

## [EDITORIAL]

***"Our earnings for 2009 confirm that our business model is robust and the substantial recovery in our net income."***

Dear Shareholders,

In an environment that remains very volatile, the AXA Group turned in a fine performance in 2009, marked by the resilience of our business. In the course of what was in fact the most severe financial crisis of these past few decades, AXA demonstrated its ability to generate results by remaining focused on our core businesses: insurance and asset management.

Our earnings for 2009 confirm that our business model is robust, with the return of our solvency margin to pre-crisis levels and the substantial recovery in our net income. In light of this performance, the AXA management board is recommending that its shareholders approve a 38% increase in the dividend.\*

The crisis of 2008-2009 underscored the importance of having responsive operational decision-making processes. At your next annual meeting, we will also be asking you to approve a change in the structure of governance—from a dual board system with a management board and a supervisory board to a single board of directors, by ratifying this change in the AXA bylaws. This new form of governance will also reinforce the role, the responsibilities and the level of involvement of the board of directors and its members, while at the same time preserving balanced governance thanks, in particular, the expanded role of its independent board members. To this end, the supervisory board recommended that the board of directors be comprised of 15 members, including 11 independent members.

Despite the uncertainties related to the macro-economic situation and in light of changes in the regulatory framework, AXA expects to capitalize on positive trends in both the insurance and asset management markets in 2010, as well as on its global brand, its innovative products and its improving service quality.

AXA will continue to increase its exposure to emerging markets and will benefit from the synergies generated by the rollout of its organization by business line (Life & Savings and Property & Casualty). In 2010, we also expect to focus on the optimization of our margins in all lines of business, which we'll achieve by improving the life product mix, the combined ratio in P&C and net inflows to our asset management business.

We thank you for the confidence you have placed in our Group.

**Henri de CASTRIES**

Chairman of AXA's Management Board



\* Pending approval by the annual shareholders' meeting on April 29, 2010.

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# Full year 2009 earnings

## KEY DATA

### ACTIVITIES MAINTAINED

- Total revenues 90.1 billion euros

### NET INCOME UP SHARPLY

- Underlying earnings 3.9 billion euros
- Net income 3.6 billion euros
- Dividend **up 38%** to 0.55 euro per share

### SOUND BALANCE SHEET

- Shareholders' equity of 46 billion euros, **up by 8.8 billion euros**

### IMPROVED CUSTOMER SATISFACTION INDEX

- 82 %, **up by 1 point**

## THE LESSONS WE HAVE LEARNED FROM THIS FINANCIAL CRISIS:

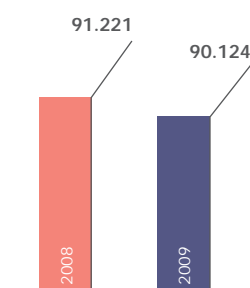
The key lesson we have learned from the crisis is that it validates the wisdom of AXA's strategic orientation over the past few years:

- Focus on our core business: insurance and asset management
- Successfully leverage our business and geographic diversification
- Capitalize on positive cash flows from operations and maintain permanent sources of funding
- Practice sound asset-liability management and robust risk management
- Invest in diversified and high-quality assets
- Make clear commitments to customer service and continue to invest in talent

## BUSINESS AND PROFITABILITY INDICATORS

In an environment that is still highly volatile, AXA turned in a good performance, marked in particular by the resilience of our business, especially in the fourth quarter. For the year as a whole, our **revenue** decline was limited to 3%, and our net inflow was very satisfactory.

### INSURANCE REVENUES (In euro billions)



Revenues from **life and savings** declined slightly due to adverse market conditions for our unit-linked products in some countries, in particular the United States and the United Kingdom.

Conversely, France, Italy and Germany saw a rise in revenues.

Net inflow was once again highly positive (8.6 billion euros) and new business value (which enables us to measure the expected profitability of our new life policies) rose, a sign that our fundamentals are sound.

Underlying earnings were up sharply (+51%), thanks to the success of our efforts to improve the profitability of our insurance business in the United States.

Revenues from P&C business were up slightly on the year.

Despite the challenging environment, AXA's product mix, service and distribution channels continue to perform at high levels: we recorded growth once again in our P&C portfolio, with more than 1 million new contracts.

At the same time, 2009 was marked by lower profitability in P&C, reflecting an increase in natural disasters (for example, we assisted more than 120,000 of our clients when Storm Klaus struck in early 2009), but also a deterioration in current year losses throughout the year, which affected all insurers.

Because of the rise in losses, the combined ratio (premium/claims ratio) deteriorated in 2009. The combined ratio was 99% in 2009, compared with 95.5% in 2008.

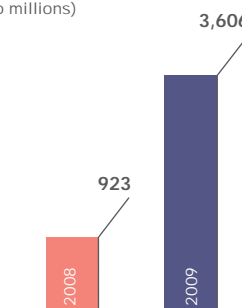
After several years of price decline or stagnation, AXA and other responsible insurers made the decision in light of the higher loss ratio to increase the rates in some markets. One of our top priorities for 2010 is to improve the combined ratio (premium/claims ratio).

The 41% decline in underlying earnings from the **asset management business** was primarily due to the 25% decrease in revenues from this segment. This decline was due in

particular to the decline in average assets under management and in management fee income, and a negative shift in the product mix. However, AXA's assets under management increased by 29 billion euros, reaching 845 billion euros and establishing AXA as one of the world's largest asset managers.

Our **net income** improved markedly, driven by higher asset values as the capital markets got back on track.

NET INCOME  
(in euro millions)



## BALANCE SHEET INDICATORS

Our **shareholders' equity** rose considerably (+8.8 billion euros), returning to levels comparable to those seen in 2007, due to the rise in net income and in net realized capital gains as well as to capital increases.

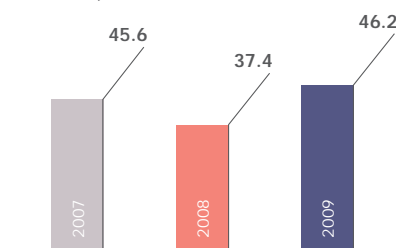
Our balance sheet is robust: our financing debt is falling, our solvency is improving and we have substantial liquidity.

Our **debt to equity ratio** has improved significantly, reflecting the decline in financing debt combined with the rise in shareholders' equity.

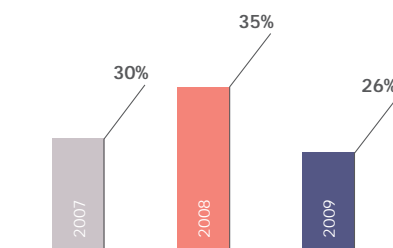
Our **Solvency I ratio** is up by 44 points, going from 127% to 171%. This brings it back to levels seen before the crisis.

On the strength of this performance, we can ask the shareholders to approve a dividend of 0.55 euro per share when they meet on April 29, an increase of 38% over last year.

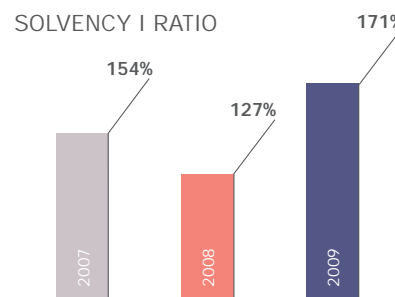
SHAREHOLDERS' EQUITY  
(In euro billions)



DEBT GEARING



SOLVENCY I RATIO



# 2010 Outlook

“ AXA should benefit from positive trends in the life and savings and asset management markets ”

**D**espite the uncertainties surrounding the macro-economic environment and the evolution of the regulatory framework, AXA should benefit from positive trends in the life and savings and asset management markets, as well as from its strong single global brand, innovative products and constantly improving customer service.

The Group's growth will be sustained by its stepped-up presence in the emerging markets and the synergies generated by the new global insurance organization for life and saving and property and casualty.

In 2010, we also plan to focus on the optimization of margins in all business segments, through an improvement of the business mix in life, the technical results in property-casualty, and net inflows in asset management.

The Group will continue to invest in further improvements in the quality of its services and in employee engagement, in the interest of attracting and retaining new talent.

# AXA Group Did you know?

## A new organization TO STEP UP GROWTH

Effective January 1, 2010, AXA has a new organization based on the convergence of core business competencies to step up the rollout of the Group's strategy.

In order to facilitate the coordination between the various entities that comprise it and further leverage the advantages afforded by its size, the Group has asked **François Pierson**, chairman and CEO of AXA France and a member of the AXA management board, and **Christopher "Kip" Condon**, CEO of AXA Financial (United States) and also

a member of the AXA management board—in addition to their current executive duties—to assume global responsibility for property-casualty operations and life and savings operations, respectively. This new organization does not alter the existing operational organization based on geographic regions. It is



François Pierson



Christopher Condon

superimposed via a matrix-driven logic that seeks to achieve a better global vision of the Group's two core insurance businesses. Its asset management business conducted by AllianceBernstein and AXA Investment Managers remains unchanged.

## Successful 2 billion euro capital increase



The capital increase with preferential rights maintained, launched on November 9, 2009 by the AXA Group, was a great success.

The total final amount was 2,072,071,173 euros, leading to the issuance of 174,123,628 new shares. In a position to seize certain opportunities, AXA announced on January 15 that it had acquired Omniasig Life, giving it a foothold in the Roumanian life insurance market.

This acquisition is part of a broader strategy of developing business in the emerging markets that show solid growth potential, with a particular emphasis on Central and Eastern Europe (see *Côté AXA*, issue no. 3, September 2009).

In Italy, AXA and Banca Monte dei Paschi di Siena (BMPS) decided to extend their bancassurance agreement to 1,000 agencies of the former Banca Antonveneta, recently acquired by BMPS.

Announced on February 10, 2010, the decision will allow the AXA MPS insurance joint venture to increase its distribution channel and reach 1.6 million potential clients.

## AXA DELISTS FROM THE NEW YORK STOCK EXCHANGE

On January 25, 2010, the Group announced that it had decided to delist its shares from the New York Stock Exchange and leave the Securities and Exchange Commission (SEC)<sup>(1)</sup> in the interest of focusing on the Paris Bourse, where more than 95% of its stock trades. *"The liquidity and trading volumes on the NYSE<sup>(2)</sup> have not developed as we had hoped. The Group nonetheless has gotten tremendous value from its listing since 1996, in particular strong discipline in the area of financial reporting, achieved thanks to our Sarbanes 404<sup>(3)</sup> program,"* noted Henri de Castries. Its US business remains at the heart of the Group's global strategy.

(1) Securities and Exchange Commission (SEC): the US federal agency that establishes the rules that pertain to all companies listed on regulated markets in the US. The equivalent of the AMF in France.

(2) NYSE – New York Stock Exchange: AXA stock is listed on this American stock exchange.

(3) Sarbanes 404: this is one of the sections of Sarbanes-Oxley, implemented by the SEC. This section requires that companies set up stringent internal control systems for their annual financial disclosure process.

# AXA Group Did you know?

## Storm Xynthia—AXA France gets mobilized

*Following Storm Xynthia, AXA France's 3,800 tied agents and its 36,000 employees got mobilized to support and assist their customers.*

In response to an exceptional event, AXA France took exceptional measures:

- The creation of a **solidarity fund of 1 million euros** to ensure rapid help for policyholders suffering the greatest losses.
- The implementation of **psychological assistance for the families of those who lost their lives in the storm.**
- The temporary housing period **was doubled** in the most extreme cases.
- Policyholders were offered **the most advantageous coverage terms under homeowner's insurance policies** (tree removal fees covered, wall enclosures, etc.)
- For victims of the most severe flooding, **advances** were offered prior to the official announcement of a state of disaster.
- **Service companies brought in without loss adjustment formalities** for claims of less than 2,500 euros.
- **Filing deadlines on claims were extended to 30 days** (until March 31, 2010).

For more information, go to your dedicated client space at  
<https://client.axa.fr>

## AXA RESEARCH FUND: 2009 ACCOMPLISHMENTS

Since 2008, the AXA Group has been funding excellence in fundamental research across Europe via the AXA Research Fund. Its vocation is to encourage scientific breakthroughs and discoveries that will contribute to a better understanding and prevention of risks that harm the environment, human life and society.

In 2009, the Fund financed 29 doctoral stipends, 31 post-doc stipends, 6 endowed chairs and 7 research programs. Numerous events were also organized, including the official launch of the AXA-Paris Descartes Chair for Systemic Approaches to Individual Differences in Longevity and the AXA-IHES Chair for Mathematics. In addition, the AXA-London School of Economics research program on risk management and the regulation of financial institutions commenced. Finally, the creation of an AXA-Barcelona Graduate School of Economics Chair for the study of macro-economic risks was announced.

*Save the date in 2010,  
the AXA-HEC and  
AXA-Polytechnique  
endowed chairs will  
be inaugurated.*

Below, a few key figures on the activity of the AXA Fund since inception in 2008:

### BUDGET:

- 100 million euros over 5 years (2008-2012)
- 28.5 million euros committed

### FUNDED PROJECTS:

- 36 different nationalities among researchers financed, from 15 pays
- 138 projects selected\*

\* CIFRE not included.

### A GENUINE RESEARCH COMMUNITY:

- 700 application readers
- 1 000 people brought together for 8 events in 2009

### APPLICANTS:

- 230 partner institutions in 28 countries
- 943 applications received
- 146 applicants accepted\*

\* CIFRE included.

\* CIFRE: Conventions Industrielles de Formation par la Recherche: Doctoral students who complete their PhD while working in industry. This system was set up to subsidize companies that provide opportunities for young PhD candidates, allowing them to complete their doctorate while working. This creates a working relationship between the company and the laboratory, and the thesis is defended in three years.



## SOLIDARITY FOR HAITI

AXA and its employees mobilized for Haiti, resulting in the collection of more than 1.3 million euros for organizations supporting the island nation. In order to show its support following the earthquake that devastated the country on January 12, the AXA Group asked all of its subsidiaries to pitch in, promising the match employee donations one euro for every euro pledged.



In all, employees donated 668,106 euros to local organizations. The Group donated the same amount to the Red Cross in support of its humanitarian missions in the country.

## Micro-insurance expands in France

Back in 2007, AXA France began working in tandem with Macif to develop a range of micro-insurance options that would meet the needs of "micro-entrepreneurs" supported by Adie (Association pour le droit à l'initiative économique). Simple and clear, it features adapted coverage at accessible prices (average premiums come to less than 1 euro per day): builder's all-risk, motor coverage, premise package for business creators starting out in a dedicated space and home office coverage for those who opt to start by working from home.

As of the summer of 2009, the product range is sold throughout France.



# AXA: practical matters

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to trust us at [axa.com](http://axa.com)



## LAST CCAI MEETING

The Advisory Committee for Individual Shareholders (CCAI) met on November 17, 2009 at AXA headquarters in Paris. The meeting offered an opportunity for a transparent exchange with Group executives.

*"In the presence of Jacques de Chateauvieux and Henri de Castries, the meeting started off on the theme of changes in governance. Then, Henri de Castries provided a detailed account of the reasons for the capital increase, explaining the strategic rationale for this operation."*

*We reviewed half-year results, and then the Group's progress in terms of its proof-based strategy. In this area, we hope that the effort will remain intense. The afternoon was devoted to communications materials, the website, the activity report and the guide for shareholders. The meeting was interesting, as the high attendance level of CCAI members indicates. Our only regret was that there was not enough time to address certain questions and deepen the strategic review. We hope these things can be accomplished at our next CCAI meeting on April 16."*

Hubert Faroux

## 2010 SHAREHOLDERS' MEETING:

### Practical Information

AXA's next Annual Shareholders' Meeting (extraordinary and ordinary) will be held on **Thursday, April 29, 2010 at 2:30 pm**, at the **Palais des Congrès de la Porte Maillot, in Paris (France)**.

#### How do I participate?

**Registered shareholders** receive the documentation to participate from our agent BNP Paribas Securities Services.

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

#### How do I get in?

Holders of both types of shares must present the admission card they have 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 by **April 26, 2009, midnight (Paris time) at the latest**.

What do I need to do if I cannot attend the meeting in person?

You may opt to:

- vote by internet or by mail using the paper form;
- authorize your spouse or another shareholder to vote for you by proxy;
- authorize the Chairman to vote for you by proxy.

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

Registered shareholders must send their voting cards directly to BNP Paribas Securities Services. Holders of bearer shares send their voting card to their usual financial intermediary for delivery to BNP Paribas Securities Services.

AXA shareholders may send their instructions directly by internet prior to the date of the Shareholders' Meeting. This facility offers an additional option to participate for shareholders, using this **secure website**, shareholders can take advantage of all of the options available with regard to the meeting and voting: they can request an admission card, vote by mail, assign a proxy to the Chairman, or designate their spouse or another shareholder—a physical person or a legal entity—as their proxy.

### Registered shareholders

If you wish to write to BNP Paribas Securities Services, please note that the address has changed effective January 2010:

BNP Paribas Securities Services – GCT Conservation Émetteurs  
Relations actionnaires AXA – Les Grands Moulins de Pantin  
9, rue du Débarcadère – 93500 Pantin – France  
Telephone and fax numbers remain the same.

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## agenda 2010

### April 16

Advisory Committee  
for Individual Shareholders (CCAI)

### April 29

Annual Meeting of the Shareholders

### May 6

Release of 2010 first quarter key  
business indicators

### May 11

Tour of *Musée du Louvre*  
(NB: space is limited-by invitation only)

### May 18

Shareholders' information meeting in Lille

### May 27

Shareholders' information meeting  
in Montpellier

### June 9

Private tour, *Château d'Écouen*  
(NB: space is limited-by invitation only)

\* For members of the AXA Shareholders' Circle only.

## Contact us

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### Registered Shareholder Service

For all requests related to your  
pure registered account, please contact:  
BNP – Paribas Securities Services  
GCT Conservation Émetteurs  
Relations actionnaires AXA  
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