

l'essentiel

Shareholders' Circle letter

Number 7 - March 2006

- MERGER OF FINAXA INTO AXA
- QUESTIONS AND ANSWERS
- VOTE ON RESOLUTIONS
- AGENDA



Dear shareholders,

Assembled at the Extraordinary General Meeting on December 16, the AXA Group's shareholders gave the green light to a new chapter in its history.

The Extraordinary General Meeting had been called to approve the merger of FINAXA into AXA.

Aside from streamlining the Group's ownership structure, this merger has increased the proportion of shares held by the public and given AXA ownership of its own brand.

On behalf of all AXA's teams, I would like to thank you for the trust you have shown in the Group.

*Henri de Castries,
Chairman of the Management Board*

A handwritten signature in dark ink, which appears to read "H. de Castries".



Be'life Confiant

EXTRAORDINARY GENERAL MEETING OF AXA'S SHAREHOLDERS DECEMBER 16, 2005

407 shareholders were present

4 860 shareholders were either present or represented by proxy

ALTOGETHER HOLDING 1,342,495,532 voices representing a total of 58,78% of the existing voting rights.

Those present included: *Claude Bébéar (Chairman of the Supervisory Board), Henri de Castries (Chairman of the Management Board), Claude Brunet (Member of the projects, Human Resources, Brand and Communication), Denis Duverne (Member of the Management Board in charge of Finance, Control and Strategy) and François Pierson (Member of the Management Board in charge of insurance operations in France, Large Risks and assistance operations and AXA Canada).*

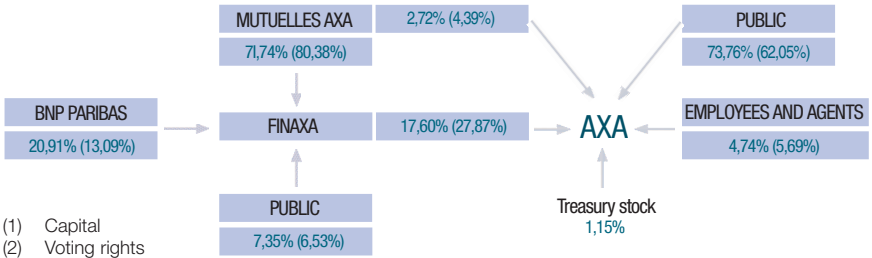
The Extraordinary General Meeting on December 16, 2005 was called to approve the merger of FINAXA into AXA.

Background and motivations

Henri de Castries, AXA's Chairman of the management board, presented the logic behind the transaction submitted for the approval of AXA's shareholders at: the Extraordinary General Meeting, which represented the final step in the streamlining of AXA's ownership structure. This transaction should pave the way for an increase in the proportion of the share capital held by the public and enable AXA to take possession of its brand, which belonged to FINAXA until December 16.

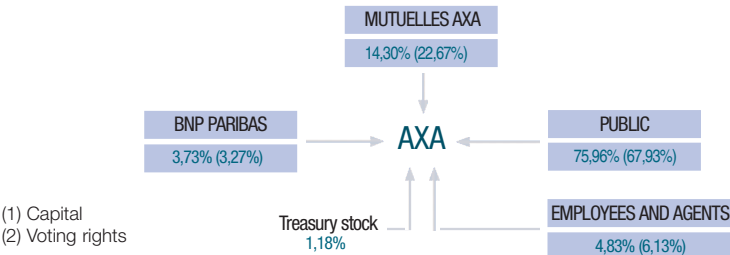
AXA's pre-merger shareholding structure

December 16, 2005



AXA's post-merger shareholding structure

Direct and indirect stakes in AXA held by Mutuelles and their subsidiaries after the merger: around 14% of capital and 23% of voting rights



Changes in AXA's ownership structure

Prior to the merger, FINAXA directly held 17.60% of AXA's share capital and 27.87% of voting rights. Mutuelles AXA directly held 2.72% of the share capital and 4.39% of the Group's voting rights. On completion of this transaction, Mutuelles AXA owned 14.30% of the share capital and 22.67% of the voting rights.

BNP Paribas, FINAXA's second-largest shareholder, will directly own 3.73% of the share capital and 3.27% of the voting rights.

The free float is set to account for 76% of the share capital and 68% of voting rights. The proportion of the share capital owned by employees and agents will increase from 4.74% to 4.83%. Following the capital increase reserved for employees, the figure rises above the 5% mark.

Substance of the resolutions

At AXA's Extraordinary General Meeting, shareholders voted on a number of transactions described in resolutions 1 to 7, 10 and 11 of the agenda:

- the merger of FINAXA into AXA and related transactions:
 - an increase in capital in consideration for the FINAXA contributions;
 - succession to FINAXA's obligations in respect of the stock options and convertible bonds issued by FINAXA (following readjustment of the merger exchange ratio);
 - transfer of the double voting rights held in certain cases by FINAXA's shareholders on AXA shares received as a result of the merger;
- the reduction in AXA's capital, resulting primarily from the cancellation of the AXA shares tendered by FINAXA;
- authorization of AXA's Management Board to resolve to issue shares or securities giving access to the share capital reserved for members of an employer-sponsored company savings plan without preferential subscription rights for these members.

The Management Board recommended that the resolution corresponding to the latter point (resolution 10) should not be adopted since a resolution of the same type had already been approved at the Annual General Meeting on April 20, 2005.

Resolutions 8 and 9 were removed from the agenda. They had been intended to replace the exchangeable bonds issued by FINAXA with convertible bonds issued recently by AXA. Following the offer to buy back FINAXA's exchangeable bonds, AXA owns over 99% of the relevant bonds. As a result of the transaction completed in November 2005, this substitution was no longer justified.

Valuation of contributions

With regard to the conditions for the valuation and treatment by AXA of the FINAXA assets contributed, the merger will lead to the contribution of FINAXA's assets and the assumption of its liabilities. In accordance with the regulations, it will take place at real value. It is based on FINAXA's financial statements at December 31, 2004, and will be effective as of December 16, 2005 at the close of the EGM from a legal standpoint and retroactively from January 1, 2005 from a tax and accounting standpoint.

The FINAXA assets contributed have a value of € 6,458 billion and comprise mainly the AXA brand (€ 307 million based on the present net value of brand royalty payments) and AXA shares (€ 6,125 million based on share prices at December 31, 2004).

FINAXA's liabilities were stated at € 1,287 million, including € 1,273 million in borrowings and long-term debt (primarily exchangeable bonds and convertible bonds). Assumption of these commitments has led to a six-point increase in AXA's gearing. FINAXA's dividend of € 178 million in respect of 2004 needs to be added to this amount.

The net assets contributed thus have a value of € 4,993 million. The merger praisers stated in their report that the assets contributed were not overvalued.

Calculation of the exchange ratio

The exchange ratio adopted was 3.75 AXA shares per FINAXA share, implying a ratio of 15 AXA shares for each four FINAXA shares tendered. This exchange ratio was calculated on the basis of a multi-criterion analysis. The two main criteria used were the embedded value of the two shares, and AXA's share price during the past three months.

AXA and FINAXA designated committees of independent directors that issued fairness opinions on June 29, 2005.

Changes on AXA's balance sheet following the merger

The net assets contributed are valued at € 4,993 million. Liabilities comprise the liabilities assumed and increase in capital in consideration for assets contributed (calculated in terms of the value of the AXA shares issued, i.e. 299 million AXA shares, representing a par value of € 685 million). The merger premium will work out at € 4,803 million. It will be allocated notably to the retained earnings and provisions on FINAXA's balance sheet transferred to AXA's liabilities. As a result of the merger, the 337.5 million AXA shares held by FINAXA are set to be cancelled. This will lead to a € 773 million reduction in capital. Prior to the merger, there were 1.911 billion shares. Given the cancellation and € 299 million increase in capital in consideration for the assets contributed, the transaction will in the end lead to a reduction of 39 million in the number of shares outstanding.

The reports of the merger appraisers on the value and payment made for the

assets contributed were read out, followed by the statutory auditors' report on the reduction in capital not justified by losses and on the FINAXA obligations assumed by AXA.

ANSWERS TO SHAREHOLDERS' QUESTIONS

QUESTION: The proportion of voting rights accounted for by the free float is set to increase from 62.05% to 66.60%. AXA, Mutuelles AXA, the subsidiaries and partner shareholders are thus set to hold slightly more than a blocking minority. Do you anticipate that the Group may eventually hold less than a blocking minority?

HENRI DE CASTRIES: It does not make sense to add up shareholdings in this way. The Mutuelles AXA with their 20% of voting rights will hold far less sway than the 33% required for a blocking minority. In addition, employees are not bound to vote in the same way as the Mutuelles AXA. Likewise, although BNP Paribas holds pre-emptive rights, there is no voting pact. It is not correct to say the Group controls over one-third of voting rights.

QUESTION: What impact does embedded value have on earnings? This merger has led to a reduction in shareholders' equity and triggered a significant increase in long-term debt.

How much will AXA have to pay to buy back the stock options granted by FINAXA and who are the main managers concerned?

DENIS DUVERNE: When we announced this transaction, we stated that it would enhance earnings per share prior to and dilute earnings per share slightly after the conversion of the exchangeable bonds. These bonds were repurchased by AXA and will not therefore be converted. All in all, AXA's acquisition of FINAXA will boost earnings per share by 2%.

Embedded value will admittedly decrease because of the decrease of €800 million in shareholders' equity, but value per share will increase owing to the reduction in the number of shares.

HENRI DE CASTRIES: FINAXA's stock option plans have indeed been converted. The beneficiaries of the program are the Group's senior managers and former managers, who have now retired. The number of options outstanding stands at just under two million.

QUESTION: Why did not you take AXA's share price into account when the exchange ratio was calculated? How did you carry out the comparison?

CLAUDE BEBEAR: The share price used to compare the embedded values was AXA's. Only this share price could be used because AXA shares account for over 90% of FINAXA's assets. We took the view that the share price is not a representative guide to the value of a *holding company* that primarily holds shares in a listed company. The independent directors came to the same conclusion.

QUESTION: You indicated that the committee of independent directors gave its seal of approval to the transaction. Can you provide more details about the proposed exchange ratio?

DENIS DUVERNE: AXA's committee of independent directors considered that an exchange ratio of between 3.62 and 3.75 was fair. In its view, an ideal exchange ratio would have been between 3.68 and 3.70. FINAXA's committee of directors recommended an exchange ratio of between 3.75 and 3.85. The only point of intersection between these two ranges was 3.75. Accordingly, that is the exchange ratio that we adopted for the transaction.

QUESTION: Could you precise us the outlook for the dividend?

HENRI DE CASTRIES: In our business, you have to stay cautious until the end of the year. For instance, our full-year results for 1999 were significantly affected by two storms very late on in the year.

We will always pay out between 40% and 50% of adjusted earnings. If our results are good, this will represent a significant potential for improvement in the dividend. It would be premature to say any more at the present time.

RESULTS OF THE VOTING ON THE RESOLUTIONS

In total, 4,835 shareholders were present or represented, accounting for 941,824,419 shares or 50.27% of the total number of shares outstanding. They held 1,342,401,714 votes, or 58.78% of the total number of voting rights.

FIRST RÉOLUTION: Review and approval of the merger of FINAXA into AXA – Approval of its contribution consideration and the related capital increase subject to the conditions precedent relating to the merger.

The resolution was passed by a majority of 96%.

SECOND RESOLUTION: Allocation of the merger premium of FINAXA into AXA subject to the satisfaction of the conditions precedent of the merger.

The resolution was passed by a majority of 96%.

THIRD RÉOLUTION: Capital decrease not justified by losses.

The resolution was passed by a majority of 96%.

FOURTH RESOLUTION: Succession to the obligations of FINAXA pursuant to the 2,75% 1997/2006 FINAXA convertible bonds and renunciation, to the benefit of the convertible bondholders, by the shareholders to the preferential subscription right attached to the shares to be issued.

The resolution was passed by a majority of 95%.

FIFTH RESOLUTION: Succession to the obligations of FINAXA pursuant to the subscription options granted by FINAXA and renunciation, to the benefit of the holders of the subscription options, by the shareholders to the preferential subscription right attached to the shares to be issued.

The resolution was passed by a majority of 96%.

SIXTH RESOLUTION: Acknowledgment of the completion of the merger of FINAXA into AXA and of the related capital increase.

The resolution was passed by a majority of 96%.

SEVENTH RESOLUTION: Amendment of Article 6 of the by-laws.

The resolution was passed by a majority of 96%.

EIGHTH RESOLUTION: Issuance of convertible bonds reserved for the 3% 1998/2007 FINAXA bondholders with the option of exchange into AXA shares.

This resolution was removed from the agenda and consequently was not put to a vote.

NINTH RESOLUTION: Removal of the preferential subscription rights relating to the Convertible Bonds to the benefit of named persons.

This resolution was removed from the agenda and consequently not put to a vote.

TENTH RESOLUTION (not approved by the Management Board because a similar resolution was passed at the April 2005 Annual General Meeting): Authorization granted to the Management Board to resolve to issue securities with immediate or deferred access to the share capital, reserved for employees enrolled in the employer-sponsored company savings plan without preferential subscription rights.

This resolution was rejected by a majority of 96%.

ELEVENTH RESOLUTION: Powers to carry out formalities.

The resolution was passed by a majority of 99.6%.

AGENDA 2006

■ FY 2005 Earnings Release:	February 28
■ Mixed General Meeting of shareholders (Paris - Carrousel du Louvre):	May 4
■ Shareholders' Information Meeting in Nantes (France):	June 14
■ Shareholders' Information Meeting in Lille (France) with Henri de Castries:	June 16
■ HY 2006 Earnings Release:	August 3
■ Investment Forum in Paris:	October 13
■ Shareholders' Information Meeting in Marseille (France):	November 7

CONTACTS

COMMUNICATIONS AND BRAND DEPARTMENT

INDIVIDUAL SHAREHOLDERS COMMUNICATIONS DEPARTMENT

For all information requests

please contact AXA's Individual Shareholders Communications Department
25 avenue Matignon – 75008 Paris

Tél: (33) 1 40 75 48 43

Fax: (33) 1 40 75 59 54

E-mail: actionnaires.web@axa.com

Contact: Catherine LUTFALLA

You can also contact us through the website at www.axa.com



Be Life Confident