de*
[51] *Forecast by GDV in November 2009.*
[52] *Source: SIA (Swiss Insurance Association) estimations for 2009.*
[53] *Source: FINMA (Swiss Financial Market Supervisory Authority, Market share 2008).*
[54] *Source : Assuralia (Belgian Professional Union of Insurance companies). Derived from the nine months ended September 30, 2009 figures.*
[55] *Source : Belgium estimates based on Assuralia market figures.*
[56] *Istituto per la vigilanza sulle Assicurazioni Private e di Interesse Collettivo (ISVAP) as of September 2009.*
[57] *Source: Spanish Association of Insurance Companies. ICEA as of Sept 2009.*
[58] *January to Decemberr 2009.*
[59] *Source: AMIS Asociación Mexicana de instituciones de Seguros as of September 2009.*
[60] *Source: Turkish Association of Insurance Companies as of Sept 2009.*
[61] *Source: Instituto de Seguros de Portugal as of Sept 2009.*
[62] *Source: Hellenic Association of Insurance Companies as of Sept 2009.*
[63] *Source: Moroccan Association of Insurance Companies as of Dec 2008.*
[64] *Italy, Morocco and Gulf Region as of December 2008, all other entities as of September 2009.*
[65] *GIAK (General Insurance Association of Korea) website.*
[66] *Source: web site of General Insurance Association of Japan, Japanese Economy News Paper dated January 20, 2010.*

AXA ranked 13th among all insurers for Motor insurance. **Singapore.**[67] The insurance market grew by 10% in gross written premium. AXA ranked 3rd in Motor and 1st in Marine Cargo. AXA's market share stood at 9%. **Malaysia.**[68] The insurance market grew by 5% driven by Motor and Medical. AXA ranked 15th with a 3% of market share. **Hong Kong.** The insurance market grew by 3% driven by Workers' Compensation. AXA ranked 11th with a 3% of market share in 2008.

Canada. In 2009, overall premiums grew by 2%[69] and AXA outperformed the market with a 4% growth. The market continued to be very fragmented and competitive with AXA ranking 7th [70] in the Property & Casualty market with a market share of 4.4%.

INTERNATIONAL INSURANCE

The competitors in the global risks market are acting at a worldwide level with multinational clients placing their risks far beyond their countries of origin via international programs or in key global market places. In this market, AXA Corporate Solutions Assurance, AXA Group subsidiary dedicated to worldwide Property & Casualty insurance of large national and multinational corporations, and to Aviation, Marine and Space insurance, is amongst the top five players in Europe. After several years of soft underwriting conditions, corporate risks insurance showed in 2009 first signs of upturn in pricing cycle. In aviation, tariff increased significantly in 2009.

ASSET MANAGEMENT

The early part of 2009 was characterized by significant economic and market uncertainties as the global financial system struggled with illiquid markets, impaired and over leveraged banks, and losses from structured securities. The crisis began to settle in March/April as banks were able to stabilize capital and liquidity conditions improved. While US and European economies had trouble finding their floor, emerging economies in Asia, notably China, and in Latin America, such as Brazil, started to rebound after a sharp deceleration. By year-end 2009, most countries in the world had resumed growth, led by emerging countries. In the asset management market, AXA Investment Managers ranked 11th and AllianceBernstein 18th [71]. On a combined basis, AXA ranked 5th [72].

[67] *Source: Monetary Authority of Singaporeas of September 2009.*
[68] *Source: ISM: Insurance Services Malaysia Bhd as of September 2009.*
[69] *Source: IBC – Insurance Bureau of Canada*
[70] *Source: Canadian Insurance – 2009 annual statistical issue.*
[71] *As of September 2009 asset under management.*
[72] *AXA Investment Managers ranking based on public market data.*

Financial market conditions in 2009

2009 can be qualified as a year of extreme contrasts, for both the capital markets and the real economy. In the first quarter, bank shares plummeted, bringing the world's stock markets down with them, and the interbank market was paralyzed. GDP was off by 1.6% quarter over quarter (qoq) in the United States, by 2.5% qoq in the United Kingdom and in the Euro Zone, and by 3% qoq in Japan. Actions taken to stabilize banking systems, monetary policies from central banks combined with budget stimulus from governments drive positive effects for both markets and the real economy. The large emerging countries confirmed their resilience in the face of this crisis, with industrial production back on track and up for China (GDP growth of +7.9% year over year), India and Brazil. The third quarter of 2009 marked the official exit from recession for the United States, the Euro Zone and Japan but the United Kingdom saw a new decline in its GDP.

With the global economy getting back on track, an improved economic outlook combined with lower OPEC quotas, oil prices recovered. The price of oil ended the year at $79 per barrel, propelled in December by the Northern hemisphere cold spell. The annual rate of inflation moved back into positive territory – both in the Euro Zone (0.5%) and the United States (1.9%) year over year.

Various governments have striven to clean up the situation in their domestic banking systems and to support their economy. In the United States, the stimulus packaged that was finally adopted by Congress totaled $787 billion, which is equal to 5.5% of GDP. In the Euro Zone and in the United Kingdom, budgetary stimulus were more modest, with plans calling for the injection of amounts equal to 1.1% and 1.5% of GDP announced in late 2008 and early 2009, respectively. What all of these plans shared was their strong support for the automotive and real estate sectors and are executed against a global interest-rate backdrop of close to zero.

Monetary policies generally remained very accommodating and the central banks introduced additional policies to revitalize money and corporate bond markets. In the US, the Fed kept the range of the Fed Funds at between 0 and 0.25% and announced several quantitative easing programs, the main ones being the monetization of Treasury debt ($300 billion) and Mortgage-Backed Securities (up to $1,250 billion and $200 billion in Fannie Mae and Freddie Mac securities), as well as the TALF (Term Asset-Backed Securities Loan Facility) program for financing the purchase of newly issued Asset-Backed Securities. In Japan, the Bank of Japan (BoJ) kept its main rate unchanged at 0.1% and supported the banking sector by underwriting subordinated debt securities, and launched a program for purchasing commercial paper. In Europe, the Bank of England (BoE) also followed the same trend by keeping its main rate at 0.5% and announced a program for purchasing high quality public and private sector assets for an initial amount of £75 billion. The European Central Bank (ECB) kept its main rate at 1% and eased access to its bank refinancing operations. The eligibility criteria for admissible collateral were eased, maturities were extended to twelve months, and auctions offered unlimited supply at fixed rates.
Nevertheless, the Central Banks are beginning to talk about their exit strategies, at least for the quantitative part of their monetary policy. Thus, the BoJ announced that it would stop buying up private debt securities, a measure it adopted in 2008 and that was scheduled to end in December. The ECB said that its last long-term refinancing operations (12 months and 6 months, in December 2009 and March 2010, respectively) would be the last of their kind, but that it would leave its shorter-term operations open.

STOCK MARKETS

Abundant liquidity continued to flood the markets, and the recovery of risky asset prices continued to hold over the year. This increase carried by the strong earnings rebound for banks (market activities) and non-financials (cost cutting more than revenue growth) and an expansion in multiples.
Rising commodity prices also made emerging economies all the more attractive to foreign investors, in addition to their newfound growth.

Over the year, the Dow Jones in New-York and the Nikkei in Japan both increased by 19%. In the same trend, the CAC 40 and the FTSE in London both increased by 22%. The US's leading S&P 500 index went up by 23%. The MSCI World Index increased by 27% and emerging indices (MSCI Emerging +78%) outperformed the MSCI G7 by 40% in common currency terms.

BOND MARKETS

Long-term yields on the government issues of developed economies staged a multi-step rebound over the course of 2009. Overall, the US 10-year T-bond ended the year at 3.84%, an increase of 158bps compared to December 31, 2008 and the Bund yield rose by 44bps to 3.38%.
In the bond markets, the spreads on CDS indices narrowed sharply as the appetite for risk returned and liquidity premiums declined. Over the year, the iTRAXX Main (Investment Grade) tightened by 104bps and moved from 177bps to 74bps, while the iTRAXX Crossover (Below Investment Grade) decreased by 596bps to 432bps. The CDX Main IG decreased from 99bps to 86bps between December 31, 2008 and December 31, 2009.

EXCHANGE RATES

Compared to December 31, 2008, the US Dollar lost 2% against the Euro (closing exchange rate moved from $1.40 at the end of 2008 to $1.43 at the end of 2009). The Yen lost 4% against the Euro (closing exchange rate moved from Yen 126.8 at the end of 2008 to Yen 131.3 at the end of 2009). The Pound Sterling gained 7% against the Euro (closing exchange rate moved from £0.958 at the end of 2008 to £0.888 at the end of 2009). The Swiss Franc gained 1% against the Euro (closing exchange rate moved from CHF 1.49 at the end of 2008 to CHF 1.48 at the end of 2009).

On an average rate basis, the US Dollar gained 5% against the Euro (from $1.47 over 2008 to $1.39 over 2009), the Yen increased by 20% (from Yen 161.7 for the twelve months ending September 2008 to Yen 129.6 for the twelve months ending September 2009) and the Pound Sterling lost 12% (from £0.797 over 2008 to £0.891 over 2009). The Swiss Franc gained 5% against the Euro (from CHF 1.59 over 2008 to CHF 1.51 over 2009).

Operating highlights

Significant acquisitions

On January 6, 2009, the purchase of the last tranche of 8.16 million **AllianceBernstein** units was completed at $18.3 per unit for a total price of $150 million pursuant to the final installment of the put agreement exercised by the certain former shareholders of Sanford C. Bernstein. This resulted in an increase in AXA's ownership which was mainly offset by the issuance of 8.3 million restricted units in December 2009 to fund deferred compensation plans which were previously granted through mutual funds. These 2009 restricted unit awards vest over four years.
As a result, at December 31, 2009, the ownership of AXA in AllianceBernstein L.P. was 62.15%.

On December 18, 2009, AXA announced the strengthening of its position in Central and Eastern Europe through the buyout of the non-controlling interests held by the European Bank for Reconstruction and Development (EBRD) for an amount of €147 million[73] (ca. 0.9 x Embedded Value). This transaction will be funded internally. Closing, subject to customary regulatory approval, is expected to take place in the course of the first semester 2010.

On November 8, 2009, AXA announced a joint offer with AMP whereby AXA would acquire 100% of AXA APH's Asian businesses while AMP would acquire 100% of AXA APH's Australia & New Zealand businesses under an exclusive arrangement. This joint offer would result in AMP acquiring AXA APH's outstanding shares for AUD 11.0 billion, of which AXA's shares in AXA APH would be paid for AUD 6.0 billion in cash, while AXA would acquire from AMP 100% of AXA APH's Asian operations for AUD 7.7 billion in cash. Compared to the closing price of AXA APH share price on November 5, 2009, this offer provided a 31% premium to AXA APH's shareholders.
On November 9, 2009, the independent committee of AXA APH's Board of Directors rejected this joint proposal.
On December 13, 2009, AXA announced that a revised joint offer, their best and final, was communicated by AXA and AMP to the AXA APH committee of independent directors. AMP would buy AXA's shares in AXA APH for AUD 6.9 billion in cash and AXA would acquire from AMP AXA APH's Asian operations for AUD 9.1 billion in cash. As a result, net cash consideration paid by AXA would be AUD 2.2 billion (or €1.4 billion). Compared to the closing price of AXA APH share price on November 5, 2009, this offer provided a 53% premium and represented a 16% improvement on the original proposal of November 8, 2009.
On December 17, 2009 this new revised proposal was rejected by the same independent committee. At the same time, AXA took note of an offer made by National Australia Bank Limited (NAB), which was recommended by the AXA APH committee of independent directors. Under terms publicly disclosed by NAB, the offer subject to AXA's approval, made by NAB provided a 58% premium to AXA APH's shareholders compared the closing price of AXA APH share price on November 5, 2009 and the impact for AXA would be comparable to those of the AXA/AMP revised offer.
AXA and NAB entered into discussion since February 7, 2010.

Capital operations

AXA announced on November 23, 2009 the completion of a €2 billion **capital increase** with preferential subscription rights and with the issue of 174 million new shares.
Total demand for this capital increase amounted to approximately €5.6 billion, i.e. a subscription rate of 272%. The settlement and listing of the new shares on Euronext Paris took place on December 4, 2009.

For several years, the AXA Group has been offering to its employees in and outside of France, the opportunity to subscribe for shares issued by way of a capital increase reserved for employees. In 2009, employees invested a total of €0.4 billion leading to a total of 26 million newly issued shares. Employee (including agents) shareholders represented 5.8% of the outstanding share capital as of December 11, 2009.

As of December 31, 2009, AXA total share capital amounted to 2.289.965.124 shares.

Given improved market conditions, AXA issued in June 2009 a €1.0 billion senior debt (maturity 2015, 4.5% annual coupon, all-in issuance spread of 146 bps over Euribor).

[73] Based on foreign exchange rate as of December 5,2009.

During the first half 2009, AXA continued to actively manage its hedging program on its direct equity exposure in Property & Casualty businesses and non participating Life businesses.

In January 2009, AXA unwound €11 billion out of the first €14 billion tranche and the €9 billion second tranche of the 2008 equity hedging program in order to lock in the positive mark-to-market value. In addition, €2.5 billion calls on remaining exposure were bought back. This resulted in a € 46 million profit.

In July 2009, AXA unwound all its residual 2008 equity macro hedging position, resulting in a €34 million profit.

In addition, AXA supplemented its program in March 2009 with a new put spread strategy on €4 billion on Eurostoxx 50 maturing on June 30, 2009 and July 1, 2009. Following the equity market rally between March and May 2009, AXA lengthened its hedging program in June 2009 by an additional €3.5 billion put spread strategy on Eurostoxx 50, maturing as at December 30, 2009. The hedge was effective in a [1,750 ; 2,000] range. These two hedges resulted in a €103 million loss corresponding to the premium paid.

At December 31, 2009, **AXA Equitable** had $7.6 billion nominal of protection on the S&P index consisting of optional strategies. These positions were implemented to mitigate the impact of a decline in equity markets on AXA Equitable's statutory liabilities. Total premium of this program amounted to €351 million. The change in fair value of these derivatives was reflected through earnings with a €-381 million negative impact net of tax recorded in full year 2009 net income.

Events subsequent to December 31, 2009

On January 15, 2010, AXA announced the acquisition of Omniasig Life. With this operation, AXA enters the Romanian Life insurance market, in line with its objective of accelerating the development of its activities in the emerging countries, notably in Central and Eastern Europe. Created in 1997, Omniasig Life sells protection products, representing premiums of €12 million in 2008, through a network of 1,400 agents. Omniasig Life ranks 10th in Romanian Life segment and holds a 2.55% market share. Completion of the transaction was subject to customary regulatory approvals and is expected to take place during the first half-year of 2010.

On January 25, 2010, AXA announced its intention to voluntarily delist from the New York Stock Exchange (“NYSE”) and deregister with the U.S. Securities and Exchange Commission (“SEC”) to focus trading on Euronext Paris. As a result, AXA intends to file a Form 25 with the NYSE during the first quarter of 2010 to effect the delisting. The delisting will be effective ten days after this filing. Following the effectiveness of the delisting from the NYSE, AXA intends to file a Form 15F with the SEC to deregister and terminate its reporting obligations under the Exchange Act. AXA intends to maintain its US ADR program as a “level one” program which will permit AXA’s current ADR holders and other US investors to continue holding and trading AXA ADRs in the US over-the-counter market. The Group also intends to maintain the financial discipline achieved thanks to Sarbanes Oxley 404 program associated with an annual program to test the effectiveness of internal control going forward.

On February 10, 2010, AXA and Banca Monte dei Paschi di Siena (BMPS) announced the extension of their bancassurance agreement in Italy to the 1,000 branches of former Banca Antonveneta following its acquisition by BMPS for a consideration of €240 million to be paid by AXA. The AXA MPS joint-venture extended its current reach from 2,000 to 3,000 branches in total, accessing an additional 1.6 million potential customers.

Consolidated gross revenues

Consolidated Gross Revenues (a)

(in Euro million)

	2009	2008	2007	2009/ 2008
Life & Savings	**57,620**	**57,977**	**59,845**	**-0.6%**
of which Gross written premiums	*55,899*	*56,071*	*57,773*	*-0.3%*
of which Fees and revenues from investment contracts with no participating feature	*547*	*662*	*740*	*-17.4%*
Property & Casualty	**26,174**	**26,039**	**25,016**	**0.5%**
International Insurance	**2,860**	**2,841**	**3,568**	**0.7%**
Asset Management	**3,074**	**3,947**	**4,863**	**-22.1%**
Banking (b)	**395**	**412**	**339**	**-4.1%**
Holdings and other companies (c)	**0**	**5**	**2**	**-89.5%**
TOTAL	**90,124**	**91,221**	**93,633**	**-1.2%**

(a) Net of intercompany eliminations.
(b) Excluding net realized capital gains and change in fair value of assets under fair value option and derivatives, net banking revenues and total consolidated revenues would respectively amount to €392 million and €90,128 million for the period ending December 31, 2009, €473 million and €91,285 million for the period ending December 31, 2008, and €320 million and €93,617 million for the period ending December 31, 2007.
(c) Includes notably CDOs and real estate companies.

On a comparable basis means that the data for the current year period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate** basis). It also means that data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural** basis) and for changes in accounting principles (**constant methodological** basis).

In particular, comparable basis for revenues and APE in this document means including acquisitions, disposals and business transfers, and net of intercompany transactions in both periods.

Consolidated gross revenues for full year 2009 reached €90,124 million, down 1% compared to 2008.

The restatements to a comparable basis were mainly driven by the evolution of Euro against other currencies (€851 million or -1 point). **On a comparable basis, gross consolidated revenues were down 3%.**

Total Life & Savings gross revenues were down 1% to €57,620 million, or down 4% on a comparable basis mainly due to the United States, the United Kingdom, Japan, Switzerland and Australia/New Zealand, partly offset by Mediterranean & Latin American Region, France and Germany.

Total Life & Savings New Business APE[74] amounted to €6,188 million, down 9% compared to 2008. On a comparable basis, APE decreased by 11%, mainly due to the United States, the United Kingdom, Japan and Australia/New Zealand, partly offset by France and Mediterranean & Latin American Region.

The United States APE decreased by €597 million (-39%) to €994 million driven by (i) Variable Annuities APE down 45%, primarily in the Wholesale channel, reflecting uncertain market conditions as well as management repricing and redesign actions, (ii) Life down 31% following product modifications in 2008 and the elimination of certain Universal Life guaranteed features in the first quarter of 2009, and (iii) Mutual Funds down 26% reflecting lower sales under uncertain financial market conditions.

United Kingdom APE decreased by €251 million (-20%) to €926 million, primarily due to (i) lower Investment & Savings volumes (€-111 million or -25%), due to the impact of recessionary market conditions on Onshore and Offshore Bond volumes, (ii) a €87 million decrease (-26%) in Individual and Executive Pensions as economic conditions have reduced the UK pensions market, and (iii) a €62 million decrease (-15%) in Group Pension volumes,

[74] *Annual Premium Equivalent (APE) is new regular premium plus one tenth of single premiums, in line with EEV methodology. APE is Group Share.*

mainly due to the impact of economic conditions on incremental contributions from existing company schemes, partly offset by (iv) a €8 million increase (+10%) in Life products reflecting the strengthening of the AXA Protection brand in the market.

Japan APE decreased by €79 million (-16%) to €532 million. Excluding the impact of the bankruptcy of a large independent agent (LINA) (€-38 million sales in Life and Medical), APE decreased by €41 million (-9%). This was driven by a €37 million decrease (-19%) in Life to €192 million mainly due to lower Term products sales and a €8 million decrease (-10%) in Investments & Savings to €91 million following lower sales of Variable Annuity products. This was partly offset by a €4 million increase (+2%) in Health to €249 million, mainly due to higher sales of the new Long Term Care and Cancer products.

Australia/New Zealand APE decreased by €123 million (-32%) to €269 million mainly due to a drop in mutual fund sales following negative market conditions. These negative impacts were partly offset by Variable Annuity product sales.

France APE increased by €255 million (+19%) to €1,602 million, mainly due to Group lines strong performance (+38%) with large contracts in Retirement and higher sales in Protection, as well as a positive contribution in Individual Savings (+10%).

Mediterranean & Latin American Region APE increased by €83 million (+20%) to €497 million mainly driven by higher contribution of general account savings products (€104 million or +57%) mainly in AXA MPS in Italy (Italian bancassurance joint-venture, €105 million or +160%) reinforced by Antonveneta, partly offset by the lower contribution of index-linked and unit-linked products in AXA MPS (€-24 million or -28%).

Property & Casualty gross revenues were up 1% to €26,174 million, or +1% on a comparable basis mainly driven by Personal lines (+2%) especially in France, Belgium, the United Kingdom & Ireland and Canada, partly offset by Germany and the Mediterranean & Latin American Region. Commercial lines decreased by 2% especially in the United Kingdom & Ireland and Belgium, partly offset by Switzerland.

Personal lines (61% of P&C gross revenues) were up 2% on a comparable basis, stemming from both Motor (+2%) and Non-Motor (+2%).

Motor revenues grew by 2% mainly driven by (i) the United Kingdom & Ireland (+19%), due to +43% growth in new business written through the internet platform Swiftcover, (ii) France (+3%) due to a positive price effect and positive net inflows, and (iii) Canada (+13%) due to higher volumes and increased average premium, partly offset by (iv) the Mediterranean & Latin American Region (-3%) driven by difficult market conditions in Spain, Portugal, and the Gulf Region, partly offset by a strong performance in Mexico, and (v) Germany (-3%) as a result of declining average premium in the context of market price pressure.

Non-Motor revenues increased by 2% mainly driven by (i) France (+3%) driven by positive net inflows combined with a positive price effect in Household, (ii) Canada (+17%) in Property mainly driven by both higher volumes and a positive price effect, (iii) the Mediterranean & Latin American Region (+5%) mainly due to Health with positive volumes effect in Mexico and in Italy, as well as positive development in Property across the board, and (iv) Belgium (+2%) mainly due to price indexation in Property, partly offset by (v) the United Kingdom & Ireland (-4%) mainly driven by more selective underwriting in Personal Medical Insurance and Travel.

Commercial lines (38% of P&C gross revenues) decreased by 2% on a comparable basis with Motor down 1% and Non-Motor down 2%.

Motor revenues were down 1%, driven by (i) the United Kingdom & Ireland (-9%) due to continued focus on profitability with tariff increases impacting renewals, (ii) Belgium (-4%) due to economic slowdown and (iii) France (-3%) due to a negative volume effect.

Non-Motor revenues were down 2%, with notably (i) the United Kingdom & Ireland down 6% in a soft market environment and (ii) Belgium down 2% due to a decrease of Workers' Compensation negatively impacted by the economic slowdown while (iii) Switzerland increased by 2% mainly due to new large Health contracts.

International Insurance revenues were up 1% to €2,860 million or up 2% on a comparable basis mainly driven by (i) **AXA Corporate Solutions Assurance** (up 2% to €1,930 million) driven by portfolio increase in Liability (+11%) and Marine (+8%), and (ii) **AXA Assistance** up 4% to €765 million.

Asset management revenues decreased by 22% or 25% on a comparable basis to €3,074 million mainly driven by lower management fees (-26%) due to lower average Assets under Management (-18%) and lower average management fees (-2.8 bps).

AllianceBernstein revenues were down 29% to €1,887 million due to management fees down 33% in line with 31% lower average assets under management, distribution fees down 27% related to lower average mutual fund assets, and institutional research services down 8% due to lower client trading activity.
Assets under Management increased by €15 billion from year-end 2008 to €346 billion at December 31, 2009 driven by market appreciation of €77 billion, partly offset by net outflows of €-53 billion (€-41 billion from Institutional clients, €-6 billion from Retail and €-5 billion for Private Client) and negative exchange rate impact of €-9 billion.

AXA Investment Managers revenues decreased by €255 million (-18%) to €1,187 million. Excluding distribution fees (retroceded to distributors), net revenues decreased by €193 million (-15%) mainly due to lower management fees (€-131 million), equally driven by lower average asset under management and unfavorable client and product mix.
Assets under Management increased by €14 billion from year-end 2008 to €499 billion at the end of December 31, 2009 mainly as a result of €31 billion positive market impact partly offset by €-19 billion net outflows, including €-13 billion third party business and €-5 billion AXA Group business.

Net banking revenues were down 4%, or down 2% on a comparable basis to €395 million, mainly attributable to AXA Bank Europe (-7% due to (i) a lower net interest and fee income and (ii) a decrease of the net capital gains, including an unfavorable exchange impact) and AXA Banque (-10% mainly due to unfavorable variation in fair value of macro-hedge derivative instruments partly offset by higher commercial margin), partly offset by Hungarian bank (+47% mainly driven by higher interest margin).

Consolidated underlying, adjusted earnings and net income

(in Euro million)

	2009	2008	2007
Gross written premiums	84,646	84,662	86,116
Fees and revenues from investment contracts with no participating feature	547	662	740
Revenues from insurance activities	***85,193***	***85,324***	***86,857***
Net revenues from banking activities	***392***	***473***	***320***
Revenues from other activities	***4,544***	***5,488***	***6,441***
TOTAL REVENUES	**90,128**	**91,285**	**93,617**
Change in unearned premium reserves net of unearned revenues and fees	***(238)***	***(208)***	***(609)***
Net investment result excluding financing expenses (a)	***34,964***	***(27,620)***	***24,572***
Technical charges relating to insurance activities (a)	(98,458)	(37,493)	(88,961)
Net result of reinsurance ceded	(919)	(101)	(1,050)
Bank operating expenses	(89)	(59)	(57)
Insurance acquisition expenses	(9,166)	(8,672)	(8,669)
Amortization of value of purchased life business in force	(365)	(473)	(357)
Administrative expenses	(10,006)	(10,076)	(10,089)
Valuation allowances on tangibles assets	(2)	(1)	4
Change in value of goodwill	(3)	(7)	(1)
Other	(151)	(181)	(419)
Other operating income and expenses	**(119,159)**	**(57,063)**	**(109,597)**
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**5,695**	**6,394**	**7,983**
Net income from investments in affiliates and associates	20	23	29
Financing expenses	(452)	(685)	(467)
OPERATING INCOME GROSS OF TAX EXPENSE	**5,262**	**5,732**	**7,545**
Income tax expenses	***(1,033)***	***(1,150)***	***(1,941)***
Non-controlling interests	***(375)***	***(538)***	***(642)***
UNDERLYING EARNINGS	**3,854**	**4,044**	**4,963**
Net realized capital gains or losses attributable to shareholders	(386)	(345)	1,175
ADJUSTED EARNINGS	**3,468**	**3,699**	**6,138**
Profit or loss on financial assets (under fair value option) & derivatives	485	(2,501)	(596)
Exceptional operations (including discontinued operations)	(202)	(49)	482
Goodwill and other related intangible impacts	(85)	(99)	(106)
Integration costs	(60)	(127)	(252)
NET INCOME	**3,606**	**923**	**5,666**

(a) For the periods ended December 31, 2009, December 31, 2008 and December 31, 2007, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively €+23,861 million, €-43,687 million and €+7,476 million, and benefits and claims by the offsetting amounts respectively.

NB: Line items of this income statement are on an underlying earnings basis, and not on a net income basis.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
Life & Savings	2,336	1,508	2,670
Property & Casualty	1,670	2,394	1,863
International Insurance	286	188	218
Asset Management	355	589	590
Banking	(2)	33	36
Holdings and other companies (a)	(793)	(668)	(414)
UNDERLYING EARNINGS	**3,854**	**4,044**	**4,963**
Net realized capital gains or losses attributable to shareholders	(386)	(345)	1,175
ADJUSTED EARNINGS	**3,468**	**3,699**	**6,138**
Profit or loss on financial assets (under Fair Value option) & derivatives	485	(2,501)	(596)
Exceptional operations (including discontinued operations)	(202)	(49)	482
Goodwill and related intangibles impacts	(85)	(99)	(106)
Integration costs	(60)	(127)	(252)
NET INCOME	**3,606**	**923**	**5,666**

(a) Includes notably CDOs and real estate companies.

Group underlying earnings amounted to €3,854 million. On a constant exchange rate basis, underlying earnings decreased by €249 million (-6%), driven by a drop in Property & Casualty, Asset Management and Holdings, partly offset by an increase in Life & Savings and International Insurance.

Life & Savings underlying earnings amounted to €2,336 million. On a constant exchange rate basis, Life & Savings underlying earnings were up €765 million (+51%) mainly attributable to the United States (€+741 million), Germany (€+114 million) and Belgium (€+95 million), partly offset by France (€-205 million) and Japan (€-69 million).

Excluding the change in scope related to the acquisitions of Seguros ING in Mexico (€6 million), Quadrifoglio Vita (€5 million), the brokerage company SBJ in the United Kingdom (€1 million), and the financial advisor Genesys in Australia (€3 million), as well as to the buyout of non-controlling interests in Turkey (€3 million), and on a constant exchange rate basis, Life & Savings **underlying earnings** increased by €747 million (+49%) mainly resulting from:

(i) **Lower investment margin** (€-361 million or down 14%). Investment margin was impacted by €-12 million reclassification to fees & revenues in the United Kingdom. Excluding this impact, investment margin was down €349 million (-14%) with ***Investment income*** down €202 million (-2%) mainly driven by lower bond and dividend yields while ***Policyholders' participation*** was up €160 million (+1%) mainly due to higher policyholder allocation in France, Switzerland and Belgium.

(ii) **Lower Fees & Revenues** (€-146 million or -2%). Fees & Revenues were impacted by €+12 million reclassification from investment margin in the United Kingdom. Excluding this impact, Fees & Revenues decreased by €159 million (-2%) mainly driven by:

a. ***Loadings on premiums and Mutual Funds*** was down €6 million (+0%), mainly driven by France (€-32 million mainly due to lower URR amortization, partly offset by lower DAC amortization following the financial market recovery in 2009), Australia/New Zealand (€-39 million driven by lower premiums in 2009 combined with a lower level of assets under management) and the United States (€-24 million), partly offset by Germany (€+78 million due to higher loadings on general account premiums in line with business development) and Japan (€+46 million) due to a shift towards Protection products with higher loadings ratio and to the contribution of Variable Annuity products (higher URR amortization which was fully offset by higher DAC amortization).

b. ***Unit-linked management fees*** down €155 million (-8%), mainly driven by lower average asset levels in the United States (€-102 million), and France (€-54 million).

(iii) **Higher net technical margin,** up €2,043 million. Excluding the reclassification from net technical margin to commissions in 2009 reflecting contractual changes in Group Protection contracts in France (€190 million), net technical margin was up €1,853 million mainly driven by (i) €1,411 million improvement in Variable Annuity hedging margin, mostly in the United States, primarily as a result of significantly lower basis cost, lower financial market volatility as well as credit spreads tightening and gains from interest rate hedging partly offset by lower lapse assumptions, (ii) €165 million one-off gain in the United Kingdom, mainly as a result of internal restructuring of an annuity portfolio, and (iii) €68 million higher positive prior year reserve developments in Group lines in France, partly offset by (iv) €-103 million in Japan following reserve strengthening.

(iv) **Higher expenses** (up €551 million or +8%). Excluding the reclassification from net technical margin to commissions in 2009 reflecting contractual changes in Group Protection contracts in France (€190 million), expenses increased by €361 million (+5%), with ***acquisition expenses*** up €277 million (+9%) mainly driven by DAC amortization (up €173 million in the United States) notably reflecting higher GMxB margins, while ***administrative expenses*** increased by €84 million (+2%), mainly driven by increased social taxes in France.

(v) **Higher tax expenses and non-controlling interests** (up €318 million or +62%). Excluding €29 million higher positive tax one-offs (mainly with €66 million in Belgium on "Revenus Définitivement Taxés", €30 million in Japan, €21 million in Switzerland and €12 million in Germany in 2009 compared to €71 million in the United Kingdom and €17 million in the United States in 2008), tax expenses and non-controlling interests increased by €289 million (+57%), driven by higher pre-tax earnings.

Property & Casualty underlying earnings amounted to €1,670 million. On a constant exchange rate basis, Property & Casualty underlying earnings decreased by €723 million (-30%). Excluding the change in scope related to the acquisition of Seguros ING in Mexico (€15 million) and Reso in Russia (€18 million, consolidated under equity method), as well as from the buyout of non-controlling interests in Turkey (€8 million), and on a constant exchange rate basis, Property & Casualty **underlying earnings** decreased by €769 million (-32%) mainly due to:

(i) **Lower net technical result (including expenses)** down €913 million (or down €905 million excluding Mexico) due to :

a. **An all year loss ratio** increasing by 3.8 points to 70.9%. Excluding the contribution of Mexico, the all year loss ratio increased by 3.7 points to 70.7% mainly due to (i) higher impact of natural events in 2009 (+1.7 points mainly driven by Klaus storm for 0.8 points and other natural events across Europe) than in 2008, as well as (ii) a rise in attritional claims (+1.7 points), mainly due to higher frequency and large claims, and (iii) stable positive prior year development,

Partly offset by:

b. **An expense ratio** decreasing by 0.2 point to 28.1%. Excluding the contribution of Mexico, the **expense ratio** decreased by 0.2 point to 28.2%.

c. As a result, **the combined ratio** was up 3.6 points to 99.0%.

(ii) **Lower investment result** (€-165 million), or down €191 million (-9%) excluding the contribution of Mexico, mainly driven by lower asset yields in the United Kingdom and Germany, partly offset by France.

(iii) **Lower income tax expense and non-controlling interests** (down €355 million). Excluding Mexico, Reso and the impact of the buyout of non-controlling interests in Turkey, income tax expenses and non-controlling interests decreased by €358 million. Excluding €12 million lower positive tax one-offs (mainly with €39 million in Belgium on "Revenus Définitivement Taxés", €13 million in Germany and €9 million in Switzerland in 2009, versus €25 million in Germany, €13 million in the Mediterranean & Latin American Region and €14 million in the United Kingdom in 2008), tax expenses and non-controlling interests decreased by €370 million in line with lower pre-tax earnings.

International Insurance underlying earnings amounted to €286 million. On a constant exchange rate basis, underlying earnings increased by €102 million (+54%) mainly driven by improved run-off results driven by better market conditions.

Asset Management underlying earnings amounted to €355 million. On a constant exchange rate basis, underlying earnings decreased by €240 million (-41%) mainly due to (i) lower management fees, driven by lower average AUM (-18%) and lower average fees (-2.8 basis points), (ii) the non recurrence of a €74 million carried interest on a real estate fund in 2008, (iii) lower general expenses (€252 million, mainly from lower staff costs), (iv) lower tax expenses (including a one-time tax benefit of €62 million at AllianceBernstein due primarily to the release of reserves relating to the tax treatment of compensation plans in 2009 versus €63 million in 2008), and (v) lower non-controlling interests expenses at AllianceBernstein.

Banking segment's underlying earnings amounted to €-2 million. On a constant exchange rate basis, banking underlying earnings decreased by €34 million (-104%), mainly due to (i) AXA Bank Europe down €45 million (or -66%) due to an increase in expenses, notably to finance expansion in new countries, and lower capital gains, partly offset by (ii) AXA Banque up €12 million to break even in 2009 reflecting improved margins and expenses tightly managed.

Holdings and other companies' underlying earnings amounted to €-793 million. On a constant exchange rate basis, holdings underlying earnings decreased by €120 million mainly due to higher financial charges mainly driven by external growth in the second half of 2008, and lower result on hedging of earnings denominated in foreign currencies, partly offset by lower tax expenses.

Group net capital losses attributable to shareholders amounted to €-386 million. On a constant exchange rate basis, Group net capital gains and losses attributable to shareholders were down €55 million mainly due to:

(i) €-92 million lower **net realized gains excluding impairments,** to €725 million in 2009, mainly driven by €400 million lower realized gains on equities, partly offset by €341 million higher realized gains on debt securities,
(ii) €1,755 million lower **net impairments**, to €-1,028 million in 2009 mainly driven by lower impairments on equity securities,
(iii) €-1,719 million decrease in impact of equity derivatives mainly driven by the non-recurrence of an exceptional equity hedging profit in 2008.

As a result, **adjusted earnings** amounted to €3,468 million. On a constant exchange rate basis, adjusted earnings were down €306 million (-8%).

Net Income amounted to €3,606 million. On a constant exchange rate basis, net income increased by €2,607 million (+283%) mainly as a result of:

(i) Lower adjusted earnings: €-306 million to 3,468 million,

(ii) Higher result on change in fair value of financial assets and derivatives including foreign exchange impacts: €+2,984 million to €+485 million. These €+485 million can be analyzed as follows:

a. €+1,116 million net positive impact from credit spread tightening (€+738 million from fixed income fund valuation, and €+377 million related to positive impact from credit derivatives, also including the €+106 million reversal of provisional loss for Japan first quarter 2009 which was included in 2008 net income),
b. €-381 million net change in fair value of equity derivatives related to a statutory liability hedge program in the United States,
c. €-256 million net negative impact from private equity funds valuation, mainly in the United States, France and Germany,
d. €-88 million in the United Kingdom reflecting an undiscounted tax adjustment on unrealized gains attributable to policyholders in unit-linked life fund,

(iii) Lower exceptional operations result including discontinued operations: €-152 million to €-202 million. These €-202 million negative impact are mainly driven by:

a. recognition of a €-141 million deferred tax liability related to the probable sale of the Australia & New Zealand business,
b. policyholder bonus related to the share transfer of the Health company to the Holding entity in Germany (€-84 million).

Consolidated Shareholders' Equity

As of December 31, 2009, consolidated shareholders' equity totaled €46.2 billion. The movements in shareholders' equity since December 31, 2008 are presented in the table below:

(in Euro million)

	Shareholders' Equity
At December 31, 2008	**37,440**
Share Capital	**460**
Capital in excess of nominal value	**1,971**
Equity-share based compensation	**74**
Treasury shares sold or bought in open market	**42**
Deeply subordinated debt (including accrued interests)	**(291)**
Fair value recorded in shareholders' equity	**5,004**
Impact of currency fluctuations	**(30)**
Cash dividend	**(836)**
Other	**(179)**
Net income for the period	**3,606**
Actuarial gains and losses on pension benefits	**(1,032)**
At December 31, 2009	**46,229**

Shareholder Value

EARNINGS PER SHARE ("EPS")

(in Euro million except ordinary shares in million)

	2009		2008 Restated (b)		2008 Published		2007 Restated (b)		2007 Published		Var. 2009 versus 2008 Restated	
	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)	Basic (a)	Fully diluted (a)
Weighted average number of shares	**2,127.0**	**2,133.3**	**2,083.1**	**2,091.4**	**2,035.4**	**2,043.6**	**2,090.6**	**2,108.7**	**2,042.7**	**2,060.8**		
Net income (Euro per Ordinary Share)	1.51	1.51	0.43	0.43	0.44	0.44	2.69	2.67	2.76	2.73	***250.6%***	***251.0%***
Adjusted earnings (Euro per Ordinary Share)	1.50	1.49	1.63	1.63	1.67	1.66	2.80	2.77	2.86	2.84	***-8.4%***	***-8.3%***
Underlying earnings (Euro per Ordinary Share)	1.68	1.67	1.80	1.79	1.84	1.83	2.24	2.22	2.29	2.27	***-6.7%***	***-6.6%***

(a) EPS calculation takes into account interest payments and foreign exchange impacts related to perpetual debts classified in shareholders equity with retrospective application.

(b) Following AXA's rights issue in 4Q09, the average number of shares has been restated to take into account an adjustment factor of 1.023. In the average number of shares calculation, the adjustment factor has been applied on outstanding shares prior to the date of the capital increase leading to an adjustment on average number of shares of 48.4 million shares in 2009 and 47.7 million in 2008.

RETURN ON EQUITY ("ROE")

(in Euro million)

	Period ended , December 31, 2009	Period ended , December 31, 2008	Change in % points
ROE	**9.3%**	**2.3%**	**7.0%**
Net income group share	3,606	923	
Average shareholders' equity	38,857	40,615	
Adjusted ROE	**11.0%**	**11.0%**	**0.0%**
Adjusted earnings (a)	3,180	3,400	
Average shareholders' equity (b)	28,887	30,902	
Underlying ROE	**12.3%**	**12.1%**	**0.2%**
Underlying earnings (a)	3,566	3,745	
Average shareholders' equity (b)	28,887	30,902	

(a) Including adjustement to reflect financial charges related to perpetual debt (recorded through shareholders' equity).
(b) Excluding change in fair value on invested assets and derivatives (recorded through shareholders' equity), and excluding perpetual debt (recorded through shareholders' equity).

Life & Savings Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income attributable to AXA's Life & Savings segment for the periods indicated:

Life & Savings Segment (a)

(in Euro million)

	2009	2008	2007
Gross written premiums	55,954	56,127	57,807
Fees and revenues from investment contracts without participating feature	547	662	740
Revenues from insurance activities	**56,501**	**56,789**	**58,548**
Net revenues from banking activities	-	***0***	-
Revenues from other activities	***1,176***	***1,246***	***1,332***
TOTAL REVENUES	**57,677**	**58,035**	**59,879**
Change in unearned premium reserves net of unearned revenues and fees	***(162)***	***(235)***	***(275)***
Net investment result excluding financing expenses (b)	***33,058***	***(30,578)***	***21,857***
Technical charges relating to insurance activities (b)	(79,000)	(18,380)	(69,987)
Net result of reinsurance ceded	(74)	913	33
Bank operating expenses	-	-	-
Insurance acquisition expenses	(4,007)	(3,622)	(3,726)
Amortization of value of purchased life business in force	(365)	(473)	(357)
Administrative expenses	(3,685)	(3,481)	(3,382)
Valuation allowances on tangible assets	(1)	0	1
Change in value of goodwill	-	(4)	0
Other	(145)	(117)	(189)
Other operating income and expenses	**(87,277)**	**(25,164)**	**(77,607)**
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**3,295**	**2,058**	**3,855**
Net income from investments in affiliates and associates	3	21	22
Financing expenses	(98)	(63)	(69)
OPERATING INCOME GROSS OF TAX EXPENSE	**3,201**	**2,016**	**3,808**
Income tax expenses	(670)	(314)	(924)
Non-controlling interests	(195)	(193)	(213)
UNDERLYING EARNINGS	**2,336**	**1,508**	**2,670**
Net realized capital gains or losses attributable to shareholders	(73)	(784)	567
ADJUSTED EARNINGS	**2,263**	**725**	**3,238**
Profit or loss on financial assets (under fair value option) & derivatives	(52)	(1,079)	(237)
Exceptional operations (including discontinued operations)	(105)	(29)	(1)
Goodwill and other related intangible impacts	(21)	(25)	(39)
Integration costs	(11)	(38)	(63)
NET INCOME	**2,075**	**(446)**	**2,899**

(a) Before intercompany transactions.
(b) For the periods ended December 31, 2009, December 31, 2008, and December 31, 2007, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively €+23,861 million, € -43,687 million and €+7,476 million, and benefits and claims by the offsetting amounts respectively.

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
France	16,353	14,298	15,052
United States	9,386	13,757	16,244
United Kingdom	2,783	3,549	4,628
Japan	5,438	4,628	5,116
Germany	6,715	6,233	6,201
Switzerland	4,442	4,495	4,133
Belgium	2,519	2,563	3,075
Mediterranean & Latin American Region (a)	6,483	4,822	1,924
Other countries	3,557	3,690	3,507
TOTAL	**57,677**	**58,035**	**59,879**
Intercompany transactions	(57)	(59)	(35)
Contribution to consolidated gross revenues	**57,620**	**57,977**	**59,845**

(a) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
France	470	675	531
United States	545	(225)	883
United Kingdom	186	122	255
Japan	211	238	254
Germany	157	43	182
Switzerland	226	218	165
Belgium	231	136	90
Mediterranean & Latin American Region (a)	115	108	73
Other countries	195	192	237
UNDERLYING EARNINGS	**2,336**	**1,508**	**2,670**
Net realized capital gains or losses attributable to shareholders	(73)	(784)	567
ADJUSTED EARNINGS	**2,263**	**725**	**3,238**
Profit or loss on financial assets (under Fair Value option) & derivatives	(52)	(1,079)	(237)
Exceptional operations (including discontinued operations)	(105)	(29)	(1)
Goodwill and related intangible impacts	(21)	(25)	(39)
Integration costs	(11)	(38)	(63)
NET INCOME	**2,075**	**(446)**	**2,899**

(a) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco and Mexico.

Life & Savings operations – France

(in Euro million)

	2009	2008	2007
Gross revenues	**16,353**	**14,298**	**15,052**
APE (Group share)	*1,602*	*1,347*	*1,360*
Investment margin	884	1,022	937
Fees & revenues	1,430	1,516	1,463
Net technical margin	762	467	265
Expenses	(2,318)	(2,100)	(1,911)
Amortization of VBI	(77)	(50)	(43)
Other	(0)	8	-
Underlying operating earnings before tax	**680**	**862**	**711**
Income tax expenses / benefits	(208)	(185)	(178)
Non-controlling interests	(1)	(3)	(2)
Underlying earnings Group share	**470**	**675**	**531**
Net capital gains or losses attributable to shareholders net of income tax	91	311	269
Adjusted earnings Group share	**561**	**986**	**800**
Profit or loss on financial assets (under FV option) & derivatives	281	(561)	(91)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
Net income Group share	**842**	**425**	**709**

Gross revenues increased by €2,055 million (+14%) to €16,353 million[75]:

- *Group lines* (41% of gross revenues) increased by 23% due to large contracts in Retirement business and growth in Protection & Health,
- *Individual lines* (59% of gross revenues) increased by 9% driven by positive performance in both Savings and Health.

APE increased by €255 million (+19%) to €1,602 million mainly due to Group lines strong performance (+38%) with large contracts in Retirement and increased sales in Protection as well as a positive performance in Individual Savings (+10%).

Investment margin decreased by €138 million (-13%) to €884 million due to a higher policyholder charge both attributable to higher investment income and higher unallocated reserve bonus. Excluding the unallocated reserve bonus effect, investment margin would have been stable.

Fees & revenues decreased by €86 million (-6%) to €1,430 million mainly driven by lower revenues on unit-linked contracts with lower average asset base impacted by the adverse financial market evolution.

Net technical margin increased by €295 million (+63%) to €762 million primarily due to (i) €190 million charge reclassified from technical margin to commissions reflecting contractual changes in Group Protection contracts and to (ii) €68 million higher prior year reserve development on Group Lines.

Expenses increased by €218 million (+10%) to €-2,318 million driven by (i) €190 million increased commissions following the reclassification from technical margin to commissions and (ii) €34 million increase in social taxes on Health business financed through increased premiums.

[75] *€16,340 million after intercompany eliminations.*

Amortization of VBI increased by €27 million (+53%) to €-77 million mainly due to an update of actuarial assumptions.

As a result, the **underlying cost income ratio** increased by 6.3 points to 77.9%.

Income tax expenses increased by €23 million (+12%) to €-208 million resulting from a lower level of non taxable dividends partly offset by lower pre-tax underlying earnings.

Underlying earnings decreased by €205 million (-30%) to €470 million.

Adjusted earnings decreased by €424 million (-43%) to €561 million mainly resulting from (i) underlying earnings decrease (€-205 million), (ii) €-308 million lower net realized capital gains net of hedging derivatives, partly offset by (iii) €+88 million lower charge of impairments mostly on equities.

Net income increased by €417 million (+98%) to €842 million reflecting (i) €-424 million lower adjusted earnings, more than offset by (ii) €+841 million increase in the fair value of mutual funds and derivatives mainly due to credit spread tightening.

Life & Savings operations - United States

(in Euro million)

	2009	2008	2007
Gross revenues	**9,386**	**13,757**	**16,244**
APE (Group share)	*994*	*1,540*	*2,099*
Investment margin	450	487	704
Fees & revenues	1,554	1,595	1,792
Net technical margin	500	(984)	466
Expenses	(1,735)	(1,433)	(1,647)
Amortization of VBI	(39)	(64)	(69)
Other	-	-	-
Underlying operating earnings before tax	**729**	**(400)**	**1,247**
Income tax expenses / benefits	(184)	175	(363)
Non-controlling interests	(0)	-	(0)
Underlying earnings Group share	**545**	**(225)**	**883**
Net capital gains or losses attributable to shareholders net of income tax	(16)	(153)	(32)
Adjusted earnings Group share	**529**	**(378)**	**851**
Profit or loss on financial assets (under FV option) & derivatives	(555)	83	40
Exceptional operations (including discontinued operations)	-	2	(7)
Goodwill and other related intangibles impacts	(1)	(2)	(21)
Integration costs	-	-	-
Net income Group share	**(28)**	**(296)**	**863**
Average exchange rate : 1.00 € = $	*1.3945*	*1.4706*	*1.3699*

Gross revenues decreased by €4,372 million (-32%) to €9,386 million. On a comparable basis, gross revenues decreased by €4,857 million (-35%) mainly driven by:

- *Variable Annuity* premiums (59% of gross revenues) decreased by 44% reflecting a slowdown in sales related to uncertain market conditions as well as management repricing and redesign actions,
- *Life* premiums (26% of gross revenues) decreased by 5% primarily driven by market conditions, the impact on first year life premiums of product modifications in 2008 and the elimination of certain Universal Life guaranteed features in the first quarter of 2009,
- *Mutual Funds gross revenues* (1% of gross revenues) decreased by 19% driven by prevailing uncertain financial market conditions,
- *Fees on Asset Management business* (6% of gross revenues) decreased by 12% driven by lower average separate account balances resulting from stock market declines in the latter part of 2008 and the first quarter of 2009.

APE decreased by €546 million (-35%) to €994 million. On a comparable basis, APE decreased by €597 million (-39%):

- *Variable Annuity* APE decreased by 45% primarily in the Wholesale channel, reflecting uncertain market conditions as well as repricing and redesign actions,
- *Life* APE decreased by 31% following product modifications in 2008 and the elimination of certain Universal Life guaranteed features in the first quarter of 2009,
- *Mutual Funds* APE decreased by 26% reflecting lower sales under uncertain financial market conditions.

Investment margin decreased by €37 million (-8%) to €450 million. On a constant exchange rate basis, investment margin decreased by €61 million (-12%). Investment income decreased by €126 million primarily reflecting lower returns on alternative investments. Interest and bonus credited decreased by €65 million primarily reflecting the favorable reserve adjustment for predemutualization participating annuity business.

Fees & revenues decreased by €41 million (-3%) to €1,554 million. On a constant exchange rate basis, fees & revenues decreased by €121 million (-8%) primarily due to lower fees earned on lower average separate account balances resulting from stock market decline in the latter part of 2008 and the first quarter of 2009.

Net technical margin rose by €1,484 million to €500 million. On a constant exchange rate basis, net technical margin increased by €1,458 million (+148%) primarily due to higher GMxB margin reflecting significant lower basis cost, lower volatility, interest rate hedging gains and credit spread narrowing in 2009 partially offset by reserve adjustment for lower lapse assumptions.

Expenses increased by €302 million (+21%) to €-1,735 million. On a constant exchange rate basis, expenses increased by €212 million (+15%) due to:

- Expenses, net of capitalization (including commissions and DAC capitalization) increased by €39 million primarily due to higher pension plan expenses partially offset by lower commissions and other expense reductions from management initiatives, including headcount reductions.
- DAC amortization increased by €173 million, primarily reflecting higher GMxB margins and higher lapse rates on Variable Life products, partially offset by the non-recurrence of a €-610 million adjustment in 2008 reflecting an unlocking and amortization reset to reflect a long term average Separate Account return of 9%.

Amortization of VBI decreased by €25 million (-39%) to €-39 million. On a constant exchange rate basis, amortization of VBI decreased by €27 million (-42%) due to the non-recurrence of a 2008 financial market impact.

As a result, the **underlying cost income ratio** decreased by 65.6 points to 70.9%.

Income tax expenses increased by €359 million to €-184 million. On a constant exchange rate basis, income tax expenses increased by €350 million. The tax expense increase is due to higher pre-tax underlying earnings partially offset by the beneficial impact of a higher non-taxable investment income.

Underlying earnings increased by €770 million to €545 million. On a constant exchange rate basis, underlying earnings increased by €741 million.

Adjusted earnings increased by €907 million to €529 million. On a constant exchange rate basis, adjusted earnings increased by €880 million reflecting the increase in underlying earnings and lower net impairments.

Net income improved by €269 million (+91%) to €-28 million. On a constant exchange rate basis, net income increased by €270 million (+91%). Net income improved due to the increase in adjusted earnings, partially offset by a decline in the fair value of interest rate hedges (€-224 million, net), and a decline in the fair value of equity derivatives related to the statutory liability hedge (€-365 million, net).

Life & Savings operations - United Kingdom

(in Euro million)

	2009	2008	2007
Gross revenues	**2,783**	**3,549**	**4,628**
APE (Group share)	*926*	*1,287*	*1,588*
Investment margin	133	244	258
Fees & revenues	609	787	889
Net technical margin	243	46	90
Expenses	(754)	(924)	(967)
Amortization of VBI	(5)	(97)	(46)
Other	-	-	-
Underlying operating earnings before tax	**225**	**57**	**224**
Income tax expenses / benefits	(39)	65	31
Non-controlling interests	(0)	(0)	(0)
Underlying earnings Group share	**186**	**122**	**255**
Net capital gains or losses attributable to shareholders net of income tax	(38)	(71)	(26)
Adjusted earnings Group share	**148**	**50**	**229**
Profit or loss on financial assets (under FV option) & derivatives	(165)	232	21
Exceptional operations (including discontinued operations)	(3)	-	-
Goodwill and other related intangibles impacts	(13)	(14)	(11)
Integration costs	0	(12)	(23)
Net income Group share	**(33)**	**257**	**216**
Average exchange rate : 1.00 € = £	*0.8913*	*0.7970*	*0.6845*

Gross revenues decreased by €766 million (-22%) to €2,783 million. On a comparable basis, gross revenues decreased by €497 million (-14%):

- *Investment & Savings* (77% of gross revenues):
  - Insurance Premiums (62% of gross revenues) reduced by 15% primarily due to lower volumes of Onshore Bond business driven by the recessionary market conditions and the switch to mutual funds following the change of capital gains taxation.
  - Fees on Investment products (15% of gross revenues) reduced by 12%, mainly driven by adverse stock market conditions.
- *Life Insurance Premiums* (19% of gross revenues) reduced by 4%, mainly due to the lower volume of single premium Creditor Insurance, partially offset by an increase in Protection business.
- *Other revenues* (4% of gross revenues) decreased by 1% mainly due to the impact of the economic downturn on mortgage markets, partially offset by increasing mutual fund revenues.

APE decreased by €361 million (-28%) to €926 million. On a comparable basis, APE decreased by €251 million (-20%) primarily due to:

- Decrease in investment and savings volumes of €111 million (-25%) due to the impact of recessionary market conditions on Onshore and Offshore Bond volumes.
- Decrease in Individual and Executive Pensions of €87 million (-26%) as economic conditions have reduced the UK pensions market.
- Decrease in Group Pension volumes of €62 million (-15%) predominantly due to the impact of economic conditions on incremental contributions from existing company schemes.
- Increase in Life products of €8 million (+10%) reflecting the strengthening of the AXA Protection brand in the market, in particular with the IFA community.

Investment margin decreased by €111 million (-46%) to €133 million. On a constant exchange rate basis, investment margin decreased by €96 million (-39%) primarily due to:

- €46 million decrease in shareholder participation in with-profit bonuses as a result of market conditions and lower asset base.
- €38 million decrease in investment return on shareholder assets largely due to lower asset yield mainly on short term investments.
- €12 million decrease as a result of a reclassification into fees & revenues.

Fees & revenues decreased by €179 million (-23%) to €609 million. On a constant exchange rate basis, fees & revenues decreased by €107 million (-14%) mainly due to:
- €75 million lower fees mainly due to lower average account balances.
- €40 million decrease of upfront loadings as a result of lower volumes of Creditor and Offshore cash bonds fully offset in commissions.
- €12 million increase as a result of a reclassification from investment margin.

Net technical margin increased by €196 million (425%) to €243 million. On a constant exchange rate basis, net technical margin increased by €225 million (487%) mainly due to:
- €165 million one-off gain as a result of reduction in liabilities using a higher discount rate related to an internal restructuring of an annuity portfolio.
- €38 million increase reflecting a change in investment assumptions on non-profit business.
- €14 million increase mainly reflecting 2008 reserves strengthening not repeated this year.

Expenses decreased by €170 million (-18%) to €-754 million. On a constant exchange rate basis, expenses decreased by €81 million (-9%) due to:
- €46 million decrease as a result of an employee pension scheme one-off.
- €40 million decrease due to lower commissions from reduced volumes of Creditor and Offshore cash bonds fully offset in fees & revenues.
- €21 million decrease mainly as result of cost containment measures taken by management.
- Partially offset by restructuring costs of €26 million.

Amortization of VBI decreased by €92 million (-95%) to €-5 million. On a constant exchange rate basis, amortization of VBI decreased by €91 million (-94%) mainly due to increase in future expectation for with-profit bonuses following the market recovery in the second half of the year, and non-recurrence of the impact of 2008 market conditions.

As a result, the **underlying cost income ratio** decreased by 17.6 points to 77.1%.

Income tax expenses increased by €104 million (-160%) to €-39 million. On a constant exchange rate basis, income tax expenses increased by €108 million (-167%) largely driven by higher pre-tax earnings, along with non-recurrence of one-off tax benefits in 2008.

Underlying earnings increased by €64 million (+53%) to €186 million. On a constant exchange rate basis, underlying earnings increased by €86 million (+71%).

Adjusted earnings increased by €98 million (+194%) to €148 million. On a constant exchange rate basis, adjusted earnings increased by €115 million (229%), largely due to the underlying earnings movement, as well as to €27 million lower net impairments mainly on equity securities.

Net income decreased by €289 million (-113%) to €-33 million. On a constant exchange rate basis, net income decreased by €293 million (-114%). In addition to the changes in adjusted earnings, net income included the following negative adjustments: €247 million undiscounted tax on unrealised gains attributable to policyholders in unit-linked life funds[76], €64 million change in fair value on fixed income and equity derivatives, and €105 million on foreign exchange movements mainly on fixed income assets and equities impairments.

[76] *Undiscounted deferred tax provided on unit-linked assets while the unit-linked liability reflects the expected timing of the payment of future tax therefore using a discounted basis.*

Life & Savings operations – Japan

(in Euro million)

	2009	2008	2007
Gross revenues	**5,438**	**4,628**	**5,116**
APE (Group share)	*532*	*482*	*567*
Investment margin	(0)	(1)	3
Fees & revenues	1,326	1,013	992
Net technical margin	16	98	135
Expenses	(851)	(619)	(641)
Amortization of VBI	(178)	(99)	(76)
Other	(2)	-	-
Underlying operating earnings before tax	**311**	**392**	**413**
Income tax expenses / benefits	(97)	(150)	(154)
Non-controlling interests	(4)	(4)	(5)
Underlying earnings Group share	**211**	**238**	**254**
Net capital gains or losses attributable to shareholders net of income tax	20	92	65
Adjusted earnings Group share	**231**	**330**	**319**
Profit or loss on financial assets (under FV option) & derivatives	191	(478)	(96)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(2)	(3)	(4)
Net income Group share	**420**	**(151)**	**219**
Average exchange rate : 1.00 € = Yen	*129.6333*	*161.6709*	*158.2554*

Gross revenues increased by €810 million (+18%) to €5,438 million. On a comparable basis, revenues declined by €419 million (-9%):

- *Life revenues* (40% of gross revenues) decreased by €228 million (-12%) notably impacted by the bankruptcy of one large independent agent (LINA),
- *Investment & Savings* (31% of gross revenues) decreased by €163 million (-11%) due to lower sales of Variable Annuity products,
- *Health revenues* (29% of gross revenues) decreased by €29 million (-2%) following the bankruptcy of LINA, partially offset by the new Long Term Care and Cancer products.

APE increased by €50 million (+10%) to €532 million. On a comparable basis and excluding the impact of LINA (€-38 million sales in Life and Medical), APE decreased by €41 million (-9%). This was driven by a €37 million (-19%) decrease in Life to €192 million mainly due to decreasing demand on Term products with tax deductibility and a €8 million (-10%) decline of Investments & Savings sales to €91 million driven by lower sales of Variable Annuity products. This was partially offset by a €4 million (+2%) increase in Health to €249 million following higher sales of the new Long Term Care and Cancer products.

Investment margin remained stable at €0 million.

Fees & revenues increased by €313 million (+31%) to €1,326 million. On a constant exchange rate basis, fees & revenues increased by €50 million (+5%), following the €+23 million impact of last year's change of accounting period at AXA Financial Life (9 months reported in 2008) and the €+14 million higher URR (Unearned Revenue Reserve) amortization on Variable Annuity products (fully offset by higher amortization of deferred acquisition costs). Excluding these impacts, fees and revenues slightly increased driven by the in-force growth.

Net technical margin decreased by €82 million (-84%) to €16 million. On a constant exchange rate basis, net technical margin declined by €85 million (-87%) mainly driven by:

- Surrender margin up €+14 million to €35 million following LINA's shock lapses of Medical Rider and Medical Whole Life products (€+21 million) and model refinement (€-8 million);

- GMxB margin up €+4 million to €-13 million, with lower hedging costs on Variable Annuity guarantees;

- Change in assumptions (€-103 million) reflecting, in particular, the impact of new investment assumptions on the legacy book of business to better align with Asset Liability Management policy.

Expenses increased by €231 million (+37%) to €-851 million. On a constant exchange rate basis, expenses increased by €63 million (+10%) driven by (i) €56 million higher DAC amortization mainly driven by the assumption change impact (€-15 million), higher amortization of Variable Annuity products (€-14 million), higher surrenders and model changes (€-26 million), and (ii) €52 million lower DAC capitalization partly offset by €46 million lower commissions. Excluding DAC and commissions, operating expenses remained flat.

VBI Amortization increased by €79 million (+79%) to €-178 million. On a constant exchange rate basis, VBI amortization increased by €43 million (+44%) mainly driven by the assumption change impact (€-38 million) on the legacy book of business.

As a result, the **underlying cost income ratio** increased by 11.9 points to 76.7%.

Income tax expenses decreased by €53 million (-35%) to €-97 million. On a constant exchange rate basis, income tax expenses decreased by €72 million (-48%) attributable to lower pre-tax earnings and a non-recurring tax item in 2009 (€30 million).

Underlying earnings decreased by €27 million (-11%) to €211 million or declined by €69 million (-29%) on a constant exchange rate basis.

Adjusted earnings decreased by €99 million (-30%) to €231 million, or by €144 million (-44%) on a constant exchange rate basis, driven by €38 million higher impairments and €37 million lower realized capital gains, combined with the €69 million decrease in underlying earnings.

Net income increased by €572 million to €420 million. As a reminder, AXA Japan closes its full year accounts at the end of September. According to IFRS principles, full year 2008 accounts were adjusted with a €106 million provisional loss reflecting the increase in credit spreads from October to December 2008. This adjustment was reversed in 2009 and no similar adjustment was needed for October to December 2009. On a constant exchange rate basis and excluding the €+106 million reversal, net income increased by €297 million, mainly due to the impact of the tightening of credit spreads on the corporate bonds and CDS investments.

Life & Savings operations – Germany

(in Euro million)

	2009	2008	2007
Gross revenues	**6,715**	**6,233**	**6,201**
APE (Group share)	*469*	*468*	*457*
Investment margin	118	104	139
Fees & revenues	302	221	229
Net technical margin	37	(24)	112
Expenses	(228)	(187)	(136)
Amortization of VBI	(11)	(8)	(23)
Other	-	-	-
Underlying operating earnings before tax	**218**	**106**	**321**
Income tax expenses / benefits	(61)	(63)	(134)
Non-controlling interests	(0)	(1)	(4)
Underlying earnings Group share	**157**	**43**	**182**
Net capital gains or losses attributable to shareholders net of income tax	(145)	(41)	(1)
Adjusted earnings Group share	**12**	**2**	**182**
Profit or loss on financial assets (under FV option) & derivatives	25	(59)	3
Exceptional operations (including discontinued operations)	(84)	(10)	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(3)	(4)	(6)
Net income Group share	**(50)**	**(70)**	**179**

Gross revenues increased by €483 million (+8%) to €6,715 million[77] mainly due to:

- *Life* (€+357 million) driven by an increase of single premiums in Investment and Savings business attributable to general account short term investment products and unit-linked products,
- *Health* increased by €105 million stemming from a positive effect of tariff increase and new business.

APE increased by €2 million (+0%) to €469 million. On a comparable basis, APE decreased by €16 million (-3%) due to (i) non-recurring 2008 "Riester step-up effect" (increase in retirement premiums due to higher fiscal incentive for policyholders), (ii) decreasing regular premiums unit-linked annuity business partly offset by (iii) higher single premiums from general account short term investment products and (iv) Health business boosted by legal changes in 2009.

Investment margin increased by €14 million (+14%) to €118 million due to lower policyholder bonus allocation partly offset by a decreasing gross investment income as a result of lower dividends from equities and alternative investments and lower income from certain participating notes.

Fees & revenues increased by €80 million (+36%) to €302 million due to lower policyholder bonus allocation and higher loadings on general account premiums partly offset by lower loadings on unit-linked regular premiums in line with the new business development.

Net technical margin rose by €61 million to €37 million driven by lower hedging costs on variable annuity products (€+78 million), better disability result and lower longevity reserve strengthening partly offset by higher policyholder bonus allocation.

Expenses increased by €41 million (+22%) to €-228 million due higher commissions in Health and lower policyholder participation.

[77] *€462 million after intercompany eliminations.*

Amortization of VBI increased by €3 million (+39%) to €-11 million.

As a result, the **underlying cost income ratio** decreased by 12.4 points to 52.3%.

Income tax expenses decreased by €2 million (-3%) to €-61 million, mainly due to the improvement of the Variable Annuity result taxable in Ireland and some positive non-recurring items, partly offset by a better pre-tax underlying result.

Underlying earnings increased by €114 million (+265%) to €157 million.

Adjusted earnings increased by €9 million (+400%) to €12 million due to higher underlying earnings partly offset by increase in net impairments on fixed income investments.

Net income increased by €20 million (-29%) to €-50 million due to higher adjusted earnings, favorable change in fair value of equity and fixed income investments partly offset by the non-recurring policyholder bonus allocation related to the share transfer of the Health company to the Holding entity.

Life & Savings operations – Switzerland

(in Euro million)

	2009	2008	2007
Gross revenues	**4,442**	**4,495**	**4,133**
APE (Group share)	*255*	*280*	*222*
Investment margin	92	109	61
Fees & revenues	208	190	212
Net technical margin	163	145	137
Expenses	(179)	(153)	(167)
Amortization of VBI	(28)	(11)	(29)
Other	-	-	-
Underlying operating earnings before tax	**256**	**281**	**214**
Income tax expenses / benefits	(30)	(63)	(49)
Non-controlling interests	-	-	-
Underlying earnings Group share	**226**	**218**	**165**
Net capital gains or losses attributable to shareholders net of income tax	(1)	(245)	(15)
Adjusted earnings Group share	**225**	**(27)**	**149**
Profit or loss on financial assets (under FV option) & derivatives	(19)	(56)	(10)
Exceptional operations (including discontinued operations)	(16)	-	7
Goodwill and other related intangibles impacts	(5)	(5)	(5)
Integration costs	-	(5)	(7)
Net income Group share	**185**	**(93)**	**135**
Average exchange rate : 1.00 € = Swiss Franc	*1.5096*	*1.5866*	*1.6420*

Gross revenues decreased by €54 million (-1%) to €4,442 million. On a comparable basis, gross revenues decreased by €260 million (-6%):

- *Group Life* decreased by €176 million (-5%) to €3,787 million mainly due to lower single premiums (-11%), partly offset by higher regular premiums (+2%) mainly attributable to salary increases on our targeted population.
- *Individual Life* decreased by €94 million (-13%) to €655 million:
  - Insurance premiums decreased by 14% or €102 million as a result of the shift from insurance products to Variable Annuity products (pure investment contracts where only fees are considered as gross revenues). Considering cash inflows of Twinstar Income, Individual Life revenues would have increased by 9% or €68 million.
  - Fees on investment products increased by €8 million driven by Twinstar Income.

APE decreased by €25 million (-9%) to €255 million. On a comparable basis, APE decreased by €37 million (-13%):

- *Group Life* decreased by €47 million (-22%) to €173 million after strong new business in 2008. The slowdown in new business was a consequence of the financial crisis, where less cancellations in the market led to fewer new business opportunities at the end of 2008.
- *Individual Life* increased by €9 million (+14%) to €82 million driven by the success of the Variable Annuity product Twinstar Income (€+17 million).

Investment margin decreased by €17 million (-16%) to €92 million. On a constant exchange rate basis, investment margin decreased by €22 million (-20%) driven by higher investment income allocated to policyholders.

Fees & revenues increased by €17 million (+9%) to €208 million. On a constant exchange rate basis, fees & revenues increased by €7 million (+4%) due to lower fees and revenues allocated to policyholders.

Net technical margin increased by €18 million (+13%) to €163 million. On a constant exchange rate basis, net technical margin increased by €10 million (+7%) mainly driven by Individual Life notably due to the non-recurrence of a 2008 reserve strengthening.

Expenses increased by €26 million (+17%) to €-179 million. On a constant exchange rate basis, expenses increased by €17 million (+11%). Excluding the 2008 one-time positive impact of the change in own pension scheme, expenses remained stable.

Amortization of VBI increased by €17 million (+162%) to €-28 million. On a constant exchange rate basis, amortization of VBI increased by €16 million (+149%) due to both negative unlocking effect and higher net amortization.

As a result, **the underlying cost income ratio** increased by 7.8 points to 44.6%.

Income tax expenses decreased by €33 million (-52%) to €-30 million. On a constant exchange rate basis, income tax expenses decreased by €34 million (-55%) driven by a one-off positive impact of €21 million led by the decrease in tax rate by 1 point to 21%.

Underlying earnings increased by €8 million (+4%) to €226 million. On a constant exchange rate basis, underlying earnings decreased by €3 million (-1%).

Adjusted earnings increased by €252 million to €225 million. On a constant exchange rate basis, adjusted earnings increased by €241 million driven by lower net impairments mainly on equities.

Net income increased by €278 million to €185 million. On a constant exchange rate basis, net income increased by €269 million due to higher adjusted earnings, lower foreign currency losses and a favorable change in fair value mainly on convertible bonds, hedge funds and derivatives.

Life & Savings operations – Belgium

(in Euro million)

	2009	2008	2007
Gross revenues	**2,519**	**2,563**	**3,075**
APE (Group share)	*264*	*260*	*340*
Investment margin	228	193	143
Fees & revenues	159	144	162
Net technical margin	95	65	57
Expenses	(256)	(228)	(252)
Amortization of VBI	(0)	(6)	(3)
Other	-	-	-
Underlying operating earnings before tax	**225**	**167**	**107**
Income tax expenses / benefits	6	(30)	(17)
Non-controlling interests	(0)	(0)	(0)
Underlying earnings Group share	**231**	**136**	**90**
Net capital gains or losses attributable to shareholders net of income tax	24	(474)	206
Adjusted earnings Group share	**256**	**(338)**	**297**
Profit or loss on financial assets (under FV option) & derivatives	188	(249)	(93)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	(2)	-
Integration costs	(4)	(10)	(13)
Net income Group share	**439**	**(597)**	**191**

Gross revenues decreased by €44 million (-2%) to €2,519 million[78]:
- *Individual Life & Savings revenues* decreased by 5% to €1,866 million driven by a 33% drop in the unit-linked investment and savings products while segregated and general account products were more resilient (-2%) (notably Crest products).
- *Group Life & Savings revenues* increased by 8% to €653 million mainly due to an exceptional premium on a large existing contract.

APE increased by €4 million (+2%) to €264 million. Individual Life & Savings increased by 6% to €235 million mainly driven by Crest products. Group Life & Savings decreased by 24% to €28 million as a result of the non recurrence of large contract sales in 2008.

Investment margin increased by €36 million (+19%) to €228 million mainly due to the transfer of assets from the Property & Casualty segment (€+16 million) and non-recurring interest arrears received on income tax benefit (€+14 million).

Fees & revenues increased by €15 million (+11%) to €159 million mainly due to higher URR (Unearned Revenues reserves) amortization more than offset by higher deferred acquisition costs amortization.

Net technical margin increased by €29 million (+44%) to €95 million mainly driven by a €47 million non-recurring higher positive prior year reserve development in Individual Life partly offset by a less favorable mortality and disability experience.

Expenses increased by €28 million (+12%) to €-256 million driven by higher acquisition expenses (€31 million) mainly due to higher net amortization of deferred acquisition costs (€-32 million) as a result of margins recovery partly offset by lower administrative expenses (€3 million).

[78] *€2,515 million after intercompany eliminations.*

Amortization of VBI decreased by €6 million to €0 million.

As a result, the **underlying cost income ratio** decreased by 5.1 points to 53.3%.

Income tax benefits increased by €37 million to €6 million mainly resulting from the favorable court decision for insurance companies on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities) (€+66 million) partly offset by higher pre-tax underlying earnings.

Underlying earnings increased by €95 million (+69%) to €231 million.

Adjusted earnings increased by €593 million (+176%) to €256 million mainly driven by higher underlying earnings (€+95 million), higher net realized capital gains and lower net impairments on equities.

Net income increased by €1,037 million to €439 million mainly driven by higher adjusted earnings (€+593 million) and more favorable impact of mutual funds and derivatives (€+432 million) mainly due to credit spread tightening.

Life & Savings operations – Mediterranean and Latin American Region

(in Euro million)

	2009	2008	2007
Gross revenues	**6,483**	**4,822**	**1,924**
APE (Group share)	*497*	*406*	*206*
Investment margin	225	254	91
Fees & revenues	303	266	172
Net technical margin	98	68	52
Expenses	(406)	(363)	(205)
Amortization of VBI	(30)	(41)	(9)
Other	-	-	-
Underlying operating earnings before tax	**189**	**185**	**100**
Income tax expenses / benefits	(48)	(45)	(21)
Non-controlling interests	(27)	(32)	(6)
Underlying earnings Group share	**115**	**108**	**73**
Net capital gains or losses attributable to shareholders net of income tax	4	(40)	19
Adjusted earnings Group share	**119**	**68**	**92**
Profit or loss on financial assets (under FV option) & derivatives	20	(12)	(0)
Exceptional operations (including discontinued operations)	1	-	-
Goodwill and other related intangibles impacts	(0)	(0)	(0)
Integration costs	(1)	(4)	(8)
Net income Group share	**139**	**52**	**84**

The Mediterranean and Latin American Region includes the following changes in scope:

- ***Mexico consolidated from 01/07/08***
- ***Turkey buyout of non-controlling interests on 01/07/08***
- ***Quadrifoglio Vita consolidated from 31/12/08***

For volume indicators, the comparable basis reflects 2009 scope.

Gross revenues increased by €1,662 million (+34%) to €6,483 million. On a comparable basis, gross revenues increased by €1,553 million (+31%) mainly driven by a strong growth in general account savings products (€2,048 million or +86%) mainly in AXA MPS (Italian bancassurance joint-venture, €2,011 million or +160%) reinforced by Antonveneta, partly offset by lower sales of index-linked and unit-linked products in Italy (€-516 million or -31%).

APE increased by €91 million (+22%) to €497 million. On a comparable basis, APE increased by €83 million (+20%) mainly driven by higher contribution of general account savings products (€104 million or +57%) mainly in AXA MPS (€105 million or +160%) reinforced by Antonveneta, partly offset by the lower contribution of index-linked and unit-linked products in AXA MPS (€-24 million or -28%).

Investment margin decreased by €30 million (-12%) to €225 million, of which €24 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, investment margin decreased by €52 million (-21%) to €194 million mainly due to lower yields on bonds.

Fees & revenues increased by €36 million (+14%) to €303 million, of which €38 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, fees & revenues were in line with previous year.

Net technical margin rose by €30 million (+44%) to €98 million, of which €5 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, net technical margin increased by €26 million (+39%) to €93 million due to the release of a risk reserve in Spain.

Expenses increased by €43 million (+12%) to €-406 million, of which €47 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, expenses decreased by €3 million (-1%) to €-305 million mainly driven by lower administrative expenses.

Amortization of VBI decreased by €11 million (-27%) to €-30 million, of which €1 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, amortization of VBI decreased by €12 million (-33%) to €-25 million mainly due to the natural decline of VBI balance in AXA MPS.

As a result, the **underlying cost income ratio** increased by 1.1 points to 69.7 %. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, underlying cost income ratio increased by 0.5 point to 64.8%.

Income tax expenses increased by €3 million (+7%) to €-48 million, of which €4 million from Mexico and Quadrifoglio Vita. On a constant exchange rate basis and excluding Mexico and Quadrifoglio Vita, income tax expenses were in line with previous year.

Underlying earnings increased by €6 million (+6%) to €115 million, of which €8 million from Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey. On a constant exchange rate basis and excluding Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey, underlying earnings decreased by €5 million (-5%) to €106 million.

Adjusted earnings increased by €51 million (+74%) to €119 million, of which €9 million from Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey. On a constant exchange rate basis and excluding Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey, adjusted earnings increased by €39 million (+55%) to €110 million due to higher net capital gains on fixed income and lower impairments on equities.

Net income increased by €86 million (+166%) to €139 million, of which €18 million from Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey. On a constant exchange rate basis and excluding Mexico, Quadrifoglio Vita and the buyout of non-controlling interests in Turkey, net income increased by €76 million (+168%) to €120 million due to adjusted earnings and a positive change in fair value of mutual funds.

Life & Savings Operations - Other Countries

The following tables present the operating results for the other Life & Savings operations of AXA:

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
Australia / New Zealand	1,532	1,719	1,384
Hong Kong	1,203	1,126	1,257
Central and Eastern Europe	470	467	423
Other countries	352	378	443
o/w Canada	115	108	122
o/w Luxembourg	72	60	64
o/w South East Asia (a)	164	210	257
TOTAL	**3,557**	**3,690**	**3,507**
Intercompany transactions	(2)	(2)	-
Contribution to consolidated gross revenues	**3,555**	**3,688**	**3,507**

(a) South East Asia earnings include Indonesia and Singapore.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
Australia & New Zealand	46	31	99
Hong Kong	135	133	126
Central & Eastern Europe	16	7	(0)
Other countries	(2)	22	12
o/w Canada	5	7	2
o/w Luxembourg	5	5	4
o/w South-East Asia and China (a)	(2)	10	5
UNDERLYING EARNINGS	**195**	**192**	**237**
Net realized capital gains or losses attributable to shareholders	(12)	(161)	83
ADJUSTED EARNINGS	**183**	**31**	**319**
Profit or loss on financial assets (under Fair Value option) & derivatives	(17)	21	(10)
Exceptional operations (including discontinued operations)	(3)	(21)	(0)
Goodwill and related intangible impacts	(2)	(2)	(2)
Integration costs	0	0	(3)
NET INCOME	**161**	**29**	**304**

(a) South East Asia earnings include Indonesia, Thailand, Philippines, Singapore and India.

AUSTRALIA AND NEW ZEALAND [79]

Gross revenues decreased by €187 million (-11%) to €1,532 million. On a comparable basis, gross revenues decreased by €205 million (-12%):

- *Gross written premiums and fees* (77% of gross revenues) decreased by €160 million (-12%) to €1,173 million, mainly driven by single premiums in wealth management guaranteed savings products sold through wholesale channel reflecting the recent investors' trend to seek more conservative investments given financial market volatility.
- *Revenues from mutual fund and advice business* **(**23% of gross revenues) decreased by €45 million (-14%) to €359 million due to a decline in funds under management levels resulting from financial market volatility, and lower mutual fund net sales, driven by lower inflows partly offset by lower outflows.

APE decreased by €109 million (-29%) to €269 million. On a comparable basis, APE decreased by €123 million (-32%) driven by a drop in mutual fund sales and AllianceBernstein joint-venture sales given the market downturn, slightly offset by sales increase in the Variable Annuity product North.

Underlying earnings increased by €16 million (+51%) to €46 million. On a constant exchange rate basis, underlying earnings increased by €16 million (+54%). The evolution would have been flat excluding non-recurring items. On a 100% ownership basis, the evolution of underlying earnings was as follows:

- **Investment margin** decreased by €22 million (-173%) to €-9 million. On a constant exchange rate basis, investment margin decreased by €22 million (-174%) due to a lower asset base and lower returns.
- **Fees & revenues** decreased by €46 million (-7%) to €652 million. On a constant exchange rate basis, fees & revenues decreased by €35 million (-5%). Excluding Genesys, a financial advice business acquired on June 30, 2008, fees and revenues decreased by €67 million (-10%) mainly due to lower average funds under management driven by the 2008 and early 2009 stock market downturn.
- **Net technical margin** increased by €25 million (-93%) to €-2 million. On a constant exchange rate basis, net technical margin increased by €25 million (93%) driven by change in investment assumptions on Individual and Group Income Protection in 2009 offset by less favorable claims experience in these products in 2009.
- **Expenses** decreased by €40 million (-7%) to €-546 million. On a constant exchange rate basis, expenses decreased by €30 million (-5%). Excluding Genesys, expenses decreased by €50 million (-9%) including cost saving initiatives across the business.
- **Amortization of VBI** decreased by €26 million (-70%) to €-11 million. On a constant exchange rate basis, amortization of VBI decreased by €26 million (-69%) mainly due to revision of unit costs in 2009 driven by lower costs and higher asset base.
- As a consequence, the **underlying cost income ratio** decreased by 4.1 points to 86.9%.
- **Income tax expenses** decreased by €6 million (-146%) to €2 million. On a constant exchange rate basis, income tax expenses decreased by €6 million (-147%) driven by non-recurring positive impacts in 2009, partly offset by higher pre-tax underlying earnings.

Adjusted earnings increased by €99 million (142%) to €29 million. On a constant exchange rate basis, adjusted earnings increased by €100 million (-143%) reflecting the increased underlying earnings and significantly lower net impairments on equity securities.

Net income increased by €98 million (139%) to €27 million. On a constant exchange rate basis, net income increased by €98 million (-139%) in line with adjusted earnings.

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[79] *AXA interest in AXA Asia Pacific Group is 54.08% broken down into 53.92% direct interest holding and an additional 0.15% owned by the AAPH Executive plan trust.*

HONG-KONG[80]

Gross revenues increased by €77 million (+7%) to €1,203 million. On a comparable basis, gross revenues increased by €9 million (+1%).

APE increased by €11 million (+10%) to €123 million. On a comparable basis, APE increased by €3 million (+3%), mainly driven by Protection products partially offset by lower sales in Investment & Saving products.

Underlying earnings increased by €1 million (+1%) to €135 million. On a constant exchange rate basis, underlying earnings decreased by €6 million (-5%). Excluding non-recurring items (mainly positive impact on change in assumption on DAC and VBI amortization), underlying earnings were broadly in line with 2008.

Adjusted earnings increased by €47 million (+53%) to €137 million. On a constant exchange rate basis, adjusted earnings increased by €39 million (+44%), with higher capital gains and lower impairments partly offset by lower underlying earnings and higher hedging costs.

Net income increased by €35 million (+36%) to €132 million. On a constant exchange rate basis, net income increased by €27 million (+28%), mainly driven by €39 million higher adjusted earnings partially offset by €-15 million higher unrealized loss due to hedging strategies on credit exposures.

CENTRAL AND EASTERN EUROPE

Gross revenues increased by €3 million (+1%) to €470 million. On a comparable basis, gross revenues increased by €46 million (+10%) mainly driven by life business in Czech Republic and Poland, partly offset by Hungary.

APE increased by €4 million (+3%) to €168 million. On a comparable basis, APE increased by €19 million (+11%) driven by Pension Funds (€+31 million, +42%) partly offset by Life & Savings (€-10 million, -12%), impacted by lower sales of short term Tax Wrapper products in Poland (€-24 million, -90%). The main country contributing to the growth was Hungary (€+12 million, +67%), and to a lower extend Poland (€+4 million) and Czech Republic (€+3 million).

Underlying earnings increased by €10 million to €16 million. On a constant exchange rate basis, underlying earnings increased by €11 million mainly due to an increase in fees and revenues partly offset by higher acquisition expenses to develop proprietary distribution networks.

As a result, the **underlying cost income ratio** decreased by 7.3 points to 85.2%.

Adjusted earnings increased by €22 million to €16 million. On a constant exchange rate basis, adjusted earnings increased by €23 million, mainly due to higher underlying earnings and €12 million lower realized capital losses and impairments on equities and fixed income securities.

Net income increased by €23 million to €14 million. On a constant exchange rate basis, net income increased by €24 million in line with adjusted earnings.

CANADA

Gross revenues increased by €7 million (+7%) to €115 million. On a comparable basis, gross revenues increased by €9 million (+9%) mainly reflecting €4 million from Accumulator type product and €4 million from Term insurance & Universal life.

Underlying earnings decreased by €3 million (-35%) to €5 million. On a constant exchange rate basis, underlying earnings decreased by €2 million (-34%) as a result of increased commission expenses related to new business.

Adjusted earnings and **net income** amounted to €7 million.

[80] AXA interest in AXA Asia Pacific Group is 54.08% broken down into 53.92% direct interest holding and an additional 0.15% owned by the AAPH Executive plan trust.

SOUTH EAST ASIA AND CHINA

Gross revenues decreased by €46 million (-22%) to €164 million. On a comparable basis, gross revenues decreased by €46 million (-22%) primarily due to the significant decrease in unit linked sales as a result of the uncertain investment market conditions.

APE increased by € 22 million (+34%) to €88 million. On a comparable basis, APE increased by €13 million (+18%), mainly driven by the growth in bancassurance channel in Thailand (€4 million), strong increase from agency channels in India (€3 million), multi-distribution capability and increased geographical coverage in China (€2 million) as well as the growth in regular premium sales and new product launches in Singapore (€2 million).

Underlying earnings decreased by €12 million to €-2 million. On a constant exchange rate basis, underlying earnings decreased by €12 million, mainly driven by Indian expansion (€-10 million) and lower fee income in Singapore.

Adjusted earnings decreased by €9 million to €-1 million. On a constant exchange rate basis, adjusted earnings decreased by €9 million mainly driven by the decrease in underlying earnings, partly offset by higher net capital gains in Indonesia.

Net income decreased by €19 million to €-13 million. On a constant exchange rate basis, net income decreased by €20 million, mainly driven by adjusted earnings and India's entry in the scope of consolidation (one-time recognition of past losses of €-13 million).

Property & Casualty Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income attributable to AXA's Property & Casualty segment for the periods indicated.

Property and Casualty Segment (a)

(in Euro million)

	2009	2008	2007
Gross written premiums	26,291	26,107	25,101
Fees and revenues from investment contracts without participating feature	-	-	-
Revenues from insurance activities	**26,291**	**26,107**	**25,101**
Net revenues from banking activities	**-**	**-**	**-**
Revenues from other activities	***77***	***102***	***79***
TOTAL REVENUES	**26,368**	**26,209**	**25,180**
Change in unearned premium reserves net of unearned revenues and fees	***(103)***	***(244)***	***(362)***
Net investment result excluding financing expenses	***2,068***	***2,263***	***2,057***
Technical charges relating to insurance activities	(17,901)	(16,649)	(16,702)
Net result of reinsurance ceded	(710)	(780)	(599)
Bank operating expenses	-	-	-
Insurance acquisition expenses	(4,863)	(4,776)	(4,634)
Amortization of value of purchased life business in force	-	-	-
Administrative expenses	(2,517)	(2,602)	(2,274)
Valuation allowances on tangible assets	(1)	(1)	4
Other	(7)	(5)	(24)
Other operating income and expenses	**(25,999)**	**(24,812)**	**(24,229)**
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**2,334**	**3,415**	**2,647**
Net income from investments in affiliates and associates	18	5	5
Financing expenses	(5)	(10)	(13)
OPERATING INCOME GROSS OF TAX EXPENSE	**2,347**	**3,410**	**2,639**
Income tax expense	(638)	(967)	(726)
Non-controlling interests	(39)	(49)	(50)
UNDERLYING EARNINGS	**1,670**	**2,394**	**1,863**
Net realized capital gains or losses attributable to shareholders	(264)	(665)	562
ADJUSTED EARNINGS	**1,406**	**1,729**	**2,425**
Profit or loss on financial assets (under fair value option) & derivatives	187	(656)	4
Exceptional operations (including discontinued operations)	32	1	(2)
Goodwill and other related intangible impacts	(64)	(69)	(67)
Integration costs	(46)	(78)	(142)
NET INCOME	**1,516**	**926**	**2,218**

(a) Before intercompany transactions.

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
France	5,724	5,633	5,377
United Kingdom & Ireland	3,976	4,471	5,111
Germany	3,527	3,554	3,531
Belgium	2,145	2,156	2,130
Mediterranean & Latin American Region (a)	6,721	6,437	5,298
Switzerland	2,161	2,024	1,981
Other countries	2,116	1,934	1,752
TOTAL	**26,368**	**26,209**	**25,180**
Intercompany transactions	(194)	(170)	(164)
Contribution to consolidated gross revenues	**26,174**	**26,039**	**25,016**

(a) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
France	406	623	426
United Kingdom & Ireland	100	306	262
Germany	283	355	325
Belgium	168	181	216
Mediterranean & Latin American Region (a)	326	557	362
Switzerland	260	238	125
Other countries	126	134	147
UNDERLYING EARNINGS	**1,670**	**2,394**	**1,863**
Net realized capital gains or losses attributable to shareholders	(264)	(665)	562
ADJUSTED EARNINGS	**1,406**	**1,729**	**2,425**
Profit or loss on financial assets (under Fair Value option) & derivatives	187	(656)	4
Exceptional operations (including discontinued operations)	32	1	(2)
Goodwill and related intangibles impacts	(64)	(69)	(67)
Integration costs	(46)	(78)	(142)
NET INCOME	**1,516**	**926**	**2,218**

(a) Mediterranean & Latin American Region includes Italy, Spain, Portugal, Greece, Turkey, Morocco, Gulf Region and Mexico.

Property & Casualty Operations – France

(in Euro million)

	2009	2008	2007
Gross revenues	**5,724**	**5,633**	**5,377**
Current accident year loss ratio (net)	81.5%	74.8%	74.3%
All accident year loss ratio (net)	74.2%	68.5%	72.7%
Net technical result	**1,473**	**1,777**	**1,467**
Expense ratio	24.9%	24.5%	24.2%
Net investment result	600	569	495
Underlying operating earnings before tax	**652**	**962**	**657**
Income tax expenses / benefits	(245)	(339)	(230)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	(1)	(1)	(0)
Underlying earnings Group share	**406**	**623**	**426**
Net capital gains or losses attributable to shareholders net of income tax	(26)	(83)	93
Adjusted earnings Group share	**380**	**539**	**519**
Profit or loss on financial assets (under FV option) & derivatives	65	(290)	34
Exceptional operations (including discontinued operations)	-	(4)	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
Net income Group share	**445**	**245**	**553**

Gross revenues increased by €90 million (+2%) to €5,724 million[81]:

- *Personal lines* (61% of gross revenues) increased by 3% to €3,476 million resulting from positive net inflows in Motor (+68,000 net new contracts mainly stemming from Direct channel and agents' network) in a competitive market, and positive net new inflows in Household (+58,000) combined with an increase in average premium,
- *Commercial lines* (39% of gross revenues) were stable at €2,208 million. The increase in Property (+5%) and in Liability (+7%) in a context of competitive markets was offset by lower revenues in Construction (-6%) and in Motor (-3%).

Net technical result decreased by €303 million (-17%) to €1,473 million:

- Current accident year loss ratio increased by 6.7 points to 81.5% mainly attributable to Klaus storm (+2.2 points), adverse winter conditions and hail claims (+2.0 points), and Motor higher claims (+1.9 points) mainly due to higher frequency,
- All accident year loss ratio increased by 5.7 points to 74.2% as a result of the increase in current accident year loss ratio partly offset by higher prior year positive reserves development (-1.0 point) mainly in Construction, Transport and Industrial risks partly offset by a decrease in Motor.

Expense ratio rose by 0.4 point to 24.9% as a consequence of an increase in commissions.

As a result, the **combined ratio** increased by 6.1 points to 99.1%.

Net investment result increased by €31 million (+5%) to €600 million mainly driven by a higher net corporate bond yield.

Income tax expenses decreased by €94 million (-28%) to €-245 million mainly explained by lower pre-tax earnings.

Underlying earnings decreased by €216 million (-32%) to €406 million.

[81] *€5,684 million after intercompany eliminations.*

Adjusted earnings decreased by €159 million (-29%) to €380 million as a consequence of (i) the decrease in underlying earnings (€-216 million) and (ii) €59 million lower capital gains net of hedging derivatives partly offset by €116 million lower impairment charges.

Net income increased by €200 million (+82%) to €445 million as the adjusted earnings decrease was more than offset by the favorable change in fair value of mutual funds and derivatives (€+318 million) mainly due to credit spread tightening and a €37 million positive impact on foreign exchange.

Property & Casualty Operations - United Kingdom & Ireland

(in Euro million)

	2009	2008	2007
Gross revenues	**3,976**	**4,471**	**5,111**
Current accident year loss ratio (net)	74.1%	69.3%	71.8%
All accident year loss ratio (net)	70.0%	63.3%	66.4%
Net technical result	**1,202**	**1,643**	**1,663**
Expense ratio	32.3%	35.7%	35.0%
Net investment result	216	352	380
Underlying operating earnings before tax	**127**	**397**	**311**
Income tax expenses / benefits	(26)	(90)	(49)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	(0)	(1)	(1)
Underlying earnings Group share	**100**	**306**	**262**
Net capital gains or losses attributable to shareholders net of income tax	(58)	(227)	71
Adjusted earnings Group share	**42**	**78**	**333**
Profit or loss on financial assets (under FV option) & derivatives	7	7	(5)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(6)	(24)	(17)
Integration costs	-	-	(4)
Net income Group share	**44**	**62**	**307**
Average exchange rate : 1.00 € = £	*0.8913*	*0.7970*	*0.6845*

Gross revenues decreased by €495 million (-11%) to €3,976 million[82]. On a comparable basis, gross revenues decreased by €80 million (-2%):

- *Personal lines* (56% of the P&C premiums) were up 3% to €2,201 million. **Motor** was up 19% to €775 million both from further growth in direct business written through the internet platform Swiftcover (up 43% to €286 million) and in the intermediated business reflecting the successful launch of the AXA Car product, in hardening market conditions. **Non-Motor** was down 4% to €1,426 million mainly driven by Travel, Creditor and Warranty down 23% to €321 million due to selective underwriting and Health down 2% to €539 million due to declining volumes within Personal Medical Insurance. This was partly offset by Property up 10% to €565 million, resulting from a strong growth with specific intermediaries, the launch of AXA Home Insurance product sold directly to client and new deals with corporate partners,

- *Commercial lines* (43% of the P&C premiums) were down 6% to €1,696 million. **Motor** was down 9% where the focus on profitability continues with tariff increases affecting renewal retention. **Non-Motor** was down 6% reflecting the strategy to exit from unprofitable schemes coupled with soft market conditions partially offset by growth in Health (up 9%) from international business.

Net technical result decreased by €441 million (-27%) to €1,202 million. On a constant exchange rate basis net technical result decreased by €311 million (-19%):

- The current accident year loss ratio increased by 4.6 points to 74.1% mainly due to (i) adverse weather events (3.5 points) notably relating to freezing conditions in January and flooding in November and (ii) three large claims (+0.7 point) impacting commercial property and personal motor,
- The all accident year loss ratio increased by 6.6 points to 70.0% reflecting the deterioration in current accident year loss ratio combined with a lower level of positive prior years reserve development.

Expense ratio decreased by 3.4 points to 32.3% with the **acquisition ratio** down 0.9 point to 24.8% mainly due to a decrease in commissions (-1.3 points) driven by renegotiation of broker commission rates, changes in business mix and reductions in profit sharing commissions. **Administrative expense ratio** decreased by 2.4 points reflecting cost

[82] *€3,905 million after intercompany eliminations.*

containment including a positive one-off impact on employee pension scheme (-0.9 point), operational cost savings (-1.3 points), and a decrease in restructuring provisions reflecting the non-recurrence of the Irish redundancy scheme costs in 2008 (-0.2 point).

As a result, the **combined ratio** was up 3.3 points to 102.2%.

Net investment result decreased by €136 million (-39%) to €216 million. On a constant exchange rate basis net investment result decreased by €117 million (-33%) as a result of lower cash, equity and bond yields.

Income tax expenses decreased by €64 million (-71%) to €-26 million. On a constant exchange rate basis income tax expense decreased by €61 million (-68%) reflecting a lower pre-tax result and a €15 million decrease in positive tax one-offs.

Underlying earnings decreased by €206 million (-67%) to €100 million. On a constant exchange rate basis, underlying earnings decreased by €200 million (-65%.).

Adjusted earnings decreased by €36 million (-46%) to €42 million. On a constant exchange rate basis, adjusted earnings decreased by €37 million (-47%) reflecting the decrease in underlying earnings partially offset by lower net impairments (€144 million) and increased realized gains (€+19 million) as financial market conditions improved versus 2008.

Net income decreased by €18 million (-30%) to €44 million. On a constant exchange rate basis, net income decreased by €19 million (-31%) reflecting adjusted earnings evolution and €17 million reduced amortization of intangible assets.

Property & Casualty Operations – Germany

(in Euro million)

	2009	2008	2007
Gross revenues	**3,527**	**3,554**	**3,531**
Current accident year loss ratio (net)	76.4%	76.2%	78.7%
All accident year loss ratio (net)	67.4%	66.1%	69.0%
Net technical result	**1,148**	**1,198**	**1,094**
Expense ratio	31.4%	32.1%	29.3%
Net investment result	352	394	339
Underlying operating earnings before tax	**397**	**458**	**401**
Income tax expenses / benefits	(112)	(106)	(74)
Net income from investments in affiliates and associates	(0)	5	5
Non-controlling interests	(1)	(2)	(7)
Underlying earnings Group share	**283**	**355**	**325**
Net capital gains or losses attributable to shareholders net of income tax	(105)	(57)	92
Adjusted earnings Group share	**179**	**298**	**416**
Profit or loss on financial assets (under FV option) & derivatives	23	(146)	29
Exceptional operations (including discontinued operations)	26	(1)	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(21)	(25)	(36)
Net income Group share	**207**	**127**	**410**

Gross revenues decreased by €27 million (-1%) to €3,527 million[83]:

- *Personal lines* (65% of gross revenues) were down 2% to €2,269 million due to lower production in Motor and Personal Accident,
- *Commercial lines* (28% of gross revenues) were down 1% to €991 million due to cancellations and average premium decline in Liability and Marine,
- *Other lines* (7% of gross revenues) were up 7% to €242 million due to premium increase in pools, treaty business and the development of AXA Art.

Net technical result decreased by €50 million (-4%) to €1,148 million.

- The current accident year loss ratio increased by 0.3 point to 76.4% driven by Liability and Motor,
- The all accident year loss ratio increased by 1.2 points to 67.4% due to lower positive prior year reserve development.

Expense ratio improved by 0.7 point to 31.4%. The non-commission expense ratio improved due to productivity gains and the non-repeat of 2008 non-recurring costs.

As a result, the **combined ratio** increased by 0.5 point to 98.7%.

Net investment result decreased by €42 million (-11%) to €352 million mainly as a result of lower income from fixed income assets mainly due to short term investments and non-recurring 2008 interest arrears on income tax benefits (€+17 million) as well as lower dividends from equities.

Income tax expenses increased slightly by €7 million (+6%) to €-112 million, due to the non-repeat of the 2008 non-recurring tax benefits partly offset by lower pre-tax operating result.

Underlying earnings decreased by €71 million (-20%) to €283 million.

[83] *€3,501 million after intercompany eliminations.*

Adjusted earnings decreased by €119 million (-40%) to €179 million due to lower underlying earnings and negative result from equity hedging, partly offset by lower impairments on equities and higher realized gains.

Net income increased by €80 million (+64%) due to the favorable change in fair value of mutual funds and derivatives (€+136 million) mainly due to credit spread tightening and non-recurring gain on the sale of legal protection business, partly offset by lower adjusted earnings.

Property & Casualty Operations – Belgium

(in Euro million)

	2009	2008	2007
Gross revenues	**2,145**	**2,156**	**2,130**
Current accident year loss ratio (net)	82.1%	80.9%	77.6%
All accident year loss ratio (net)	69.7%	69.0%	67.5%
Net technical result	**651**	**669**	**693**
Expense ratio	30.1%	29.9%	29.8%
Net investment result	196	235	235
Underlying operating earnings before tax	**197**	**255**	**290**
Income tax expenses / benefits	(29)	(75)	(73)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	0	(0)	(0)
Underlying earnings Group share	**168**	**181**	**216**
Net capital gains or losses attributable to shareholders net of income tax	(25)	(41)	119
Adjusted earnings Group share	**143**	**140**	**335**
Profit or loss on financial assets (under FV option) & derivatives	62	(133)	(29)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	(2)	(1)	-
Integration costs	(18)	(24)	(34)
Net income Group share	**186**	**(17)**	**272**

Gross revenues decreased by €12 million (-1%) to €2,145 million[84]. On a comparable basis, gross revenues were stable:

- *Personal lines* (62% of gross revenues) were up 1% driven by Non-Motor (+2%) of which Property up 3% reflecting the evolution of ABEX household index partly offset by portfolio losses, whereas Motor remained stable,
- *Commercial lines* (38% of gross revenues) were down 3% with Motor down 4% and Non Motor down 2% mainly due to a decrease in Workers' Compensation (-10%) impacted by the economic context and focus on profitability partly offset by Health (+6%) and Property (+3%).

Net technical result decreased by €18 million (-3%) to €651 million:

- Current accident year loss ratio increased by 1.2 points to 82.1% mainly due to climatic event (1.2 points or €-26 million),
- All accident year loss ratio increased by 0.7 point to 69.7% reflecting the deterioration of current loss ratio partly offset by positive prior year reserve developments notably on Workers' Compensation.

Expense ratio increased by 0.3 point to 30.1% mainly driven by slightly higher administrative expenses.

As a result, the **combined ratio** was up 1.0 point to 99.8%.

Net investment result decreased by €39 million (-17%) to €196 million mainly due to lower yield on equities and bonds as well as impact of assets transferred to Life segment (€-16 million).

Income tax expenses decreased by €46 million (-62%) to €-29 million resulting from the favorable court decision for insurance companies on RDT (Revenus Définitivement Taxés: tax exemption on 95% of dividends on equities) (€+39 million), and lower pre-tax result.

Underlying earnings decreased by €13 million (-7%) to €168 million.

[84] *€2,130 million after intercompany eliminations.*

Adjusted earnings increased by €3 million (+2%) to €143 million driven by lower impairments mainly on equities partly offset by lower realized capital gains on equities and lower underlying earnings.

Net income increased by €202 million to €186 million due to higher adjusted earnings and the favorable net change in fair value mainly on fixed income mutual funds (€+161 million) as a result of 2009 credit spread tightening.

Property & Casualty Operations – Mediterranean and Latin American Region

(in Euro million)

	2009	2008	2007
Gross revenues	**6,721**	**6,437**	**5,298**
Current accident year loss ratio (net)	79.2%	76.2%	76.5%
All accident year loss ratio (net)	73.3%	68.5%	72.1%
Net technical result	**1,796**	**1,979**	**1,453**
Expense ratio	25.7%	24.8%	23.3%
Net investment result	415	414	351
Underlying operating earnings before tax	**482**	**833**	**591**
Income tax expenses / benefits	(124)	(235)	(195)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	(32)	(40)	(34)
Underlying earnings Group share	**326**	**557**	**362**
Net capital gains or losses attributable to shareholders net of income tax	(44)	(43)	172
Adjusted earnings Group share	**281**	**515**	**534**
Profit or loss on financial assets (under FV option) & derivatives	22	(37)	(16)
Exceptional operations (including discontinued operations)	7	6	(2)
Goodwill and other related intangibles impacts	(25)	(16)	(28)
Integration costs	(7)	(20)	(60)
Net income Group share	**277**	**447**	**428**

The Mediterranean and Latin American Region includes the following changes in scope:

- ***Mexico consolidated from 01/07/2008***
- ***Turkey buyout of non-controlling interests on 01/07/2008***

For volume indicators, the comparable basis reflects 2009 scope.

Gross revenues increased by €283 million (+4%) to €6,721 million[85]. On a comparable basis, gross revenues decreased by €40 million (-1%) driven by the difficult economic context in the Southern European countries, partly offset by a positive performance in emerging markets:

- *Personal lines* (63% of the gross revenues) were down 1% to €4,210 million mainly due to Motor, down 3%, driven by difficult market conditions in Spain, Portugal and in the Gulf Region, partly offset by positive performances in Mexico, Morocco and Greece. This negative growth in Motor was partly offset by Non-Motor, up 5%, with Health mainly driven by positive volumes effect in Mexico and in Italy, and Property developing positively in all countries,
- *Commercial lines* (37% of total revenues) were down 1% to €2,475 million, with stability in Motor and a decrease in Liability, directly correlated with the negative economic trend, especially Construction in Spain, partly offset by Health development with new contracts in Mexico and the Gulf Region.

Net technical result decreased by €183 million (-9%) to €1,796 million of which €126 million from Mexico. On a constant exchange rate basis and excluding Mexico, net technical result decreased by €299 million (-16%) to €1,524 million:

- Current accident year loss ratio increased by 2.9 points to 79.2%. Excluding Mexico, the current accident year loss ratio increased by 2.8 points to 79.7% mainly due to the cost of natural events (Klaus storm, Vitoria hail in Spain and floods in Italy and Turkey), and Motor lines in most of the countries (decrease in the average premium combined with a higher claims frequency),

[85] *€6,697 million after intercompany eliminations.*

- All accident year loss ratio increased by 4.9 points to 73.3 %. Excluding Mexico, the all accident year loss ratio increased by 5.0 points to 72.9% mainly driven by the increase of the current accident year loss ratio and a less favorable prior year reserves development notably in Motor.

Expense ratio rose by 0.9 point to 25.7%. Excluding Mexico, the expense ratio rose by 1.1 points to 25.3% due to (i) an increase of the acquisition ratio (+0.9 point) mainly due to incentive to agents, (ii) the launch of a Direct channel in Italy, (iii) a negative volume effect in Spain, and (iv) a slight increase of administrative expense ratio (+0.2 point) mainly due to IT investment in Italy.

As a result, the **combined ratio** was up 5.8 points to 99.0 %. Excluding Mexico, the combined ratio was up 6.2 points to 98.2%.

Net investment result increased by €1 million (+0%) to €415 million of which €18 million from Mexico. On a constant exchange rate basis and excluding Mexico, net investment result decreased by €8 million (-2%) to €363 million due to lower fixed income yield.

Income tax expenses decreased by €112 million (-48%) to €-124 million of which €4 million from Mexico. On a constant exchange rate basis and excluding Mexico, income tax expenses decreased by €114 million (-48%) to €-123 million, in line with lower pre-tax earnings.

Underlying earnings decreased by €232 million (-42%) to €326 million of which €28 million from Mexico and the Turkey buyout of non-controlling interests. On a constant exchange rate basis and excluding Mexico and the Turkey buyout of non-controlling interests, underlying earnings decreased by €252 million (-46%) to €298 million.

Adjusted earnings decreased by €233 million (-45%) to €281 million of which €26 million from Mexico and the Turkey buyout of non-controlling interests. On a constant exchange rate basis and excluding Mexico and the Turkey buyout of non-controlling interests, adjusted earnings decreased by €253 million (-50%) to €255 million due to the decrease in underlying earnings and to lower impairments, partly offset by lower capital gains on equities.

Net income decreased by €170 million (-38%) to €277 million of which €31 million from Mexico and the Turkey buyout of non-controlling interests. On a constant exchange rate basis, excluding Mexico and the Turkey buyout of non-controlling interests, net income decreased by €194 million (-44%) to €246 million driven by lower adjusted earnings partly offset by a positive impact of change in fair value on mutual funds (€74 million) and lower Winterthur integration costs (€11 million).

Property & Casualty Operations – Switzerland

(in Euro million)

	2009	2008	2007
Gross revenues	**2,161**	**2,024**	**1,981**
Current accident year loss ratio (net)	76.8%	73.7%	77.6%
All accident year loss ratio (net)	66.3%	69.1%	75.2%
Net technical result	**726**	**627**	**490**
Expense ratio	27.6%	24.5%	24.0%
Net investment result	186	181	142
Underlying operating earnings before tax	**316**	**311**	**159**
Income tax expenses / benefits	(54)	(70)	(33)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	(2)	(2)	(1)
Underlying earnings Group share	**260**	**238**	**125**
Net capital gains or losses attributable to shareholders net of income tax	(13)	(170)	(6)
Adjusted earnings Group share	**247**	**68**	**119**
Profit or loss on financial assets (under FV option) & derivatives	5	(52)	(10)
Exceptional operations (including discontinued operations)	(1)	-	(0)
Goodwill and other related intangibles impacts	(25)	(21)	(17)
Integration costs	-	(10)	(7)
Net income Group share	**227**	**(14)**	**84**
Average exchange rate : 1.00 € = Swiss Franc	*1.5096*	*1.5866*	*1.6420*

Gross revenues increased by €138 million (+7%) to €2,161 million[86]. On a comparable basis, gross revenues increased by €32 million (+2%):

- *Personal lines* (51% of gross revenues) were up 1% to €1,112 million mainly driven by Property reflecting price indexation and Legal Protection business. Motor business was stable.
- *Commercial lines* (49% of gross revenues) were up 1% to €1,058 million mainly due to some new large Health contracts.

Net technical result increased by €99 million (+16%) to €726 million. On a constant exchange rate basis, net technical result increased by €64 million (+10%):

- Current accident year loss ratio increased by 3.1 points to 76.8% due to large losses (+1.9 points or €-46 million mainly hail events) and higher attritional losses mainly in both Motor and Property,
- All accident year loss ratio decreased by 2.8 points to 66.3% reflecting positive prior year results (€+121 million) mainly in commercial lines.

Expense ratio increased by 3.1 points to 27.6%. Excluding the non-recurring impacts (i) in 2008 (+2 points) mainly due to a positive change in own pension scheme and (ii) in 2009 mainly due to a negative adjustment on deferred acquisition costs amortization, expense ratio remained stable.

As a result, the **combined ratio** increased by 0.3 point to 94.0%.

Net investment result increased by €4 million (+2%) to €186 million. On a constant exchange rate basis, net investment result decreased by €5 million (-3%) driven by lower income on real estate and loans.

[86] *€2,154 million after intercompany eliminations.*

Income tax expenses decreased by €15 million (-22%) to €-54 million. On a constant exchange rate basis, income tax expenses decreased by €18 million (-26%) following the reduction in tax rates by 1 point to 21% in 2009 leading to an one-off positive effect from deferred taxes (€9 million).

Underlying earnings increased by €22 million (+9%) to €260 million. On a constant exchange rate basis, underlying earnings increased by €9 million (+4%).

Adjusted earnings increased by €179 million (+262%) to €247 million. On a constant exchange rate basis, adjusted earnings increased by €167 million (+244%) mainly due to higher capital gains on equity and lower impairments on equity.

Net income increased by €242 million to €227 million. On a constant exchange rate basis, net income increased by €231 million due to higher adjusted earnings, lower foreign currency losses and favorable change in fair value of alternative assets.

Property & Casualty Operations - Other Countries

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
Canada	1,174	1,076	1,085
Others	941	858	667
o/w Asia (including Japan)	819	751	574
o/w Luxembourg	91	88	80
o/w Central and Eastern Europe	31	19	12
TOTAL	**2,116**	**1,934**	**1,752**
Intercompany transactions	(13)	(9)	(9)
Contribution to consolidated gross revenues	**2,103**	**1,925**	**1,743**

(a) Includes Hong Kong, Singapore and Malaysia (Malaysia was fully consolidated for the first time in 2007).

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
Canada	87	103	125
Others	40	31	22
o/w Asia (including Japan)	20	27	20
o/w Luxembourg	12	13	12
o/w Central and Eastern Europe	(10)	(10)	(10)
o/w Reso	18	0	-
UNDERLYING EARNINGS	**126**	**134**	**147**
Net realized capital gains or losses attributable to shareholders	7	(44)	22
ADJUSTED EARNINGS	**133**	**90**	**169**
Profit or loss on financial assets (under Fair Value option) & derivatives	3	(6)	1
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and related intangibles impacts	(6)	(7)	(5)
Integration costs	-	-	(1)
NET INCOME	**130**	**77**	**164**

(a) Includes Malaysia, Hong Kong and Singapore.

CANADA

Gross revenues increased by €99 million (+9%) to €1,174 million[87]. On a comparable basis, gross revenues increased by €115 million (+11%) as a result of higher volume and increased average premium in both Motor and Property lines.

Underlying earnings decreased by €17 million (-16%) to €87 million. On a constant exchange rate basis, underlying earnings decreased by €15 million (-15%) reflecting a deterioration of combined ratio by 1.8 points mainly as a result of lower positive prior year reserve developments, lower net investment income and higher effective income tax rate.

Adjusted earnings increased by €30 million (+49%) to €91 million. On a constant exchange rate basis, adjusted earnings increased by €31 million (+51%) due to €31 million lower impairments on equities and €15 million higher realized capital gains partly offset by €15 million lower underlying earnings.

[87] *€1,167 million after intercompany eliminations.*

Net income increased by €32 million (+58%) to €87 million. On a constant exchange rate basis, net income increased by €34 million (+61%) to €89 million due to higher adjusted earnings.

ASIA (INCLUDING JAPAN)

Gross revenues increased by €68 million (+9%) to €819 million. On a comparable basis, gross revenues increased by €55 million (+7%):

- Personal lines were up 7% or €42 million benefiting from net new inflows in Motor and tariffs increase mainly in Japan, South Korea and Singapore,
- Commercial lines were up 5% or €7 million due to (i) Motor (€ 9 million) notably following price increase in Singapore and the gain of new motor fleets; and (ii) property (€ 3 million) benefiting from new clients.

Net technical result increased by €6 million (+3%) to €208 million. On a constant exchange rate basis, net technical result decreased by €3 million (-2%):

- Current accident year loss ratio increased by 2.1 points to 74.9% as a result of a deterioration in motor frequency in South Korea and Singapore, partly offset by an improvement in Japan,
- All accident year loss ratio increased by 2.8 points to 73.9% mainly due to unfavorable prior year reserves developments in Singapore and the 1.4 points deterioration of the current year loss ratio.

Expense ratio decreased by 1.8 points to 25.5% mainly due to a tight control over expenses region wide, despite the marketing investments in South Korea to foster the AXA brand recognition.

As a result, the **combined ratio** increased by +0.9 point to 99.4%

Net investment result decreased by €3 million (-13%) to €21 million. On a constant exchange rate basis, net investment result decreased by €2 million (-9%) reflecting lower interest rates.

Income tax expenses remained stable at €-2 million.

Underlying earnings decreased by €7 million (-25%) to €20 million. On a constant exchange rate basis, underlying earnings decreased by €8 million (-31%).

Adjusted earnings decreased by €6 million (-21%) to €23 million. On a constant exchange rate basis, adjusted earnings decreased by €8 million (-27%) as a result of lower underlying earnings.

Net income decreased by €4 million (-16%) to €21 million. On a constant exchange rate basis, net income decreased by €6 million (-25%) in line with developments of adjusted earnings, partly offset by lower amortization of acquired portfolio in South Korea.

CENTRAL AND EASTERN EUROPE (POLAND)

Gross revenues increased by €12 million (+61% or 67% on a comparable basis) to €31 million reflecting higher net new contracts in Motor (+72,000).

Net technical result improved by €1 million to €5 million with the continuing positive development of the motor business.

Underlying earnings and adjusted earnings remained stable at €-10 million, as the improvement in technical result was offset by higher expenses driven by business development across the region.

Net income increased by €4 million to €-7 million due to a positive impact on foreign exchange.

International Insurance Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income for the International Insurance Segment for the periods indicated:

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
AXA Corporate Solutions Assurance	1,946	1,970	1,823
AXA Cessions	59	51	69
AXA Assistance	883	870	809
Other (a)	108	89	1,002
TOTAL	**2,996**	**2,980**	**3,703**
Intercompany transactions	(136)	(139)	(135)
Contribution to consolidated gross revenues	**2,860**	**2,841**	**3,568**

(a) Including AXA Liabilities Managers and AXA Corporate Solutions Life Reinsurance Company.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
AXA Corporate Solutions Assurance	132	113	97
AXA Cessions	(3)	14	13
AXA Assistance	16	20	19
Other (a)	141	41	89
UNDERLYING EARNINGS	**286**	**188**	**218**
Net realized capital gains or losses attributable to shareholders	19	(16)	23
ADJUSTED EARNINGS	**306**	**172**	**241**
Profit or loss on financial assets (under Fair Value option) & derivatives	20	(71)	(1)
Exceptional operations (including discontinued operations)	1	1	3
Goodwill and related intangibles impacts	(1)	-	-
Integration costs	-	-	-
NET INCOME	**326**	**103**	**243**

(a) Including AXA Liabilities Managers and AXA Corporate Solutions Life Reinsurance Company.

AXA Corporate Solutions Assurance

(in Euro million)

	2009	2008	2007
Gross revenues	**1,946**	**1,970**	**1,823**
Current accident year loss ratio (net)	87.2%	97.5%	94.1%
All accident year loss ratio (net)	84.0%	88.2%	87.8%
Net technical result	**311**	**227**	**220**
Expense ratio	15.0%	13.2%	12.3%
Net investment result	186	190	163
Underlying operating earnings before tax	**205**	**163**	**161**
Income tax expenses / benefits	(71)	(48)	(63)
Net income from investments in affiliates and associates	-	-	-
Non-controlling interests	(2)	(1)	(1)
Underlying earnings Group share	**132**	**113**	**97**
Net capital gains or losses attributable to shareholders net of income tax	12	(8)	27
Adjusted earnings Group share	**144**	**105**	**124**
Profit or loss on financial assets (under FV option) & derivatives	16	(77)	1
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	-	-
Net income Group share	**160**	**27**	**125**

Gross revenues decreased by €24 million (-1%) to €1,946 million. On a comparable basis, gross revenues increased by €46 million (or +2%) driven by portfolio increase in Liability (+11%) and Marine (+8%).

Net Technical Result increased by €84 million (+37%) to €311 million. On a constant exchange rate basis, net technical result increased by €87 million (+38%):

- The current accident year net technical result increased by €193 million to €239 million reflecting a lower level of major losses in Property. Current year loss ratio improved by 10 points to 87.2% (or +8 points excluding reclassified commissions from technical margin to expenses on Assumed business),
- The prior accident year net technical result decreased by €109 million to €72 million due to major losses on aviation line underwritten in 2008.

As a consequence, the all accident year loss ratio decreased by 4.2 points to 84.0% (2.0 points excluding reclassified commissions from technical margin to expenses on Assumed business).

Expense ratio increased by 1.8 point to 15.0%. Excluding reclassified commissions from technical margin to expenses on Assumed business, expense ratio decreased by 0.4 point.

As a result, the **combined ratio** improved by 2.4 points to 99.0%.

Net investment result decreased by €5 million (-2%) to €186 million mainly due to a decrease in asset base.

Income tax expenses increased by €22 million (+47%) to €-71 million reflecting the increased pre-tax underlying earnings and the non-recurrence of a positive one-off in 2008 (€14 million).

As a consequence, **underlying earnings** increased by €19 million (+17%) to €132 million.

Adjusted earnings increased by €39 million (+38%) to €144 million reflecting the increase in underlying earnings and €20 million lower impairment charge net of realized capital gains notably on equities.

Net income increased by €132 million to €160 million reflecting the increase in adjusted earnings and the favorable change in fair value of mutual funds (€+91 million) mainly as a result of credit spread tightening.

AXA Cessions

Underlying earnings decreased by €16 million (-119%) to €-3 million impacted by lower positive prior year developments mainly in Group Motor Liability Cover and lower Group Property pool results mainly impacted by Klaus storm.

Net income decreased by €9 million (-72%) to €3 million with lower underlying earnings partly offset by positive impact of foreign exchange rates.

AXA Assistance

Gross revenues increased by €13 million (+1%) to €883 million[88]. On a comparable basis, gross revenues increased by €28 million (+4%) mainly driven by new business on Travel and portfolio increase in Third Party Administration activity in Mexico.

Underlying earnings decreased by €4 million (-21%) to €16 million notably due to a lower investment income.

Adjusted earnings decreased by €2 million (-11%) to €14 million reflecting the decrease in underlying earnings partly offset by €2 million lower impairment charge.

Net income decreased by €2 million (-17%) to €13 million.

Other international activities

Underlying earnings increased by €99 million (+240%) to €141 million. On a constant exchange rate basis, underlying earnings increased by €101 million (+245%) driven by lower losses on Life run-off portfolio whereas P&C run-off portfolio was stable.

Adjusted earnings increased by €112 million (+295%) to €150 million. On a constant exchange rate basis, adjusted earnings increased by €114 million (+300%).

Net income increased by €102 million (+212%) to €150 million. On a constant exchange rate basis, net income increased by €104 million (+216%).

[88] *€765 million after intercompany eliminations.*

Asset Management Segment

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and net income for the Asset Management Segment for the periods indicated:

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
AllianceBernstein	1,973	2,627	3,277
AXA Investment Managers	1,445	1,716	2,006
TOTAL	**3,419**	**4,342**	**5,283**
Intercompany transactions	(344)	(395)	(420)
Contribution to consolidated gross revenues	**3,074**	**3,947**	**4,863**

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
AllianceBernstein	185	318	314
AXA Investment Managers	171	271	276
UNDERLYING EARNINGS	**355**	**589**	**590**
Net realized capital gains or losses attributable to shareholders	-	-	1
ADJUSTED EARNINGS	**355**	**589**	**591**
Profit or loss on financial assets (under Fair Value option) & derivatives	49	(163)	3
Exceptional operations (including discontinued operations)	5	(22)	(2)
Goodwill and related intangibles impacts	-	(5)	-
Integration costs	-	(2)	(5)
NET INCOME	**409**	**396**	**588**

AllianceBernstein

(in Euro million)

	2009	2008	2007
Gross revenues	**1,973**	**2,627**	**3,277**
Net investment result	22	(125)	2
General expenses	(1,665)	(1,768)	(2,306)
Underlying operating earnings before tax	**331**	**734**	**973**
Income tax expenses / benefits	(26)	(151)	(313)
Non-controlling interests	(120)	(265)	(346)
Underlying earnings Group share	**185**	**318**	**314**
Net capital gains or losses attributable to shareholders net of income tax	-	-	1
Adjusted earnings Group share	**185**	**318**	**315**
Profit or loss on financial assets (under FV option) & derivatives	20	(45)	-
Exceptional operations (including discontinued operations)	0	(22)	(2)
Goodwill and other related intangibles impacts	-	(5)	-
Integration costs	-	-	-
Net income Group share	**205**	**245**	**313**
Average exchange rate : 1.00 € = $	*1.3945*	*1.4706*	*1.3699*

Assets under Management ("AUM") increased by €15 billion to €346 billion driven by market appreciation of €77 billion offset by net outflows of €53 billion (€41 billion from Institutional clients, €6 billion from Retail and €5 billion from Private Clients) and negative exchange rate impact of €9 billion.

Gross revenues decreased by €653 million (-25%) to €1,973 million[89]. On a comparable basis, gross revenues decreased by €722 million (-29%) due to management fees down 33% due to 31% lower average AUM, distribution fees down 27% related to lower average mutual fund assets, and institutional research services down 8% due to lower client trading activity and lower security valuations in European markets, partly offset by market share gains.

Net investment result increased by €147 million (+118%) to €22 million. On a constant exchange rate basis, net investment result increased by €146 million (+117%) due to higher realized and unrealized gains on investments related to deferred compensation obligations, offset in general expenses.

General expenses decreased by €103 million (-6%) to €-1,665 million. On a constant exchange rate basis, general expenses decreased by €190 million (-11%) primarily due to (i) lower compensation expenses (-9% or €91 million due to workforce reductions and lower commission expense reflecting lower sales volumes) and (ii) lower promotion and servicing expenses (-22% or €85 million) due to lower distribution plan payments (from lower average AUM), lower amortization of deferred sales commission and lower travel and entertainment costs.

As a result, the **underlying cost income ratio** increased by 14.2 points to 81.5%.

Income tax expenses decreased by €125 million (-83%) to €-26 million. On a constant exchange rate basis, income tax expenses decreased by €126 million (-84%) due to lower pre-tax earnings. The 2009 one-time tax benefit of €62 million due primarily to the release of reserves relating to the tax treatment of compensation plans was fully offset by the non-recurrence of the 2008 deferred tax liability release on undistributed foreign earnings from last year.

Underlying and **adjusted earnings** decreased by €133 million (-42%) to €185 million. On a constant exchange rate basis, underlying earnings decreased by €143 million (-45%).

[89] *€1,887 million after intercompany eliminations.*

AXA ownership of AllianceBernstein as of December 31 2009 was 62.2%, reflecting the increase in ownership interest of approximately 3% due to the exercise of the final Bernstein put, offset by the issuance of 8.3 million restricted units during December 2009 to fund deferred compensation awards.

Net income decreased by €40 million (-16%) to €205 million. On a constant exchange rate basis, net income decreased by €51 million (-21%) as a result of adjusted earnings decrease partly offset by €65 million favorable change in fair value of assets and €28 million favorable change in exceptional operations primarily due to €31 million non-recurring tax impact from AllianceBernstein units transfer in 2008.

AXA Investment Managers ("AXA IM")

(in Euro million)

	2009	2008	2007
Gross revenues	**1,445**	**1,716**	**2,006**
Net investment result	(3)	101	38
General expenses	(1,158)	(1,375)	(1,577)
Underlying operating earnings before tax	**284**	**442**	**466**
Income tax expenses / benefits	(87)	(129)	(141)
Non-controlling interests	(26)	(42)	(49)
Underlying earnings Group share	**171**	**271**	**276**
Net capital gains or losses attributable to shareholders net of income tax	-	-	-
Adjusted earnings Group share	**171**	**271**	**276**
Profit or loss on financial assets (under FV option) & derivatives	29	(118)	3
Exceptional operations (including discontinued operations)	5	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	-	(2)	(5)
Net income Group share	**204**	**151**	**274**

Assets under management ("AUM") increased by €14 billion from year-end 2008 to €499 billion at the end of December 2009 mainly as a result of €+31 billion favorable market impact and €-19 billion negative net outflows, including €-13 billion 3rd party business and €-5 billion AXA Group business.

Gross revenues decreased by €270 million (-16%) to €1,445 million[90]. On a comparable basis and excluding distribution fees (retroceded to distributors), net revenues decreased by €193 million (-15%) mainly due to lower management fees (€-131 million), driven by lower average AUM (-6%) and an unfavorable client and product mix (management fee bp down 7%). Performance fees were down €26 million, real estate transaction fees €19 million and other revenues €18 million, notably due to lower stocklending fees.

Net investment result decreased by €104 million (-103%) (both on current and constant exchange rate basis) to €-3 million, mainly as a result of lower realized carried interest in 2009 (notably €74 million non-recurring carried interest on a real estate fund in 2008) and a €15 million decrease as a result of a reclassification into revenues in 2009.

General expenses decreased by €217 million (-16%) to €-1,158 million. On a constant exchange rate basis, general expenses decreased by €199 million (-14%). Excluding distribution fees (commissions paid to third party distributors), general expenses decreased by €120 million (-13%) as a result of cost monitoring initiatives on staff and non-staff costs.

As a result, the **underlying cost income ratio** increased by 5.9 points to 73.1% (67.2% in 2008).

Income tax expenses decreased by €42 million (-32%) to €87 million (both on current and constant exchange rate basis), in line with lower pre-tax underlying earnings.

Underlying and **adjusted earnings** decreased by €100 million (-37%) to €171 million. On a constant exchange rate basis, underlying and adjusted earnings decreased by €97 million (-36%).

Net income increased by €53 million (+35%) to €204 million. On a constant exchange rate basis, net income increased by €56 million (+37%), mainly driven by a positive change in fair value of "Libor plus" funds (€+8 million in 2009 versus €-74 million in 2008) and a positive variation in unrealized carried interest, more than offsetting the decrease in adjusted earnings.

[90] *€1,187 million after intercompany eliminations.*

Banking

The following tables present the consolidated gross revenues, underlying earnings, adjusted earnings and the net income attributable to AXA's banking for the periods indicated:

Consolidated Gross Revenues

(in Euro million)

	2009	2008	2007
Axa Bank Europe (Belgium)	301	224	246
AXA Banque (France)	112	118	85
Others (a)	67	59	43
TOTAL	**480**	**401**	**374**
Intercompany transactions	(85)	11	(35)
Contribution to consolidated gross revenues	**395**	**412**	**339**

(a) Includes notably German banks.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
Axa Bank Europe (Belgium)	24	69	40
Axa Banque (France)	0	(12)	0
Others (a)	(26)	(24)	(4)
UNDERLYING EARNINGS	**(2)**	**33**	**36**
Net realized capital gains or losses attributable to shareholders	(4)	(64)	(5)
ADJUSTED EARNINGS	**(6)**	**(32)**	**31**
Profit or loss on financial assets (under Fair Value option) & derivatives	(8)	4	(0)
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and related intangibles impacts	(0)	(0)	(0)
Integration costs	(4)	(10)	(25)
NET INCOME	**(17)**	**(38)**	**6**

(a) Includes notably German banks.

AXA Bank Europe (Belgium)

Net banking revenues increased by €77 million (+34%) to €301 million. On a comparable basis[91], net banking revenues decreased by €17 million (-7%) mainly due to a decrease of the net capital gains and lower net interest and fee income.

Underlying earnings decreased by €45 million (-66%) to €24 million mainly due to an increase in expenses (€-26 million) notably from the expansion of the banking activity to other countries, lower net realized capital gains on bonds portfolio (€-19 million), higher distribution commissions (€-12 million) and higher provision on credit losses (€-9 million) partly offset by a higher interest and commission margin (€+15 million).

Adjusted earnings increased by €13 million (+206%) to €20 million mainly due to a decrease of underlying earnings more than offset by an increase in net realized capital gains (€+58 million).

Net income increased by €30 million (125%) to €6 million mainly due to an increase in adjusted earnings, the favorable change in fair value and capital gains of mutual funds and other assets nets of derivatives (€+12 million) and lower integration costs (€+6 million).

AXA Banque (France)

Net banking revenues decreased by €5 million (-5%) to €112 million. On a comparable basis[91], net banking revenues decreased by €10 million (-11%) to €91 million, driven by a €20 million increase in commercial margin net of cost of risk in a context of economic slowdown more than offset by a €31 million negative impact of the macro-hedge derivatives on interest rates.

Underlying and **adjusted earnings** increased by €12 million to €0 million mainly driven by a commercial margin increase combined with €1 million administrative expenses decrease following a cost control program.

Net income decreased by €8 million to €3 million, reflecting the negative impact of the change in fair value of macro-hedge derivatives instruments (from €23 million to €3 million), partly offset by higher adjusted earnings.

Others

AXA Bank (Germany)

Net banking revenues increased by €2 million (+16%) to €15 million. On a comparable basis[91], net banking revenues decreased by €3 million (-29%) driven by the decrease in interest margin due to higher interest paid for the "pump-in" strategy partly offset by the increase in commission margin.

Underlying earnings decreased by €3 million to €-4 million driven by higher administrative expenses and credit loss allowances partly offset by the positive effect from taxes due to first time integration of AXA Bank in German tax group.

Adjusted earnings and **net income** decreased by €1 million to €-5 million due to lower underlying earnings partly offset by lower bond impairment (€+2 million).

AXA Bank (Switzerland)

Underlying earnings increased by €11 million to €-11 million due to set up costs (€14 million) in 2008.

[91] *In banking segment "on a comparable basis" means after intercompany eliminations.*

Holdings and other companies

The Holdings and other companies consist of AXA's non-operating companies, including mainly AXA parent company, AXA France Assurance, AXA Financial, AXA Asia Pacific Holdings, AXA United Kingdom Holdings, AXA Germany Holdings, AXA Belgium Holdings, CDOs and real estate companies.

Underlying, Adjusted earnings and Net Income

(in Euro million)

	2009	2008	2007
AXA	(602)	(437)	(224)
Other French holdings companies	(24)	(4)	(9)
Foreign holdings companies	(194)	(250)	(202)
Others (a)	28	22	20
UNDERLYING EARNINGS	**(793)**	**(668)**	**(414)**
Net realized capital gains or losses attributable to shareholders	(64)	1,185	27
ADJUSTED EARNINGS	**(857)**	**517**	**(388)**
Profit or loss on financial assets (under Fair Value option) & derivatives	288	(535)	(365)
Exceptional operations (including discontinued operations)	(135)	0	483
Goodwill and related intangibles impacts	0	0	0
Integration costs	0	0	(17)
NET INCOME	**(703)**	**(19)**	**(287)**

(a) Includes notably CDOs and real estate entities.

AXA[92]

Underlying earnings decreased by €165 million to €-602 million mainly due to:

- €-121 million higher financial charges mainly due to mid year 2008 external growth financing and internal refinancing,
- €-39 million lower result on hedging of earnings denominated in foreign currencies,

Adjusted earnings decreased by €1,401 million to €-632 million mainly driven by the lower impact of macro hedges equity derivatives from €+1,336 million to €-23 million consistent with stock market recovery and by the underlying earnings evolution.

Net income decreased by €990 million to €-542 million mainly driven by

- the adjusted earnings evolution €-1,401 million,
- €-141 million deferred tax liability related to the probable sale of the Australia & New Zealand business as IFRS rules require to recognize a tax equal to the difference between the consolidation book value and the tax value of AAPH shares, when a transaction is considered more likely than not,
- €+496 million change in the mark to market on interest rate and foreign exchange derivatives instruments which are not eligible to hedge accounting,
- €+48 million related to the decrease in the time value of equity derivatives.

[92] *All the figures are after tax.*

Other French holding companies

AXA France Assurance.

Underlying earnings, **adjusted earnings** and **net income** decreased by €12 million to €-23 million, mainly due to the increase in income tax (€8 million) resulting from higher dividends (eliminated in consolidation) received from subsidiaries.

Other French holdings.

Underlying earnings decreased by €9 million to €-1 million mainly due to lower investment income.

Adjusted earnings decreased by €51 million to €-14 mainly driven by €41 million lower net realized capital gains and the underlying earnings evolution.

Net income decreased by €44 million to €-15 million driven by adjusted earnings evolution partly offset by a favorable change in fair value of derivatives non eligible to hedge accounting (€7 million).

Foreign Holding Companies

AXA Financial Inc.

Underlying earnings decreased by €27 million to €-116 million. On a constant exchange rate basis, underlying earnings decreased by €21 million primarily due to a €46 million increase in net financial charges partially offset by a higher income tax benefit (€+24 million) reflecting lower underlying earnings and a lower tax cost on stock based compensation.

Adjusted earnings decreased by €27 million to €-116 million, in line with underlying earnings evolution.

Net income decreased by €29 million to €-123 million. On a constant exchange rate basis, net income decreased by €23 million due to lower adjusted earnings and unfavorable change in fair value of derivatives.

AXA Asia Pacific Holdings [93]

Underlying earnings increased by €8 million to €-11 million. On a constant exchange rate basis, underlying earnings increased by €8 million due to lower financial charges driven by lower interest rates combined with lower debt levels and an appreciation in the Australian Dollars compared to euro.

Adjusted earnings increased by €12 million to €-7 million. On a constant exchange rate basis, adjusted earnings increased by €12 million in line with underlying earnings and driven by a realized internal gain on derivatives.

Net income increased by €49 million to €13 million. On a constant exchange rate basis, net income increased by €49 million, due to higher adjusted earnings combined with foreign exchange gains on USD group debt.

AXA UK Holdings

Underlying earnings increased by €43 million to €-24 million. On a constant exchange rate basis, underlying earnings increased by €40 million due to (i) €25 million lower financial charges on variable interest loans, (ii) €8 million increase in equity income and (iii) €8 million increase in favorable tax one-offs mainly due to the release of a deferred tax provision.

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[93] *AXA interest in AXA Asia Pacific Group is 54.08% broken down into 53.92% direct interest holding and an additional 0.15% owned by the AAPH Executive plan trust.*

Adjusted earnings increased by €43 million to €-24 million. On a constant exchange rate basis, adjusted earnings increased by €40 million in line with underlying earnings.

Net income increased by €283 million to €31 million. On a constant exchange rate basis, net income increased by €287 million reflecting adjusted earnings evolution together with an increase of €247 million on exchange rate gains primarily arising from the revaluation of Euro-denominated inter-company loans.

German Holding companies

Underlying earnings increased by €11 million to €9 million, mainly due to higher non-recurring tax items partly offset by increased administrative expenses.

Adjusted earnings increased by €25 million to €-19 million mainly driven by the increase of underlying earnings and lower impairments on equities.

Net income increased by €32 million to €-11 million due to higher adjusted earnings and capital gains on the sale of a stake in a sales organization company.

Belgium Holding companies

Underlying earnings increased by €20 million to €4 million due to €10 million lower tax expenses resulting from lower dividends (eliminated in consolidation) received from operational entities as well as income from internal loans set up in 2009.

Adjusted earnings increased by €24 million to €3 million due to higher underlying earnings and lower equity impairments.

Net income increased by €17 million to €-4 million mainly due to higher adjusted earnings.

Mediterranean and Latin American Region Holdings

Underlying earnings increased by €10 million to €-72 million. On a comparable exchange rate basis, underlying earnings increased by €10 million due to lower interest rates partly offset by ING Mexico higher financial charges (acquired in the second half of 2008).

Adjusted earnings increased by €13 million to €-72 million. On a comparable exchange rate basis, adjusted earnings increased by €13 million in line with underlying earnings.

Net income increased by €13 million to €-72 million. On a comparable exchange rate basis, net income increased by €13 million in line with adjusted earnings.

Other

CFP

Underlying earnings, adjusted earnings and **net income** increased by €4 million (+15%) to €28 million driven by more favorable run-off developments.

Outlook

In spite of uncertainties around the macro-economic context and taking into account the evolution of the regulatory framework, AXA should benefit from favorable trends in the insurance and asset management markets, its leading brand, innovative products and improving quality of service.

The growth of the Group will be supported by the continued increase in exposure to emerging markets and the synergies generated by the new Life and Property & Casualty global organization.

Our 2010 priorities will also focus on optimizing margins in all business lines, through improvement of business mix in Life, combined ratio in Property & Casualty, and net inflows in Asset Management.

Glossary

COMPARABLE BASIS FOR REVENUES AND ANNUALIZED PREMIUMS EQUIVALENT

On a comparable basis means that the data for the current period were restated using the prevailing foreign currency exchange rates for the same period of prior year (**constant exchange rate** basis). It also means that data in one of the two periods being compared were restated for the results of acquisitions, disposals and business transfers (**constant structural** basis) and for changes in accounting principles (**constant methodological** basis).

ADJUSTED EARNINGS

Adjusted earnings represent the net income (group share) before the impact of:

(i) Exceptional operations (primarily change in scope and discontinued operations)

(ii) Integration and restructuring costs related to material newly acquired companies

(iii) Goodwill and other related intangibles, and

(iv) Profit or loss on financial assets accounted for under fair value option (excluding assets backing liabilities for which the financial risk is borne by the policyholder), foreign exchange impacts on assets and liabilities, and derivatives related to invested assets.

Derivatives related to invested assets:

- include all foreign exchange derivatives, except the ones related to currency options in earnings hedging strategies which are included in underlying earnings,
- exclude derivatives related to insurance contracts evaluated according to the "selective unlocking" accounting policy,
- and also exclude derivatives involved in the economic hedging of realized gains and impairments of equity securities and real estate backing general account and shareholders' funds, for which cost at inception, intrinsic value and pay-off flow though adjusted earnings, and only time value flows through net income when there is no intention to sell the derivatives in the short term (if not, flows through adjusted earnings).

UNDERLYING EARNINGS

Underlying earnings correspond to adjusted earnings excluding net capital gains or losses attributable to shareholders.

Net capital gains or losses attributable to shareholders include the following elements net of tax:

- realized gains and losses and change in impairment valuation allowance (on assets not designated under fair value option or trading assets),
- cost at inception, intrinsic value and pay-off of derivatives involved in the economic hedging of realized gains and impairments of equity securities and real estate backing general account and shareholders' funds,
- related impact on policyholder participation (Life & Savings business),
- DAC and VBI amortization or other reactivity to those elements if any (Life & Savings business) and net of hedging if any.

EARNINGS PER SHARE

Earnings per share (**EPS**) represent AXA's consolidated earnings (including interest charges and foreign exchange impacts related to perpetual debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares.

Diluted earnings per share (**diluted EPS**) represent AXA's consolidated earnings (including interest charges and foreign exchange impacts related to perpetual debts recorded through shareholders' equity), divided by the weighted average number of outstanding ordinary shares, on a diluted basis (that is to say including the potential impact of all outstanding dilutive stock options being exercised performance shares, and conversion of existing convertible debt into shares, provided that their impact is not anti-dilutive).

RETURN ON EQUITY (“ROE”)

The calculation is prepared with the following principles:

- For net income ROE: Calculation is based on consolidated financial statements, i.e. shareholders’ equity including perpetual debt (“Super Subordinated Debts” TSS / “Perpetual Subordinated Debts” TSDI) and Other Comprehensive Income “OCI”, and net income not reflecting any interest charges on TSS / TSDI.
- For adjusted and underlying ROE :
  - All perpetual debts (TSS / TSDI) are treated as financing debt, thus excluded from shareholders’ equity
  - Interest charges on TSS / TSDI are deducted from earnings
  - OCI is excluded from the average shareholders’ equity.

LIFE & SAVINGS MARGIN ANALYSIS

Life & Savings margin analysis is presented on an underlying basis.

Even though the presentation of Margin Analysis is not the same as the Statement of Income (underlying basis), it is based on the same GAAP measures as used to prepare the Statement of Income in accordance with IFRS. As a result, the operating income under the Margin Analysis is equal to that reported in AXA’s Statement of Income for the segment.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Margin Analysis as set out below.

- For insurance contracts and investment contracts with Discretionary Participation Features (DPF):

(i) Gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between “Fees and Revenues” and “Net Technical Margin”.

(ii) Policyholders’ interest in participating contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, i.e. primarily “Investment Margin” and “Net Technical Margin”.

(iii) The “Investment margin” represents the net investment result in the Statement of Income and is adjusted to take into account the related policyholders’ participation (see above) as well as changes in specific reserves linked to invested assets’ returns and to exclude the fees on (or contractual charges included in) contracts with the financial risk borne by policyholders, which are included in “Fees and Revenues”.

(iv) Change in URR (Unearned Revenue Reserve – capitalization net of amortization) is presented in the line “Change in unearned premiums net of unearned revenues and fees” in the underlying Statement of Income, whereas it is located in the line “Fees & Revenues” in the Margin analysis.

- For investment contracts without DPF:

(i) Deposit accounting is applied. As a consequence, fees and charges related to these contracts are presented in the underlying Statement of Income within Gross consolidated revenues on a separate line, and in Margin analysis in the lines “Fees & Revenues” and “Net Technical margin”.

(ii) Change in UFR (Unearned Fees Reserve– capitalization net of amortization) is presented in the line “Change in unearned premiums net of unearned revenues & fees” in the underlying Statement of Income, whereas it is located in the line “Fees & Revenues” in the Margin analysis.

Underlying Investment margin includes the following items:

(i) Net investment income

(ii) Interests and bonuses credited to policyholders and unallocated policyholder bonuses (and the change in specific reserves purely linked to invested assets returns) related to the net investment income.

Underlying Fees & Revenues include:

(i) Revenues derived from mutual fund sales (which are part of consolidated revenues),

(ii) Loading charged to policyholders on premiums / deposits and fees on funds under management for separate account (unit-linked) business,

(iii) Loading on (or contractual charges included in) premiums / deposits received on all non unit-linked product lines,

(iv) Deferral income such as capitalization net of amortization of URR (Unearned Revenue Reserve) and UFR (Unearned Fee Reserve),

(v) Other fee revenues, e.g., fees received on financial planning or sales of third party products.

Underlying Net Technical margin includes the following components:

(i) Mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefits and claims. It is equal to the difference between income for assuming risk and the actual cost of benefits. This margin does not include the claims handling costs and change in claims handling cost reserves,

(ii) Surrender margin: The difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination,

(iii) GMxB (Variable Annuity guarantees) Active Financial Risk Management is the net result from GMxB lines corresponding to explicit charges related to these types of guarantees less cost of hedge. It also includes the unhedged business result,

(iv) Policyholder bonuses if the policyholder participates in the risk margin,

(v) Ceded reinsurance result,

(vi) Other changes in insurance reserves are all the reserves strengthening or release coming from changes in valuation assumptions, additional reserves for mortality risk and other technical impacts such as premium deficiency.

Underlying Expenses are:

(i) Acquisition expenses, including commissions and general expenses allocated to new business, related to insurance products as well as to other activities (e.g., mutual fund sales),

(ii) Capitalization of acquisition expenses linked to new business: Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF,

(iii) Amortization of acquisition expenses on current year and prior year new business, including the impact of interest capitalized: amortization charge for Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF,

(iv) Administrative expenses,

(v) Claims handling costs,

(vi) Policyholder bonuses if the policyholder participates in the expenses of the company.

Underlying VBI amortization includes VBI (Value of Purchased Life Business In-force) amortization related to underlying margins, as well as amortization of other intangibles related to the in-force business

Life & Savings underlying cost income ratio: Underlying expenses plus underlying VBI amortization divided by "underlying" operating margin, where "Underlying" operating margin is the sum of (i) Underlying Investment margin; (ii) Underlying Fees and revenues, and (iii) Underlying Net technical Margin (all items defined above).

PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)

Underlying net investment result includes the net investment income less the recurring interests credited to insurance annuity reserves

Underlying net technical result is the sum of the following components:

(i) Earned premiums, gross of reinsurance,

(ii) Claims charges, gross of reinsurance,

(iii) Change in claims reserves, including claims handling costs reserves, gross of reinsurance, less the recurring interests credited to insurance annuity reserves,

(iv) Claims handling costs,

(v) Net result of ceded reinsurance.

Current accident year loss ratio net of reinsurance is the ratio of:

(i) current year claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on current accident year excluding the recurring interests credited to the insurance annuity reserves, to

(ii) Earned revenues, gross of reinsurance.

All accident year loss ratio net of reinsurance is the ratio of:

(i) all accident years claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on all accident years excluding the recurring interests credited to the insurance annuity reserves, to

(ii) Earned revenues, gross of reinsurance.

Underlying expense ratio is the ratio of:

(i) Underlying expenses (excluding claims handling costs), to

(ii) Earned revenues, gross of reinsurance.

Underlying expenses include two components: expenses (including commissions) related to acquisition of contracts (with the related **acquisition ratio**) and all other expenses (with the related **administrative expense ratio**). Underlying expenses exclude customer intangible amortization and integration costs related to material newly acquired companies.

The **underlying combined ratio** is the sum of the underlying expense ratio and the all accident year loss ratio.

ASSET MANAGEMENT

Net New Money: Inflows of client money less outflows of client money. Net New Money measures the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

Underlying Cost Income Ratio: (general expenses including distribution revenues) / (gross revenues excluding distribution revenues).