

## [EDITORIAL]

***“In 2010, despite an environment which remained challenging throughout the year, AXA delivered results that form a solid basis for looking ahead with confidence.”***

Dear Shareholders,

In 2010, despite an environment which remained challenging throughout the year, our results were once again solid. Closer analysis shows that our margins improved in life insurance and our property-casualty underwriting results have begun to rebound. We think that these items form the beginnings of a positive trend.

In asset management, while the global volume of assets under management increased, we also saw significant outflows related, in particular, to a problem with AXA Rosenberg. This made the year more challenging, but the Group has since taken the necessary steps to correct these points. 2010 was also characterized by significant strategic moves and organizational changes. I would emphasize in particular important acquisitions in high growth markets, the partial sale of our life insurance operations in the UK, the ramp-up of our new organization by business line and changes in our senior management teams.

In 2011, AXA should benefit from a gradual improvement in the macroeconomic outlook. In this context, our main business objectives will be to accelerate profitable growth and deliver productivity gains across business lines. We were a lot more selective in our business acceptances in the mature countries, focusing our efforts on those segments which offer high quality margins.

We continued to develop our business along stated strategic lines, demonstrating a more aggressive approach to the emerging countries in particular, where we were successful in pursuing or finalizing a number of significant deals. These efforts have allowed us to improve our capacity to create value. We are also pursuing the process of redirecting our capital to regions and segments that promise growth. In light of these results, the board of directors of AXA will ask the shareholders at this year's annual meeting, scheduled for April 27, 2011, to approve the payout of a dividend of 0.69 euro, which is a 25% increase over last year. If approved, it will be paid out on May 4, 2011.

Henri de CASTRIES  
Chairman & CEO



## contents

## [Full year 2010 earnings]

- Key data and comments

## [Did you know?]

- Good Conduct application
- AXA Research Fund
- Global Forum for Longevity
- AXA Bank

## [Practical matters]

- Tax matters: the 8 major changes in 2011
- 2011 annual shareholders' meeting



# Full year 2010 earnings

## KEY FIGURES

- Solid results and a robust balance sheet drive proposed **dividend per share up by 25%\***
- Substantial increase in NBV margin in mature markets and **strong sales development in high growth markets**
- Strategic and **organizational initiatives implemented in 2010** to improve AXA's profile and positioning in the future.

<i>In millions of euros</i> (unless otherwise indicated)	2009	2010	Change on a reported basis	Change on a comparable basis
Total revenues	90,124	<b>90,972</b>	+1%	-1%
NBV margin (%)	18.0%	<b>22.3%</b>	+4.3 points	+2.8 points
Underlying earnings	3,854	<b>3,880</b>	+1%	-3%
Adjusted earnings	3,468	<b>4,317</b>	+24%	+20%
Net income	3,606	<b>2,749</b>	-24%	-26%
Dividend per share (in euros)*	0.55	<b>0.69</b>	+25%	-
Shareholders' equity	46,229	<b>49,698</b>	+8%	-

\* Pending shareholder approval on April 27, 2011.

“ **One of the highlights of 2010 was the creation of two global business lines within the Group, one for life and savings and the other for property-casualty business. The rationale for this change: capitalize on scale effects and further strengthen our competitive edge.** ”

**2010 was also a year of transformation in terms of the Group's scope of business.** We sold off some traditional life businesses in the United Kingdom and redirected this capital to the emerging countries. At the same time, the Group was also more selective in the mature countries. We completed our transaction in Australia and forged an agreement in China with ICBC (Industrial and Commercial Bank of China).

**Conversely, the year 2010 was a rather disappointing one in the area of asset management,** as significant outflows combined with the rather painful subject of AXA Rosenberg. However, our future rebound potential is substantial if we continue on the trend observed since the beginning of this year for both AllianceBernstein and AXA IM.

In the area of corporate responsibility, we made a great deal of progress in terms of policy definition. Among the broad array of targeted actions that we support, AXA Research Fund stands out: it focuses on such areas as risk, longevity and climate change. We allocate 20 million euros a year to the Fund.

For 2011 and the years thereafter, we can see that the mature markets will continue to account for 80% of the world's wealth, even though 50% of new wealth is being created in the emerging countries. So we need to continue to develop in these markets while also being more selective in terms of margins.

**In parallel, we also need to strengthen our positioning in the emerging markets.** In 25 years, we have managed to become a global leader in the mature markets. Why wouldn't we be able to do the same thing in the emerging markets? In fact, we completed a number of significant transactions involving these markets last year. We also think that business diversification remains fundamental, since it allows us to improve our risk profile.

**While the proprietary networks** (agents, salaried sales staff, etc.) constitute a considerable asset in terms of product distribution, direct selling and the internet are also channels worth exploring, and we need to work on reducing the operating cost for all of these networks.

**Active management in the area of asset management** (management that seeks to beat the benchmarks) is another source of strength that can produce higher returns on invested assets and hence higher returns for clients and shareholders. So we remain focused on our core business—insurance and asset management—while also looking for sources of diversification and ways to reap the benefits of scale effects.

**The crisis also provided us with an opportunity to learn a few things:** we learned that we need to be more aggressive in our capital allocation, reinforce our risk management and, undoubtedly, pay more attention to the sensitivity of our investors to our debt gearing. ”

**Henri de CASTRIES**  
Chairman & CEO

## REVENUES

Despite an environment which remained challenging, AXA's total revenues for 2010 reached 90,972 million euros, an increase of 1% in absolute value terms (-1% on a comparable exchange rate basis).

**We earn 60% of our revenues in Europe and 40% in the rest of the world.**

- **Life and savings revenues declined in 2010**, due to a decline in APE<sup>(1)</sup> linked to lower sales mainly in France, Japan and the United States, partly offset by a strong performances in the United Kingdom (retained business only), as well as in Southeast Asia, China, Hong Kong and Central and Eastern Europe. High growth markets APE (Hong Kong, Central and Eastern Europe—Poland, Czech Republic, Slovakia and Hungary—Southeast Asia—Singapore, Indonesia, Philippines and Thailand—China, India, Morocco, Mexico and Turkey) rose in 2010.

Net inflows remained strong (+8.4 billion euros), with increases versus 2009 principally in Japan and in Central and Eastern Europe,

and declines in both France and the United States. Premiums collected on all life insurance policies in high growth markets were up sharply, to 1.9 billion euros (up by 0.5 billion euros compared with 2009).

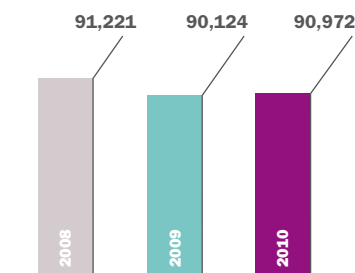
New Business Value (NBV3) was up, primarily due to improved product mix mainly reflecting product redesign in the US and Japan. As a result, New Business Margin increased significantly.

- **Property-casualty insurance revenues** increased on the strength of growth in personal lines (largely driven by an increase in average price), partly offset by a decrease in commercial lines, where the average price increase was more than offset notably by lower volumes from selective underwriting and reduced sum insured. Overall, the average price increase was 3.1%.

- **Asset Management revenues** were up in 2010, mainly driven by higher average assets under management. They rise in assets

under management is attributable to positive market and forex impacts, partly offset by net outflows, mainly from institutional clients.

**REVENUES**  
(in millions of euros)



(1) Annual Premium equivalent (APE) represents 100% of new business regular premiums during the period under review + 10% of new business single premiums. APE is Group share.

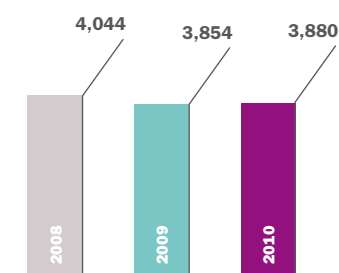
## SOLID RESULTS

- **Underlying earnings** came to 3.88 billion euros, down by 3%. This decline reflects lower underlying earnings from property-casualty lines and from asset management. Underlying earnings from life and savings rose in 2010.

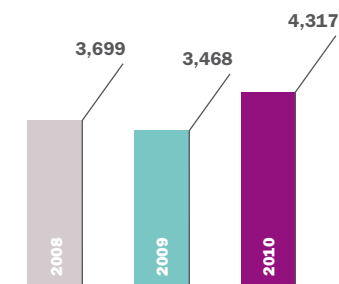
- **Adjusted earnings** rose sharply (20%), reflecting higher realized capital gains and lower asset impairment allowance.

- **Net income declined** (-26%). If the one-off loss linked to the sale of some life businesses in the United-Kingdom is excluded, net income actually rose by 18%, reflecting higher adjusted earnings in 2010.

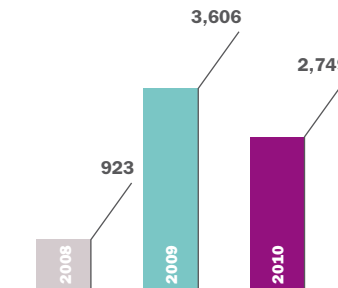
**UNDERLYING EARNINGS**  
(in millions of euros)



**ADJUSTED EARNINGS**  
(in millions of euros)



**NET INCOME**  
(in millions of euros)



## VALUE CREATION

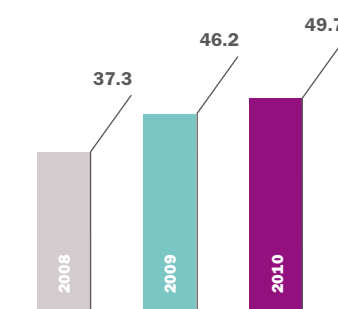
- **A dividend of 0.69 euro** per share (up by 25% versus 2009) will be recommended to the shareholders at their annual meeting on April 27, 2011. If approved, the dividend will be payable on May 4, 2011 and ordinary shares will be listed ex-dividend on April 29, 2011. This distribution corresponds to a payout ratio of 40% of adjusted earnings.

Unless otherwise indicated, all comments are on a comparable basis (constant exchange rate, methodology and scope for business indicators and constant exchange rate for earnings). Reported new business volume and value figures for 2010 do not include businesses sold in the UK.

## ROBUST BALANCE SHEET

- **Shareholders' equity** rose by 3.5 billion euros compared with December 31, 2009. The increase is attributable to higher unrealized capital gains on equity and bond investments, but does not include slightly higher unrealized gains on real estate investments.

**SHAREHOLDERS' EQUITY**  
(in billions of euros)



# Outlook for 2011

“2011 will see the pursuit of long-term actions, along with a focus on several short-term priorities.”

**W**e achieved satisfactory results in 2010 in a challenging environment. 2011 will see the pursuit of long-term actions, along with a focus on several short-term priorities.

We will continue to improve our cash flow from life insurance operations.

In property-casualty insurance, we hope to achieve a combined ratio for the current year of 100% in 2011, thanks to productivity gains and rate hikes. We believe that our ability to bounce back in the asset management business is significant.

Our focus over the next few years can be summed up in three key words: **Selective** (In the mature countries, we hope to focus our efforts primarily on the pockets of growth and margins.); **Aggressive** (We believe that we can take fairly aggressive action in the emerging countries and in the area of new channels of distribution, in the interest of carving out the same positions that we have managed to acquire in the mature markets.); **Efficient** (Our size, our diversification and our organization along business lines should enable us to achieve significant gains in productivity.)

**So we are looking to the future with confidence.**

**Henri de CASTRIES**  
Chairman & CEO

## The AXA Group Did you know?

### “GOOD CONDUCT”



**AXA PREVENTION** launched the “**Good Conduct**” application at the end of 2010 (only available in French). The aim of this application is to encourage young drivers to test their aptitude to get behind the wheel of a car after a night of partying.

Car accidents are the number one cause of death among young people, often due to excessive blood alcohol levels.

> The iPhone **Good Conduct** application helps young people organize their outings and choose their “Designated Driver” from among their Facebook friends on the profile page. This application also allows drivers to test their balance and assess their blood alcohol level before getting behind the wheel of a car. If the driver has had too much to drink, the application automatically pulls up a geography sensitive list of the nearest taxis or hotels. The risk of falling asleep at the wheel, which is the cause of one out of three fatal accidents on the road, is also worrisome

> Another function sends three types of sound alarms: an invitation to stop after two hours on the road; a reminder of the next rest area; and information on accident prone sections of the road.

Last but not least, before hitting the road the driver is asked to set the connection parameters of his or her cell phone to prevent the reception of text messages, which are distracting. The application, already available on iTunes, the portal for downloading iPhone applications, is free of charge and in French.

For more information:

[www.axaprevention.fr/iconduite/demo/index.html](http://www.axaprevention.fr/iconduite/demo/index.html)



**AXA**  
Research Fund

In 2010, the AXA Research Fund financed 83 new fundamental research projects conducted in 16 countries by researcher of 28 different nationalities, for a total of 13.8 million euros.

A sign of the Group's commitment to Asia, the year 2010 also saw the first project awarded financing in this region.

Granted to the National University of Singapore, the funding (517,000 euros over three years) will go to a project that looks at the biology of decision-making in the face of risk.

> [www.axa-research.org](http://www.axa-research.org)



**On March 28, 2011, the first Global Forum for Longevity will be held.**

Capitalizing on its business expertise, AXA is responsible for initiating this gathering. This multi-disciplinary space for exchanging knowledge and practice on longevity is also trans-generational and international. The aim of this forum is to encourage the kinds of exchanges that will enable us to gain a better understanding of the global mechanisms and challenges of longevity.

> [www.globalforumforlongevity.com/en/](http://www.globalforumforlongevity.com/en/)

# The AXA Group Did you know?

## AXA Bank Third millennium banking

In late January, AXA Bank launched a vast multimedia campaign to accompany its new positioning and highlight proof of just how it differentiates itself. AXA Bank is the market's only direct convenience bank.

To date, the bank has nearly 720,000 clients. Its aim is to reconcile the best of direct banking with the simplest and least expensive products and services—and the best of convenience banking—with the support of the AXA France sales network.

With annualized growth in its net banking income of more than 10%, AXA Bank intends to pursue its objective. By 2015, the bank would like to double the number of clients (to reach 1.4 million clients) and triple the size of its balance sheet (bringing it up to 10 billion euros).

### THE STRENGTHS OF AXA BANK

More than 600 employees  
400 of whom are directly involved in  
client and network relations

Nearly  
**720,000**  
clients



Want more information? Go to: [axabanque.fr](http://axabanque.fr)

## Day to day, it's...

### • Available 24/7

AXA Bank is the only bank that's open at night, with banking advisors available by phone 24/7 (except Sundays and holidays).

### • Personalized support over time

The general agents and salaried sales associates of AXA France give their clients support for all of their bank and insurance projects over an average period of 12 years.

### • A bank that pays

The interest earning account offered by AXA Bank, called Oligo<sup>(1)</sup>, is the first "Assurbanque" product to be sold in the French market. Cash balances in

the account pay up to 1.75%<sup>(1)</sup> and there are other advantages as well, such as reimbursement<sup>(1)</sup> of the VISA card fee based on actual use (cumulative annual payments) and the reimbursement<sup>(1)</sup> by AXA France of the 3% in AXA insurance premiums withdrawn from the account.

### • A full range of competitive lending options: personal loans, mortgage loans and advances

### • A securities account (or PEA) with no custodial fees<sup>(1)</sup> for mutual funds sold by AXA Investment Managers

### • A mobile banking application

After the dedicated iPhone application, accessible on iPad and iPod Touch, one of the first banking applications on BlackBerry has just been launched by AXA Bank.

A mobile site is also accessible via the internet browser of other phones at this address: [www.m.axabanque.fr](http://www.m.axabanque.fr)

### • The change bank service

AXA Bank charges no fee to handle the change of domiciliation for clients who want to switch.

(1) For details on the advantages and the conditions in force at this time, please consult AXA Bank or your AXA advisor. Oligo is a pooled offering of products and services, subject to fees.

## ADVANTAGE RESERVED EXCLUSIVELY FOR AXA SHAREHOLDERS

Custodial fees are waived for all shareholders who keep their AXA shares in an AXA Bank securities account.

# AXA: practical matters

You can also find us at: [axa.com](http://axa.com)

## Tax matters: the 8 major changes in 2011

- **Elimination of the annual threshold** on investments and taxation of capital gains from the first euro.
- **18 to 19% increase** in the tax on capital gains and withholding at the source on dividends and on investment gains on fixed-income vehicles.
- **Elimination of the tax credit on dividends**, 115 euros for a single person and 230 euros for a married couple, applicable to 2010 revenues (40% abatement maintained).
- **Higher social tax withholdings**, from 12.1 to 12.3%.
- **Highest tax rate rises** from 40 to 41%.
- **10% reduction in most tax niches**, with the exception of tax assistance for the employment of home help and the tax credit to offset the cost of childcare.
- **End of the fixed-rate abatement of 15% on social taxes** for individuals who employ one home helper.
- **End of the triple tax declaration** for couples who marry, divorce or sign a civil solidarity pact during the year. However, for married couples the option of separate taxation is possible. Accordingly, in theory a married couple or a couple united under a civil solidarity pact will be able to complete just one joint tax form, while a divorced couple will file two forms (1 for each).

## 2011 ANNUAL SHAREHOLDERS' MEETING

This year's annual meeting (extraordinary and ordinary) of AXA shareholders will be held on Wednesday, April 27, 2011 at 2:00 pm, at the Palais des Congrès in Paris - France (2 place de la Porte Maillot).

### > How do I participate?

If you are a registered shareholder, you will receive a meeting notice and voting card from our agent BNP Paribas Securities Services. Both of these documents must be in your possession if you wish to attend the meeting.

**Holders of bearer shares must request these items from the financial intermediary responsible for managing their securities.**

### > How do I get in?

At the door, holders of both types of shares must present the admission card they have probably received from BNP Paribas Securities Services or their usual financial intermediary. For registered shareholders who have not received their admission card on the day of the meeting, a valid piece of photo ID is required. Holders of bearer shares must present a certificate of participation delivered by their financial intermediary no later than Wednesday, April 20, 2011 at midnight (Paris time).

### > What do you need to do if you cannot attend the meeting in person?

You have three options to choose from:  
You may opt to:

- authorize another shareholder who plans to attend the meeting to serve as your designated proxy: your spouse, a partner with whom you have contracted a civil solidarity pact, or any other physical or legal person of your choice who is a shareholder, pursuant to legal and regulatory provisions in force

- authorize the board to vote for you by proxy: send a blank proxy card, and an affirmative vote will be cast on your behalf on all resolutions accepted by the board of directors

- vote by internet, by mail or by using the paper form

### > Who should I send my voting card to?

If you are a registered shareholder, send your voting card directly to BNP Paribas Securities Services. If you hold bearer shares, send it to your usual financial intermediary for delivery by the latter to BNP Paribas Securities Services, accompanied by a certificate of attendance.

Whether you hold registered or bearer shares, you may send your instructions directly by Internet prior to the date of the shareholders' meeting: [www.gisproxy.bnpparibas.com/axa.pg](http://www.gisproxy.bnpparibas.com/axa.pg).

This facility offers an additional option to participate for shareholders. Using this secure website, shareholders can take advantage of all of the possibilities available with regard to the meeting and voting using the paper format: you can request an admission card, vote by mail, assign a proxy to the Chairman, or designate your spouse, civil solidarity pact partner or another shareholder—a physical person or a legal entity—as your proxy.

## agenda 2011

### April 21

CCAI meeting (individual shareholders' consultation committee)

### April 27

Annual meeting of the shareholders

### May 4

Dividend payout date (pending shareholder approval on April 27)

### May 5

Publication of 1Q2011 business indicators

### May 17

Private tour of the Louvre Museum\* (space is limited)

### May 24

Shareholders' meeting in Montpellier

### June 9

Shareholders' meeting in Brussels

### June 14

Private tour of the Louvre Museum\* (Space is limited)

\* Reserved for members of the AXA Shareholders' Circle

## Contact us

### Individual shareholders

Individual Shareholder Communications  
25, avenue Matignon—75008 Paris

**N°Vert 0 800 43 48 43**  
TOLL FREE NUMBER FROM A FIXED-LINE PHONE IN FRANCE

Long distance (from outside France):

+33 (0) 1 40 75 48 43

Fax: +33 (0) 1 40 75 59 54

E-mail: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

### Registered shareholders

**For all requests relating to your registered share account, please contact:**

BNP—Paribas Securities Services  
Corporate Trust Services  
Relations actionnaires AXA

### Les Grands Moulins de Pantin

9, rue du Débarcadère - 93761 Pantin Cedex

**N°Azur 0 810 888 433**  
PRICE OF A LOCAL CALL FROM FRANCE

Long distance (from outside France):

+33 (0) 1 40 14 80 00

Fax: +33 (0) 1 55 77 34 17

E-mail: [axa\\_relations@bnpparibas.com](mailto:axa_relations@bnpparibas.com)

Design and production: W|W&C|E - photo credit: Frank Dunouau, Jacques Grison/La Company.

Would you like to respond to any of the topics covered in this issue?  
Your opinion matters: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

Would you like to receive our upcoming publications by email?  
Sign up now at: [actionnaires.web@axa.com](mailto:actionnaires.web@axa.com)

redefining / standards

