

# reassurance / Market Volatility

## Frequently Asked Questions

### *Important Information*

Over the past few weeks, we have received a number of very important questions from our clients. You may have asked the same questions. During times of economic and market uncertainty, it is especially prudent to look carefully at your investments, your insurance policies and the companies that provide them.

We are committed to managing our business vigilantly to help you meet your financial protection goals. The following questions and answers were designed to provide information that may be helpful in these turbulent times. We urge you to continue to ask questions of your financial professional to remain informed on the impact of the recent market swings on your investments.

#### About AXA Equitable

##### **1. How is AXA Equitable faring during these challenging markets?<sup>1</sup>**

Current market conditions continue to be highly volatile, fluid and unpredictable. While AXA Equitable is certainly not immune from these conditions, AXA Equitable has:

- A strong balance sheet,
- Conservatively managed assets,
- Disciplined risk management, and
- Adequate resources to meet customer obligations.

##### **2. What backs AXA Equitable's obligations and guarantees<sup>2</sup> to its clients?<sup>3</sup>**

AXA Equitable's assets and capital surplus back its obligations and guarantees to its policyholders. We monitor our capital carefully, particularly in volatile markets.

<sup>1</sup> AXA Equitable's businesses are subject to financial, market, political and economic risks, as well as risks inherent to its business operations. This communication focuses on how we manage and mitigate market risks.

<sup>2</sup> Guarantees are based on the claims-paying ability of AXA Equitable Life Insurance Company (New York, NY). Guarantees do not apply to performance of the investment portfolios.

<sup>3</sup> Current and future holdings in the general account are subject to market risks.



Variable Annuities and Variable Life Products: • Are Not a Deposit of Any Bank • Are Not FDIC Insured  
• Are Not Insured by Any Federal Government Agency • Are Not Guaranteed by  
Any Bank or Savings Association • May Go Down in Value

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## 3. Is AXA Equitable engaged in businesses other than providing life insurance and annuity products?

AXA Equitable is engaged in building relationships with individuals and businesses by providing planning and advice services in addition to offering individual life insurance and annuity products.

AXA Equitable is **not** engaged in:

- Investment banking
- Commercial banking
- Residential mortgage origination or mortgage banking
- Providing mortgage insurance
- Issuing or guaranteeing credit default swaps
- Any securities lending positions outstanding in its general account

## 4. What is the current financial strength of AXA Equitable?

AXA Equitable has strong ratings by independent companies that rate insurance companies for their financial strength and stability.

Current Financial Strength Ratings of AXA Equitable (as of 9/30/08)				
Rating Agency	Current Rating	Relative Ranking	Meaning of Category	Date Reviewed <sup>4</sup>
A.M. Best Co.	A+	2nd highest of 16	“Superior”	5/08
Fitch	AA	3rd highest of 21	“Very strong”	1/08
Moody’s	Aa3	4th highest of 21	“Excellent”	3/07
Standard & Poor’s	AA	3rd highest of 21	“Very strong”	6/07

### Understanding the Ratings

**A.M. Best:** A.M. Best’s Financial Strength Rating is the opinion of A.M. Best regarding an insurer’s ability to meet its obligations to policyholders. A.M. Best ratings range from A++ to S. A plus (+) or minus (–) following the rating shows relative standing within the major rating categories. The “A+” rating represents the second highest among sixteen rating levels.

**Fitch:** Fitch’s Insurer Financial Strength Rating provides an assessment of the financial strength of an insurance organization and its capacity to meet senior obligations to policyholders and contract holders on a timely basis. Fitch ratings range from AAA to C. A plus (+) or minus (–) following the rating shows relative standing within the major rating categories. The “AA” rating represents the third highest among twenty-one rating levels.

**Moody’s:** Moody’s Insurance Financial Strength Ratings are the opinion of Moody’s regarding the ability of insurance companies to repay punctually senior policyholder claims and obligations. Moody’s ratings range from Aaa to C. Moody’s applies numerical modifiers 1, 2 & 3 in each rating classification from Aa to Caa. The modifier 1 indicates that the obligation ranks in the higher end of its rating category; the modifier 2 indicates a mid-range ranking; and a modifier 3 indicates a ranking in the lower end of that rating category. The “Aa3” rating represents the fourth highest among twenty-one rating levels.

**Standard & Poor’s:** A Standard & Poor’s Insurer Financial Strength Rating is its current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Standard & Poor’s ratings range from AAA to R. A plus (+) or minus (–) following the rating shows relative standing within the major rating categories. The “AA” rating represents the third highest among twenty-one rating levels.

Ratings are subject to change; contact your financial professional/insurance-licensed registered representative for more details, including information on rating scales and individual rating sources. **The ratings reflected have no bearing on the performance of the variable investment options.**

<sup>4</sup> Date reviewed indicates the last public statement by the rating agency.

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## Controlling Financial Risks

**5. How is AXA Equitable able to continue to offer its insurance products guarantees during times of such strong market volatility?**

The ability to meet our financial obligations to our clients rests on four key elements of our stringent risk-management strategy:

- Product design,
- Dynamic hedging and reinsurance,
- Funds management, and
- Assets and capital.

**6. How does AXA Equitable use product design to control financial risks?**

AXA Equitable offers a diverse suite of annuity and life insurance products that provide a range of innovative benefits. We design our products with the objective of helping our clients transfer risks — that are often difficult to manage individually — to AXA Equitable, where they typically can be managed more effectively on an institutional basis. Among the design features that help control the related financial risks to AXA Equitable are the different waiting periods that apply before certain benefits can be exercised.

**7. What is dynamic hedging?**

In addition to careful product design, we also use dynamically managed hedging programs to mitigate equity market risk and interest rate risks. Hedging programs utilize a number of capital market strategies including, exchange traded futures, interest rate swaps and options to mitigate financial market risks.

AXA Equitable has dedicated considerable resources to the hedging program for risk management of variable annuities. AXA Equitable's Chief Executive Officer and Chief Financial Officer have oversight of the Risk Management Teams, which are led by the Chief Investment Officer and Chief Actuary. The hedging teams develop and maintain robust models for hedging, conduct risk analysis and develop economic scenarios across product types.

**8. Does AXA Equitable use reinsurance in its risk management?**

AXA Equitable reinsures a portion of our insurance risks, including a portion of the risks under certain of our variable annuity contracts.

**9. How does AXA Equitable control financial risks with funds management?**

AXA Equitable's Funds Management Group (AXA FMG) provides oversight of the outside subadvisors who manage the investment portfolios offered with our variable annuities and variable life insurance.

AXA FMG is a business unit of AXA Equitable that carefully screens, evaluates, selects, measures and assesses the subadvisors. AXA FMG seeks to ensure that the subadvisors selected to manage

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our underlying portfolios continue to adhere to the style and discipline established in the selection and ongoing management processes.

### **10. How does AXA Equitable establish and maintain its reserves and capital?**

AXA Equitable establishes appropriate reserve and capital levels for our products on the basis of our guidelines, regulatory requirements, and economic modeling of the underlying risks.

### **AXA Equitable General Account**

### **11. How is AXA Equitable's General Account invested?**

Our goal is to maintain a well-diversified, high-quality portfolio. The percentages and composition of the General Account can and will change over time.

The majority of the General Account is invested in a well-diversified portfolio of high-quality, fixed-income securities, primarily consisting of investment-grade bonds, with less than ½ of 1% invested in residential sub-prime mortgage securities. The portfolio has solid liquidity in the form of cash and cash equivalents.

### **AXA Equitable Money Market Assets**

### **12. Does the EQ/Money Market Portfolio maintain a constant net asset value of \$1 per share?**

Yes. The EQ/Money Market Portfolio's objective is to maintain a stable net asset value of \$1.00 per share. The Portfolio is managed in accordance with detailed regulatory requirements that prescribe the types of eligible investments for money market funds by quality, maturity and diversification. In accordance with these provisions, the Portfolio invests in obligations of the U.S. government and its agencies, as well as other highly rated debt securities. Although the Portfolio seeks to preserve a stable net asset value of \$1.00 per share, it is possible to lose money by investing in the Portfolio.

### **13. Did the EQ/Money Market Portfolio participate in the Treasury Department's Temporary Guarantee Program for Money Market Funds?**

Yes. Similar to the vast majority of other money market funds, the Portfolio, upon approval of the Board of Trustees of EQ Advisors Trust, participated in the U.S. Treasury Money Market Temporary Guarantee Program. This Program, which expires on December 18, 2008, guarantees the share price of the Portfolio at \$1.00 per share for shareholders in the Portfolio as of September 19, 2008.

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## Insolvency Risk

**14. If AXA Equitable becomes insolvent, what would happen to my money in the variable funds (“subaccounts”)?**

Purchase payments and account values that are allocated to variable investment options under a variable annuity or life insurance contract are held in an insurer’s separate account(s). The assets in a separate account are insulated from the insurance company’s creditors in the event of the company’s insolvency. Additionally, the assets invested in your variable product funding options are separate from AXA Equitable’s General Account and cannot be used to satisfy the claims of AXA Equitable’s general creditors.<sup>5</sup>

**15. What type of protection against insolvency of an investment sub-advisor is available for my policy or contract?**

The assets invested in your variable product investment portfolios are the assets of either the EQ Advisors Trust or the AXA Premier VIP Trust, each a separately registered investment company under the law, and are not the assets of a sub-advisor. Accordingly, these assets would not be subject to the claims of a subadvisor’s creditors should they become insolvent. Additionally, each trust is overseen by a separate board of trustees that regularly receives information regarding the financial condition and business operations of the subadvisors who provide services to the trusts.

The value of the investment portfolios is based upon the market performance of the securities held by these portfolios and not the financial status of the subadvisor.

**16. What guarantees exist for money in the Guaranteed Interest Option of variable annuities and life insurance policies?**

Funds allocated to the Guaranteed Interest Option (GIO) under AXA Equitable’s policies and contracts are part of the company’s General Account. This means that the GIO, together with other non-separate account liabilities, is supported by AXA Equitable’s assets, including AXA Equitable’s capital and surplus.

**17. What would be the impact on AXA Equitable if AXA Group became insolvent?<sup>6</sup>**

AXA Equitable is a separate company, domiciled and primarily regulated by the New York State Insurance Department. AXA Equitable’s assets and liabilities are separate from AXA Group and would be used to meet AXA Equitable’s obligations.

**18. What happens if a life insurance company becomes insolvent or is otherwise unable to pay its obligations to its policyholders or contractholders?**

All 50 states, the District of Columbia and Puerto Rico have life insurance guaranty associations that were created to provide certain protections to policyholders and contractholders of insolvent insurance companies. These protections vary from state to state, and not all insurance products are covered.<sup>7</sup>

<sup>5</sup> It is important to note that irrespective of solvency, investments held in variable investment options are, nevertheless, subject to market risk and fluctuation in value, including loss of principal.

<sup>6</sup> “AXA Group” refers to AXA S.A., the holding company for an international group of insurance and financial services companies, together with its direct and indirect consolidated subsidiaries, including AXA Equitable.

<sup>7</sup> Coverage is not provided for *any portion of a contract not guaranteed by an insurer or under which the risk is borne by the contractholder*. Thus, amounts contributed to a variable contract and allocated to an insurer’s insulated separate account are typically not covered by state guaranties laws.

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## Other Questions

**19. Was AXA Group among the largest institutional holders of AIG, Fannie Mae, Freddie Mac, Lehman and Washington Mutual, among other financial services firms?**

Yes. However the vast majority of these holdings were held on behalf of accounts we manage. AXA Group, through its subsidiaries, including AllianceBernstein, L.P.,<sup>8</sup> is one of the largest asset managers in the world. The Group typically reports its ownership positions, including third-party accounts holdings, on a consolidated worldwide basis. As a result, AXA Group shows up as a large shareholder in many different companies.

**20. What is the relationship between AXA Equitable and AXA Group?**

AXA Equitable Life Insurance Company is an indirect, wholly owned subsidiary of AXA S.A., the holding company for one of the largest insurance groups in the world.

**21. Does AIG reinsure any of AXA Equitable's variable annuity product guarantees?**

No.

**22. Does AXA Equitable hold any credit default swaps issued by AIG?**

No.

<sup>8</sup> AllianceBernstein, L.P. is AXA S.A.'s 63% owned asset management subsidiary.

Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements that are predictions 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. Such risks and uncertainties may cause actual results to differ materially from the results contained in the forward-looking statements. Please refer to AXA Equitable Life Insurance Company's (AXA Equitable) Annual Report on Form 10-K for the year ended December 31, 2007, Quarterly Reports on Form 10-Q for subsequent quarterly periods, and other filings we make with the Securities and Exchange Commission for a description of certain important factors, risks and uncertainties that may affect AXA Equitable's business. AXA Equitable 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.

Variable annuities are long-term investment products designed for retirement purposes. Variable annuity contract values will fluctuate and are subject to market risk, including the possibility of loss of principal. Certain types of contracts, features and benefits will not be available in all jurisdictions. This document is not a complete description of all material provisions of the variable annuity contract. The prospectus contains more complete information, including investment objectives, risks, charges, expenses, limitations and restrictions. Please read the prospectus and any applicable supplements, and consider this information before purchasing a contract. For a prospectus containing this and other information, please contact a financial professional. AXA Equitable, its distributors and their respective representatives do not provide tax, accounting or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S. federal, state or local tax penalties. Please consult your own independent advisor as to any tax, accounting or legal statements made herein.

Guarantees are based on the claims-paying ability of AXA Equitable Life Insurance Company (New York, NY). Guarantees do not apply to the performance of the investment options.

Variable annuities and variable life products are issued by AXA Equitable Life Insurance Company, New York, NY, and are distributed by affiliates AXA Advisors, LLC and AXA Distributors, LLC, members FINRA. AXA Equitable, AXA Advisors and AXA Distributors are located at 1290 Avenue of the Americas, New York, NY 10104.

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