Full year 2003
MANAGEMENT REPORT

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.

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Market conditions in 2003

Financial markets

2003 saw a reversal of the downturn that had persisted in the financial markets for three years running, with the MSCI World Index[1] posting a gain of 30.3%. The first solid steps in a synchronized global recovery led by the United States, combined with the recovery in corporate earnings, helped the world's stock markets to turn the corner. The recovery began in March, after the US and its allies commenced military operations in Iraq. On the currency front, the US dollar pursued throughout 2003 the downward slide it began in 2002. The euro was once again the strongest of the world's main currencies in 2003.

STOCK MARKETS

The recovery was overall after the lowest points reached in March. In local currency terms, the US S&P 500 advanced by 26.3%, while the Japanese Nikkei was up 24.4%. In Europe, the Stoxx 50 rose by 16%, the CAC 40 by 16% and the FTSE 100 index by 13.6%, while the German DAX was up 37%.

BOND MARKETS

The performance of bonds markets was quite low in 2003. The yield on the US 10-year T-bond went from 3.85 to 4.25%, the German Bund from 4.20 to 4.25, the British gilt from 4.43 to 4,80, the French OAT from 4.27 to 4.25 and the Japanese JGB from 0.90 to 1.35.

EXCHANGE RATES

In 2003, the Euro emphasized its appreciation against other currencies, especially against the US Dollar (+20%), the Yen (+8.5%) and the Sterling (+8.2%).

December 31, 2003 operating highlights

Significant acquisitions and disposals

DISPOSALS

On January 8, 2003, AXA Asia Pacific Holdings completed the sale of its 50% interest in **Members' Equity** to Industry Funds Services. The proceeds from the sale were €53 million, with a net realized capital gain on the sale of €12 million (group share).

In **Austria/Hungary**, AXA Konzern had announced on December 18, 2002 the terms of its discussions with UNIQA Versicherung AG, the first Life and fourth Non-Life Insurer in this country, for the sale of its business. This transaction has been signed by both parties in December 2002, and finalized on June 4, 2003. The amount of the realized capital gain accounted for in 2003 is €37 million.

AXA Bank Belgium sold **Auxifina**, one of its subsidiaries dealing with consumer credit, which client population was not consistent with its core business population. The realized capital gain was €+15 million gross and net group share.

[1] *Morgan Stanley Index, a market capitalization index designed to measure global developed market equity performance*

On July 1, AXA Germany sold its stake (49.9%) in Colonia Re J.V. to General Re. This agreement ends a fruitful period of collaboration with General Re in Germany, which lasted more than 8 years through a joint venture agreement and is in line with AXA Germany's strategy to focus on its core business. Proceeds from the sale were €701 million. In full-year 2003 accounts, the related capital gain amounts to €11.3 million.

Capital and financing operations

FINANCING OPERATIONS

Issuance of U.S.$500 million undated subordinated callable fixed rate notes

On May 7, 2003 AXA issued U.S.$500 million of **undated subordinated callable fixed rate notes** under its existing €5.0 billion Euro Medium Term Note program. The notes were issued at an issue price of 100% and bear interest at the rate of 7.10% per annum, payable quarterly in arrear. The Company may, at its option and in certain circumstances redeem the notes, at par on or after November 7, 2008 or prior to this date in the event of certain tax or regulatory events.

Furthermore, during the second half year, AXA made private placements totaling approximately €500 million from its Medium Term Note program. These issues, which are callable undated subordinated notes, allow to partly anticipate the refinancing of debt maturing in 2004 and 2005, whilst benefiting from unprecedented favorable market conditions and improving AXA's liquidity by further extending the average maturity of its debt.

BONDS REDEEMABLE IN SHARES OR IN CASH [OBLIGATIONS REMBOURSABLES EN ACTIONS OU EN NUMERAIRE (ORANs)][2]

AXA decided to finance the proposed acquisition of MONY for an amount of Euro 1.4 billion, by issuing ORANs, which are bonds redeemable either in shares or in cash. The ORANs have been issued upon the exercise of warrants allocated free of charge by AXA to its shareholders.

Shareholders on record at close of business on September 19, 2003 were allocated, free of charge, one warrant for each share held resulting in the issue by AXA of 1 763 924 947 warrants. 16 warrants entitled warrant holders to subscribe one ORAN against payment of Euro 12.75 per ORAN corresponding to the issue of 110 245 309 ORANs for a total of Euro 1 405 627 690.

Each ORAN will be automatically redeemed by the issuance of one new ordinary AXA share following the closing date of the acquisition. If the acquisition is not completed, and at the latest on December 21, 2004, the ORANs will be redeemed in cash, at par with accrued interest of 2.4% prorata temporis.

CAPITAL OPERATIONS

The AXA Group has for several years offered to its employees, in and outside France, the opportunity to subscribe for shares issued by way of capital increase reserved for employees. In 2003, employees invested €188 million (respectively €13 million in July and €175 million in December). The 2003 offerings led to the issuance of 15.1 million shares. At December 31,2003, the total number of shares in issue amounts to 1,778 million, and employee shareholders represent approximately 4.8% of the outstanding share capital of AXA as compared to 4% as of December 31, 2002.

Other highlights

On December 16, 2002, a public offer was launched by Crédit Agricole S.A. on **Crédit Lyonnais**. AXA tendered its Crédit Lyonnais shares, and received in exchange cash and shares of Crédit Agricole S.A. The capital gain realized on the disposal of the Crédit Lyonnais shares amounted to €542 million, or €442 million net of tax group share. The Crédit Agricole shares received in the offer have been completely sold, enabling AXA to achieve a further small capital gain (€8 million gross of tax).

In September 2003, it was publicly reported in the United States that the Office of the New York State Attorney General ("NYAG") and the United States Securities and Exchange Commission ("SEC") were investigating practices in the mutual fund industry identified as "market timing" and "late trading" of mutual fund shares. In connection with this investigation, **Alliance Capital** announced on September 30, 2003 that it has been contacted by these regulators, and provided full cooperation. This led to an agreement on December 18, 2003 with the two regulators, including compensation to fund shareholders for the adverse affects of market timing, and the implementation of strengthened governance.. Alliance Capital took into its Full-Year 2003 accounts a €292 million ($ 330 million charge), with an impact on AXA Group earnings of €-104 million. In addition, as part of the settlement, Alliance Capital agreed to lower its fees on domestic equity mutual funds by 20% for the next five years, with an estimated impact on revenues of $70 million for 2004.

Events subsequent to December 31, 2003

On September 17, 2003, AXA announced that the Board of Directors of its U.S subsidiary, **AXA Financial Inc,** had reached an agreement with the Board of Directors of **MONY Group Inc**. ("MONY"), a New-York based life insurer. This agreement approved a definitive merger under which AXA Financial will acquire 100% of MONY's outstanding common shares through a cash merger valued at $1.5 billion. This transaction fits to the Group strategy and is expected to benefit to AXA Financial thanks to strong distribution capabilities, complement product offering, substantial assets under management, a solid workforce and strong client relationships.

On January 2, 2004, AXA concluded the disposal of insurance brokerage operations activities in the Netherlands, **Unirobe,** through the means of a management buy-out. The proceeds for the sale will amount to €126 million, and the related capital gain is estimated to €105 million.

On January 23, 2004, AXA concluded with BBVA Group an agreement under which AXA will acquire the 50% stake of BBVA in its subsidiary Hilo Direct Seguros y Reaseguros S.A. **("Direct Seguros").** After this transaction, AXA will hold 100% of Direct Seguros. The purchase price will amount to €49 million. The transaction is subject to the approval of the Spanish insurance and competition regulatory bodies.

In January and February 2004, AXA made private placements of USD 375 million under its €5.0 billion Medium Term Note program.

Insurance and Asset Management Markets

LIFE & SAVINGS

France. 2003 was a year of recovery for the French Life & Savings markets. Although not as strong as during 1999 (+13%) and 2000 (+20%), premium growth reached an estimated +9% as compared to +2% in 2002 and a decrease of –7% in 2001. The growth pace accelerated towards the end of the year. Increase in individual business premiums reached +8% while group business (mainly group retirement) increased by +20%, fuelled by additional retirement premiums from large companies. Similarly to 2002 trends, general account premiums were up +13% as customers continued to favor these products perceived as less volatile. Meanwhile, decrease in unit linked gross premiums slowed down, as financial markets were less volatile, to –7% to be compared with –32% in 2002.

United States

In 2003, U.S. investors responded favorably to the recovery in the equity market and the availability of products with features offering guarantees. Interest rates remained low and provided economic stimulus. In the Annuity market, industry sales of variable annuities were up 9.5%, driven by the stronger equity market and the popularity of guaranteed minimum income and death benefits, while industry fixed annuity sales decreased 23% as a result of lower interest rates. In the Life Insurance market, variable life insurance sales remained weak. Industry Variable Life sales were down 37% from 2002. The Variable Life business generally lags the movement in the equity market. Sales of Life Insurance products with fixed returns, such as Universal Life, were strong throughout 2003[2]. Industry Universal Life sales were up 25%. Industry fixed Whole Life insurance sales were also up (9%), while Term insurance sales were flat from 2002. Management believes that the stronger equity market is likely to drive higher sales of variable annuities and could start improving sales of variable life insurance.

United Kingdom. New annualized business (new regular premiums plus 10% of single premiums) fell in 2003 in contrast to growth of 2.3% in 2002 and 14.1% in 2001. This was largely the result of continued adverse stock-market performance in the early part of the year coupled with stock-market volatility even as the markets began to recover. With sales of both investment and pension products being hit, the principal growth area in 2003 was protection, in particular term assurance. Sales of With Profits Bonds, the largest product sector in 2002, collapsed in 2003 as falling stock markets reduced capital available to finance new business at the levels of previous years and consumers lost confidence in the With Profits concept. It will take some time for that 'lost' “With-profits” business to be redirected into other life bond products. While overall sales of Group Pensions have fallen, there has been a change in the types of product sold, as many employers have closed defined benefit schemes and moved to lower cost defined contribution schemes. Independent Financial Advisers continued to be the principal sales channel in 2003 accounting for around 70% of new business.

HM Treasury will define the product design for the new suite of “Sandler” products, including a price cap. The Treasury has indicated that it will not announce its thinking until the FSA has concluded work on reviewing the sales process, which is unlikely before May 2004. The industry has lobbied the Treasury very hard to increase the 1% price cap proposed by Sandler.

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[2] *Industry Sales Results are from LIMRA as of September 30, 2003*

Asia Pacific.

Japan. The Japanese Life insurance market experienced declining in-force business for the eighth consecutive year (a premium income reduction of 3% compared to Japan fiscal year 2002) influenced by a lack of customer confidence due to solvency concerns and the low interest rate environment. In the midst of these difficulties, the share of foreign Life insurers in the Japanese market was 17%, (a 3.4 point increase compared to fiscal year 2002) and AXA Japan reached the 10th position in the Japanese Life insurance industry with a 3.1% market share (based on premium income).

Australia. In Australia and New Zealand, the savings related investment sector continued to be the growth area due to the ageing population and continued government support for self-funded retirement. Retail savings and investment sectors were adversely impacted in the first half-year due to the war in Iraq. This investor uncertainty was reflected in the move from equities and growth products to more defensive income style products over the year. Despite this uncertainty preliminary findings indicate that the retail managed fund market is estimated to have grown by 13%.

Hong Kong. The Hong Kong Life insurance market experienced strong growth in 2003; for the 9 months to September 2003, the market for individual life new business annual premium equivalent increased by 15% compared to the same period in 2002. Despite a partial slowdown in the overall market during the first half of 2003 due to SARS, AXA China Region experienced growth in sales, with a 23% increase (9 months to September) of individual life new business. Customers are now re-focusing their investment strategies towards equity-based investment linked business as a result of the rebound in equity markets. The Hong Kong equity market (Hang Seng Index) grew 31% during the second half of the year.

Germany. ***In Life &Savings***, new business of regular premiums grew by 13.3% to €8.0 billion, while single premiums increased by 12.3% to €8.3 billion. In 2003, in line with the increase in the maximum contribution to the state pension scheme, new business for individual endowment products increased significantly (€2.6 billion, +30.8%) whereas annuity products grew only by 15.2% (€2.7 billion). Increased awareness for the need of private pension schemes has also pushed sales of single premiums group annuity products (€2.4 billion, +37.3%). While the state funded individual pensions products (so-called Riester products) still remain far below expectations, representing less than 2% of regular premiums new business, there is strong increase in demand for product of "Pensionskasse" (group pension funds). All in all, premium growth is expected to be at 3.6% in 2003, this excludes group pension business for which market figures are not available.

In ***Health***: Ongoing difficulties of the public health insurance system are continuing to push private health insurance. There are two types of market-share-winners: Mutual insurers with low-price-image and manufacturers with innovative products and strong position in the broker market. Overall health market is expected to grow by 7.0% in 2003.

Belgium[3]**.** The trend noted in 2001 strengthened in 2003: unit-linked sales plummeted 47% in 2003 after falling by 16% in 2001 and 32% in 2002. Consumers turned to safer insurance products with guaranteed rates (+25% in 2001, +39% in 2002 and +64% in 2003), whereby life products grew 31% overall in 2003 and short term bank savings accounts increased by 13%. The overall Life & Savings market growth was estimated at +26%.

Southern Europe. In 2003, the institutional **Spanish** insurance market faced the end of the externalization of pensions funds products (-34%). Unit-linked products increased by 14% benefiting

[3] *Figures are estimated based on September 30, 2003 (no more recent available data)*

from financial markets recovery[4]. However the future of this business is uncertain due to a change in tax regulation. In **Italy,** the market has continued growing over 2003: written premiums grew by 15% as compared to the same period last year[5], and new business grew by 13%[6]. The new business growth was mainly driven by index-linked products and traditional saving products, particularly single-premium. In **Portugal** market grew by 18.2% to €5.4 billion, mainly driven by the increase of group products, which benefited mostly bank-insurers[7].

PROPERTY & CASUALTY

France. The French property and casualty market growth rate was higher (+8%) in 2003 than in 2002 and 2001 (+7% for each year). In commercial lines, the main factor for this improvement was the increase in rates notably as regards the liability and industrial property risks, as the claims charges remained at a high level and reinsurance costs significantly increased. Although to a lesser extent, growth was also significant for personal lines, as the number of contracts increased and rates moderately increased.

Germany. In 2003, total Property & Casualty business increased by 2.8% in all lines. In motor line, gross written premiums, covering more than 40% of total Property & Casualty, increased by 2.4% to €16.1 billion. Due to the absence of catastrophes and major losses, and owing to favorable climatic conditions, claims paid for current year (all motor lines aggregated) decreased by 4.0%, mainly in motor liability (-7.4%). Property is the second largest Property & Casualty business with €8.9 billion gross written premiums (+6.5%). More restrictive underwriting clauses as well as the absence of natural disaster year-to-date, have led to a substantial reduction in claims expenditures. General Liability lines showed a 3.6% increase in gross written premiums to €4.0 billion. In accident, gross written premiums increased by 2.8% to €2.9 billion.

United Kingdom. The UK market has enjoyed a positive underwriting environment throughout 2003 with hard market conditions in Commercial lines in the first three quarters driving double digit growth across AXA's SME market. Competition increased in the fourth quarter particularly in Commercial Motor and Property classes. Rating increases on Liability classes continued to be strong across the year with increases of up to 35%. In Personal Lines Motor rates increased by 0.5%, as the market cycle turned downwards, and Household by 3%. Across the year, most carriers will also have benefited from the benign weather experienced in 2003 with no major weather events.

Belgium[8]. The Belgian Property & Casualty market grew by 6% in 2003 (against 7% in 2002). This significant increase, compared to an average annual growth of 3% for the last 10 years, is primarily due to the motor line by +5% (accounting for 36% of total Property & Casualty) and household (+8% in 2003), and both benefited from rates increases. The Workers' compensation market showed only a slight growth of 2% in 2003 as the Belgian economy softened.

Southern Europe. The **Spanish** market grew by 9% to €24 billion in a favorable economic environment[9]. In spite of a 7% growth, the motor line confirmed the slow-down which started in the second half of 2002 as a result of strong price competition. Household and health businesses increased respectively by 14% and 9%. In **Italy**, the insurance market in 2003 was influenced by the Italian government request to limit tariff increases on compulsory Motor Third-Party Liability cover. After a

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[4] *ICEA January 2004*

[5] *ISVAP: Sept.2003 (Instituto per la vigilanza sulle assocurazioni private / insurance controller)*

[6] *IAMA Consulting, Nov 2003 (market research consultancy)*

[7] *Portuguese Insurance Association*

[8] *Figures are estimated based on September 30, 2003 (no more recent available data)*

[9] *ICEA January 2004*

4% to 5% increase in average premium in February, most companies left their tariffs unchanged. Motor third-party liability grew by 7.4% in 2003 while other lines grew by 6.4%[10]. Agency networks continued to dominate the market, maintaining their 85% market share in 2003 against direct underwriters (mainly in motor) and brokers (mainly in other lines). The introduction in July of the "patente a punti", a driving license where points are deducted upon offences, contributed to a reduction in severe car accidents on Italian roads. In **Portugal**, market grew by 5.3%. Motor business, which represented nearly half of written premiums, increased by 4.5% to €1.9 billion. Workers compensation, which totaled 20% of the P&C insurance market, grew by 2.6% to €0.8 billion[11].

INTERNATIONAL INSURANCE

On the reinsurance side, after the large claims experience and the financial market crisis in 2001, a progressive stabilization of prices is under way. The bulk of AXA RE's portfolio -Property, Marine and Aviation- showed stable rates and no capacity issues. The rest of the portfolio -Motor and Casualty- benefited from additional rate increases. The share of non-proportional business is growing again. Competition amongst reinsurers is coming from the growing size of Bermudian companies. As in 2002, reinsurance has not been hit by exceptional claims in 2003.

On the large risks insurance market, in the context of a favourable claims experience, further rate increases and restructuring of large Corporate Insurance programs (through franchise agreements and other contract clauses) were conducted, especially in liability, and on a lesser extend in property, motor and marine. Only the aviation market softened, in the context of a reduced airlines activity.

ASSET MANAGEMENT.

After a slow start to the year, a strong climb by equity markets in 2003 provided a positive background for the industry, demonstrated by the S&P 500 which advanced by nearly 29% during the year. Those investors, who either left or reduced their activity in equity markets during the past few years, began to return or increase their activity, albeit cautiously. In the second half of the year, the market timing and late trading investigations carried out by the regulatory authorities, in particular the SEC and the Office of the New York Attorney General became a focal point for both US retail investors and the investment management companies offering mutual funds.

[10] *ISVAP: Sept.2003 (Istituto per la vigilanza sulle assocurazioni private / insurance controller*

[11] *Source Portuguese Insurance Associations*

Consolidated Operating results

Consolidated gross revenues

Consolidated gross revenues [a]					
(in euro millions)	**FY 2003**	**FY 2002**	**Change**	**Change on a comparable basis [b]**	**FY 2001**
Life & Savings	46,799	48,586	-3.7%	8.5%	48,399
Property & Casualty	17,098	15,948	7.2%	4.0%	15,896
International Insurance	3,972	5,762	-31.1%	-10.9%	5,678
Asset Management	2,922	3,411	-14.3%	-0.3%	3,730
Other Financial Services	836	1,020	-18.0%	-19.2%	1,128
TOTAL	**71,628**	**74,727**	**-4.1%**	**5.3%**	**74,832**

(a) Net of intercompany transactions.
(b) Percentages are on constant methodology, constant exchange rates, constant structural basis ("constant scope").

Consolidated gross revenues for the full-year 2003 were €71,628 million, down by –4.1% on a current basis, mainly as a result of the **significant appreciation of the Euro** mainly against US dollar, Yen and British pound (€-5.5 billion impact or –7.4%). Other scopes differences compared to the same period last year (sale of AXA Austria, AXA Hungary, AXA Australia Health activities, and International insurance business in run-off in the United States) also contributed to the decrease (€-1.4 billion).

On a comparable basis, consolidated revenues were up **+5.3%,** showing a sustained growth throughout the year.

Life & Savings revenues growth was **+8.5%,** with positive performance recorded in most countries, in particular in the United States (+29.1%), Belgium (+25.9%), Germany (+9.2%), France (+4.4%) and Japan (+6.2%), while the **UK** still shows a decrease (-11.2%) mainly as a result of AXA's withdrawal from the "With-profit" bonds market since July 2002, followed by significant reductions in the overall With-Profit bond market. AXA responded to this by focusing on cautious investment products, which continue to drive sales performance in unsettled market conditions, and this resulted in higher sales of unit-linked bonds. AXA has begun to enhance its product range and will continue to mobilize its sales force to mitigate these market conditions in the mid term. New business on an Annual Premium Equivalent basis (APE[12]) in the second half of the year 2003 was 12% higher than in the same period in 2002. The **US** revenues were still pulled up by the strong sales of the Variable Annuity Accumulator Series launched in April 2002, despite large Institutional Separate Account premiums related to Equitable Life benefit plans registered in 2002 (excluding this item, revenues grew by +35%). **Belgium and Germany** benefited from a high level of sales on non-unit linked products, interest-linked products in Belgium and group pension funds in Germany (newly established "Pensionskasse"). **Japan** revenues growth was driven by continued conversions progress, higher margin individual health sales, strategic bancassurance agreements, partly compensated by lower Group pension transfers. **France** benefited from a growth in individual general accounts premiums and new Group business. Apart from the UK trend, **Spain** also showed a decrease in revenues (-44%) since 2002 revenues had benefited from large Group single contracts relative to pension fund outsourcing.

[12] Annual Premium Equivalent is New Regular Premiums plus one tenth of Single premiums

Property & Casualty: gross written premiums were up **+4%,** showing good performance in all major countries, especially in France (+5.9%), the UK (+3.6%). This growth was achieved through successful rates increases and positive net inflows despite the continuing application of strict underwriting policies. Personal lines grew by +3%. This was attributable to both the Motor business (+2%) especially in France, Germany, and Belgium, due to a combination of moderate rates increases and portfolio growth, and the non-Motor business (+4%) mainly in the UK benefiting from new partnerships agreements. Commercial lines also grew by +8%, mainly attributable to France and the UK, due to significant tariff increases in all lines of business, combined with a strict underwriting policy and portfolio pruning.

International insurance revenues were down –10.9%, pulled by **AXA RE** (-17.7%), reflecting (i) continued stringent underwriting policy aiming at reducing the risk exposure of the portfolio while focusing the P&C portfolio on more profitable business, and (ii) a 2002 non-recurring revision on prior year premiums (€+271 million). **AXA Corporate Solutions Assurance** also showed a –3.9% decrease, reflecting lower premiums on Aviation, reduced exposure to selected business lines, and a decrease in property line following the reshuffling of the UK portfolio, only partly offset by the growth in the Casualty line due to rates adjustments and new business.

Asset management fees, commissions and other revenues were nearly flat at **–0.3%,** both in Alliance Capital (-0.4%) and AXA Investment Managers (+0.5%), recovering on the second half of the year due to stronger equity markets.

Other financial services decrease in revenues (-19.2%) was mainly attributable to **AXA Bank Belgium** (-21.8%), as a result of lower revenues on off balance-sheet products, on inter-bank operations and on fixed income portfolio, despite higher volume of mortgage loans.

Consolidated adjusted earnings and net income

Adjusted earnings & Net income (Group Share)

(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross written premiums	67,306	69,723	69,471
Bank revenues	820	1,012	1,127
Fees, commissions and other revenues	3,503	3,992	4,234
Gross revenues	**71,628**	**74,727**	**74,832**
Change in unearned premium reserves	320	(382)	(355)
Net investment result [(b)]	26,834	(9,229)	(1,244)
Total revenues	**98,783**	**65,116**	**73,233**
Insurance benefits and claims [(b)]	(81,309)	(47,922)	(56,668)
Reinsurance ceded, net	(1,113)	(523)	1,163
Insurance acquisition expenses	(5,798)	(5,891)	(6,394)
Bank operating expenses	(502)	(600)	(838)
Administrative expenses	(7,567)	(8,098)	(8,775)
Operating Income	**2,494**	**2,081**	**1,721**
Income tax expense	(793)	(357)	(45)
Equity in income (loss) of unconsolidated entities	41	23	17
Minority interests	(292)	(390)	(492)
ADJUSTED EARNINGS [(a)]	**1,450**	**1,357**	**1,201**
Impact of exceptional operations	148	235	0
Goodwill amortization (group share)	(593)	(643)	(681)
NET INCOME	**1,005**	**949**	**520**

(a) Adjusted Earnings represents AXA's consolidated net income, before goodwill amortization and exceptional operations. Adjusted Earnings is a non-GAAP measure, which management believes provides a meaningful understanding of the results. It should be noted that "Adjusted Earnings" as defined may not be comparable with similarly-titled measures reported by other companies as it is not defined under either French GAAP or U.S. GAAP.

(b) For the periods ended December 31, 2003, 2002, and 2001, the change in fair value of separate accounts had impacted the net investment result for respectively Euro +14,949 million, Euro -17,576 million and Euro -11,613 million and benefits and claims respectively.

The **net income Group share** for the Full Year 2003 reached **€1,005 million**, or a **€+56 million** increase compared to Full Year 2002.

The 2003 net income Group share included **€148 million** of **exceptional operations** relating to:

- Realized capital gains on the disposals of (i) the Austrian and Hungarian subsidiaries (€+37 million), (ii) Auxifina in AXA Bank Belgium (€+15 million), and (iii) Members Equity in Australia (€+12 million),
- An exceptional profit in AXA Financial (€66 million net of goodwill effect) following a review of tax positions related to periods prior to the acquisition of 'The Equitable Inc.' by AXA. The comprehensive tax review impact was partly compensated by an exceptional amortization of the goodwill (recorded in 2002 when acquiring the minority interest of AXA Financial) for €-106 million.

- An exceptional profit in Germany Holdings operations (€17 million net of goodwill impact) as a result of the release of a provision set-up when acquiring German operations in 1997; this release was due to the disposal of Colonia Re participation to General Re and was offset by an exceptional goodwill depreciation.

The 2002 net income included €235 million of exceptional operations relating to:

- The realized capital gain realized on the sale of AXA Asia Pacific Health activities (€87 million), and
- An exceptional profit of €148 million in Alliance Capital, as a result of the partial release (€+277 million) of the provision set up in 2000 to offset the dilution gain when acquiring Sanford C. Bernstein, Inc. This release was due to the buy-back of 8.16 million private units in Alliance capital to the former shareholders of Sanford Bernstein, after these shareholders exercised their liquidity put option; it generated an additional goodwill, which was entirely amortized over the year (€-129 million at average exchange rate).

Goodwill amortization group share decreased by €50 million, or **€17 million** on a constant exchange rate basis. This decrease was mainly attributable to non-repeated impacts of goodwill amortization in 2002 (full amortization of Banque Directe goodwill in 2002 (€13 million), and exceptional amortization on ex-GRE entities (€22 million)), partly offset by higher amortization in AXA Financial following the exercise of stock options (€-14 million).

Adjusted earnings were up by **€+93 million to €1,450 million**, mainly as a result of a significant improvement in underlying earnings, the non-repeated 2002 impact of the cost of September 11, 2001 events, partly offset by lower net capital gains and losses.

Net capital gains and losses deteriorated by **€-345 million to €-585 million,** including (i) a valuation allowance on Japanese deferred tax asset related to prior year realized losses (€-119 million), (ii) higher impairment valuation allowances on equity securities (€-434 million to €-1,048 million), and lower impairment valuation allowances on bonds (€+26 million to €-166 million), partly offset by (iii) higher net realized capital gains (€+182 million to €748 million), including €+442 million related to the exchange of Crédit Lyonnais shares for Crédit Agricole SA shares.

Adjusted earnings & Net income (Group Share)

(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Life & Savings	898	1,367	1,225
Property & Casualty	519	93	182
International Insurance	147	(149)	(378)
Asset Management	148	258	346
Other Financial Services	126	133	144
Holding companies	(388)	(344)	(318)
ADJUSTED EARNINGS [(a)]	**1,450**	**1,357**	**1,201**
Impact of exceptional operations	148	235	0
Goodwill amortization (group share)	(593)	(643)	(681)
NET INCOME	**1,005**	**949**	**520**

(a) Adjusted Earnings represents AXA's consolidated net income, before goodwill amortization and exceptional operations. Adjusted Earnings is a non-GAAP measure, which management believes provides a meaningful understanding of the results. It should be noted that "Adjusted Earnings" as defined may not be comparable with similarly-titled measures reported by other companies as it is not defined under either French GAAP or U.S. GAAP.

Life & Savings.

At **€898 million**, **adjusted earnings** decreased by **€-469 million**, of which €-305 million were attributable to United Kingdom.

This decrease was mainly due to:

- A deterioration of €-335 million in **underlying earnings**, or **€-96** million on a comparable basis[13], with improvements in most countries, more than offset by a deterioration in the UK (€-319 million).
- **Lower net capital gains** (€-134 million to €-403 million), of which €-119 related to a valuation allowance on Japanese deferred tax asset related to prior year realized losses, €-273 million to higher impairment valuation allowances on equity securities, partly offset by €+215 million higher net realized gains (including €+142 million on Crédit Lyonnais shares).

Property & Casualty.

The **Group combined ratio** significantly improved by 5 points to **101.4%** or 4 points on a comparable basis[14]. This improvement was the result of the confirmation of a much improved operational performance in all major countries, partly offset by lower investment income, and induced a sharp increase **in underlying earnings** by **€+527 million to €753 million,** or €+446 million on a comparable basis[15]. Net capital gains decreased by €-101 million to €-234 million, mainly as a result of higher impairment valuation allowances (€-140 million), partly offset by €+54 million higher net realized capital gains (including €+215 million on Crédit Lyonnais shares).

International Insurance

Adjusted earnings were up by **€+296 million to €147 million**, or €+306 million on a constant exchange rate basis. This improvement was attributable to (i) the non-repeated impact of the 2002 cost of September 11, 2001 events (€89 million), (ii) higher **underlying earnings** in both reinsurance and large risks businesses (€+219 million or €+229 on a constant exchange rate basis), and slightly lower net capital gains (€-13 million).

Asset Management

Adjusted earnings decreased by **€-110 million to €148 million**, or €-90 million on a constant exchange rate basis, mainly as a result of the charge for legal proceedings and mutual fund matters (gross 100% impact of €-292 million, and net group share impact of €-104 million or €-124 million on a constant exchange rate basis).

Other Financial Services

Adjusted earnings slightly decreased by **€-7 million to €126 million**, mainly as a result of lower **underlying earnings** (€-21 million) due to the integration of Banque Directe in French banks (€-17 million), lower favorable run-off development (€-16 million), partly offset by higher investment results in AXA Bank Belgium (€+18 million). This improvement was partially compensated by higher

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13 At constant exchange rate (€-133 million impact) and after reclassification of UK health 2002 underlying earnings (€+91 million), presented from January 1, 2003 in Property & Casualty segment (previously under the Life & savings segment), and exclusion of 2002 underlying earnings of Australian Health activities (€-11 million) sold in August 2002 and Austrian/Hungarian L&S (€-2 million) sold as at January 1, 2003

14 Including UK health activities

15 At constant exchange rate basis and after reclassification of UK health 2002 underlying earnings (€+91 million), presented from January 1, 2003 in Property & Casualty segment (previously under the Life & savings segment), and exclusion Austrian/Hungarian P&C (€-1 million) sold as at January 1, 2003 net capital gains (€+14 million primarily due to €+13 million from Crédit Lyonnais shares in AXA Bank Belgium.

Holdings

Adjusted earnings decreased by **€-44 million to €-388 million**, mainly driven by lower net capital gains (€-113 million), as 2002 benefited from the €104 million capital gain on the disposal of BBVA shares. This was partly offset by higher **underlying earnings** (€+69 million or €+53 million on a constant exchange rate basis), mainly attributable to German holdings, due to the non-repeated impact (€+29 million) of a 2002 non-recurring tax charge.

Consolidated Shareholders' Equity

At December 31, 2003, consolidated shareholders' equity totaled €23.4 billion. The movement in shareholders' equity since December 31, 2002 is presented in the table below:

	Shareholders' Equity ***(in euro millions)***	**Number of ordinary shares outstanding** ***(in millions)***
At December 31, 2002	**23,711**	**1,762.2**
- Capital increases (to employees)	189	15.1
- Exercise of share options	8	0.8
- Cash dividend	(680)	
- Impact of foreign exchange fluctuations	(985)	
- Other [(a)]	154	
At December 31, 2003 (before net income of the period)	**22,396**	**1,778.1**
Net income for the period	**1,005**	**-**
At December 31, 2003	**23,401**	**1,778.1**

(a) Including €181 million in counterpart of an exceptional amortization of a goodwill which was originally offset against shareholders' equity in 1997 at the time of purchase of German operations by the Group. This exceptional amortization of goodwill has been posted following the release of a provision set-up at the time of acquistion, this release was due to the disposal, during 2003, of Colonia Re participation to General Re .

Creation of Shareholder Value

EARNINGS PER SHARE ("EPS")

	Full Year					
	2003		2002		Var. FY 2003 versus FY 2002	
(in euro millions except ordinary shares in millions)	Basic	Fully diluted	Basic	Fully diluted	Basic	Fully diluted
Numbers of shares	**1,763.7**	**1,790.1**	**1,736.1**	**1,739.1**		
Net income	1,005	1,005	949	949		
Net income Per Ordinary Share	***0.57***	***0.56***	***0.55***	***0.55***	***4.2%***	***2.9%***
Adjusted Earnings	1,450	1,450	1,357	1,357		
Adjusted Earnings Per Ordinary Share	***0.82***	***0.81***	***0.78***	***0.78***	***5.2%***	***3.8%***
Underlying Earnings Per Ordinary Share (a)	***1.15***	***1.14***	***0.97***	***0.97***	***18.8%***	***17.2%***

(a) Underlying earnings per Ordinary Share (Underlying EPS) represents the AXA' s consolidated Adjusted Earnings, excluding the impact of September 11 attacks and net capital gains attributable to shareholders, divided by the average number of outstanding ordinary shares.

RETURN ON EQUITY (ROE)

(in euro millions except percentages)	FY 2003	FY 2002	FY 2001	Var. FY 2003 / FY 2002	Var. FY 2002 / FY 2001
Average Shareholder's equity	**22,958**	**23,643**	**24,323**		
Net income	1,005	949	520		
Annualized ROE	***4.4%***	***4.0%***	***2.1%***	***0.4 bp***	***1.9 bp***
Adjusted Earnings	1,450	1,357	1,201		
Annualized Adjusted ROE	***6.3%***	***5.7%***	***4.9%***	***0.6 bp***	***0.8 bp***
Annualized Underlying ROE	***8.9%***	***7.1%***	***6.3%***	***1.7 bp***	***0.8 bp***

Life & Savings Segment

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

Life & Savings Segment [a]					
	FY 2003	FY 2002		FY 2001	
(in euro millions)		Pro forma [b]	As published	Pro forma [b]	As published
Gross written premiums	46,299	46,972	48,080	46,811	47,921
Fees, commissions and other revenues	513	513	539	441	486
Gross revenues	**46,812**	**47,485**	**48,619**	**47,251**	**48,407**
Change in unearned premium reserves	(6)	(7)	(16)	16	(2)
Net investment result [c]	25,744	(10,672)	(10,684)	(3,546)	(3,531)
Total revenues	**72,551**	**36,805**	**37,920**	**43,721**	**44,875**
Insurance benefits and claims [c]	(65,926)	(30,120)	(30,958)	(35,861)	(36,744)
Reinsurance ceded, net	84	289	288	138	139
Insurance acquisition expenses	(2,797)	(2,738)	(2,806)	(3,119)	(3,193)
Administrative expenses	(2,457)	(2,741)	(2,868)	(3,172)	(3,326)
Operating Income	**1,454**	**1,495**	**1,575**	**1,708**	**1,751**
Income tax expense	(448)	(98)	(119)	(469)	(481)
Equity in income (loss) of unconsolidated entities	19	(7)	(7)	16	16
Minority interests	(127)	(83)	(83)	(61)	(61)
ADJUSTED EARNINGS	**898**	**1,308**	**1,367**	**1,195**	**1,225**
Impact of exceptional operations	72	0	0	0	0
Goodwill amortization (group share)	(299)	(296)	(303)	(295)	(303)
NET INCOME	**671**	**1,012**	**1,063**	**899**	**922**

(a) Before intercompany transactions.
(b) UK Health business has been tranfered to UK Property & Casualty segment. Consequently FY 2002 and FY 2001 has been restated excluding UK Health business.
(c) For the periods ended December 31, 2003, 2002, and 2001, the change in fair value of separate accounts had impacted the net investment result for respectively Euro +14,949 million, Euro -17,576 million and Euro -11,613 million and benefits and claims respectively.

Consolidated Gross revenues [a]					
	FY 2003	FY 2002		FY 2001	
(in euro millions)		Pro forma [b]	As published	Pro forma [b]	As published
France	10,890	10,432	10,432	11,001	11,001
United States	13,732	12,726	12,726	11,642	11,642
United Kingdom	5,831	7,228	8,362	7,930	9,086
Japan	6,078	6,428	6,428	5,475	5,475
Germany	3,428	3,141	3,141	2,998	2,998
Belgium	2,050	1,629	1,629	1,686	1,686
Others countries	4,802	5,900	5,900	6,520	6,520
TOTAL	**46,812**	**47,485**	**48,619**	**47,251**	**48,407**
Intercompany transactions	(13)	(33)	(33)	(8)	(8)
Contribution to consolidated gross revenues	**46,799**	**47,452**	**48,586**	**47,243**	**48,399**

(a) Gross written premiums, plus fees, commissions and other revenues.

(b) UK Health business has been transferred to UK Property & Casualty segment. Consequently FY 2002 and FY 2001 has been restated excluding UK Health business.

Adjusted earnings & Net income					
	FY 2003	FY 2002		FY 2001	
(in euro millions)		Pro forma [a]	As published	Pro forma [a]	As published
France	425	432	432	345	345
United States	530	520	520	518	518
United Kingdom	43	290	348	137	167
Japan	(224)	(45)	(45)	(99)	(99)
Germany	(26)	(0)	(0)	21	21
Belgium	(55)	8	8	65	65
Others countries	204	104	104	208	208
ADJUSTED EARNINGS	**898**	**1,308**	**1,367**	**1,195**	**1,225**
Impact of exceptional operations	72	0	0	0	0
Goodwill amortization (group share)	(299)	(296)	(303)	(295)	(303)
NET INCOME	**671**	**1,012**	**1,063**	**900**	**922**

(a) UK Health business has been transferred to UK Property & Casualty segment. Consequently FY 2002 and FY 2001 has been restated excluding UK Health business.

Life & Savings operations - France

Life & Savings Operations - France			
(in euro millions)	FY 2003	FY 2002	FY 2001
Gross written premiums	*10,890*	*10,432*	*11,001*
Investment margin	920	872	867
Fees & revenues	1,017	982	1,093
Net technical margin	98	104	121
Expenses (net of DAC/VBI)	(1,471)	(1,464)	(1,586)
Operating Income	**565**	**495**	**494**
Income tax expense	(141)	(64)	(149)
Equity in income (loss) of unconsolidated entities	2	2	0
Minority interests	(1)	(1)	(1)
ADJUSTED EARNINGS	**425**	**432**	**345**

Gross written premiums were up +4% due to the strong growth in individual general account savings and group pensions premiums.

Investment & Savings: Individual premiums (59% of gross written premiums) increased by 4%. Excluding fronting business, notably a significant contract underwritten in June 2002, direct business in individual savings recorded a 5% growth, to be compared with the 3% growth of the traditional players. General account premiums increased by 13% and represented 86% of premiums as compared to 79% in 2002 as AXA France successfully marketed this type of products perceived as safer by customers. Group pensions premiums (8% of gross written premiums) were up 16% due to new business with major companies, with unit-linked premiums accounting for 37% of premiums compared to 34% last year.

Life & Health (33% of gross written premiums) grew by 3%, mainly as a result of a positive net inflow of new contracts in individual health and of rate increases in Group business.

Investment margin increased by €48 million in 2003. **Investment income** grew by €19 million to €3,079 million as a result of the increase in average general account reserves partly offset by a decrease in fixed interest and cash yields. **Net capital gains and losses** were up €32 million to €121 million in 2003. Excluding a €109 million capital gain on the sale of Credit Lyonnais shares in 2003 and a €107 million gain on the sale of the French listed real estate SIMCO in 2002, realized capital gains and losses increased by €166 million, mainly on equities. These increased gains were largely offset by an increase of €136 million in valuation allowances at €-160 million. **Amounts credited to policyholders** were stable (€-3 million), as a consequence of increased investment income, net realized capital gains and increased average general account reserves, partly offset by a decrease in average rates credited to individual savings policyholders (from 4.7% to 4.2% in line with the 0.4 point decrease of the interest rate credited on the main products).

Fees and revenues rose by €35 million in 2003. Excluding the impact of a contractual change on a significant book of mortgage insurance contracts (having a €32 million opposite impact on fees and revenues margin and the expenses margin), fees and revenues would have been stable (€+3 million). Fees and revenues increased in all lines of business except for individual separate account products, which decreased as a consequence of lower average separate account policyholders' reserves.

Net technical margin eroded by €6 million to €98 million. Margin improved on Group Life and Health products (€+34 million) mainly due to a €32 million lower charge in respect of the French law reinforcing death coverage (€8 million in current year 2003 as compared to €40 million in 2002 when the law was applicable for the first time). These positive trends were largely offset by a reduction of the discount rate for annuity reserves from 3.25% to 3% leading to a €35 million reserve strengthening.

Expenses net of DAC and VBI marginally increased at €1,471 million. Excluding the impact already mentioned on the fees & revenues margin, expenses would have decreased by €25 million, driven by lower management expenses attributable to the continuous effort to reduce the cost base (€-44 million), partly offset by higher commission to agents and brokers (€-23 million) as a result of higher sales.

The **underlying cost income ratio** improved by 1.7 point to 76.0% driven by the improved investment margin.

Income tax expense was up €77 million as a result of the increase in income taxable at the full rate, a lower proportion of income being taxed at a nil rate or a reduced rate (20%).

Adjusted earnings marginally decreased by €7 million to €425 million in 2003, as the improvement in investment margin (€48 million) and management expenses (€25 million) was more than offset by the increase in income tax expense (€77 million).

Accordingly, **underlying earnings** increased by €9 million to €364 million.

Life & Savings operations - United States

Life & Savings Operations - United States			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross revenues	*13,732*	*12,726*	*11,642*
Investment margin	608	550	697
Fees & revenues	843	921	1,046
Net technical margin	494	348	574
Expenses (net of DAC/VBI)	(1,258)	(1,352)	(1,600)
Operating Income	**687**	**467**	**717**
Income tax expense	(157)	53	(200)
Minority interests	(0)	(0)	0
ADJUSTED EARNINGS	**530**	**520**	**518**
Average exchange rate : 1.00 € = $	*1.13*	*0.95*	*0.89*

Gross revenues increased by +8% to €13,732 million, or +29% on a constant exchange rate basis. The combined two main insurance business lines (Investment & Savings and Life, which totaled 93% of US Life & Savings gross revenues) grew by 37% in 2003, compared to the same period in 2002. This trend is mainly due to very strong sales of the Variable Annuity Accumulator Series product line launched on April 1, 2002, especially in the Wholesale channel.

Investment margin increased by €58 million in 2003 as compared to 2002, or by €178 million on a constant exchange rate basis.

The increase was mainly due to lower realized capital losses, which amounted to €99 million, better by €163 million, as a result of lower net realized capital losses on fixed maturities by €340 million, partially offset by lower gains on sale of real estate of €-155 million in 2003. Investment income decreased by €38 million, primarily due to lower yields partially offset by a higher level of assets in the general account. Interest and bonus credited decreased by €+54 million as the impact of lower credited rates in life and annuity business and lower dividends was partially offset by higher general account balances.

Fees and revenues decreased by €-78 million in 2003, or an increase of €88 million on a constant exchange rate basis, mainly due to higher fees earned on separate account business. The increase in fees earned on separate account business was attributable to positive net cash flows and the higher average separate account balances.

Net technical margin increased by €146 million in 2003, or by €243 million on a constant exchange rate basis. The increase was mainly attributable to a decrease in incurred benefits related to Guaranteed Minimum Death Benefit ("GMDB") and Guaranteed Minimum Income Benefit ("GMIB") features on annuity products reflecting the initial reserves established in 2002 (€150 million) and the improvement in the financial markets in 2003 (€60 million) and more favorable life mortality (€35 million).

Expenses decreased by €94 million in 2003, or an increase of €154 million on a constant exchange rate basis. This was due to an increase in DAC amortization of €131 million mainly due to higher margins in products, which are DAC reactive and an increase in expenses, net of DAC capitalization, of €23 million.

Expenses net of DAC capitalization increased by €23 million principally due to (i) additional employee benefit costs of €52 million, reflecting higher qualified pension plan expenses which includes the impact of reducing the expected long-term return on assets, (ii) increased amortization of

IT expenses net of capitalization of €17 million, (iii) field restructuring costs of €11 million, and (iv) greater commission expenses of €189 million. This increase is partially offset by higher DAC capitalization (€249 million).

Underlying cost income ratio increased to 86.7% versus 86.0% in 2002, as the strong improvement in revenues is more than offset by higher commission on the back of very strong sales in 2003.

Income tax expense increased by €210 million in 2003, or €240 million on a constant exchange rate basis. The increase is principally due to (i) the absence of the €152 million benefit recognized in 2002 resulting from the favorable treatment of certain tax matters related to separate account investment activity and (ii) the impact of higher pre-tax income, partially offset by (iii) a €29 million reduction resulting from a review of the deferred tax positions related to periods subsequent to the acquisition of a majority ownership in The Equitable Companies Inc. by AXA in 1992.

Adjusted earnings increased by €10 million in 2003, or an increase of €115 million on a constant exchange rate basis. The increase is primarily due to (i) higher investment and technical margins, (ii) higher fees and revenues, partially offset by (iii) higher DAC amortization, (iv) higher pension expenses and (v) higher tax expense.

Underlying earnings decreased by €105 million compared to 2002, or an increase of €9 million on a constant exchange rate basis, as the increase in net technical margin and fees and revenues was substantially offset by the increase in tax.

Life & Savings operations - United Kingdom

Life & Savings Operations - United Kingdom					
	FY	FY 2002		FY 2001	
(in euro millions)	2003	Pro forma (a)	As published	Pro forma (a)	As published
Gross revenues	*5,831*	*7,228*	*8,362*	*7,930*	*9,086*
Investment margin (b)	310	279	279	289	289
Fees & revenues (b)	307	335	335	378	378
Net technical margin (b)	(155)	48	48	30	30
Expenses (net of DAC/VBI) (b)	(417)	(465)	(465)	(520)	(520)
Health operating income	-	-	80	-	43
Operating Income	**45**	**197**	**277**	**178**	**220**
Income tax expense	(2)	93	71	(44)	(56)
Equity in income (loss) of unconsolidated entities	0	0	0	2	2
Minority interests	(0)	(0)	(0)	(0)	(0)
ADJUSTED EARNINGS	**43**	**290**	**348**	**137**	**167**
Average exchange rate : 1.00 € = £	*0.69*	*0.63*	*0.63*	*0.62*	*0.62*

(a) UK Health business has been transferred to UK Property & Casualty segment. Consequently FY 2002 and FY 2001 have been restated excluding UK Health business.
(b) FY 2002 and FY 2001 margin analysis as published are presented excluding Health business

Total revenues for 2003 have reduced by 11% to €5,831 million, with new business on an APE[16] basis also down 11%. New business APE in the second half of 2003 is 12% higher than in the same period in 2002.

- *Investment & Savings* (88% of gross written premiums*):* Premium revenues are 13% and new business APE 14% lower than last year. Revenues in the second half of 2003 are 11% higher than the same period in 2002. AXA Life's focus since the withdrawal from the With Profit Bonds market in July 2002 has been on cautious investment products, which continue to drive sales performance in unsettled market conditions. Full Year sales of Unit Linked were up 27% during 2003 and represented 72% of 2003 total revenues compared to 51% in 2002.

- *Life* (12% of gross written premiums)*:* Total Life premiums are up 9% predominantly due to increased premiums from protection products.

- *Unit linked premiums* now account for 72% in 2003 compared to 51% in 2002 as a consequence of a 27% yearly sales increase reflecting the focus on cautious investment products.

Investment margin increased by €31 million in 2003, or €63 million on a constant exchange rate basis mainly explained by:

- €+77 million realized gains mainly due to the sale of Credit Lyonnais shares (€52 million or €57 million on a constant exchange rate basis) and favorable currency movements on non-sterling denominated bonds (€20 million).

- €+32 million increased investment income on shareholder assets following the capital restructuring of the AXA Sun Life funds in 2002.

[16] Annual Premium Equivalent (APE) representing total regular premiums plus 10% of single premiums

- Offset by the non-repeated income of €23 million, which arose in 2002 from the finalization of the calculations of the transfer of "Inherited Estate" assets.

- In line with market trends, "With-profit" bonus payments have reduced with an impact of €-19 million on shareholder profits.

Fees and revenues reduced by €28 million in 2003, but increased by €3 million on a constant exchange rate basis:

- €19 million increase in loadings on premiums on life and pension products attributable mainly to higher volumes of Unit Linked Bonds offset by margin pressure on Unit Linked business.

- €-16 million reduction in fees earned on account balances due to the impact of the decline in the stock market throughout 2002 and early 2003, partially offset by new business net inflows.

Net technical margin decreased by €203 million in 2003 or €218 million on a constant exchange rate basis. This is mainly due to non recurring strengthening of reserves: (i) €138 million across a number of classes of business following a review of mortality and morbidity experience and model refinements, (ii) €52 million due to changes in the valuation of unit liabilities, and (iii) €25 million related to possible endowment mis-selling obligation on a best estimate basis at the date of the closing.

Expenses, net of policyholder allocation[17] have reduced by €+48 million in 2003 or €+6 million on a constant exchange rate basis.

Underlying cost income ratio increased to 131.7%, mainly attributable to the impact of a reduction in the technical margin arising from increased actuarial liabilities.

Income tax expense increased by €95 million in 2003 as compared to 2002. The distribution tax that was recorded on the “Inherited Estate” attributed to AXA prior to 2002 was released at end 2002 with a positive impact of €111 million. This was partially offset by lower taxable profits in 2003.

Adjusted earnings decreased by €246 million in 2003, or €242 million on a constant exchange rate basis, mainly as a result of increases to actuarial reserves and the release of distribution tax on the “Inherited estate” in 2002, partly offset by improved investment margin.

Excluding net capital gains and losses attributable to shareholders (mainly related to Credit Lyonnais), **underlying earnings** decreased by €316 million in 2003, or €319 million on a constant exchange rate basis, to €-27 million due to non recurring reserves strengthening and 2002 tax benefits.

[17] *Part of these expenses are located in the With Profits funds and therefore are borne by policyholders*

Life & Savings operations – Japan

Life & Savings Operations - Japan			
(in euro millions)	FY 2003	FY 2002	FY 2001
Gross written premiums	*6,078*	*6,428*	*5,475*
Investment margin	(399)	(71)	(368)
Fees & revenues	854	927	992
Net technical margin	134	(43)	148
Expenses (net of DAC/VBI)	(689)	(759)	(864)
Operating Income	**(101)**	**54**	**(93)**
Income tax expense	(132)	(100)	(9)
Minority interests	8	2	4
ADJUSTED EARNINGS	**(224)**	**(45)**	**(99)**
Average exchange rate : 1.00 € = Yen	*129.20*	*115.07*	*104.93*

Gross written premiums decreased by 5% to €6,078 million or increased by 6% on constant exchange rate basis. Excluding group pension transfers (€882 million in 2003 versus €1,695 million last year), gross written premiums increased by 23% or €1,100 million driven by (i) strong level of conversions, (ii) the sustained efforts to increase the business written in higher margin individual health line (€62 million) and (iii) the growth in investment & savings sales essentially due to development of bancassurance agreements (€140 million)

- *Investment & Savings* (36% of gross written premiums): Premiums decreased by 17% mainly driven by a reduction in group pension transfer that was partially offset by the increase in sales of individual annuities essentially due to the development of bancassurance .
- *Life* (44% of gross written premiums): Premiums increased by 19% to €2,686 million mainly benefiting from conversion inflows. Excluding conversions, total premiums were down by 3% as increase in whole life premiums driven by new business sales did not offset the decrease of regular premiums on endowment products.
- *Health* (20% of gross written premiums): Premiums were up by 49% to €1,188 million. Excluding conversions, premiums were up 7%, as the sales force focused on sales of Medical Whole Life products (+28%), which offer high margins, despite lower renewals in Medical Term reflecting the increased competition.

Investment margin decreased by €328 million, or €377 million on constant exchange rate basis, as a result of larger valuation allowances on impaired securities and loans (€523 million compared to €90 million in 2002, an increase by €497 million on constant exchange rate). Excluding these impairments, the investment margin was up by €120 million mainly driven by the €98 million higher **net capital gains and losses** principally on equities during the second half-year. The investment income net of interests credited to policyholders increased by €22 million mainly due to a higher asset balance.

Fees and revenues decreased by €73 million or increased by €32 million or +3% on constant exchange rate due to a continuing shift in product mix towards higher margin products, especially in Health. Although the overall surrender rate has been constantly reducing over the year due to management actions, some surrenders of medical term and endowment products resulted in lower fees and revenues.

Net technical margin amounted to €134 million, an increase by €177 million (or €193 million on constant exchange rate). In 2003, the surrender margin benefited from higher surrenders as well as conversions of individual life and annuity products, for a total of €+126 million. In 2002, AXA Japan had registered €83 million losses resulting from anticipated conversions of customers from its Medical Term product in 2003 as significant competition in this sector had resulted in the company offering new products with reduced premiums to certain customers.

Expenses gross of DAC and VBI amortization decreased by €49 million to €796 million, or an increase of €49 million on constant exchange rate. This was mainly due to higher commissions resulting from the combination of higher new business and the change in product mix. **Expenses, net of DAC and VBI amortization**, increased by €15 million on constant exchange rate following higher DAC amortization partly offset by a lower VBI amortization. This decrease in VBI amortization was driven by significant impairments on assets, partly offset by higher profits on conversions and surrenders.

Underlying cost income ratio improved by 15.2 points to 88.9% mainly due to the sharp increase in technical margin.

Income tax expense increased by €32 million, or €47 million on constant exchange rate, to €132 million, mainly driven by a €167 million valuation allowance on AXA Japan's tax loss carry forward (compared to €40 million in 2002). This increase was partly compensated by the lower taxable income resulting from large impairment on assets.

Adjusted earnings declined €179 million (€206 million on constant exchange rate) to €-224 million. This decrease was primarily attributable to asset impairments (€-249 million net of tax and DAC/VBI reactivity) and a €161 million increase in the valuation allowance on AXA Japan's deferred tax asset. These were partly offset by a €119 million higher technical margin, higher capital gains on equities and investment income due to higher asset base.

Underlying earnings increased by €103 million on constant exchange rate to €52 million, mainly as a result of the improvement in technical and investment margins.

Life & Savings operations – Germany

Life & Savings Operations - Germany			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross written premiums	*3,428*	*3,141*	*2,998*
Investment margin [(a)]	(36)	36	7
Fees & revenues [(a)]	39	27	30
Net technical margin [(a)]	10	10	7
Expenses (net of DAC/VBI) [(a)]	(39)	(35)	(39)
Health operating income	18	23	19
Operating Income	**(8)**	**61**	**24**
Income tax expense / benefit	(20)	(62)	(0)
Minority interests	3	0	(2)
ADJUSTED EARNINGS	**(26)**	**(0)**	**21**

(a) Excluding health business.

Gross written premiums rose by 9%, mainly due to Investment & Savings and Health.

Investment & Savings (19% of gross written premiums): Revenues increased by 27%, mainly driven by non unit-linked premiums. This premium growth was due to a distinct increase in new business strongly supported by the newly established "Pensionskasse" (group pension funds). Unit-linked business significantly increased, while still representing only a small portion of Investment & Savings premiums (4% versus 3% in the prior year).

Life (50% of gross written premiums): Revenues were flat.

Health (23% of gross written premiums): Gross written premiums increased by 15%, outperforming the estimated market growth of 7%. This growth was due to strong new business (+23%), continuous premium adjustments as well as lower lapse ratio.

Other (8% of gross written premiums – primarily consortium and medical council business) grew by 19% mainly due to higher single premiums.

Given the highly regulated policyholder participation rates, the whole margin analysis is presented net of policyholder participation.

Due to the continued weak stock market, and in connection with a low fixed interest environment, the **investment margin** decreased by €73 million to €-37 million in 2003. The investment portfolio has been restructured so that the downside risk on the equity exposure has been reduced. This was simultaneously accompanied by a restructuring of the bond portfolio to better match asset liability duration. As a result of this investment strategy, valuation allowances on equity securities and bonds (€-647 million, compared to €-77 million in 2002), have partially been offset by realized capital gains of €125 million, compared to capital losses €-48 million in 2002. The overall negative impact was to a large extent offset by lower policyholder participation.

Fees and revenues increased by €+12 million to €39 million due to (i) strong new business growth in Group pension products, and (ii) the increase in all pension products premiums following the raising of the authorized maximum contribution under the state pension scheme.

The **net technical margin** remained stable.

Expenses rose by €-4 million. Gross of policyholder participation, commission expenses net of DAC increased by €-35 million exclusively attributable to the strong new business growth. Excluding (i) restructuring provisions (€6 million) and (ii) an exceptional write down of receivable against a deficient broker (€10 million), non-commission expenses decreased by €14 million as a result of effective cost cutting.

Accordingly, **underlying cost income ratio** rose from 71.2% to 113.3%.

The **Health operating income** decreased by €5 million to €18 million due to the restructuring of the investment portfolio to reduce the downside risk. Excluding impairments and capital losses, operating income increased by €9 million, following the positive development of fees and revenues (€+15 million) due to the strong new business increase.

In 2003, the tax regime for Life and Health insurance has substantially changed as capital gains and losses on equity securities are taxable again from 2004 onwards, while for 2001 to 2003 only 80% of net capital gains on equity securities and dividends are taxable. The additional taxes, resulting from the special, interim tax rules for the years 2001 to 2003, gave rise to an additional shareholder charge of €-13 million net of policyholder participation. However, compared to 2002, the **tax expenses** improved by €+42 million, since 2002 was impacted by the following: (i) a tax provision of €20 million and (ii) a high amount of trade tax on dividends.

Adjusted earnings decreased by €-26 million, down to €-26 million, mainly due to the decrease in investment margin (€66 million group share), partly offset by lower taxes (€38 million group share)

Underlying earnings increased by €+13 million to an amount of €19 million mainly driven by the improvement in fees and revenues..

Life & Savings operations - Belgium

Life & Savings Operations - Belgium			
(in euro millions)	FY 2003	FY 2002	FY 2001
Gross written premiums	*2,050*	*1,629*	*1,686*
Investment margin	2	61	165
Fees & revenues	130	128	133
Net technical margin	50	38	39
Expenses (net of DAC/VBI)	(185)	(195)	(186)
Operating Income	**(4)**	**32**	**151**
Income tax expense	(51)	(24)	(85)
Minority interests	0	(0)	(0)
ADJUSTED EARNINGS	**(55)**	**8**	**65**

Gross written premiums went up by +26%.

Individual Life and Savings (79% of gross written premiums). Premiums increased by 27% to €1,626 million mainly due to non unit-linked products (+45%), primarily driven by the main interest-linked products Crest (+55%) and "Opti-Deposit" (+94% excluding a non-recurring premium of €103 million). The strong growth in non unit-linked products was partly offset by decreases in unit-linked contracts (-13%) and in Life products (-5%)

Group Life and Savings (21% of gross written premiums). Premiums were up by 21% to €425 million due to an exceptional single premium of €47 million and a higher level of regular premiums (+7%), mainly in non unit-linked products.

The **investment margin** decreased by €59 million to €2 million, partly due to valuation allowances on equity securities for €171 million, as compared to €112 million in 2002, and lower realized capital gains and losses (€-51 million to €+29 million including €+14 million realized gains on Credit Lyonnais shares). Excluding these impacts (€-110 million as compared to 2002, or €-91 million net of policyholders bonuses), the investment margin would have increased by €32 million to €125 million mainly driven by a higher net investment income (€+66 million) in relation to a higher level of technical reserves and higher dividend income, partly offset by higher interests credited (€34 million). The 2003 average policyholder credited rate decreased by 27 basis points to 4.43%.

Fees and revenues slightly increased to €130 million.

The **net technical margin** was up by €12 million to €50 million, as a result of a better mortality margin in Group Life and the absence of any mortality bonus charge in 2003.

Expenses decreased by €10 million, due to lower overhead costs and a lower VBI amortization charge, which were partly offset by higher commissions and a lower DAC capitalization due to change in product mix.

Underlying cost income ratio decreased from 73.5% in 2002 to 60.2% in 2003 mainly as a consequence of a higher net investment income and lower overhead costs.

Income tax expenses increased by €27 million to €51 million, mainly due to (i) a higher taxable income (of which net capital gains and losses on equity securities are excluded), (ii) the implementation in 2003 of the taxation of dividends, partially offset by (iii) a 6 point decrease of the local tax rate to 33.99%.

Adjusted earnings decreased by €63 million to €-55 million mainly as a result of higher net capital losses driven by valuation allowances.

Underlying earnings increased by €39 million to €94 million, mostly driven by a higher net investment margin (€32 million), a higher net technical margin (€12 million) and lower costs (€10 million), which are offset by a higher tax charge (€17 million).

Life & Savings Operations - Other Countries

The following tables present the operating results for the other Life & Savings operations of AXA, which include Australia/New Zealand, Hong Kong, The Netherlands, Spain, Italy as well as Portugal, Singapore, Luxembourg, Switzerland, Canada, Morocco and Turkey, for the years indicated.

Consolidated gross revenues			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001 [(a)]**
Australia / New Zealand	1,702	2,029	2,590
Hong Kong	791	936	1,353
The Netherlands	768	918	912
Italy	566	552	358
Spain	470	845	525
Other countries	505	620	782
TOTAL	**4,802**	**5,900**	**6,520**
Intercompany transactions	(5)	(23)	(3)
Contribution to consolidated gross revenues	**4,798**	**5,877**	**6,517**

(a) Corresponds to 15 months of activities for Australia /New Zealand and Hong Kong.

	Adjusted earnings & Net income		
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001 [(b)]**
Australia / New Zealand [(a)]	39	59	29
Hong Kong	99	33	37
The Netherlands	30	(6)	70
Italy	(11)	2	36
Spain	29	30	22
Other countries	19	(14)	14
ADJUSTED EARNINGS	**204**	**104**	**208**
Impact of exceptional operations	12	0	0
Goodwill amortization (group share)	(26)	(29)	(21)
NET INCOME	**189**	**75**	**187**

(a) Since FY 2002, includes the Australia and New Zealand mutual funds and financial advisory businesses. Previously these results were shown under NMFM in the Asset Management Segment. The prior year has not been restated for this change, as it is not material to the consolidated results.
(b) Corresponds to 15 months of activities for Australia /New Zealand and Hong Kong.

AUSTRALIA AND NEW ZEALAND[18]

Total gross revenues of €1,702 million were in line with last year on a comparable basis[19]. *Gross written premiums* decreased by 1.9% on last year to €1573 million. Improvements in group pensions and individual life volumes have been offset by falls in retirement income following tactical price increases. Fee revenues from mutual fund and advice business, the key growth areas for the Australian market, increased by 5% to €129 million on a comparable basis due to higher retail product sales and growth in ipac advice business.

Net mutual retail fund sales of €898 million were 39% higher on a comparable basis. This was largely due to an increase in unit trusts sales due and well perceived AXA mutual funds products.

Recent results published by an independent researcher place AXA in the top five for retail net sales, one of the key goals under the 3 year transformation program.

Excluding earnings from AXA Health (€10 million), which was sold in August 2002, **adjusted earnings** decreased €10 million to €39 million. **Underlying earnings** decreased by €13 million to €41 million.

These evolutions were explained by the following (based on 100% ownership):

- The **investment margin**[20] decreased by €27 million to €8 million mainly as a result of reduced return on assets backing the annuity portfolio, despite the improvement of equity returns.
- **Fees and revenues** increased by €10 million to €430 million following an increase of €26 million relating to the inclusion of twelve months of ipac operations.
- The **technical margin** grew by €3 million to €18 million. The increase was largely due to mortality improvements on risk business, partly offset by a decrease in the income protection margin following a return to a normalized claims pattern, consistent with expectations.
- Total **expenses** were €27 million higher than last year at €405 million. This increase was largely driven by the full year's inclusion of ipac, which added €22 million. Increased commission expense, consistent with growth in the mutual fund and advisory business, has also contributed to the higher expense. Excluding ipac, non-commission expenses have decreased by €13 million, reflecting improved operational effectiveness achieved by the three-year transformation program.
- The **income tax** benefit increased by €15 million to €28 million consistent with the movement in taxable income.

The **underlying cost income ratio** increased to 89% from 78% in 2002, due to reduced investment margin as discussed above.

HONG-KONG[21]

Gross written premiums of €791 million were 1% higher than 2002 on a comparable basis, mainly driven by the increased sales of individual life products. Unit-linked single premiums improved over the second half of the year, benefiting from improved economic conditions.

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[18] *The AXA Asia Pacific Group is 51.6% owned by AXA.*

[19] *Excluding AXA Health Insurance sold in August 2002 and including an additional eight months of ipac revenues in 2002 (acquired in August 2002) and on a constant exchange rate basis.*

[20] *The investment margin includes the contribution of equity accounted subsidiaries held by policyholders' fund.*

[21] *The AXA Asia Pacific Group is 51.6% owned by AXA.*

Adjusted earnings[4] amounted to €99 million, an increase of €66 million (or €85 million on a constant exchange rate basis), reflecting mainly the improvement in investment markets which resulted in higher realized capital gains and lower impairments net of policyholder rights and tax (€74 million compared to last year or €77 million on a constant exchange rate). **Underlying earnings** reached €86 million, decreasing by €9 million (increase of €8 million on constant exchange rate). This improvement was driven by (i) higher investment income due to an increased asset base (ii) an increase in mortality margins, partially offset by (i) lower surrender margin following an improved retention on individual life products, and (ii) higher VBI amortization in line with the improved investment result.

The **underlying cost income** ratio improved from 52% to 46% reflecting lower management expenses driven by the enhanced operational effectiveness and lower commissions due to the change in product mix.

THE NETHERLANDS

Gross revenues decreased by 16.3% to €768 million. Life insurance (63 % of total gross revenues) decreased by 16.3% to €484 million due to the weak investment climate and high premium income in 2002 from a non unit-linked Investment product. Gross revenues on Health business decreased by 16.4% to €284 million due to the declining share in a relatively large fronting contract.

In Life insurance, **adjusted earnings** increased by €18 million to €15 million compared to 2002. This was mainly driven by a €10 million higher **investment margin**. **Fees and revenues** are lower by €3 million, mainly due to less new business in annuities in 2003. The **net technical margin** increased by €5 million. **Expenses** decreased by €2 million mostly attributable to (i) a non recurring €6 million valuation allowance for doubtful receivables recorded in 2002 and (ii) a €2 million decrease in commission expenses, partly offset by (ii) a €5 million higher VBI amortization.

The underlying cost income ratio improved by 17 points to 69.5%.

In Health business, **adjusted earnings** improved by €18 million resulting in a profit of €15 million, mainly due to positive run-off results.

As a result of the items described above, **underlying earnings** for Life and Health improved by €+34 million to €35 million.

ITALY

Gross written premiums grew by 3% to €566 million. Agents significantly increased their contribution (+13%), thus compensating a drop in the bank-insurance production caused by a six-month delay in renewing the main bank distribution agreement.

Adjusted earnings reached €-11 million, down by €13 million. Earnings were adversely impacted by a €22 million deterioration of asset impairments as well as a €9 million decrease in the tax benefit from the legal restructuring of AXA subsidiaries in Italy (€2 million in 2003 compared to €11 million in 2002).

These negative impacts (€-31 million) were partly compensated by a €18 million improvement in the technical margin (2002 was negatively impacted by a €7 million strengthening of insurance reserves on an old-generation guaranteed index-linked product; 2003 notably benefited from €8 million release following the recovery of the underlying asset values).

As a result of the items described above, **underlying earnings** improved by €9 million to €20 million.

The **underlying cost income ratio** improved by 35 points to 51% driven by the year-on-year change in index-linked insurance reserves.

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[4] *AXA Asia Pacific is 51.66% owned by the AXA Group*

SPAIN

Gross written premiums decreased by 44% to €470 million, as AXA Seguros benefited in 2002 from large group single premium contracts relative to pension funds outsourcing (legal obligation until November 2002). Excluding pension funds, written premiums increased by 15% driven by Life products (+29% benefiting from a large third-party distribution agreement) and Investment & Savings unit-linked products (+155%) following financial markets recovery.

Adjusted earnings decreased by €1 million compared to 2002 to €29 million. This evolution was mainly due to lower net capital gains (€-10 million) as AXA Seguros benefited last year from large realized capital gains on real estate. **Underlying earnings** increased by €9 million to €22 million mainly as a result of (i) higher revenues on fixed maturities, induced by larger in force business from the large pension funds underwritten last year, (ii) higher fees and revenues following a favorable change in product mix and (iii) a one-time tax credit.

Accordingly, the underlying cost income ratio improved by 3 points to 84%.

OTHER COUNTRIES

The other countries' adjusted earnings of €19 million were mainly attributable to the following countries:

	Adjusted earnings & Net income		
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Portugal	7	0	9
Luxembourg	1	1	1
Austria	0	2	1
Switzerland	0	(21)	1
Hungary	0	1	1
Morocco	5	1	1
Canada	3	4	4
Turkey	3	0	(0)
Singapore	(0)	(3)	(2)
China	0	0	(2)
ADJUSTED EARNINGS	**19**	**(14)**	**14**
Impact of exceptional operations	0	0	0
Goodwill amortization (group share)	(1)	(1)	(1)
NET INCOME	**18**	**(14)**	**14**

Portugal

Gross written premiums grew by 12.7% to €146 million as compared to 2002 driven by the Investment & Savings products increase following re-investment campaigns and the launch of new competitive financial products.

Adjusted earnings grew by €7 million to €7 million as 2002 earnings were impacted by valuation allowance on equities. **Underlying earnings** decreased by €2 million to €7 million mainly as a result of higher interest credited to policyholders reflecting the change in product mix.

Singapore

Gross revenues for 2003 of €111 million were 9% higher than last year (on a constant exchange rate

basis) despite the challenging market conditions due to volatile investment markets and SARS. This increase was driven by improved adviser productivity levels.
Adjusted earnings increased by €3 million to €0 million mainly driven by i) better investment result reflecting the good performance in equity markets, and ii) lower expenses due to continuous management efforts on expense control
Underlying earnings increased by €2 million to €0 million reflecting the decrease in management expenses as mentioned above.

Switzerland

Gross revenues increased by 12% on a comparable basis to €88 million, resulting from a better product positioning, customers anticipating legal decision to reduce Individual Life technical rates and marketing initiatives with the distribution networks.

Adjusted earnings increased by €+21 million to €0.8 million, mainly due to (i) impairment release of €+4 million as compared to an impairment allowance of €-16 million in 2002 (ii) higher fees and revenues by €+2.6 million. In addition, 2003 showed a tax income of €+3 million as compared to €0 in 2002 due to less deferred taxes. This was partly offset by technical reserves reinforcement of €-2 million as compared to technical reserves release of €+3 million in 2002.

Underlying earnings increased by €2 million, mainly attributable to higher fees and revenues.

Turkey

Adjusted and underlying earnings reached €3 million from €0.4 million last year. This increase was driven by an improved technical margin on traditional life products, cost-cutting efforts as well as lower average commission rate.

Property & Casualty Segment

The tables below present the gross premiums and net income attributable to AXA' s Property & Casualty segment for the periods indicated.

Property & Casualty Segment [a]

(in euro millions)	FY 2003	FY 2002 Pro forma [b]	FY 2002 As published	FY 2001 Pro forma [c]	FY 2001 As published
Gross written premiums	17,093	17,077	15,969	17,003	15,925
Fees, commissions and other revenues	35	38	12	68	2
Gross revenues	**17,128**	**17,115**	**15,981**	**17,071**	**15,928**
Change in unearned premium reserves	(231)	(315)	(307)	(167)	(115)
Net investment result	1,018	1,218	1,230	1,883	1,916
Total revenues	**17,915**	**18,018**	**16,904**	**18,788**	**17,729**
Insurance benefits and claims	(12,052)	(12,876)	(12,038)	(13,765)	(13,007)
Reinsurance ceded, net	(495)	(231)	(229)	(98)	(112)
Insurance acquisition expenses	(2,727)	(2,822)	(2,754)	(2,936)	(2,868)
Administrative expenses	(1,865)	(1,785)	(1,658)	(1,978)	(1,803)
Operating Income	**777**	**305**	**224**	**10**	**(60)**
Income tax expense / benefit	(273)	(175)	(153)	241	262
Equity in income (loss) of unconsolidated entities	24	19	19	5	5
Minority interests	(9)	3	3	(25)	(25)
ADJUSTED EARNINGS	**519**	**152**	**93**	**232**	**182**
Impact of exceptional operations	43	0	0	0	0
Goodwill amortization (group share)	(114)	(118)	(111)	(138)	(130)
NET INCOME	**448**	**33**	**(19)**	**94**	**52**

(a) Before intercompany transactions.

(b) UK Health business transferred from Life & Savings segments. Consequently FY 2002 has been restated including UK Health business.

(c) (i) UK Discontinued business has been transferred to International Insurance segment.
(ii) UK Health business transferred from Life & Savings segments. Consequently FY 2001 has been restated including UK Health business.

Consolidated Gross Revenues [a]

(in euro millions)	FY 2003	FY 2002 Pro forma [b]	FY 2002 As published	FY 2001 Pro forma [c]	FY 2001 As published
France	4,640	4,383	4,383	4,171	4,171
Germany	2,852	2,867	2,867	3,165	3,165
United Kingdom	3,676	3,884	2,749	3,624	2,480
Belgium	1,413	1,401	1,401	1,331	1,331
Others countries	4,547	4,581	4,581	4,781	4,781
TOTAL	**17,128**	**17,115**	**15,981**	**17,071**	**15,928**
Intercompany transactions	(30)	(33)	(33)	(35)	(31)
Contribution to consolidated gross revenues	**17,098**	**17,082**	**15,948**	**17,036**	**15,896**

(a) Gross written premiums, plus fees, commissions and other revenues.

(b) UK Health business transferred from Life & Savings segments. Consequently FY 2002 has been restated including UK Health business.

(c) (i) UK Discontinued business has been transferred to International Insurance segment.
(ii) UK Health business transferred from Life & Savings segments. Consequently FY 2001 has been restated including UK Health business.

(in euro millions)	Adjusted earnings & Net income				
	FY 2003	FY 2002		FY 2001	
		Pro forma [a]	As published	Pro forma [b]	As published
France	266	237	237	266	266
Germany	(183)	(28)	(28)	85	85
United Kingdom	9	(137)	(196)	(83)	(133)
Belgium	118	(29)	(29)	(5)	(5)
Others countries	309	109	109	(31)	(31)
ADJUSTED EARNINGS	**519**	**152**	**93**	**232**	**182**
Impact of exceptional operations	43	0	0	0	0
Goodwill amortization (group share)	(114)	(118)	(111)	(138)	(130)
NET INCOME	**448**	**33**	**(19)**	**94**	**52**

(a) UK Health business transferred from Life & Savings segments. Consequently FY 2002 has been restated including UK Health business.
(b) (i) UK Discontinued business has been transferred to International Insurance segment.
(ii) UK Health business transferred from Life & Savings segments. Consequently FY 2001 has been restated including UK Health business.

Property & Casualty Operations - France

Property & Casualty operations - France			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross written premiums	*4,640*	*4,383*	*4,171*
Current accident year loss ratio (net)	78.4%	78.7%	81.0%
All accident year loss ratio (net)	78.0%	78.8%	82.1%
Net technical result	**1,011**	**913**	**744**
Expense ratio	23.5%	24.1%	25.2%
Net investment result	433	473	694
Operating Income	**363**	**349**	**390**
Income tax expense	(96)	(113)	(124)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	**266**	**237**	**266**

Gross written premiums increased by +6% as a consequence of strong net inflows in personal lines and successful rate increases in all lines of business.

Personal lines (65% of gross written premiums): premiums grew by 5%, mainly as a result of positive net inflows in motor, gaining momentum during the second half of the year, and in household, as a consequence of the success of new products adapted to targeted customer needs, as well as rates increases.

Commercial lines (35% of gross written premiums): premiums increased by 9% following rate increases coupled with a strict underwriting policy.

The **net technical result** improved by €98 million to €1,011 million.

Current accident year loss ratio improved from 78,7% in 2002 to 78,4% in 2003. The positive claims frequency trend in personal motor was partly offset by the occurrence of large claims in industrial risks as well as significant weather-related events and the increase in reinsurance costs of commercial lines.

All accident year loss ratio decreased by 0.8 point as a result of an improved current accident year loss ratio and of a more favorable loss reserve development that totaled €+17 million in 2003 as compared to €-6 million in 2002. In 2003, loss development was positive in the property and natural catastrophes lines, partly offset by a €-25 million adjustment in motor annuity reserves mainly as a consequence of a compulsory decrease (-25 bp at 2.50%) in discount rate due to decreasing French interest rates.

The **expense ratio** improved by 0.5 point to 23.5% as a consequence of increased volumes coupled with the continued effort made to control the cost base.

The **combined ratio** improved by 1.4 point to 101.5% as a result of better all accident years loss ratio and expense ratio.

Net investment result decreased by €41 million, mainly as a result of lower **net capital gains and losses** (€-33 million to €+37 million in 2003). Net investment gains on equities were down by €30 million to €+10 million in 2003, including a €137 million gain on the sale of Credit Lyonnais shares more than offset by €142 million of valuation allowances. **Investment income** marginally decreased by €8 million mainly on real estate.

Income tax expenses were down by €16 million to €96 million as pre-tax income marginally increased while earnings taxed at a reduced rate (20%) were higher in 2003 than in 2002.

Adjusted earnings increased by €29 million to €266 million due to the improvement in the net technical result (€54 million driven by the 1.3 point improvement of the combined ratio) and the €16 million decrease in tax expense, partly offset by the €41 million decrease in net investment result.

Underlying earnings increased by €28 million to €216 million primarily as a result of the improvement in the combined ratio.

Property & Casualty Operations - Germany

Property & Casualty operations - Germany			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross written premiums	*2,852*	*2,867*	*3,165*
Current accident year loss ratio (net)	76.0%	86.2%	90.7%
All accident year loss ratio (net)	69.5%	77.0%	87.8%
Net technical result	**877**	**665**	**387**
Expense ratio	31.5%	30.3%	30.5%
Net investment result	(93)	245	383
Operating Income	**(121)**	**35**	**(198)**
Income tax expense / benefit	(82)	(70)	287
Equity in income (loss) of unconsolidated entities	3	5	5
Minority interests	16	3	(9)
ADJUSTED EARNINGS	**(183)**	**(28)**	**85**

Gross written premiums remained stable at €2,852 million on a comparable basis.

- *Personal* (62% of gross written premiums): premiums increased by 0.9% due to on the one hand, an increase of new business in motor (+116 000 new contracts of the low-cost product line "die Alternative"), and, on the other hand, a decrease in retail liability premiums as a result of a tightening business environment.
- *Commercial* (27% of gross written premiums): premiums slightly improved as rate increases were partly offset by portfolio pruning.
- *Other* (11% of gross written premiums): premiums decreased by 10% due to continued portfolio pruning.

The **Net Technical Result** showed a significant improvement by €212 million to €877 million, mainly driven by significant improvements in the current accident year loss ratio as a result of tariff increases coupled with successful and ongoing portfolio pruning both in personal and commercial lines.

- **Current accident year loss ratio**: the 10.2 points improvement to 76% was partly driven by restructuring efforts in motor and tariff increases. In addition, 2003 has not been affected by large natural catastrophes.
- **All accident year loss ratio** improved by 7.5 points to 69.5%, as a result of lower current accident year loss ratio partly compensated by lower positive development on prior years.

Expense Ratio increased by 1.2 points to 31.5%. In 2002, expenses included a provision for early retirement for €41 million, while 2003 included a €50 million provision for rental risk, and an additional €18 million early retirement provision. Excluding these items, the expenses are stable.

As a result, the **net combined ratio** showed a significant improvement from 107.3% to 101.0%%.

Net investment result decreased by €338 million to €-93 million due to (i) the decrease of net capital gains and losses down by €219 million to €-275 million mainly as a result of higher asset impairments as well as lower capital gains from equities and equity funds and (ii) the decline of the net investment income by €119 million to €182 million as a result of lower yield on bonds portfolio and lower dividend income.

Tax expenses increased by €12 million despite negative operating income due to the improved technical result and due to the fact that capital gains and losses and asset impairments on equities are fiscally non deductible.

Adjusted earnings decreased by €-155 million as a result of a deterioration in net capital gains and losses. **Underlying earnings** increased by €42 million to €60 million, benefiting from improved combined ratio offset by lower net investment income.

Property & Casualty Operations - United Kingdom

Property & Casualty operations - United Kingdom					
		FY 2002		FY 2001	
(in euro millions)	FY 2003	Pro forma [(a)]	As published	Pro forma [(b)]	As published
Gross revenues	*3,676*	*3,884*	*2,749*	*3,624*	*2,480*
Current accident year loss ratio (net)	67.9%	70.3%	72.5%	73.0%	77.5%
All accident year loss ratio (net)	72.0%	77.2%	78.7%	78.3%	82.1%
Net technical result [(c)]	**1,013**	**860**	**561**	**794**	**460**
Expense ratio	31.0%	30.8%	36.5%	31.1%	35.2%
Net investment result	92	70	82	170	202
Operating Income	**(15)**	**(228)**	**(308)**	**(173)**	**(244)**
Income tax expense / benefit	24	91	112	90	111
Minority interests	(0)	0	0	0	0
ADJUSTED EARNINGS	**9**	**(137)**	**(196)**	**(83)**	**(133)**
Average exchange rate : 1.00 € = £	*0.69*	*0.63*	*0.63*	*0.62*	*0.62*

(a) UK Health business transferred from Life & Savings segments. Consequently FY 2002 has been restated including UK Health business.

(b) (i) UK Discontinued business has been transferred to International Insurance segment.
(ii) UK Health business transferred from Life & Savings segments. Consequently FY 2001 has been restated including UK Health business.

(c) The net technical result is now presented including fees, commissions and other revenues in FY 2003 and in 2001 and 2002 pro-forma .

Gross revenues decreased by -5% to €3,676 million. On a comparable basis, gross revenues increased by +4% with general insurance revenues up +6% and Health revenues stable.

- *Personal lines revenues* (30% of gross revenues) decreased by -5% on a comparable basis. This was mainly driven by a decrease in motor (-25%) partly offset by a significant growth in non-motor activities primarily driven by the acquisition of new corporate partnerships. The decrease on motor reflected continued strict underwriting, and our new agreement with RAC to manage RAC branded motor business through a jointly owned broker panel operated by AXA, resulting in a €78 million decrease in revenues.
- *Commercial lines revenues* (40% of gross revenues) increased by +16% on a comparable basis, notably following successful rate increases and new business acquisitions in commercial property (+17%). Both Workers' compensation (+24%) and liability (+19%) recorded strong rate increases on stable volumes.
- *Health revenues* (28% of gross revenues) remained stable.

The net technical result increased by €153 million, or €255 million at constant exchange rate, to €1,013 million.

The current accident year loss ratio improved by 5.4 points to 67.9%, mainly due to an improvement in (i) household following non-recurring 2002 weather losses, (ii) property as a result of both rates increases and improved claims frequency, (iii) liability due to rate increases, and (iv) a favorable claims performance in the Health business.

The all accident year loss ratio improved by 5.2 points to 72.0% as a result of better current accident year loss ratio.

The **expense ratio** increased slightly to 31.0% (or a €+53 million increase mainly following the growth in volume) as (i) a 1.7 point positive impact of lower general expenses resulting from tight cost control and efficiency improvements introduced under the First Choice strategy, was offset by a 1.9 point negative impact due to (ii) a higher pension charge (1.0 point) and (iii) higher earned commissions (0.9 point) primarily driven by the growth in Commercial businesses.

These movements led to a 5 points improvement in the **net combined ratio** to 102.9%.

Net investment result increased by €22 million, or €31 million on a comparable basis to a profit of €92 million in 2003, resulting from (i) a higher investment income**,** up €14 million as a result of interest generated on positive cash-flows and (ii) €+17 million higher net capital gains and losses reflecting lower impairment charge on equity securities, which has an impact of €88 million. This was partly offset by higher losses of €72 million following equity securities sell-down and the non-recurring large gain realized in 2002 on the sale of Willis shares.

The **income tax benefit** decreased by €67 million, or €65 million on a comparable basis mainly reflecting the strong increase in the operating income.

Adjusted earnings increased by €146 million in 2003, or €147 million on a comparable basis to a profit of €9 million mainly reflecting the large improvement in the combined ratio. **Underlying earnings** increased by €128 million, or €135 million on a comparable basis to a profit of €71 million.

Property & Casualty Operations - Belgium

Property & Casualty operations - Belgium			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Gross written premiums	*1,413*	*1,401*	*1,331*
Current accident year loss ratio (net)	82.4%	88.7%	94.5%
All accident year loss ratio (net)	74.3%	80.2%	84.6%
Net technical result	**360**	**275**	**205**
Expense ratio	29.4%	29.6%	32.0%
Net investment result	227	150	216
Operating Income	**174**	**15**	**(4)**
Income tax expense	(56)	(44)	(1)
Minority interests	(0)	0	0
ADJUSTED EARNINGS	**118**	**(29)**	**(5)**

Gross written premiums increased by 1% to €1,413 million, driven by personal lines.

Personal lines (63% of gross written premiums): premiums increased by 1%. Motor grew by +4% mainly due to rate increases. Household decreased by -1% despite rate increases due to the loss of a bancassurance agreement.

Commercial lines (36% of gross written premiums) remained stable. Despite a 7.5% tariff increase, Workers compensation premiums decreased by 3.6% as a result of pruning measures. The growth in Motor lines (+1.6%) and in Property & Engineering (+5.9%) were mainly explained by rate increases.

The **net technical result** was €360 million, increasing by €84 million compared to 2002.

The current year loss ratio improved by 6.3 points to 82.4% due to (i) a lower claim frequency for most lines and (ii) a significant decrease in large claim cost for Commercial Property.

The all accident year loss ratio improved by 5.8 points to 74.3%, in line with the current year loss ratio.

Compared to 2002, the **expense ratio** decreased by 0.2 point to 29.4% mainly due to further expense reductions.

As a result, the **combined ratio** in 2003 decreased by 6.0 points to 103.8%.

Net investment result increased by €77 million to €227 million explained by (i) higher level of realized capital gains (€87 million of which €84 million on Crédit Lyonnais shares), partly offset by (ii) higher valuation allowances on equity securities (€23 million to €120 million, whereas investment income increased by €13 million, mainly attributable to real estate assets.

Income Tax Expense increased by €12 million to €56 million, as a result of (i) a higher taxable income (of which net capital gains on equity securities are excluded), (ii) the implementation in 2003 of the taxation of dividends, partially offset by (iii) a 6 points decrease of the local tax rate to 33.99%.

Adjusted earnings increased by €147 million to €118 million, due to an improved claims experience, lower expenses and higher net capital gains and losses, partially offset by higher income tax expenses.

Accordingly, **underlying earnings** increased by €84 million to €143 million, mainly driven by improved combined ratio.

Property & Casualty Operations - Other Countries

Consolidated Gross revenues			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Italy	1,088	1,027	1,081
Spain	1,166	1,070	1,000
Canada	761	744	693
Ireland	562	554	492
The Netherlands	248	239	245
Other countries	722	947	1,269
TOTAL	**4,547**	**4,581**	**4,781**
Intercompany transactions	(3)	(3)	(1)
Contribution to consolidated gross revenues	**4,543**	**4,577**	**4,780**

Adjusted earnings & Net income			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Italy	65	42	(6)
Spain	47	33	5
Canada	37	19	18
Ireland	118	59	30
The Netherlands	10	(3)	(31)
Other countries	33	(40)	(47)
ADJUSTED EARNINGS	**309**	**109**	**(31)**
Impact of exceptional operations	0	0	0
Goodwill amortization (group share)	(38)	(39)	(36)
NET INCOME	**272**	**70**	**(67)**

Italy

Gross written premiums increased by 6% to €1,088 million, driven by personal motor (61% of total premiums) and general liability. After the drastic portfolio cleaning measures and tariff increases in 2002 that resulted in significant portfolio losses, the personal motor portfolio returned to positive net inflows in 2003.

Adjusted earnings increased by €24 million from last year to €65 million, mainly driven by (i) a 0.9 point gain in the combined ratio to 103.7% (€+4 million), due to further improvement in claims experience following portfolio cleaning measures and tariff increases (-1.8 points on loss ratio), but partly offset by a 0.9 point increase in expense ratio notably driven by a higher average commission rate and (ii) a €29 million increase in exceptional tax gains, driven by the release of the residual allowance on tax loss carry-forward, reflecting the restored profitability of the motor line, and by a higher tax benefit from the legal restructuring of AXA subsidiaries in Italy. In addition, the net investment result decreased by €11 million, as a result of lower investment revenues (€-7 million) reflecting the impact of the lower yield on the bonds portfolio, and the reduction in net capital gains (€-4 million) attributable to the large realized gains on bonds and real estate in 2002, while 2003 benefited from lower valuation allowances on equity securities and the sale of the Credit Lyonnais shares.

Accordingly, **underlying earnings** improved by €28 million to €51 million.

Spain

Gross written premiums grew by 9% to €1,166 million mainly driven by the increase in (i) personal motor (+ 6%) following tariff increases, (ii) commercial property (+54%) and mechanical warranties (multiyear contracts, + 34%) as both benefited from new agreements with majors brokers.

Adjusted earnings increased by €+ 14 million to €+ 46 million. Direct Seguros contribution grew by €1 million to €3 million driven by an improvement in combined ratio. Excluding Direct Seguros, adjusted earnings increased by €12 million, reflecting (i) a 0.5 points improvement in combined ratio to 99.4% benefiting from the cost cutting program and (ii) a one-time tax credit. As a result, **underlying earnings** increased by €9 million to €42 million.

Canada

Gross revenues increased by 9% to €761 million on a comparable basis. The growth was principally due to increases in premium rates in all lines of business following the hardening of the Canadian market, with the most important increases in Ontario's motor business (+28%) and in commercial lines (from +5% to +50%).

Adjusted earnings amounted to €37 million, an increase of €21 million on a constant exchange rate basis, mainly as a result of the 4.2 points reduction of the **combined ratio** to 99.0%. Following the implementation of various underwriting actions and increased premium rates, the loss ratio improved by 1.8 points to 71.7 % despite the difficult situation prevailing in the Ontario motor line. The expense ratio improved by 2.4 points to 27.3 % due to continued general cost containment, to increased 2003 premiums and to the inclusion in 2002 of an €11 million information technology (IT) write-off. Excluding the IT write-off, the combined ratio improved by 2.7 points.

Underlying earnings reached €35 million, up by €22 million on a constant exchange rate.

Ireland

Gross written Premium increased by €8 million (+1%) to €562 million in 2003 as a result of 2% growth in commercial lines (21% of gross written premiums) while personal lines remained stable. This trend was driven by significant growth in volumes, particularly on personal motor business, mainly due to the strong new business inflow, which have been offset by falling average premiums. Average Motor premiums fell during 2003 following rate reductions (-10% on 2003 renewals) coupled with improved risk selection.

Adjusted earnings increased by €59 million to €118 million, explained by a significant improvement in the net technical result. This was primarily attributable to a 10.5 point reduction in the loss ratio to 70.4% in 2003 resulting from the lower motor claims frequency and a strong improvement in the profitability of household business due largely to the absence of any significant weather catastrophes in the current year, together with favorable movement in prior year claim reserves. The expense ratio remained stable reflecting tight cost control despite reduced average premiums. As a result the **combined ratio** improved by 10.5 points to 85.1% in 2003.

The **net investment result** remained stable at €51 million, explained by lower net capital gains and losses (€-4 million) offset by a €4 million increase in investment income reflecting higher assets under management but at a lower yield.

Underlying earnings reached €117 million, up by €62 million.

The Netherlands

Gross revenues increased by +3.8% as a result of lower premiums from Agents (€7 million) and an increase (€15 million) in premiums in the Authorized agents portfolio.

Adjusted earnings (excluding Unirobe)increased by €14 million to a €3 million loss. The **combined ratio** improved by -7.3 points to 111.5% mainly due to (i) the -4.2 points improvement of the loss ratio resulting from the positive impact of rate increases and pruning measures partially offset by the negative impact of the new allocation of expenses (i.e transfer of claims handling costs) and (ii) the 3.2 points lower expense ratio mainly as a result of the transfer mentioned above (impact of 2.0 points).

Other countries

Adjusted earnings were up €73 million to €33 million, mainly attributable to the following countries:

	Adjusted earnings & Net income		
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Morocco	21	(4)	14
Portugal	11	(4)	2
Austria	0	1	0
Hungary	0	1	2
Switzerland	1	(19)	0
Luxembourg	3	1	2
Turkey	4	1	2
Japan	(18)	(25)	(46)
Hong Kong	7	6	(27)
Singapore	3	3	4
ADJUSTED EARNINGS	**33**	**(40)**	**(47)**
Impact of exceptional operations	0	0	0
Goodwill amortization (group share)	(4)	(7)	(6)
NET INCOME	**28**	**(47)**	**(53)**

Morocco

Gross written premiums increased by +9% on a constant exchange rate basis to €155 million mainly as a result of workers' compensation rate increases following a change in local regulation.

Adjusted earnings[22] increased from a loss of €4 million to a profit of €21 million driven by realized capital gains. **Underlying earnings** improved by €1 million as a result of (i) higher dividends received from the equity portfolio, (ii) a 7.3 points improvement of the combined ratio to 104.5% primarily

[22] *AXA Assurance Maroc is 51% owned by the AXA Group*

driven by tariff increases in Health and reduced frequency, together with lower average claim costs. These items were partially offset by the booking of a tax provision in relation to a tax litigation.

Portugal

Gross written premiums increased by 1% to €324 million. This growth was driven by the +3,4% increase in Motor business (56% of total gross written premiums) mainly reflecting the 9.7% rise in new business as a result of the tight monitoring of sales performance.

Adjusted Earnings improved by €15 million to €11 million as 2002 was negatively impacted by strong valuation allowances on equity securities. **Underlying earnings** increased by €4 million to €13 million, following the 1.4 points improvement in combined ratio (to 99.7%), as a result of a reduction in average claims cost and claims frequency. This improvement was partly offset by the impact of the net deferred tax position of the regulatory decrease in tax rate.

Switzerland

Gross revenues decreased by –13.5% on a comparable basis, to €87 million due to lower revenues from legal cancellations on the Northern portfolio, portfolio pruning, strict underwriting and interruption of the special lines and international transport business.

Adjusted earnings increased by €20 million to €1.5 million, mainly attributable to the increase in net capital gains of €+11 million and the net technical margin of €+9 million.

Underlying earnings were up by €+10 million to €0.2 million, mainly driven by higher investment income (€+1 million) and an enhancement in the net technical margin (€+9 million), as a result of an improvement of the net combined ratio from 111.8% to 102.4%.

Japan

Gross written premiums increased by 37% compared to 2002 on a constant exchange rate basis to €94 million, mainly driven by motor business growth (+50%, 83% of revenues). This performance was notably achieved thanks to an extensive use of direct media (especially Internet) and partially offset by the contraction of the personal accident portfolio.

Adjusted Earnings improved by €7 million compared to 2002 to €-18 million (+€5 million on constant exchange rate), driven by the enhancement of the combined ratio from 145.5% to 127.2%. This evolution reflected the 12.6 points improvement of the loss ratio, which was impacted positively by one-off recoveries on motor bodily injury claims in 2003. The expense ratio improved to 67.5% as a result of (i) the scale effect attributable to a motor portfolio increase and (ii) savings on personnel costs, communication and IT projects.

Turkey

Adjusted and underlying earnings reached €4 million from €1 million last year, driven by an improvement in the combined ratio from 104.7% to 101.1% attributable to cost-cutting efforts and tighter management of insurance recoveries.

International Insurance Segment

The following tables present the gross premiums and net income for the International Insurance Segment for the periods indicated:

Consolidated Gross revenues [(a)]					
		FY 2002		FY 2001	
(in euro millions)	**FY 2003**	**Pro forma [(b)]**	**As published**	**Pro forma [(c)]**	**As published**
AXA RE	1,918	3,609	3,513	3,633	3,573
AXA Corporate Solutions Assurance	1,571	1,654	1,762	1,616	1,704
AXA Cession	87	100	100	30	30
AXA Assistance	482	465	465	434	434
Other	23	43	31	53	10
TOTAL	**4,081**	**5,872**	**5,872**	**5,767**	**5,751**
Intercompany transactions	(109)	(110)	(110)	(73)	(73)
Contribution to consolidated gross revenues	**3,972**	**5,762**	**5,762**	**5,695**	**5,678**

(a) Gross written premiums, plus fees, commissions and other revenues.

(b) (i) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities
(ii) Transfer of AXA Corporate Solutions Assurance US from AXA Corporate Solutions Assurance to AXA RE

(c) (i) Discontinued business transferred from Property & Casualty segment.
(ii) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities
(iii) Transfer of AXA Corporate Solutions Assurance US from AXA Corporate Solutions Assurance to AXA RE

Adjusted earnings & Net income					
		FY 2002		FY 2001	
(in euro millions)	**FY 2003**	**Pro forma [(a)]**	**As published**	**Pro forma [(b)]**	**As published**
AXA RE	146	(27)	(14)	(258)	(266)
AXA Corporate Solutions Assurance	(5)	(121)	(123)	(99)	(92)
AXA Cession	16	(4)	(4)	8	8
AXA Assistance	14	1	1	13	13
Other	(25)	2	(8)	(61)	(41)
ADJUSTED EARNINGS	**147**	**(149)**	**(149)**	**(398)**	**(378)**
Impact of exceptional operations	0	0	0	0	0
Goodwill amortization (group share)	(5)	(27)	(27)	(8)	(8)
NET INCOME	**142**	**(176)**	**(176)**	**(406)**	**(386)**

(a) (i) Run off entities transferred from AXA Corporate Solution Assurance to other transnational activities
(ii) Transfer of AXA Corporate Solutions Assurances US from AXA Corporate Solution Assurance to AXA RE

(b) (i) Discontinued business transferred from Property & Casualty segment.
(ii) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities
(iii) Transfer of AXA Corporate Solutions Assurance US from AXA Corporate Solutions Assurance to AXA RE

AXA RE

AXA RE [a]			
		FY 2002	
(in euro millions)	FY 2003	Pro forma [b]	As published
Gross written premiums	1,918	3,603	3,507
Fees, commissions and other revenues	0	6	6
Gross revenues	**1,918**	**3,609**	**3,513**
Change in unearned premium reserves	558	(3)	(37)
Net investment result	236	273	265
Total revenues	**2,712**	**3,879**	**3,742**
Insurance benefits and claims, net of reinsurance ceded	(2,307)	(3,630)	(3,519)
Insurance acquisition expenses	(122)	(178)	(170)
Administrative expenses	(111)	(130)	(116)
Operating Income	**171**	**(60)**	**(64)**
Income tax expense / benefit	(18)	43	59
Equity in income (loss) of unconsolidated entities	0	(1)	(1)
Minority interests	(7)	(9)	(9)
ADJUSTED EARNINGS	**146**	**(27)**	**(14)**

(a) Before intercompany transactions.

(b) (i) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities
(ii) Transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE

AXA RE			
(in euro millions)	FY 2003	2002 Pro foma [d] [e]	2002 As published
Earned premiums (gross)	*2,476*	*3,600*	*3,471*
Attritional current year loss ratio [a] [b]	*69.8%*	71.1%	72.3%
Attritional all accident year loss ratio [a] [b]	*75.1%*	74.1%	75.3%
Loss ratio [a] [c]	*91.1%*	101.2%	102.1%
Net technical result (excluding fees)	***169***	**-30**	**-49**
Expense ratio	*12.3%*	13.0%	12.2%
Net investment results	*236*	273	265
Operating Income	**171**	**-60**	**-64**

(a) Net of ceded reinsurance (cession and retrocession)
(b) Attritional data exclude (i) major losses in claims charge and (ii) covers'cost in ceded premiums
(c) (Attritional claims charge and major losses cost on all accident years) divided by (net earned premiums, net of all reinsurance costs including covers)
(d) Pro forma on the attritional ratios take into account (i) the transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE, (ii) the creation of a specific account to track premium revisions on prior years, and (iii) a refined allocation of prior years results from reinsurance between premiums and claims impacts.
(e) Pro forma on the loss ratio and the expense ratio takes into account a methodological change in the allocation of prior results from reinsurance between premiums and claims impacts.

Gross revenues strongly decreased by -18% on a comparable basis down to €+1,918 million, in line with the strategic repositioning of the company. This evolution was mainly driven by lower current year Property & Casualty net written premiums (83% of reinsurance activity) which decreased by -27% on a comparable basis, including a –42% decrease on proportional business at €393 million, in line with AXA Re's stringent underwriting policy aiming at (i) reducing the portfolio risk exposure whilst (ii) focusing the Property & Casualty portfolio on the highest profitability businesses, such as Property Cat.

The **net technical result** (excluding fees) increased by €+198 million to €+169 million in 2003, mainly explained by the following:

- the Property & Casualty net attritional current year loss ratio improved by –7.5 points to 61.9% on a comparable basis(23), however not fully offsetting the volume impact due to lower earned premiums; **the Property & Casualty net attritional margin on current accident year** thus decreased by €-121 million on a comparable basis;
- the cost of **cover programs** decreased by €+127 million to €-301 million, resulting from the reshaping of the protection structure in line with the change in underwriting policy leading notably to a reduced portfolio risk exposure.
- 2003 **major losses** cost decreased by €+25 million, at €-50 million.
- **the technical result on prior years** improved by €+275 million, mainly due to the fact that 2002 accounted for (i) unfavorable development of claims of which the September 2001 events claim (€-143 million net of reinsurance and gross of tax) and (ii) adverse developments following an extensive reserving review performed in 2002;
- **Life net technical result** significantly decreased by €-108 million mainly reflecting the impact of a change in underlying assumptions.

Thus the improvement in the overall (Property & Casualty and Life) attritional current year ratio was limited to 1.3 point at 69.8%.

Overall, the claims ratio for all accident years (net of reinsurance) improved by -10.2 points to 91.1% in 2003. Excluding the September 11th terrorist attacks, this improvement would be -4.8 points.

General expenses decreased by €+75 million to €-233 million, essentially driven by a €+56 million reduction in acquisition expenses.

As a result, the **net combined ratio** (including Life) improved by -10.7 points to 103.4%. The Non-Life combined ratio improved by 17.9 points to +98.2%.

Net investment result decreased by €-37 million to €+236 million in 2003, mainly explained by a €-35 million decrease in net capital gains corresponding to (i) a €-65 million decrease in exchange rate result which favorably impacted 2002 accounts and (ii) a €+30 million increase in net capital gains, including an allowance for equity impairments of €-10 million in 2003.

Income tax expense amounted to €-18 million in 2003, or a €-61 million additional charge as compared to 2002, resulting from a higher taxable income.

Adjusted earnings increased by €+173 million to €+146 million. The increase was mainly due to an improvement in the combined ratio, partly offset by (i) a €-37 million decrease in the net investment result and (ii) a €-61 million increase in income tax expense.

Excluding the cost of September 11th terrorist attacks and net realized capital gains and losses, **underlying earnings** amounted to €+108 million in 2003 as compared to €+5 million in 2002.

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[23] Restatements compared to figures published in 2002 are due to a refined allocation of earned premiums between current and prior years, minor accounting impacts due to the separation of AXA Corporate Solutions into two separate segments (AXA RE and AXA Corporate Solutions Assurance), and the entrance of ACS Insurance Company in the AXA RE scope in 2003.

AXA Corporate Solutions Assurance

AXA Corporate Solutions Assurance [a]			
		FY 2002	
(in euro millions)	FY 2003	Pro forma [b]	As published
Gross written premiums	1,556	1,643	1,741
Fees, commissions and other revenues	15	11	22
Gross revenues	**1,571**	**1,654**	**1,762**
Change in unearned premium reserves	8	(60)	(23)
Net investment result	42	21	43
Total revenues	**1,620**	**1,615**	**1,783**
Insurance benefits and claims, net of reinsurance ceded	(1,418)	(1,535)	(1,650)
Insurance acquisition expenses	(100)	(112)	(123)
Administrative expenses	(96)	(92)	(119)
Operating Income	**6**	**(123)**	**(109)**
Income tax expense / benefit	(11)	1	(16)
Equity in income (loss) of unconsolidated entities	0	0	0
Minority interests	0	2	2
ADJUSTED EARNINGS	**(5)**	**(121)**	**(123)**

(a) Before intercompany transactions.

(b) (i) Run off entities transferred from AXA Corporate Solution Assurance to other transnational activities
(ii) Transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solution Assurance to AXA RE

AXA Corporate Solutions Assurance			
(in euro millions)	**FY 2003**	**2002 Pro foma [d]**	**2002 As published**
Earned premiums (gross)	*1,563*	*1,583*	*1,718*
Attritional current year loss ratio [a] [b]			76.5%
Attritional all accident year loss ratio [a] [b]			74.5%
Loss ratio [a] [c]			93.4%
Current accident year loss ratio (net) [e]	90.2%	99.4%	
All accident year loss ratio (net)	89.9%	96.3%	
Net technical result (excluding fees)	**145**	**48**	**68**
Expense ratio [f]	12.4%	12.8%	23.8%
Net investment results	42	21	43
Operating Income	**6**	**(123)**	**(109)**

(a) Net of ceded reinsurance (cession and retrocession)
(b) Attritional data exclude (i) major losses in claims charge and (ii) covers'cost in ceded premiums
(c) (Attritional claims charge and major losses cost on all accident years) divided by (net earned premiums)
(d) (i) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities
(ii) Transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE

(e) Current accident year claims charges (including claims handling expenses) / Current accident year earned revenues (excluding premium adjustments on previous years).
(f) 2002 as published expense ratio was based on net of reinsurance earned premiums, whereas 2003 and pro forma 2002 expense ratios are based on gross earned revenues.

Gross revenues decreased by -4% on a comparable basis down to €1,571 million, as strong rate increases and new business, particularly on French lines (Property +23%, Casualty +24%), were offset by lower premiums in Aviation (-38%) as well as reduced exposure to selected business lines and the reshuffling of the UK portfolio especially in Property (-60%) and Casualty (-33%).

The net technical result on current accident year improved by €152 million to €147 million, mainly due to strict underwriting policies applied throughout all branches, the restructuring of the UK portfolio and a lower claims charge for large losses (€+63 million). Accordingly, the current accident year loss ratio improved by 10.2 points at 90.2%.

The net technical result on previous accident years, €14 million, decreased by €-50 million, as 2002 had been positively impacted by the review of file-by-file cases.

Accordingly, the **net technical result** (including fees) increased by €101 million to €160 million with a 6.4 points improvement in the claim ratio for all accident years (net of reinsurance) to 89.9%.

General expenses decreased by €8 million to €196 million driven by lower acquisition expenses.

As a result, the **net combined ratio** improved by 6.8 points at 102.3%.

Net investment result increased by €20 million to €42 million, including realized gains on the sale of the Crédit Lyonnais shares in 2003 (€38 million), but was still impacted by impairment valuation allowances for €-68 million on equity securities (as compared to €-88 million in 2002). Investment income remained stable.

Income tax expenses were €-11 million, as compared to a €1 million tax benefit in 2002, in line with the result improvement partly offset by the recognition of a deferred tax asset in the UK (€+10 million) consistently with improved profit prospects.

Adjusted earnings increased by €116 million to €-5 million mainly as a result of the strong improvement of the net combined ratio and despite a still significant level of impairment valuation allowances.

Underlying earnings increased by €104 million to €+31 million, benefiting also from a strong improvement in the net combined ratio.

AXA Cessions

AXA Cessions **adjusted earnings** increased by €20 million to €16 million, as 2002 was negatively impacted by risk reserves strengthening. This was partly offset by lower positive reserve development.

AXA Assistance

Underlying earnings increased by €8 million to €16 million in 2003, explained by (i) non-recurring 2002 significant bad debt provisions, and (ii) the improvement of technical margins. **Adjusted earnings** improved by €13 million to €14 million due to the same factors and to foreign exchange losses in 2002.

Other

Adjusted earnings decreased by €-17 million to €-25 million, mainly due to lower investment result (€-48 million before tax) due to both the decrease of the volumes of reserves of the entities in run-off, and several non-recurring capital gains in 2002, partly offset by lower reserves strengthening.

Asset Management Segment

The asset management segment includes third-party asset management and asset management on behalf of AXA insurance companies. The tables below present the revenues and the net income for the Asset Management Segment for the periods indicated:

Consolidated Gross Revenues

(in euro millions)	FY 2003	FY 2002	FY 2001
Alliance Capital	2,416	2,903	3,347
AXA Investment Managers	783	820	696
National Mutual Funds Management	0	0	57
TOTAL	**3,199**	**3,724**	**4,100**
Intercompany transactions	(277)	(313)	(370)
Contribution to consolidated gross revenues	**2,922**	**3,411**	**3,730**

Adjusted earnings & Net income

(in euro millions)	FY 2003	FY 2002	FY 2001
Alliance Capital	72	195	273
AXA Investment Managers	76	63	58
National Mutual Funds Management	0	0	15
ADJUSTED EARNINGS	**148**	**258**	**346**
Impact of exceptional operations	0	148	0
Goodwill amortization (group share)	(172)	(188)	(193)
NET INCOME	**(24)**	**218**	**153**

Alliance Capital

Asset Management Operations - Alliance Capital			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Fees, commissions and other revenues	2,416	2,903	3,347
Gross revenues	**2,416**	**2,903**	**3,347**
Net investment result	(41)	(53)	(55)
Total revenues	**2,375**	**2,850**	**3,292**
Administrative expenses	(2,100)	(2,236)	(2,470)
Operating Income	**275**	**614**	**822**
Income tax expense	(62)	(102)	(132)
Minority interests	(141)	(317)	(417)
ADJUSTED EARNINGS	**72**	**195**	**273**
Average exchange rate : 1,00 € = $	*1.13*	*0.95*	*0.89*

Assets under Management ("AUM") were up by €7 billion to €376 billion at December 31, 2003 when compared to December 31, 2002 driven by positive market impact (€71 billion) and net new money (€7 billion) partially offset by adverse exchange rate impact (€-71 billion). On a constant exchange rate the AUM increased by 23%. Net inflows totaled €7 billion and were attributable to net new money of €9 billion, €4 billion and €-6 billion for Institutional, Private Client and Retail sectors, respectively. Retail outflows were predominantly coming from cash management products (€-4 billion).

Fees, commissions and other revenues were down €487 million as compared to 2002, or €-12 million on a constant exchange rate basis (-0.4%), due to lower institutional research fees and distribution revenues, partially offset by higher performance fees from strong investment returns. Institutional research services fees decreased by 9% due to lower NYSE transaction volumes and pricing pressures.

Administrative expenses decreased by €136 million, or an increase of €277 million on a constant exchange rate basis, mainly driven by a €291 million charges for legal proceedings and mutual fund investigation settlement matters (net of incentive compensation and state tax) recorded at the end of September and December 2003 (€243 million at current exchange rate), partially offset by lower promotion expenses.

Operating Income decreased by €339 million, or €285 million on a constant exchange rate basis, as a result of the charge for legal proceedings and mutual fund matters. As a result, the operating cost income ratio increased by 12.7 points from 70.8% in 2002 to 83.5% in 2003. Excluding the charge for legal proceedings and mutual fund matters, the cost income ratio remained flat at 70.9% in 2003.

Adjusted Earnings decreased by €123 million, down €109 million on a constant exchange rate basis (-56%), reflecting the impact net of tax and minority interests of the charge for legal proceedings and mutual fund matters (€-104 million or €-124 million on a constant exchange rate basis).

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AXA Investment Managers ("AXA IM")

Asset Management Operations - AXA Investment Managers			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
Fees, commissions and other revenues	783	820	696
Gross revenues	**783**	**820**	**696**
Net investment result	13	9	12
Total revenues	**796**	**830**	**708**
Administrative expenses	(669)	(716)	(602)
Operating Income	**127**	**114**	**106**
Income tax expense	(36)	(38)	(34)
Minority interests	(15)	(13)	(14)
ADJUSTED EARNINGS	**76**	**63**	**58**

Assets Under Management ("AUM") were €292 billion as of December 2003, increasing by €24 billion since 2002 closing (+12% on a comparable basis). Positive Net New Money (€+13 billion), mainly driven by Institutional segment, especially structured products and international equities, and market appreciation (€+19 billion) were partially offset by adverse exchange rate impacts (€-8 billion).

Fees, commissions and other revenues, including those earned from AXA insurance companies eliminated in consolidation, reached €783 million, stable on a comparable basis. Excluding fees retroceded to distributors, net revenues reached €554 million, +4% on a comparable basis. Management fees increased by 8% in 2003, stemming from higher average AUM (+5% on a comparable basis) and slightly higher average fees (mainly higher Unit Linked fees and higher Institutional weight), partly offset by lower performance fees (-24%).

Administrative expenses, excluding commissions paid to third party agents, reached € 448 million, decreasing by €20 million, or increasing by €6 million on a constant exchange rate basis.

The **cost income ratio** stood at 79.6% in 2003 improving by 2% compared to 2002, reflecting higher net revenues.

Adjusted and underlying earnings increased by €13 million in 2003 as compared to 2002, or €+20 million on a constant exchange rate basis.

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Other Financial Services Segment

The tables below present the revenues and the net income for the Other Financial Services segment for the periods indicated:

Consolidated Gross Revenues			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
French banks	142	137	198
German banks	136	133	114
AXA Bank Belgium	551	723	767
Other	37	52	89
TOTAL	**866**	**1,046**	**1,168**
Intercompany transactions	(30)	(26)	(40)
Contribution to consolidated gross revenues	**836**	**1,020**	**1,128**

Adjusted earnings & Net income			
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
French banks	(20)	(3)	15
German banks	0	2	(1)
AXA Bank Belgium	68	36	76
Other	78	98	54
ADJUSTED EARNINGS	**126**	**133**	**144**
Impact of exceptional operations	15	0	0
Goodwill amortization (group share)	(3)	(14)	(47)
NET INCOME	**138**	**119**	**97**

French Banks

AXA Banque adjusted earnings and **underlying earnings** decreased by €-17 million to €-20 million in 2003 mainly due to the costs linked to the integration of Banque Directe (€24 million*)*.

German Banks

Expenses increased by €2 million due to one-off items: €3 million for restructuring provision and €3 million for project costs. This increase was partly offset by improved operating margins leading to a decrease in **adjusted and underlying earnings** of €2 million down to €0 million.

AXA Bank Belgium

Net sales of AXA savings products increased by €+52 million, as the yield curve favored the attractiveness of short-term savings products.

Net sales of loans increased by €820 million due to sustained demand in the context of low interest rates and an increased contribution of the broker's network.

Adjusted earnings increased by €32 million to €68 million, as compared to 2002 mainly due to higher capital gains (€63 million) of which €+13 million from the sale of Crédit Lyonnais shares, partly offset by the effect of low long-term interest rates on bond portfolio and higher pension costs.

Excluding the capital gain on the sale of Crédit Lyonnais shares, **underlying earnings** increased by €18 million to €54 million.

Other

Subgroup CFP **revenues** decreased by **-**53% on a comparable basis to €21 million.

CFP revenues (7% of the "Other" revenues) decreased by -82% in 2003 to €3 million mainly due to lower interest revenues following the debt reduction of CFP's subsidiaries.

Holding SOFFIM revenues (22% of the "Other" revenues) decreased by -34% mainly due to lower interests on loans and lower credits granted.

Adjusted earnings decreased by €20 million to €78 million in 2003. Although it had a slightly lower impact than in 2002, run off development of the CFP sub-group remained significantly positive in 2003.

Holding Company Activities

The Holding company activities consist of AXA' s non-operating companies, including mainly AXA parent company, AXA France Assurance, AXA Financial, AXA Asia Pacific Holdings and AXA UK Holdings.

	Adjusted earnings & Net income		
(in euro millions)	**FY 2003**	**FY 2002**	**FY 2001**
AXA, The Company	(225)	(162)	(218)
Other French holding companies	(9)	69	120
Foreign holding companies	(154)	(251)	(220)
ADJUSTED EARNINGS	**(388)**	**(344)**	**(318)**
Impact of exceptional operations	17	87	0
Goodwill amortization (group share)	0	0	0
NET INCOME	**(371)**	**(257)**	**(318)**

AXA (the parent company)

Despite lower management expenses, €-10 million, 2003 **adjusted earnings** decreased by €63 million, mainly as a result of (i) an increase in financial charges by €62 million due in part to a shift from variable rates funding to fixed rates in order to protect future financial charges, and (ii) a decrease in net capital gains by €25 million, partly offset by an increase in dividends received from non-consolidated entities by €+8 million

Other French holding companies

The €-78 million decline of Other French Holding is mainly explained by the absence of net realized capital gains in 2003 compared to €+104 million at December 2002 (disposal of the BBVA stake)

Foreign Holding Companies

AXA FINANCIAL INC.

Adjusted earnings improved by €27 million in 2003 as compared to 2002, to €-57 million. On a constant exchange rate basis, adjusted earnings increased by €16 million and **underlying earnings** increased by €14 million due to the execution of interest rate swap contracts, which reduced interest expense compared to 2002.

AXA ASIA PACIFIC HOLDINGS[24]

Adjusted earnings loss reduced by €12 million to €-5 million compared to last year. This improvement was mainly driven by lower interest expenses, which was the result of favorable

[24] *The AXA Asia Pacific Group is 51.6% owned by AXA.*

currency movements, as well as lower average debt level following the sales of Members Equity and AXA Health Australia.

AXA UK HOLDINGS

Adjusted earnings decreased by €10 million in 2003, or by €17 million on constant exchange rate, to €-55 million, due to a decrease in the investment result of €20 million, principally as a result of higher interest expenses to fund additional capital invested in its main UK subsidiaries, partially offset by €9 million release of provision related to GRE 1999 acquisition.

Other foreign holding companies

German Holding companies: **Adjusted earnings** improved by €69 million to a loss of €-18 million in 2003 due to (i) higher capital gains for €14 million mainly explained by the sale of Cologne Ré, the Joint Venture with General Re (€+10million), (ii) lower valuation allowances (€+5million), (iii) higher dividends (€+7 million) and increased interest revenues (€+2 million), (iv) lower interest expenses (€+9 million). In addition, tax charges were lower by €35 million mainly as a result of a deferred tax asset impairment recorded in 2002 (€-29 million) due to the change in fiscal regime regarding the use of tax credits on dividends received. **Underlying earnings** increased by €+49 million to €-30 million.

Belgium Holding companies. **Adjusted earnings** decreased by €11million as 2002 was impacted by non-recurring elements, mainly for €8 million by a tax settlement and the reversal of depreciation on real estate investments.

Perspectives

The economic recovery, mainly in the US with positive signs in Europe and to a lesser extent in Japan, should enhance Life and Savings growth potential. This, combined with improving levels of assets under management as well as policyholders returning progressively to equity linked products should benefit Life and Savings and Asset Management earnings in 2004.

In Property and Casualty and International Insurance, a continued strict underwriting coupled with moderate rate increases in most territories and further efficiency gains should foster a continuation of the trend of improved technical results, barring any major catastrophic losses. On this basis, the Property & Casualty combined ratio target has been reset to a range of 98% to 102%, depending on the cycle.

An increasing focus on organic growth coupled with a close monitoring of our general expenses and renewed attention on operating efficiency should enable the Group to maintain the positive trend experienced in 2003.

Glossary

COMPARABLE BASIS

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

ADJUSTED EARNINGS

Adjusted earnings represent the net income (group share) before the impact of exceptional operations and amortization of goodwill.

Adjusted earnings per share (**adjusted EPS**) represents the AXA' s consolidated net income before the impact of exceptional operations and amortization of goodwill, divided by the weighted average number of outstanding ordinary shares,

Adjusted earnings per share diluted (**adjusted EPS diluted**) represents the AXA' s consolidated net income before the impact of exceptional operations and amortization of goodwill, 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 stock options, that are not anti-dilutive, being exercised, and conversion of existing convertible debt into shares, if their impact is not anti-dilutive).

UNDERLYING EARNINGS

Underlying earnings correspond to adjusted earnings excluding (i) net realized capital gains attributable to shareholders and (ii) the impact of September 11th, 2001 terrorist attacks.

LIFE & SAVINGS MARGIN ANALYSIS

Even though the presentation of Margin Analysis is not the same as the Statement of Income, it is based on the same GAAP measures as used to prepare the Statement on Income in accordance with French GAAP. As a result, the operating income under 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.

(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 insurance 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, that is, primarily, the "Investment Margin" and the "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 policyholders' participation (see above) and to exclude the loading on (or contractual charges included in) unit-linked business, which are included in "Fees and Revenues".

Investment margin includes the following items:

(i) Net investment income,

(ii) Realized capital gains & losses,

(iii) Valuation allowance & release in respect of impaired invested assets,

(iv) Interests and bonuses credited to policyholders and unallocated policyholder bonuses, relating to the net investment result.

Fees & Revenues include:

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

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

(iii) Loading on (or contractual charges included in) premiums received on all non unit-linked product lines (Life, Investment & Savings and Health),

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

Net Technical result is the sum of the following components:

(i) Mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefit claims. It is equal to the difference between income for assuming risk and the actual cost of benefits, including changes in valuation assumptions and additional reserves for mortality risk. 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) Policyholder bonuses: If the policyholder participates in the risk margin and the expenses of the company,

(iv) Ceded reinsurance result.

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) Deferred Acquisition Costs (DAC): capitalization of acquisition expenses linked to new business, net of the corresponding Unearned Revenue Reserve (URR),

(iii) DAC: amortization of acquisition expenses on current year and prior years new business. This amortization also includes the impact of interest capitalized and is net of the corresponding change in URR in the period,

(iv) VBI: amortization of Value of Purchased Life Business In-force,

(v) Administrative expenses.

Operating income corresponds to the income derived from operations, before tax, minority interest, and goodwill amortization.

LIFE & SAVINGS EXPENSE RATIO

Three types of expense ratio are calculated:

(i) **Ratio of gross operating expenses to total gross insurance reserves:** gross operating expenses / total gross insurance reserves, where:

- Gross operating expenses are total expenses excluding (1) expenses related to mutual fund business (mainly fees paid to the sales force), (2) deferral or amortization of Deferred Acquisition Costs (DAC), and (3) amortization of Value of purchased Life Business In-force (VBI); they include capitalization and amortization of software expenses,
- Gross insurance reserves are total insurance liabilities, gross of reinsurance, including benefit and claims reserves, unearned premiums reserves, and separate account liabilities.

(ii) **Underlying cost income ratio**: expenses / "underlying" operating margin, where:

- Expenses are total expenses, excluding expenses related to mutual fund business (mainly fees paid to the sales force) net of Participating Benefits, gross of deferral and amortization of Deferred Acquisition Costs (DAC) and gross of amortization of Value of purchased Life Business In-force (VBI),
- "Underlying" operating margin is the sum of (i) Investment margin excluding net capital gains / losses attributable to shareholders; (ii) Fees and revenues, and (iii) Net technical margin (items as defined in the Margin Analysis).

PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)

Net investment result includes the following items:

(i) Net investment income,

(ii) Realized capital gains & losses,

(iii) Valuation allowances & release in respect of impaired invested assets.

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 and equalization reserves, gross of reinsurance,

(iv) Claims handling costs,

(v) Net result of ceded reinsurance.

Expense ratio is the ratio of:

(i) Expenses (excluding claims handling costs but including non recurring expenses), to

(ii) Earned revenues, gross of reinsurance.

Current accident year loss ratio (Property & Casualty) 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], to

(ii) Earned revenues, gross of reinsurance.

All accidents year loss ratio (Property & Casualty) 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], to

(ii) Earned revenues, gross of reinsurance.

The **combined ratio** is the sum of (i) the expense ratio and (ii) the loss ratio (all accident years).

AXA RÉ

Covers are specific reinsurance treaties, bought to protect all or a portion of the company's portfolio against **major losses**. If such losses do not occur over the insured period, a profit commission (or "no-claim bonus") is paid to the ceding company. In general, the **cost of a cover** is accrued (or by extension "earned") ratably over the treaty period.

Major losses are defined as any event whose net ultimate cost is greater than $50 million; the **Net "Ultimate" Cost** is the result of the claim cost (net of reinsurance) minus the reinstatement premiums (net of reinsurance).

Net technical margin includes:

(i) Earned premiums, net of reinsurance (cession / retrocession and covers)

(ii) Claims charge all accident years, net of reinsurance, including major losses,

(iii) Commissions (fixed commissions, sliding scale commissions as well as profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies,

(iv) Claims handling costs.

Net attritional margin on current accident year includes the following elements:

(i) Earned premiums, net of cession / retrocession (reinsurance ceded excluding covers),

(ii) Current year claims charge (excluding major losses), net of cession / retrocession,

(iii) Commissions (fixed commissions, sliding scale commissions and profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies, excluding commissions related to covers,

(iv) Claims handling costs.

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.

Operating Cost Income Ratio: operating expenses over net revenues (including performance fees).