Management Report Half-Year 2002

Cautionary statements concerning forward-looking statements

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and AXA's plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). These risks and uncertainties include, without limitation, the risk of future catastrophic events including possible future terrorist related incidents. Please refer to AXA's Annual Report on Form 20-F for the year ended December 31, 2001 for a description of certain important factors, risks and uncertainties that may affect AXA's business. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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.

Market conditions in half year 2002

Financial markets

The global stock markets kept decreasing during the first six months of 2002, and even more so over the second quarter. As opposed to 2001, which was marked by the recession, the decline of stocks in 2002 and their counter-performance compared to government bonds occurred in a context of global economic recovery. The crisis of financial markets seems to be mainly due to a lack of trust in the truth of accounts disclosed by companies. Bankruptcies and frauds from important American companies or the financial difficulties encountered by some groups have also contributed to a climax of distrust from investors.

Stock Markets. The financial stock markets all over the world have registered significant declines over the first half 2002, with the exception of Japan where the Nikkei index was up by 1%. The American S&P500 decreased by 14%, the Stoxx50 was down by 17%, with a 11% decrease of the English slightly better than France (CAC 40 at -16%) or Germany (DAX -15%).

The technology and telecommunications sectors kept on declining while other sectors significantly resisted, this is especially the case for energy and base materials. Financial companies have recorded a clear setback, with a strong contrast between the resistance of the banking sector and the weakness of insurance.

Bond markets. Government bonds have been used as shelter. Long term interest rates have tended to drop as in the case of US treasury bonds going from 5.02% at year-end 2001 to 4.80% at end of June 2002 or in the case of Japanese JGB dropping from 1.37% to 1.23% in the first six months of 2002. Spreads on 10-year swaps have declined from 70 basis points to 54 while the short term interest rates remain low and stable compared to their level at the beginning of the year (3-month US libor at 1.86% versus 2.16% and 3-month euribor at 3.88% versus 3.32%).

Exchange rates. On the exchange rates side, the weakness of the dollar, down by -8.5% versus the Yen and by -9.8% versus euro, is the major element for the first six months of 2002.

Half-year 2002 operating highlights

Main events

IMPACT OF DECLINE IN STOCK MARKETS

Following the significant decline in the global stock markets as previously discussed, additional valuation allowances for other-than-temporarily impaired equity securities were recorded and totaled €301 million on a consolidated basis (€225 million net group share). These amounts were added to the €995 million allowance already booked in 2001 (representing a €636 million impact on 2001 net income group share).

Significant acquisitions and disposals

The six-month period ended June 30, 2002 was a period of business consolidation, dedicated to organic growth and increasing operating performances.

ACQUISITIONS

On June 6, 2002, AXA and BNP Paribas announced that they concluded an agreement in principle with regards to the acquisition by AXA of 100% of Banque Directe, subsidiary of the BNP Paribas Group. This agreement is pending the opinion of employees' representatives and the approval of the banking regulators.

DISPOSALS

In **Australia**, on 4 June 2002, AXA Asia Pacific Holdings Limited (AXA APH) announced that it had reached agreement with Macquarie Bank Limited (Macquarie) to sell AXA Health Insurance Pty Limited, its private health insurance arm, subject to certain conditions precedent, due diligence and regulatory approvals. The disposal is consistent with the group's strategic direction to focus its growth on wealth management. The sale price, underwritten by Macquarie, is A$595 million (€336 million as at June 30, 2002 exchange rate). In addition, AXA APH and Macquarie have agreed to a profit sharing arrangement where, under certain circumstances, AXA APH can participate in profits upon a subsequent sell down of equity and/or a sale of the business for a period of up to 18 months. The exceptional capital gain is anticipated to be recorded when the sale is finalised in 2003.

Capital and Financing operations

FINANCING OPERATIONS

In January 2002, AXA entered into a 3-year bilateral credit facility for €100 million. In January and February 2002, AXA issued under its €3.0 billion Euro Medium Term Note Program ("EMTN"), a USD 100 million bond due 2004, a €200 million bond due 2004 and a €200 million bond due 2005. These operations were used to refinance existing debts.

Events subsequent to June 30, 2002

In **Australia**, on 19 July 2002, the company announced it had reached agreement to purchase *ipac Securities Limited* for approximately A$205 million (€116 million as at June 30, 2002 exchange rate) plus an element of deferred earn-out based on the achievement of performance hurdles. The related goodwill is anticipated to be approximately A$180 million (€102 million) at acquisition date. *ipac* is one of the most respected and leading wealth management advisory businesses in Australia. It manages approximately A$4.7 billion (€2.7 billion) for over 20,000 retail and wholesale clients.

In **France**, AXA and Crédit Foncier de France (CFF) reached an agreement with GECINA, on the conditions under which their stakes (32% and 21%, respectively) in SIMCO, a property company listed on the Premier Marché of Euronext Paris, will be acquired through a public offer to be launched by GECINA on SIMCO; this offer is to be filed with the French Exchange authorities by September 9, 2002.

Consolidated Operating results

Consolidated gross revenues

Consolidated gross revenues [(a)]

(in euro millions)	Period ended June 30, 2002	Period ended June 30, 2001	Change on a comparable basis	Full Year 2001
Life & Savings	25 112	24 519	3,9%	48 399
Property & Casualty	8 826	8 716	4,7%	15 896
International Insurance	3 828	3 265	17,3%	5 678
Asset Management	1 873	1 866	-1,3%	3 730
Other Financial Services	503	594	-10,9%	1 128
TOTAL	**40 142**	**38 961**	**4,8%**	**74 832**

(a) Net of intercompany transactions

Consolidated gross revenues were €40,142 million for the six-month period ended June 30, 2002 ("Half Year 2002"), or a 3.0% increase compared to same period of prior year ("Half Year 2001"). On a comparable basis, such increase was 4.8%.

Life & Savings. Revenues, which represent 63% of total revenues, increased 3.9% from the same period last year to €25,112 million. Revenues rebounded significantly in the second quarter, recording a 10% increase, with significant improvements in France, with strong premium growth in June, and in the USA, which had a record second quarter, benefiting from successful new product' introductions.

Property & Casualty. Gross written premiums, which represent 22% of total revenues, were €8,826 million, up 4.7% from Half Year 2001, resulting from strong rate increases in all major European countries combined with stricter underwriting.

International Insurance. International Insurance revenues, which represent 10% of total revenues, were €3,828 million, up 17.3%, driven by close monitoring and rebalancing of reinsurance exposure, selective underwriting and significantly higher premium rates.

Asset Management. Despite weak financial markets, Asset Management fees, which represent 5% of total revenues, showed strong resilience with a decline of only 1.3% to €1,873 million. Overall, the Group's asset managers collected €7 billion in net new money.

Consolidated adjusted earnings and net income

(in euro millions)	Period ended June 30, 2002	2001	Full Year 2001
Gross written premiums	37 452	36 261	69 471
Bank revenues	498	592	1 127
Fees, commissions and other revenues	2 191	2 108	4 234
Gross revenues	**40 142**	**38 961**	**74 832**
Change in unearned premium reserves	(2 293)	(2 269)	(355)
Net investment result [(b)]	(5 274)	1 143	(1 244)
Total revenues	**32 575**	**37 835**	**73 233**
Insurance benefits and claims	(22 685)	(26 841)	(56 668)
Reinsurance ceded, net	(546)	(375)	1 163
Insurance acquisition expenses	(2 959)	(3 421)	(6 394)
Bank operating expenses	(322)	(452)	(838)
Administrative expenses	(4 194)	(4 432)	(8 775)
Operating Income	**1 870**	**2 314**	**1 721**
Income tax expense	(460)	(496)	(45)
Equity in income (loss) of unconsolidated entities	(25)	6	17
Minority interests	(239)	(287)	(492)
ADJUSTED EARNINGS [(a)]	**1 146**	**1 538**	**1 201**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(309)	(316)	(681)
NET INCOME	**837**	**1 222**	**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) Includes the change in fair value of separate accounts (respectively Euro -10,472 million, Euro -5,090 million and Euro -11,613 million for Half Year 2002, 2001 and for full year 2001).

The **net income** and **adjusted earnings** for Half Year 2002 amounted to €837 million and €1,146 million, respectively, lower than the results for Half Year 2001 (€-385 million and €-392 million, respectively). These decreases are mainly explained by the two following factors:

- **Net capital gains attributable to shareholders** represented €213 million versus €662 million during Half Year 2001, including €225 million of valuation allowances for equity impairment recorded at June 30, 2002 that add up to the ones already recorded at December 31, 2001; these allowances have been limited following the implementation of adequate covers on some equity investments.
- In addition, due to the complexity of the 11th September events claim and to the time-lag in the reporting of information from ceding companies, the International Insurance activity have revised their estimation of the **costs related to the 11th September attacks**, raising the total cost by €89 million (net group share).

Excluding net capital gains attributable to shareholders and the impact of September 11th attacks, AXA's consolidated **operating earnings** increased by 17% to €1,022 million, thus demonstrating the adaptability of the Group to a moving environment and the advantages linked to size and geographical diversification.

Adjusted earnings & Net income (Group Share)			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Life & Savings	846	996	1 225
Property & Casualty	278	450	182
International Insurance	(42)	31	(378)
Asset Management	148	167	346
Other Financial Services	47	36	144
Holding companies	(131)	(143)	(318)
ADJUSTED EARNINGS [a]	**1 146**	**1 538**	**1 201**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(309)	(316)	(681)
NET INCOME	**837**	**1 222**	**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. Adjusted earnings declined by €150 million, mainly linked to the €137 million decrease in capital gains attributable to shareholders (including €73 million of valuation allowances for equity impairment at June 30, 2002).

The operating earnings for Life & Savings activities amounted to €888 million, down by 2% compared to Half Year 2001. France and the United States improved their profitability despite increased pressure on the margins from Unit Linked accounts at the end of the semester, while other countries were impacted by non-recurring factors.

Property & Casualty. The €173 million decrease of adjusted earnings for the Property & Casualty activity was primarily attributable to a €283 million decrease of the capital gains attributable to shareholders (of which €148 million valuation allowances for equity impairment).

At €228 million, the operating earnings were up 94% versus Half Year 2001 with a combined ratio at 106% versus 111% during Half Year 2001 and 112% for Full Year 2001. All the major entities have contributed to this significant improvement, resulting from a decrease in the loss ratio following cancellation of policies, important tariff increases and a stricter underwriting policy as well as lower losses in Half Year 2002.

International Insurance. Adjusted earnings for the International Insurance activity were down by €73 million; the operating earnings were slightly negative at €-28 million, down by €36 million due to the purchase of additional protections in order to cover the occurrence of major losses, lower investment income and higher effective tax rate, partly offset by an improved attritional loss ratio.

Asset Management and Other Financial Services. Adjusted earnings and operating earnings for these activities remained stable.

The operating earnings of Asset Management and Other Financial Services remained stable at €183 million. The operating earnings for Alliance Capital were down due to lower Assets Under Management (AUM) following the decline of financial markets, while the operating earnings for AXA Investment Managers increased, sustained by an increase in average AUM and positive net new money.

The good operating performance of Asset Management and Other Financial Services demonstrates again that diversification, geographically speaking and in term of product offering, allows the Group to balance the negative impact of decreasing financial markets.

Holdings. The contribution of Holding companies to adjusted earnings and to operating earnings increased by €12 and €85 million respectively, the capital gains attributable to shareholders decreasing by €73 million on the one hand and the results benefiting from lower interest charges and general expenses on the other hand.

Consolidated Shareholders' Equity

At June 30, 2002, consolidated shareholders' equity totaled €23.7 billion. The movement in shareholders' equity since December 31, 2001 is presented in the table below:

	Shareholders' Equity *(in euro millions)*	**Number of ordinary shares outstanding** *(in millions)*
At December 31, 2001	**24 780**	**1 734,2**
- Increase of capital (to employees)	-	-
- Exercise of share options	6	0,6
- Cash dividend	(1 117)	-
- Impact of foreign exchange fluctuations	(866)	-
- Other	23	-
At June 30, 2002 (before net income of the period)	**22 825**	**1 734,8**
Net income for the period	**837**	**-**
At June 30, 2002	**23 662**	**1 734,8**

Creation of Shareholder Value

EARNINGS PER SHARE ("EPS")

Based on AXA' s consolidated net income of €837 million and weighted average number of outstanding ordinary shares of 1,735 million for Half Year 2002, basic net income per ordinary share was €0.48 (Half Year 2001: €1,222, 1,714 million and €0.71 and Full year 2001: €520 million, 1,716 million and €0.30 respectively).

Diluted EPS, which take into account the potential dilution of convertible debt and outstanding share options were €0.48 for Half Year 2002, as compared to €0.69 for Half Year 2001 and €0.32 for full year 2001.

Based on AXA's consolidated adjusted earnings of €1,146 million, **basic adjusted EPS** were €0.66 for Half Year 2002 as compared to €0.90 for Half Year 2001 and €0.70 for full year 2001.

Diluted adjusted EPS were €0.65 for Half Year 2002 as compared to 0.87 for Half Year 2001 and €0.70 for full year 2001.

Diluted operating EPS for Half Year 2002 amounted to €0.58, up by 16.4% as compared to Half Year 2001.

RETURN ON EQUITY (ROE)

Annualized ROE based on net income was 6.9% for Half Year 2002 as compared to 9.8% in Half Year 2001 and 2.1% for the full year 2001.

Annualized ROE based on adjusted earnings ("adjusted ROE") was 9.4% for Half Year 2002, or a 4.5 point increase as compared to full year 2001 adjusted ROE and a 3.0 point decrease as compared to Half Year 2001.

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)			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	24 823	24 294	47 921
Fees, commissions and other revenues	298	228	486
Gross revenues	**25 121**	**24 523**	**48 407**
Change in unearned premium reserves	(147)	(146)	(2)
Net investment result (b)	(6 324)	(466)	(3 531)
Total revenues	**18 650**	**23 911**	**44 875**
Insurance benefits and claims	(14 638)	(19 273)	(36 744)
Reinsurance ceded, net	82	92	139
Insurance acquisition expenses	(1 419)	(1 629)	(3 193)
Administrative expenses	(1 453)	(1 625)	(3 326)
Operating Income	**1 222**	**1 475**	**1 751**
Income tax expense	(304)	(419)	(481)
Equity in income (loss) of unconsolidated entities	(23)	6	16
Minority interests	(48)	(65)	(61)
ADJUSTED EARNINGS	**846**	**997**	**1 225**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(153)	(138)	(303)
NET INCOME	**693**	**859**	**922**

(a) Before intercompany transactions

(b) Includes the change in fair value of separate accounts (respectively Euro -10,472 million, Euro -5,090 million and Euro -11,613 million for Half Year 2002, 2001 and for full year 2001).

The Life & Savings contribution to the half-year 2002 group net income amounted to €693 million, down by €166 million, as compared to the corresponding period in 2001. The decline derived from:

- A €151 million decrease in Adjusted earnings, explained in the following pages, and from
- A €15 million increase in goodwill amortization, primarily due to an exceptional amortization of AXA Financial goodwill to offset the release of an excess of provision[1].

[1] *Provision recorded at time of AXA Financial minority interest buy-out to cover the costs of AXA Financial employees' stock options.*

Consolidated Gross Revenues [a]			
	Period ended June 30,		Full Year
(in euro millions)	2002	2001	2001
France	5 280	5 687	11 001
United States	6 456	5 966	11 642
United Kingdom	4 938	4 589	9 086
Japan	2 897	2 936	5 475
Germany	1 487	1 418	2 998
Belgium	862	870	1 686
Others countries	3 202	3 057	6 520
TOTAL	**25 121**	**24 522**	**48 407**
Intercompany transactions	(9)	(4)	(8)
Contribution to consolidated gross revenues	**25 112**	**24 519**	**48 399**

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

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
France	235	236	345
United States	340	298	518
United Kingdom	144	94	167
Japan	(14)	106	(99)
Germany	7	23	21
Belgium	63	105	65
Others countries	71	134	208
ADJUSTED EARNINGS	**846**	**996**	**1 225**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(153)	(138)	(303)
NET INCOME	**693**	**859**	**922**

LIFE & SAVINGS OPERATIONS - FRANCE

Life & Savings Operations - France			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*5 280*	*5 687*	*11 001*
Investment margin	532	506	867
Fees & revenues	497	556	1093
Net technical margin	11	57	121
Expenses (net of DAC/VBI)	(735)	(803)	(1 586)
Operating Income	**305**	**315**	**494**
Income tax expense	(71)	(78)	(149)
Minority interests	(0)	(1)	(1)
ADJUSTED EARNINGS	**235**	**236**	**345**

Gross Written premiums (before intercompany eliminations) amounted to €5,280 million. Net of intercompany eliminations, gross written premiums decreased by 7% to €5,277 million, hit by the non recovery of financial markets, heavily impacting unit-linked new business. Nevertheless, the business recovered in the second quarter, mainly in June, with a 2% growth compared to the second quarter 2001, thanks to commercial initiatives.

- *Investment & Savings*: Individual premiums were down 15% as a result of a 57% drop in unit-linked premiums, partly offset by a 35% increase in General Account premiums, as clients turned to products with a principal guarantee and as our sales force promoted successfully the products that better fit the current environment. General account premiums represented 73% of individual premiums against 46% in the first half 2001.

  Group premiums increased by 17% due to additional business with major clients. Group unit-linked premiums (29% of Group retirement) remained stable compared to the prior year.

- *Life & Health*: Individual and Group segment grew equally by 7%, due to positive net inflows.

Investment margin increased by €26 million in Half Year 2002 as compared to Half Year 2001, to be compared with an increase in average non unit-linked net policyholders' reserves of €0.7 billion. Investment income was up by €71 million (+4%) in Half Year 2002 as compared to Half Year 2001, due to increased revenues on real estate. Net realised gains declined by €-249 million from €225 million in Half Year 2001 to €-24 million in Half Year 2002, including impairment of securities for €-10 million. This decrease was partly offset by lower amounts credited to policyholders for €204 million. The average annualised interest rate credited to individual Investment & Savings policyholders' reserves for Half Year 2002 was 5.13% as compared to 5.41% in Half Year 2001.

Fees &revenues decreased by €-59 million in Half Year 2002. Fees on unit-linked individual savings products decreased by €-68 million, or -33%, in connection with the sharp decline in gross written premiums (-57%) and the limited fall in net average policyholders' reserves (-4.8% in spite of the significant equities markets depreciation).

Net technical margin decreased by €-46 million in Half Year 2002 as compared to Half Year 2001. This decrease was primarily related to Group life and health business (€-47 million), mainly due to products mix change, as the result of group Life & Health fast development of a new line of mortgage guarantee business characterized by a lower technical margin offset by a lower commission rate. Existing mortgage guarantee contracts were converted into this new type of products during end 2001 and beginning of 2002. This change was offset by lower expenses, and therefore neutral on adjusted income (see expenses).

Expenses net of DAC and VBI decreased by €68 million or -8.5%. Distribution expenses were down by €60 million: distribution expenses for Investment & Savings decreased by €22 million, or -20%, due to lower gross written premiums (-15%) and changes in product mix. Distribution expenses on group Life and Health were down by €46 million as a consequence of the development of the new line of mortgage guarantee business. Other expenses decreased by €7 million in line with the AXA France cost cutting program.

In spite of the decrease in gross written premiums, the **cost income ratio** improved to 72% in Half Year 2002 as compared to 73% in Half Year 2001 due to the decrease in expenses.

Income tax expense was down by €7 million primarily explained by the reduction in operating income of €-10 million.

The stability of **adjusted earnings** (€235 million in Half Year 2002 as compared to €236 million in Half Year 2001) in mainly explained by the symmetrical evolution of fees and revenues (€-59 million) and expenses net of DAC and VBI (€68 million).

Excluding the impact of net realised capital gains after policyholders' dividends and income tax, **operating earnings** increased by +20% to €221 million in Half Year 2002 as compared to €185 million in Half Year 2001. A €71 million increase in investment revenues and a €68 million decrease in expenses largely offset the deterioration of €59 million in fees & revenues and of €46 million in net technical margin.

LIFE & SAVINGS OPERATIONS - UNITED STATES

Life & Savings Operations - United States

	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross revenues	*6 456*	*5 966*	*11 642*
Investment margin	396	436	697
Fees & revenues	517	531	1 046
Net technical margin	289	316	574
Expenses (net of DAC/VBI)	(722)	(855)	(1 600)
Operating Income	**480**	**428**	**717**
Income tax expense	(140)	(130)	(200)
Minority interests	(0)	(0)	0
ADJUSTED EARNINGS	**340**	**298**	**518**
Average exchange rate : US$ 1,00 = €	*1,11*	*1,11*	*1,12*

Gross revenues were up €490 million or 8% compared to Half Year 2001, recording a significant rebound in the second quarter 2002, up 15%, compared to the 1% growth recorded in the first quarter 2002. The combined two main insurance business lines (Investment & Savings and Life, which totalled 91% of US Life & Savings gross revenues) grew by 16% in Half Year 2002 and 34% in the second quarter 2002, compared to the same periods in 2001. This trend is mainly due to strong sales of the new Variable Annuity Accumulator Series product line launched on April 1, 2002, and to high first quarter sales of the fixed annuity product (SPDA) launched last September. The other premiums decreased by 49%, mainly due to the exceptional high level of institutional premiums registered in 2001.

Investment margin decreased by €41 million in Half Year 2002 as compared to Half Year 2001. The decrease was mainly due to a lower level of investment income of €39 million, primarily attributable to lower yields and to the absence of earnings on the cash received from the sale of DLJ. Realized capital gains increased by €26 million, as gains on sales of real estate (up €141 million) are partially offset by higher losses on telecommunications and cable industry bonds. Interest credited increased by €28 million reflecting higher amounts credited on Wind-up annuities, primarily due to capital gains on real estate and partly offset by lower crediting rates in life and annuity business.

Fees & revenues decreased by €14 million in Half Year 2002 as compared to Half Year 2001, mainly due to lower fees earned on separate account business (€-30 million) partially offset by higher fees on third party brokerage insurance products and mutual funds (€21 million) following higher sales. The fall in fees earned on separate account business was attributable to the decline in separate account balances, primarily due to the depreciation in the financial markets.

Net technical margin decreased by €27 million in Half Year 2002 as compared to Half Year 2001. The decrease was mainly attributable to higher mortality risks on annuity products.

Expenses decreased by €132 million in Half Year 2002 as compared to Half Year 2001. The decrease in expenses was principally due to (i) cost reductions of €92 million, in particular lower salary expense and consulting fees, (ii) absence of a €74 million charge for severance costs related to staff reductions incurred in 2001, (iii) lower DAC amortization of €14 million and (iv) a €12 million gain associated with actual employee exercises of AXA ADR options[2]. These decreases in expenses were partially offset by an increased amortization of software expenses net of capitalization of €59 million.

The **cost income ratio was 81% versus 86%** in the first half of 2001 due to the reduction in expenses partially offset by the decline in margins.

Income tax expense increased by €9 million in Half Year 2002 as compared to Half Year 2001 due to higher pre-tax income.

Adjusted earnings increased by €42 million in Half Year 2002 as compared to Half Year 2001, primarily due to lower expenses partially offset by lower investment margin, by lower fees and revenues and by lower technical margins.

Excluding net capital gains and losses, net of DAC and tax, **operating earnings** increased by €33 million compared to Half Year 2001.

---

[2] In accordance with French GAAP rules, the settlement cost of existing AXA Financial share option plans has been recorded against goodwill at time of AXA Financial minority buy-out at year end 2000. Given AXA stock price decrease since that date, current exercises of these options lead to the release of an excess of provision, with a corresponding amount in goodwill amortization.

LIFE & SAVINGS OPERATIONS - UNITED KINGDOM

Life & Savings Operations - United Kingdom

(in euro millions)	**Period ended June 30, 2002**	**2001 [(a)]**	**Full Year 2001**
Gross revenues	*4 938*	*4 589*	*9 086*
Investment margin [(b)]	153	146	289
Fees & revenues [(b)]	187	200	378
Net technical margin [(b)]	16	18	30
Expenses (net of DAC/VBI) [(b)]	(206)	(254)	(520)
Health operating income	53	21	43
Operating Income	**202**	**132**	**220**
Income tax expense	(58)	(38)	(56)
Equity in income (loss) of unconsolidated entities	1	0	2
Minority interests	(0)	(0)	(0)
AJUSTED EARNINGS	**144**	**94**	**167**
Average exchange rate : £ 1,00 = €	*1,61*	*1,60*	*1,61*

(a) H1 2001 margin analysis has been restated to account for refinements in the margins apportionment. This has zero impact on operating income.

(b) Excluding health business

Gross revenues grew 7% compared to Half Year 2001. Excluding health, revenues increased by 8%, with the new business index (NBI) on an Annual Premium equivalent (APE) basis up 13% due to strong sales of investment products, in particular With-Profit Bonds. As part of its long held strategy of prudent management of its financial strength, AXA has withdrawn from the with-profit bond market for the reminder of 2002 and as focused its sales and marketing on the Distribution Fund range, which has traditionally been an attractive proposition to investors who are cautious about short term stock market performances. Group pension business increased by 29%, benefiting from AXA's strategy of focusing on key players in the intermediary market. This has offset a decline in sales of less profitable Individual pensions. Health revenues decreased by 1% with the annual price increases partly offsetting the falling population.

Investment margin increased by €7 million in Half Year 2002 as compared to Half Year 2001 (on both current or constant exchange rate basis):

- €+23 million resulting from the finalization of the calculations of the transfer of Inherited Estate assets[3].
- €-8 million decrease as a result of lower with-profit bonus payments following poor stock market performance in recent years.
- €-8 million decrease in investment income and realized gains in the non-participating funds.

[3] *The transfer of Inherited Estate was detailed in the operating highlights of the year 2001 Management report*

Fees & revenues reduced by €14 million in Half Year 2002 as compared to Half Year 2001, mainly attributable to the unit-linked business:

- €-27 million decrease in loading on premiums on life and pension products attributable to (i) a decrease in unit-linked new business fuelled by a lack of consumer confidence in the stock market, and (ii) changes to pension product design following the introduction in 2001 of Stakeholder Pensions.
- €-1 million decrease in fees earned on account balances due to declines in the stock market during the second half of 2001 and early 2002, almost offset by increased business in-force.
- €+14 million of additional fees on business transferred to the non-participating funds of AXA Sun Life following the financial reorganization on 1 April 2001: prior to 1 April 2001, this business was written in the AXA Equity & Law with-profit fund and therefore fees were not recognized in income.

Net technical margin has slightly reduced by €1 million in Half Year 2002 as compared to Half Year 2001 mainly due to lower margins in the Unit Linked companies.

Expenses, net of policyholder allocation[4], reduced by €48 million in Half Year 2002 as compared to Half Year 2001. This decrease is explained by (i) around €22 million of savings on general expenses, combined with (ii) a lower level of investment in strategic initiatives to reengineer systems and processes to face the new competitive environment (€26 million incurred in Half Year 2002 as compared to €52 million in Half Year 2001).

The **cost income ratio** improved by 14 points to 60% in Half Year 2002 as a result of expense savings and lower strategic investment costs partially offset by lower fees & revenues on unit-linked business.

The **health operating income** reported by AXA PPP Healthcare increased by €31 million as compared to Half Year 2001. Positive loss reserve development, improvement in claim frequency in the second quarter 2002 and savings in economic expenses have been partly offset by a further valuation allowance of €20 million (pre-tax) recorded in respect of certain impaired equity securities.

Income tax expense increased by €20 million in Half Year 2002 as compared to Half Year 2001, on current and constant exchange rate, mainly as a result of increased profits.

Adjusted earnings increased by €50 million in 2002 as compared to 2001. Excluding the after tax impact from the finalization of the transfer of Inherited Estate assets, adjusted earnings increased by €32 million. Growth in the Health Margin of €31 million and a €48 million expense reduction in the Life companies have more than offset the reduction in fees & revenues resulting from the poor stock markets performance.

[4] *Part of these expenses are located in the With-Profit funds and therefore are borne by policyholders.*

LIFE & SAVINGS OPERATIONS - JAPAN

Life & Savings Operations - Japan

(in euro millions)	**Period ended June 30, 2002 [a]**	**2001 [a]**	**Full Year 2001**
Gross written premiums	*2 897*	*2 936*	*5 475*
Investment margin	(145)	126	(368)
Fees & revenues	476	518	992
Net technical margin	52	34	148
Expenses (net of DAC/VBI)	(381)	(464)	(864)
Operating Income	**2**	**213**	**(93)**
Income tax expense	(17)	(103)	(9)
Minority interests	1	(4)	4
ADJUSTED EARNINGS	**(14)**	**106**	**(99)**
Average exchange rate : Yen 1000 = €	*8,82*	*9,78*	*9,53*

(a) AXA Life & Savings operations in Japan close its account in September 30. Therefore, the six-month period included in AXA Half-Year consolidated financial statements refer to period October 1 to March 31 for these operations.

Gross written premiums increased by 9% on constant exchange rate, driven by strong sales of Group pension products and sustained efforts to increase the sales of individual health products.

- *Investment & Savings*: Premiums increased by 35%, due to strong growth in Group pensions (+61%), as AXA benefited from the flight-to-quality phenomenon. Individual premiums posted a 6% decrease reflecting the focus of the distribution channels on the more profitable products, most notably Health. Despite uncertain market conditions, premiums on individual unit-linked products increased by 67%, essentially because those products were launched at the end of the first quarter 2001.
- *Life*: Premiums were down 6%, mostly impacted by a 73% drop in unit-linked revenues due to a shift from a single premium to a regular premium product. Traditional life products were stable, driven by an 8% growth of Whole Life products, offset by a 5% reduction in endowment premiums due to the shift in focus towards more profitable products.
- *Health*: Revenues grew by 9% as the sales force focused on sales of Medical Whole Life products (+34%), which presently offer high margins.

The **investment margin** decreased by €-287 million on constant exchange rate (€-271 million on current exchange rate) to €-145 million. Over half-year 2001, AXA Japan restructured its portfolio increasing its holding in low-risk bonds, which resulted in net capital gains and triggered lower investment income over the first half-year 2002. In addition, 2002 half-year investment margin is impacted by the implementation of a hedging strategy designed to protect the bonds and equity portfolio against market downturn (€132 million) and a €33 million valuation allowance on impaired bonds.

Fees & revenues are up by €9 million on constant exchange rate (€-42 million on current exchange rate) to €476 million. This increase is mainly driven by the growth in health new business.

The **net technical margin** increase (€+24 million on constant exchange rate, €+18 million on current exchange rate) to €52 million was mainly attributable to a better mortality experience (€+44 million on constant exchange rate) partly offset by the shrinking of surrender margin (€-20 million on constant exchange rate) due to the decrease in actual surrenders as compared to Half Year 2001.

Expenses gross of DAC and VBI increased by €5 million on constant exchange rate (€-41 million on current exchange rate), to €426 million in Half Year 2002, primarily attributable to higher commissions (€+12 million on a constant exchange rate) resulting from the combination of higher new business, change in product mix and revision of commission scales. As a result of expense monitoring, non-commission expenses were down by €7 million on constant exchange rate. Net of DAC and VBI, expenses decreased by €42 million (€-83 million on current exchange rate) as a result of lower amortizations of DAC and VBI mainly coming from the lower investment yield observed in Half Year 2002.

The **cost income ratio** deteriorated by 42 points to 111% due to the lower investment margin in Half Year 2002.

Adjusted earnings decreased by €122 million to €-14 million on a comparable basis, impeded by the strong negative impact of the reduced investment margin. Excluding the impact of net capital gains, **operating earnings** are down by €-11 million on constant exchange rate (€-14 million on current exchange rate) to €55 million mainly reflecting a decrease in investment yield.

LIFE & SAVINGS OPERATIONS - GERMANY

Life & Savings Operations - Germany

	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*1 487*	*1 418*	*2 998*
Investment margin [(a)]	6	6	7
Fees & revenues [(a)]	15	9	30
Net technical margin [(a)]	3	3	7
Expenses (net of DAC/VBI) [(a)]	(17)	(10)	(39)
Health operating income	8	13	19
Operating Income	**15**	**21**	**24**
Income tax expense / benefit	(6)	5	(0)
Minority interests	(1)	(3)	(2)
ADJUSTED EARNINGS	**7**	**23**	**21**

(a) Excluding health business

Gross written premiums rose 5%, mainly due to Investment & Savings and Health.

- *Investment & Savings:* Revenues increased 12%, mainly driven by non unit-linked premiums up 9% (97% of total Investment & Savings premiums). This increase was supported by a strong growth in single premiums (+32% versus estimated market growth of 24%) from a poor first half 2001 for AXA Life as well as for the entire German market. German Pension Reform products accounted for a small portion of the non unit-linked regular business. The supposed impact of "Pension Reform Business" currently lags market-wide expectations. Unit-linked business significantly increased but still represents a small proportion of Investment & Savings premiums (3% versus 1% in the prior year).

- *Life:* Revenues were slightly up (+1%) due to the continuing shift in product mix towards unit-linked life premiums (10% of Life revenues compared to 8% last year), which grew by 30%.
- *Health:* Additional rate increases and strong new business sales (+25%) continued to drive health premiums' growth of 12%, largely outperforming the estimated market growth of 5%.

Given the high legally regulated policyholder participation rates applied on all margins, the whole margin analysis is presented net of policyholder participation.

Investment margin remained on the same level as Half Year 2001 as the reduction in realized capital gains was compensated for by a lower participation rate.

Fees & revenues increased by €6 million to €15 million almost exclusively due to strongly growing new business of unit-linked products.

Net technical margin remained at the same level (€3 million) due to a stable development of death and disability insurance claims during the first six months.

Expenses increased by €7 million primarily due to an increase in non-recurring general expenses.

As a result of the increase in expenses, **the cost income ratio** grew by 4 points, to 72%.

The **health operating income** decreased by €5 million to €8 million as compared to the corresponding 2001 period. The deterioration was primarily due to the decreasing investment result and a lower result from lapses, while the latter effect gave rise to more resilient premium cash inflow in subsequent years.

The **income tax expense** increased by €11 million to €6 million in 2002, since the 2001 tax result was positive as a result of the German tax reform (primarily release of deferred tax liabilities related to equity securities).

Adjusted earnings decreased by €16 million to €7 million, which can primarily be explained by the positive impact (€10 million) of the tax reform in 2001 that was not repeated in 2002. **Operating earnings** decreased by €-11 million, to €7 million.

LIFE & SAVINGS OPERATIONS - BELGIUM

Life & Savings Operations - Belgium

	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*862*	*870*	*1 686*
Investment margin	103	147	165
Fees & revenues	59	63	133
Net technical margin	14	16	39
Expenses (net of DAC/VBI)	(101)	(90)	(186)
Operating Income	**74**	**136**	**151**
Income tax expense	(11)	(31)	(85)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	**63**	**105**	**65**

Gross written premiums were down 1% from a record period a year ago.

- *Investment & savings*: Premiums were stable, with a 4% increase in Group premiums, due to a good level of new business, being completely offset by a 1% decrease in Individual premiums. The decline in individual premiums was mainly due to a 47% decrease in unit-linked contracts caused by difficult market conditions, nearly completely offset by strong sales in non unit-linked products, in particular of Opti Deposit policies with minimum guaranteed return launched in November 2001. The major product Crest registered a limited decline (-4%), performing better than expected due to a smaller shift than anticipated to unit-linked products.
- *Life:* Premiums decreased by 3% in a mature market.

The **investment margin** decreased by €44 million to €103 million, primarily due to a €35 million valuation allowance recorded in respect of impairments on equity securities. Excluding impairments, it would have decreased by €-9 million mainly driven by:

- Higher net investment income (€+19 million) in relation to a higher level of reserves (+12%),
- Lower net capital gains (€-46 million). In 2001, a large amount of capital gains had been realized, most of which on bonds.
- Lower interests credited and bonus allocated to policyholders (€+18 million impact) despite the reserves increase.

Fees & revenues decreased by €4 million to €59 million, as unit-linked products sales dropped and the average loading on non unit-linked products was lower.

The **net technical margin** was €2 million lower, driven by a slight deterioration of the mortality result in Group Life.

Expenses increased by €11 million, mainly driven by a higher VBI amortization, in relation to the unfavorable evolution of the financial markets. The cost income ratio amounted to 54% as compared to 42% in Half Year 2001. The deterioration was mainly due to the lower level of investment margin. Excluding the valuation allowance for equity securities impairment, the cost income ratio remained stable at 45%.

Income tax expenses decreased by €20 million, as a result of a lower operating income and lower capital gains on bonds.

Adjusted Earnings decreased by €43 million to €63 million mainly as a result of the valuation allowances. **Operating earnings** decreased by €10 million to €25 million, mainly due to the higher VBI amortization.

LIFE & SAVINGS OPERATIONS - OTHER COUNTRIES

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

Consolidated gross revenues			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Australia / New Zealand	1 040	1 056	2 590
Hong Kong	498	578	1 353
The Netherlands	563	513	912
Italy	237	140	358
Spain	570	342	525
Other countries	295	427	782
TOTAL	**3 202**	**3 057**	**6 520**
Intercompany transactions	(6)	(0)	(3)
Contribution to consolidated gross revenues	**3 197**	**3 056**	**6 517**

	Adjusted earnings & Net income		
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Australia / New Zealand [(a)]	48	19	29
Hong Kong	2	41	37
The Netherlands	(6)	37	70
Italy	9	12	36
Spain	13	15	22
Other countries	6	10	14
ADJUSTED EARNINGS	**71**	**134**	**208**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(11)	(9)	(21)
NET INCOME	**60**	**125**	**187**

(a) For the first time, includes the Australia and New Zealand mutual funds sales business. 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.

Australia and New Zealand

Gross revenues were flat in the first half-year, despite difficult market conditions and a reduction in overall industry volumes.

Net mutual fund sales increased significantly (24%) to €287 million, benefiting from €97 million net flows recorded by Sterling Grace (acquired in second half of 2001).

Adjusted earnings for the six months to Half Year 2002 were €48 million, net group share (versus €18 million in 2001 on a comparable calendar period and constant exchange rate basis).

- In the *Life & Savings operations*, the increase in profit (€36 million) has been principally driven by improved claims experience for Income Protection business and reduced expenses following local management's continuing transformation program.

  The servicing businesses (including notably Sterling Grace), contributed €4 million to the 2002 adjusted earnings group share. Sterling Grace was acquired in November 2001.

- The *Health operations* adjusted earnings decreased from €19 million to €8 million as a result of claims returning to more normal levels following the end of 'claims free' waiting periods on new Life Time Health Cover members.

Hong Kong

On a comparable basis, **gross revenues** were down 14%, as prior year revenues included internal transfers from pre-existing retirement plans (ORSO) to the Mandatory Provident Fund (MPF) which was introduced in the early part of 2001. Excluding these internal conversions, premiums were up 5%.

AXA China Region's **adjusted earnings** for the six months to Half Year 2002 were €2 million, net group share (versus €42 million in 2001 on a comparable calendar basis and constant exchange rate basis).

As a result of the current volatile financial markets, the decrease in profit was principally explained by a lower investment return, in particular: (i) realised losses on the equity portfolio of €-16 million (net group share), (ii) realised losses of €-7 million (net group share) on default bonds, (iii) a €-4 million (net group share) valuation allowance on impaired equity securities, and (iv) a decrease of €-9 million (net group share) in interest income following lower interest rates and an increase in the weighting of equities in the investment portfolio mix since last year.

These losses have been partially offset by some improvements in operational performance, including an improvement in the surrender experience following the abatement of agent poaching in Hong Kong, continued favorable mortality experience, and the impacts of the successful implementation of process improvement initiatives.

The Netherlands

The Netherlands **gross revenues** recorded a 10% increase, driven by the rapid development of highly competitive non unit-linked Investment & Savings products and increased rates in Health.

In *Life insurance*, **adjusted earnings** were lower by €43 million presenting a loss of €-8 million. This was mainly driven by a €32 million lower investment margin, due to lower investment income (€-12 million) and lower realized capital gains (€-8 million), as well as a €6 million valuation allowance for impairment on equity securities. Fees & revenues were lower by €12 million due to a decrease in annual premiums and lower policyholders account balance. The net technical margin decreased by €11 million primarily driven by a lower surrender margin. Expenses rose by €11 million mostly attributable to (i) €7 million valuation allowance for doubtful receivables and (ii) information technology and marketing investments to drive premium growth.

In the *Health* business, **adjusted earnings** remained stable at €+3 million.

Italy

Italy posted the most significant **revenues** growth, with premiums up 69% due to sales of guaranteed index-linked products, reflecting the early benefits of a *bancassurance* agreement signed last year and the growing success of the agent network

Adjusted earnings are €9 million, decreasing by €-4 million as a result of a deterioration of the net technical margin (€-9 million) related mainly to the strengthening of insurance reserves on index-linked products and an increase in expenses (€-9 million) mainly attributable to the set-up of provisions with CONSAP, a public reinsurance body. This decrease was partly offset by an improvement of the investment margin (€+4 million) and a €11 million tax benefit from the reorganization of AXA subsidiaries in Italy.

Spain

Revenues increased by 67% mainly due to two group pension single premium contracts.

Adjusted earnings decreased by €-2 million as compared to first half 2001 to €13 million. This decrease is primarily due to the investment margin reduction by €3 million after tax, mainly attributable to the release in 2001 of deferred policyholders bonus following an asset/liability matching review (€7 million net of tax) partly offset by higher realised capital gains (€+4 million net of tax) following the sale of commercial building. Expenses reduced by €1 million reflecting the first outcomes of the cost cutting policy (reduction mainly in outsourcing and consulting).

Other countries

The other countries' adjusted earnings of €6 million were mainly attributable to the following countries:

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Portugal	2	3	9
Luxembourg	(1)	0	1
Austria	0	0	1
Switzerland	2	2	1
Hungary	1	1	1
Morocco	1	1	1
Canada	2	2	4
Turkey	(0)	(1)	(0)
Singapore	(1)	1	(2)
China	0	(1)	(2)
ADJUSTED EARNINGS	**6**	**10**	**14**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(0)	(0)	(1)
NET INCOME	**5**	**9**	**14**

Portugal adjusted earnings decreased by €-1 million to €+2 million as compared to Half Year 2001. The decrease is driven by (i) a reduction in investment margin (€-1 million net of tax) following the poor stock market and (ii) a decrease in the net technical margin (€-1 million net of tax), due to the deterioration of mortality experience over the Half Year 2002. These reductions were partly offset by lower expenses (€1 million net of tax) as the initial result of the cost cutting policy.

On a comparable calendar basis, AXA Life **Singapore's** adjusted earnings for the six months to Half Year 2002 was a loss of €1 million, net group share (compared to a profit of €1 million in 2001). The decrease in earnings is primarily due to lower investment income and an increase in expenses due to reorganisation costs associated with planned staff reductions.

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]			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	8 831	8 769	15 925
Fees, commissions and other revenues	8	11	2
Gross revenues	**8 839**	**8 780**	**15 928**
Change in unearned premium reserves	(1 043)	(1 023)	(115)
Net investment result	837	1 287	1 916
Total revenues	**8 633**	**9 043**	**17 729**
Insurance benefits and claims	(5 788)	(6 211)	(13 007)
Reinsurance ceded, net	(207)	(170)	(112)
Insurance acquisition expenses	(1 358)	(1 317)	(2 868)
Administrative expenses	(892)	(897)	(1 803)
Operating Income	**388**	**449**	**(60)**
Income tax expense / benefit	(110)	12	262
Equity in income (loss) of unconsolidated entities	11	2	5
Minority interests	(11)	(13)	(25)
ADJUSTED EARNINGS	**278**	**450**	**182**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(54)	(72)	(130)
NET INCOME	**224**	**378**	**52**

(a) Before intercompany transactions

The Property and Casualty contribution to the half-year 2002 group net income amounted to €224 million, down by €154 million, as compared to the corresponding period in 2001. The decline derived from:

- A €172 million decrease in Adjusted earnings, explained in the following pages
- A €18 million decrease in goodwill amortization, as half-year 2001 was affected by an exceptional amortization of goodwill in Germany.

Consolidated Gross Revenues [a]			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
France	2 432	2 292	4 171
Germany	1 821	1 948	3 165
United Kingdom	1 459	1 332	2 480
Belgium	735	702	1 331
Others countries	2 392	2 507	4 781
TOTAL	**8 839**	**8 780**	**15 928**
Intercompany transactions	(13)	(64)	(31)
Contribution to consolidated gross revenues	**8 826**	**8 716**	**15 896**

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

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
France	153	233	266
Germany	19	128	85
United Kingdom	(9)	(1)	(133)
Belgium	48	72	(5)
Others countries	66	18	(31)
ADJUSTED EARNINGS	**278**	**450**	**182**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(54)	(72)	(130)
NET INCOME	**224**	**378**	**52**

PROPERTY & CASUALTY OPERATIONS - FRANCE

Property & Casualty operations - France			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*2 432*	*2 292*	*4 171*
Current accident year loss ratio (net)	77,5%	81,2%	81,0%
All accident year loss ratio (net)	78,4%	81,6%	82,1%
Net technical result	**463**	**2 292**	**744**
Expense ratio	25,0%	26,0%	25,2%
Net investment result	296	494	694
Operating Income	**224**	**339**	**390**
Income tax expense	(71)	(106)	(124)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	**153**	**233**	**266**

Gross written premiums grew by 6% attributable to successful rate increases in both personal and commercial lines, combined with a strict underwriting policy.

- *Personal*: premiums increased 4% in both motor and non-motor branches as a consequence of higher rates
- *Commercial*: premiums grew by 8%, mainly due to rate increases in all branches, associated with a strict underwriting policy. Motor, property and liability increased by 9%, 13% and 5%, respectively.

The **net technical result** improved by €88 million of which €20 million due to the increase in gross written premiums and €79 million related to the improvement in current year loss ratio. These positive factors were partly offset by a slightly less favorable loss reserve development of €-11 million.

- The net current accident year loss ratio improved by 3.7 points to 77.5% in Half Year 2002. Improvement in loss ratio was significant on commercial lines (-4.1points) as a consequence of significant rates increases and stricter underwriting in all lines. This improvement was however tempered by an increase in claims charge in commercial property lines as a consequence of a larger number of mid size and large claims. Loss ratio also improved for personal lines by 3.5 points. The significant improvement experienced in motor, as the result of decrease in claims frequency, was partly offset by the higher cost of theft recorded in property lines.

  Cost of reinsurance for current year increased by €28 million as premiums ceded on renewed treaties were up by €20 million, reinsurers' rates being significantly higher in 2002 than in 2001. Claims ceded to reinsurers were down by €-12 million due to a lower charge on very large claims.

  Claims management expenses decreased by €10 million in line with the cost cutting program of AXA France.

- Loss reserve development totaled €-20 million, or a €-11 million deterioration in Half Year 2002 as compared to Half Year 2001. Adverse loss reserve development was observed in personal property lines.

Expenses, including distribution costs, were up by €5 million to €535 million. Distribution costs increased by €19 million, or +6.9%, in line with the increase in written premiums. Other expenses decreased by €13 million, or -5.1%, in line with the cost cutting program of AXA France which includes a significant reduction in many types of expenses including information technology, advertising and consulting expenses. Expense ratio improved to 25.0% as compared to 26.0% in Half Year 2001 due both to the reduction in expenses and the increase in earned premiums.

As a result, the **combined ratio** significantly improved to 103,4% as compared to 107,6% in Half Year 2001.

Net investment result dropped by €-198 million from €494 million in Half Year 2001 to €296 million in Half Year 2002 due to a reduced program of equity sales. Net realised gains were down €-191 to €43 million as lower gains were realised on equity securities. Investment income decreased by €-6 million, or -2,3%, dividends received being down €-16 million as an exceptional dividend of €18 million was received in Half Year 2001. This decrease was partly offset by a €10 million increase in real estate income. No impairment of the equity portfolio was necessary.

Income tax decreased by €-35 million, in line with operating income decrease. Income tax rate remained stable at 31.4% as compared to 31.1% in Half Year 2001.

Adjusted earnings were down €-80 million from €233 million in Half Year 2001 to €153 million in Half Year 2002. Excluding net realised gains, **operating earnings** strongly increased by €50 million, or +67%, to €124 million in Half Year 2002 as compared to €74 million in Half Year 2001 mainly due to the increase in net technical result of €88 million.

PROPERTY & CASUALTY OPERATIONS - GERMANY

Property & Casualty operations - Germany			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*1 821*	*1 948*	*3 165*
Current accident year loss ratio (net)	83,4%	86,6%	90,7%
All accident year loss ratio (net)	72,2%	80,4%	87,8%
Net technical result	**415**	**1 948**	**387**
Expense ratio	30,6%	28,1%	30,5%
Net investment result	111	166	383
Operating Income	**68**	**34**	**(198)**
Income tax expense / benefit	(48)	106	287
Equity in income (loss) of unconsolidated entities	2	2	5
Minority interests	(4)	(14)	(9)
ADJUSTED EARNINGS	**19**	**128**	**85**

Gross written premiums (before intercompany eliminations) amounted to €1,821 million. Net of intercompany eliminations, they decreased by 3% to €1,809 million, resulting from selective underwriting, restructuring measures and a voluntary higher cancellation rate in commercial property.

- *Personal*: premiums decreased 4% due to lower written premiums in motor and liability, mainly as a result of selective underwriting, and to increasing cancellations in property. Tariff increases in motor led to a 1% increase in average premium.

- *Commercial*: premiums decreased 4% due to restructuring measures and restrictive underwriting policy in motor and liability. Property and other non-motor branches remained stable.
- *Other*: premiums grew 5% as the 25% growth in Art insurance was partly offset by the decrease from planned contract terminations in assumed business and DARAG (marine).

The **Net Technical Result** showed an improvement **by €109 million to €415 million**.

- Current Accident Year Loss Ratio: The improvement of the current accident loss ratio by -3.2 points was primarily due to the portfolio-restructuring program and the lower number of large claims in commercial lines (-5.7 points on loss ratio gross of reinsurance); this development also explained the improvement of the loss ratio for DARAG (marine business) by -2.3 points gross of reinsurance. In the personal lines, the current accident year loss ratio rose by +2.7 points as a result of heavy storms in 2002 (€34 million), but conversely a continuous improvement could be experienced in motor (-1.2 points). The cost of reinsurance increased by 2.2 points.
- All Accident Year Loss Ratio: Besides the improvement of the current accident loss ratio by 3.2 points, the run-off result in the direct business improved by 3.0 points. In addition, the restructuring of DARAG gave rise to an additional improvement by 2.2 points.

Expense Ratio increased by 2.3% points or in absolute terms by €+20 million. The increase in non-commission expenses by €+36 million was due to a one-off effect in 2001, when restructuring provisions to an amount of €-32 million were released. This was partly offset by a decrease in commission expenses of €-16 million due to the decline in gross written premiums in corporate and other business lines.

As a consequence of the higher technical result, the **net combined ratio** improved by 5.7 points, to 102.8%.

Net investment result decreased by €-55 million to €+111 million as a result of (i) a lower net investment income by €-24 million as well as (ii) lower net capital gains, which decreased by €-30 million to an amount of €-20 million, of which €-55 million were attributable to other-than-temporary impairments on equity securities.

Tax expenses increased by €154 million, since the tax position was positive in 2001 for two reasons: (i) use of a tax loss carry forward and (ii) release of deferred tax liabilities of €-127 million on equity investments (due to tax exemption of capital gains deriving from the tax reform).
The high tax charge as compared to the operating income was due to a high amount of equity impairment allowances, which are no longer tax deductible.

Adjusted earnings decreased by €108 million, mainly as a result of (i) the high tax benefit due to the German fiscal reform in 2001 and (ii) the decrease in the investment result, which was partly offset by higher net technical result. **Operating earnings** decreased by €-85 million, to €37 million.

PROPERTY & CASUALTY OPERATIONS - UNITED KINGDOM

Property & Casualty operations - United Kingdom			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*1 452*	*1 323*	*2 480*
Current accident year loss ratio (net)	75,7%	78,2%	77,5%
All accident year loss ratio (net)	76,1%	84,6%	82,1%
Net technical result	**313**	**197**	**460**
Expense ratio	37,0%	32,2%	35,2%
Net investment result	138	163	202
Operating Income	**(28)**	**(44)**	**(244)**
Income tax expense / benefit	19	43	111
Minority interests	0	0	0
ADJUSTED EARNINGS	**(9)**	**(1)**	**(133)**
Average exchange rate : £ 1,00 = €	*1,61*	*1,60*	*1,61*

Gross written premiums (before inter-company elimination) amounted to €1,452 and increased by 9% (+11% net of inter-company elimination), with strong growth in commercial lines more than offsetting the reduction in personal lines.

- *Personal* (46% of gross written premiums) decreased by 4% as a result of improved risk selection and the effect of policy count reductions in 2001 following the high rate increases at the end of 2000. This was partly offset by a strong growth in creditor business.
- *Commercial* (50% of gross written premiums) increased by a strong 21% with targeted rate increases successfully implemented. AXA gained a number of large new property accounts and liability business benefited from significant rate increases (+40%).

The **net technical result** increased by €116 million in Half Year 2002 as compared to Half Year 2001, reflecting AXA Insurance focus on profitability.

- The current accident year loss ratio net of reinsurance improved by 2.5 points to 75.7% in Half Year 2002, despite a €21 million pre-tax charge for material weather-related losses at the beginning of the year 2002. This positive trend mainly stemmed from improvement achieved in commercial motor and property as well as personal motor, primarily as a result of strict underwriting and rating actions.
- The all accident year loss ratio net of reinsurance improved by 8.5% to 76.1%, the positive effect of the current year being reinforced by the absence of significant prior year reserve strengthening: the Half Year 2001 result was adversely affected by a €54 million pre-tax charge on the continuing business, mainly related to a new legislation that decreased the discount rates applicable to some injury awards and an additional €33 million pre-tax charge on the discontinued business.

Expenses increased by €74 million in Half Year 2002 as compared to Half Year 2001. This increase was mainly due to (i) First Choice implementation, a programme of radical transformation of the entire business (€21 million pre-tax), (ii) a lower level of acquisition costs deferred (€10 million pre-tax) and (iii) new higher commission rated business on creditor and commercial property lines (€70 million pre-tax) offset by lower loss ratios on these classes of business. Underlying management expenses decreased by €27 million pre-tax due to improved efficiencies, the initial impact of the First Choice strategy and strict management control of day-to-day business expenditure. As a result of these elements, the expense ratio increased by 4.8 points to 37.0%.

As a consequence of the improvement in the net technical result, the **combined ratio** improved from 116.8% in Half Year 2001 to 113.1% in Half Year 2002. Excluding the discontinued business which is to be presented as part of the International Insurance segment for 2002 full year disclosures, the combined ratio improved from 114.3% in Half Year 2001 to 112% in Half Year 2002.

Net investment result decreased by €25 million to €138 million in Half Year 2002. The decrease mainly stemmed from lower net realised gains of €14 million due to a valuation allowance of €94 million before tax in respect of certain impaired equity securities, combined with a bwer level of investment income (€11 million pre-tax), both due to investment market conditions.

The **income tax benefit** decreased by €24 million, mainly as a result of a tax provision release of €22 million in Half Year 2001, following a tax authority's agreement on certain claim reserves deductibility.

Adjusted earnings decreased by €8 million in Half Year 2002 as compared to Half Year 2001. Excluding the impact of the 2001 tax release, adjusted earnings increased by €14 million, the strong improvement of the net technical result being partly offset by an increase in expenses and lower investment result. Excluding net capital gains, **operating earnings** increased by €2 million.

PROPERTY & CASUALTY OPERATIONS - BELGIUM

Property & Casualty operations - Belgium			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Gross written premiums	*735*	*702*	*1 331*
Current accident year loss ratio (net)	90,4%	92,5%	94,5%
All accident year loss ratio (net)	79,8%	86,2%	84,6%
Net technical result	**135**	**702**	**205**
Expense ratio	30,3%	30,3%	32,0%
Net investment result	127	200	216
Operating Income	**60**	**93**	**(4)**
Income tax expense	(12)	(21)	(1)
Minority interests	(0)	(0)	0
ADJUSTED EARNINGS	**48**	**72**	**(5)**

Gross written premiums (before intercompany eliminations) amounted to €735 million. Net of intercompany elimination, they increased by 5% to €734 million, with growth in both commercial and personal lines. The activity benefited from strong marketing initiatives towards brokers and customers done in April.

- *Personal*: premiums increased 5%, mostly driven by the motor business, benefiting from premium increase in third-party liability (+3%), further rates adjustments (+6% on yearly basis) and continued growth of the number of contracts in portfolio (+2%).
- *Commercial*: premiums were up 5% due to a strong 17% growth in property, mainly due to a large new contract, and to a 8% growth in liability, as a result of rate increases (+5% to +10%) partially offset by the expected portfolio erosion.

- Health premiums increased by 38%, due to the introduction of a medical assistance service concept, as well as co-insurance contracts.

The **net technical result** increased by €45 million to €135 million.

- The current year loss ratio net of reinsurance improved by 2.1 points to 90.4%, driven by a decrease in claims frequency both in motor (third party liability and theft) and in workers compensation. Property was impacted by large claims in Commercial lines and several storms in Personal lines.
- The loss ratio for all accident years net of reinsurance improved by 6.4 points to 79.8%. This was mainly due to favorable loss reserve development in motor insurance and in workers' compensation branches. Excluding the workers' compensation branch, which includes reserves for annuities, the all accident years net of reinsurance loss ratio would have improved by 6.9 points down to 71.9%.

The **expense ratio** remained stable at 30.3%.

The **combined ratio** improved by 6.4 points to 110.1%. Excluding workers' compensation, it improved by 7.2 points to 107.0%.

Net investment results declined by 36% to €127 million, mainly due to other-than-temporary impairments for €18 million and a decrease in realized capital gains (of which €57 million realized on bonds in first half 2001 in relation to the bonds portfolio restructuring).

Income tax expense decreased by €9 million as a result of the decline in the operating income, since the realized capital gains and the valuation allowance on equity securities were not taxable.

Adjusted earnings decreased by €24 million to €48 million mainly due to the impairments and the lower realized capital gains, which were partially offset by an improved claims experience. **Operating earnings** increased by €64 million to €44 million mainly due to the net technical result improvement.

PROPERTY & CASUALTY OPERATIONS - OTHER COUNTRIES

Gross revenues			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Italy	518	544	1 081
Spain	530	514	1 000
Canada	391	353	693
Ireland	281	241	492
The Netherlands	149	143	245
Other countries	523	711	1 269
TOTAL	**2 392**	**2 507**	**4 781**
Intercompany transactions	(0)	(18)	(1)
Contribution to consolidated gross revenues	**2 392**	**2 488**	**4 780**

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro million)	**2002**	**2001**	**2001**
Italy	23	12	(6)
Spain	11	5	5
Canada	8	11	18
Ireland	27	11	30
The Netherlands	(3)	(11)	(31)
Other countries	(1)	(10)	(47)
TOTAL	**66**	**18**	**(31)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(20)	(16)	(36)
NET INCOME	**47**	**3**	**(67)**

Italy

Gross revenues decreased by -5% to €518 million, driven by a loss of contracts on motor (64% of total premiums) following (i) continuing portfolio cleansing measures and (ii) higher-than-market rate increases to preserve profitability.

Adjusted earnings reached €23 million, up by €+11 million from last year. This increase reflected mainly (i) an improvement of the combined ratio by +1.5 points to 107% mainly attributable to tariff increases on motor and the closing of unprofitable agencies, (ii) an increase in net investment result (net of tax) which included in 2002 capital gains realized on real estate (€13 million) partly offset by lower capital gains on equity securities (€-8 million) and valuation allowances on impaired equities and bonds (€-4 million) and (iii) a €+9 million tax benefit deriving from the reorganization of AXA subsidiaries in Italy.

Spain

Gross revenues increased by 12.3% on a comparable basis as compared to Half Year 2001 to €530 million, mainly due to an increase in motor line by +12.4% located both in commercial (+46.8%) and personal lines (+5.5%)

Adjusted earnings increased by €6 million to €11 million. Direct Seguros reached breakeven for the first time with a €1 million profit against €2 million losses in Half Year 2001. Excluding Direct Seguros, adjusted earnings increased by €4 million. This increase reflected mainly a 4.1 points loss ratio improvement to 77.8% attributable to favorable technical trend, notably in commercial lines, and the positive impact of a commercial strategy which favored customer satisfaction and loyalty. This drove the combined ratio down to 101.4% in Half Year 2002 (versus 106.2% in Half Year 2001). This increase was partly offset by a €8 million decline of the net investment result mainly due to lower net investment gains on equity securities (€-7 million) and a €4 million valuation allowance on impaired equity securities.

Canada

Gross revenues increased by €40 million, or +14% 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 and in Commercial lines.

Despite an improved underwriting result and a favorable expense development, **adjusted earnings** decreased by €-3 million to €8 million. This decrease is attributable to (i) a 7 million after tax impact of software write-off in 2002 and to (ii) a 8 million reduction in after tax investment results mainly due to lower capital gains on equities and valuation allowance on impaired equity securities. The loss ratio improved by 2 points to 72% as compared to 2001, mainly driven by excellent results in Quebec, due to rate increases. The expense ratio - excluding the €7 million software write-off - improved by 4 points as compared to 2001 largely reflecting the increased level of premiums, general cost containment and the positive impact of the reorganization project launched in 2001. As a result, the combined ratio improved by 3 points to 103.5%, or by 6 points to 100.4% excluding the software write-off.

Ireland

Gross written Premium increased by €39 million (+16%) to €281 million in Half Year 2002 as compared to 2001. This increase stemmed from core business: motor lines of business (86% of gross written premiums) improved by 16% while personal property lines of business (14% of gross written premiums) increased by 35%. This trend was driven by both (i) rating action taken on all branches of business and (ii) growing volumes on motor mainly due new business inflow induced by competitive pricing strategy combined with strong retention rate on existing portfolios.

Adjusted earnings more than doubled in Half Year 2002 as compared to the same period in 2001. This €16 million increase was mainly due to a major improvement in the net technical result through a significant reduction in the accounting loss ratio, which dropped by 10 points to 83.9%. This improvement was primarily attributable to significant rating action combined with a better risk selection on all branches. Motor claims frequency in 2002 showed a marginal improvement when compared to 2001, partly offset by deterioration in the household account due to weather catastrophes and increased reinsurance costs. Significant rating action has been taken to address profitability on this branch. The consolidated expense ratio has improved from 14.9% in 2001 to 14.5% in 2002. As a result of these factors, the combined ratio improved by 10.4 points to reach a level of 98.4% in first half 2002.

The net investment result remained stable compared to Half Year 2001 as a higher level of average funds available for investment has been offset by lower yields on new and reinvested funds. In addition, net realized gains of €5 million were generated during the period.

The Netherlands

Gross revenues increased by +4% on a comparable basis in spite of almost stopped activity with insurance brokers and lower premiums from independent agents (overall €-10 million). Rates increase in motor, third part liability and industrial property offset the negative impacts.

Including brokers activity, **adjusted earnings** increased by €8 million to a €-3 million loss. This was mostly driven by the accounting loss ratio improvement by 12.7 points to 80.9%. Half Year 2001 was negatively impacted by a reserve strengthening on the bodily injury portfolio (€12 million impact before tax). Furthermore, excluding brokers activity, the expense ratio decreased by 4.9 points to 38.5% due to lower management expenses (€9 million). The combined ratio stood at 119.4% in Half Year 2002 as compared to 136.8% in Half Year 2001.

Other countries

Adjusted earnings are down to €-1million, mainly attributable to the following countries:

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro million)	**2002**	**2001**	**2001**
Morocco	5	6	14
Portugal	3	6	2
Austria	(1)	0	0
Hungary	1	2	2
Switzerland	(0)	1	0
Luxembourg	(0)	0	2
Turkey	1	(3)	2
Japan	(15)	(20)	(46)
Hong Kong	3	(4)	(27)
Singapore	1	2	4
TOTAL	**(1)**	**(10)**	**(47)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(3)	(3)	(6)
NET INCOME	**(4)**	**(13)**	**(53)**

Portugal adjusted earnings decreased by €-3 million to €+3 million in Half Year 2002, mainly driven by the decline of the net investment result (€10 million net of tax). In the context of poor stock market, this decline is explained by lower realised capital gains (€6 million net of tax) and a valuation allowance on impaired equity securities of €3 million net of tax. This was partly offset by the 7.1 point improvement in combined ratio to 99.8%, due to (i) an improved accounting loss ratio (-4.2 points to 71.3%) explained by fewer major claims as well as the absence of material weather-related losses in Half Year 2002, and (ii) by lower expenses reflecting the first outcome of cost cutting policy.

Switzerland acquired during Half Year 2002 the Swiss subsidiary of AVIVA (ex-CGNU) in the P&C business. Adjusted earnings decreased by €1.3 million due to bad investment result, while operating earnings increased by €1 million.

Japan. Adjusted earnings improved by €+4 million on constant exchange rate to €-15 million, mainly due to the economies of scale following the +39% increase in gross written premiums and the first outcomes of cost-cutting initiatives, which drove down the expense ratio by 74 points to 70.3%.

Hong Kong. Adjusted earnings increased by €7 million to €3 million; 2001 half-year result was adversely impacted by a reserve strengthening on construction disability branch.

International Insurance Segment

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

Gross revenues [(a)]			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
AXA Corporate Solutions	3 640	3 079	5 307
AXA Assistance	234	216	434
Other	(1)	5	10
TOTAL	**3 873**	**3 300**	**5 751**
Intercompany transactions	(45)	(35)	(73)
Contribution to consolidated gross revenues	**3 828**	**3 265**	**5 678**

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

	Adjusted earnings & Net income		
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
AXA Corporate Solutions	(52)	43	(350)
AXA Assistance	2	6	13
Other	8	(17)	(41)
ADJUSTED EARNINGS	**(42)**	**31**	**(378)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(4)	(4)	(8)
NET INCOME	**(46)**	**27**	**(386)**

AXA CORPORATE SOLUTIONS

Reinsurance and International Insurance Operations - AXA Corporate Solutions [a]				
	Period ended June 30,			**Full Year**
(in euro millions)	**2002**	**2001 Proforma [b]**	**2001**	**2001**
Gross written premiums	3 628	3 075	3 075	5 280
Fees, commissions and other revenues	11	4	4	27
Gross revenues	**3 640**	**3 079**	**3 079**	**5 307**
Change in unearned premium reserves	(1 091)	(1 092)	(1 092)	(235)
Net investment result	256	211	211	415
Total revenues	**2 805**	**2 198**	**2 198**	**5 486**
Insurance benefits and claims [b]	(2 099)	(1 559)	(1 258)	(6 584)
Reinsurance ceded, net	(480)	(366)	(366)	1 074
Insurance acquisition expenses [b]	(162)	(146)	(447)	(295)
Administrative expenses	(115)	(97)	(97)	(219)
Operating Income	**(52)**	**30**	**30**	**(538)**
Income tax expense / benefit	7	17	17	193
Equity in income (loss) of unconsolidated entities	(1)	0	0	0
Minority interests	(6)	(4)	(4)	(5)
AJUSTED EARNINGS	**(52)**	**43**	**43**	**(350)**
Impact of exceptional operations	-	-	-	-
Goodwill amortization (group share)	(4)	(4)	(4)	(7)
NET INCOME	**(55)**	**39**	**39**	**(357)**

(a) Before intercompany transactions

(b) Reinsurance technical commissions have been posted in Insurance claims instead of Insurance acquisition expenses, in 2001.

AXA Corporate Solutions			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001 Proforma**	**2001**
Earned premiums	*2 549*	*1 987*	*5 072*
Attritional current year loss ratio [a] [b]	69,6%	79,4%	75,7%
Reinsurance & Cessions [a] [b]	*69,5%*	*78,2%*	*70,0%*
Insurance [a] [b]	*69,7%*	*83,5%*	*95,7%*
Attritional all accident year loss ratio [a] [b]	69,6%	79,7%	76,6%
Loss ratio [a] [c]	102,5%	95,9%	113,4%
Net technical result	**(31)**	**62**	**(438)**
Expense ratio	16,6%	17,2%	15,2%
Net investment results	256	211	415
Operating Income	**(52)**	**30**	**(538)**

(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)

Consolidated gross revenues (before intercompany elimination) were €3,640 million, of which €11 million of fees and commissions. Net of intercompany, they amounted to €3,627 million in Half Year 2002 and increased by 17% as compared to Half Year 2001:

- *Reinsurance* (71% of gross revenues): premiums increased by 14% in Half Year 2002 to €2,562 million with a change in business mix towards property line. Property & casualty lines (92% of reinsurance activity) increased by 8% mainly due to (i) the upturn in the retrocession market for property catastrophe business partly offset by the voluntary withdrawal from the proportional treaties in casualty motor business and significant cancellations mainly on non proportional treaties in marine and aviation, (ii) a significant revision of 2001 premiums on proportional treaties in property and motor due to the cautiousness of last year estimates and (iii) a stringent underwriting policy.
- *Insurance* (28% of gross revenues): premiums and fees increased by 35% to €1,029 million due to (i) market rate increase after September 11 in property & casualty and aviation lines and (ii) prior years adjustment coming from an in depth half year review of 2001 underwritten policies.

Net attritional margin on current accident year increased significantly by €312 million.

- For *Reinsurance* business, it increased by €201 million to +€482 million in 2002, with a net attritional loss ratio improving by 7 points down to 71% in 2002. This improvement was due to (i) higher premium rates and improvement of underwriting conditions in roughly all lines of the portfolio, (ii) the absence of significant losses in the first six months and (iii) major cancellations in marine and casualty motor. Commissions paid to ceding companies increased by 49%, or €108 million, in relation with the increase in gross premiums.
- For *Insurance* business, the net attritional margin on the current accident year increased by €90 million to +€158 million in 2002, with a net attritional loss ratio improving by 14 points down to 70% in Half Year 2002, due to a better claims experience.

Other technical items deteriorated by €405 million as a result of the following:

- The cost of **cover programs** increased by €204 million, due to the purchasing of new protections (mainly for reinsurance business) in hardening market conditions;
- Unfavorable **loss reserve developments on prior accident years** were recorded in 2002 (€-207 million), deteriorating by €227 million as compared to 2001, mainly due to the WTC claim cost increase (€-143 million net of reinsurance and gross of tax).

As a result, the **net technical result** decreased by €93 million to €-31 million in 2002 with a 6.6 points deterioration in the claims ratio for all accident years (net of reinsurance) to 102.5% in 2002. Excluding September 11th US terrorist attacks, this ratio would have shown a 2 point improvement to 93.9% in 2002.

Expenses increased by €34 million to €277 million in 2002 as compared to 2001. The administrative expenses increased by €18 million in 2002 mainly explained by (i) changes in perimeter (€8 million, principally the integration of AXA Germany's large risks portfolio), (ii) extraordinary expenses related to the reorganization (€4 million). The acquisition expenses increased by €16 million in relation to higher written premiums.

Net investment result increased by €46 million to €256 million in first half 2002 as compared to first half 2001, explained by (i) a €69 million increase in exchange rate result due to the US dollar decrease included in net realized gains, (ii) a €6 million increase in net capital gains, in spite of a €-6 million valuation allowance recorded on impaired equities, (iii) which were partly offset by a €30 million decrease in fixed income revenues.

Income tax expense increased by €10 million to €+7 million in Half Year 2002.

Adjusted earnings decreased by €94 million to €52 million in 2002 as compared to 2001. The decrease was mainly due to (i) a €93 million decrease in the net technical result and (ii) a €34 million increase in general expenses, which were partly offset by (iii) a €44 million increase in the net investment result. Excluding the cost of September 11th US terrorist attacks and net capital gains, **operating earnings** amounted to €-35 million in 2002 as compared to €+17 million in 2001. This deterioration was mainly due to the purchase of additional protections in order to cover the occurrence of major losses, lower investment income and higher effective tax rate, partly offset by an improved attritional loss ratio.

ASSISTANCE

Consolidated gross revenues were €234 million or €+27 million growth at constant exchange rate, mainly attributable to the European area due to the strong increase of +145% in the UK National Healthcare service business.

Adjusted earnings decreased by €4 million to €+2 million in Half Year 2002 as compared to Half Year 2001: the decline was primarily explained by the negative impact of the US dollar exchange rate. Except this, the adjusted earnings remained stable to €+5 million.

OTHER

Adjusted earnings from the other transnational insurance operations increased by €25 million to a €8 million profit in Half Year 2002 as compared to Half Year 2001. This 2002 profit was primarily attributable to Saint Georges Ré; which recorded a €2 million profit in Half Year 2002, or a €19 million increase as compared to Half Year 2001, mainly explained by (i) the losses related to the GRE businesses in run-off accounted last year (€17 million), and (ii) €4 million realised capital gains in real estate in Half Year 2002.

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:

Gross Revenues			
	Period ended June 30,		Full Year
(in euro millions)	2002	2001	2001
Alliance Capital	1 610	1 698	3 347
AXA Investment Managers	427	322	696
National Mutual Funds Management [(a)]	-	22	57
TOTAL	**2 037**	**2 042**	**4 100**
Intercompany transactions	(164)	(176)	(370)
Contribution to consolidated gross revenues	**1 873**	**1 866**	**3 730**

(a) As a result of the Joint-venture between AXA Asia Pacific Holdings and Alliance Capital, Asset Management operations previously run by National Mutual Funds Management are now run by Alliance Capital. Other previous activities of NMFM are now presented within AXA Life & Savings operations in Australia / New Zealand.

	Adjusted earnings & Net income		
	Period ended June 30,		Full Year
(in euro millions)	2002	2001	2001
Alliance Capital	114	138	273
AXA Investment Managers	34	27	58
National Mutual Funds Management	-	1	15
ADJUSTED EARNINGS	**148**	**167**	**346**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(97)	(96)	(193)
NET INCOME	**51**	**70**	**153**

ALLIANCE CAPITAL

Asset Management Operations - Alliance Capital			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
Fees, commissions and other revenues	1 610	1 698	3 347
Net investment result	(30)	(55)	(55)
Total revenues	**1 580**	**1 644**	**3 292**
Administrative expenses	(1 224)	(1 228)	(2 470)
Operating Income	**356**	**416**	**822**
Income tax expense	(60)	(67)	(132)
Minority interests	(182)	(210)	(417)
ADJUSTED EARNINGS	**114**	**138**	**273**
Average exchange rate : US$ 1,00 = €	*1,11*	*1,11*	*1,12*

Assets under Management (“AUM”) were down €100[5] billion from December 31, 2001, to €414 billion at June 30, 2002 mainly due to the negative impacts of market depreciation (€-44 billion) and exchange rate (€-55 billion).

Net outflows totaled €0.5 billion and were attributable to outflows in retail of €4.5 billion (mainly cash management), partially offset by private clients and institutional net new money of €2.8 billion and €1.2 billion respectively. Despite a challenging market, investment results generally exceeded client benchmarks. Value equities performed well, while growth portfolios remained competitive.

Fees commissions and other revenues were down 4% on a comparable basis compared to Half Year 2001, due to lower distribution revenues and advisory fees, in line with lower average AUM, down 3% versus Half Year 2001. Institutional Research Services grew by 11% driven by higher NYSE volumes, increased market share, and the launch of European trading in the middle of the first quarter.

Administrative expenses remained flat at constant exchange rate, as lower promotion expenses are offset by higher Sanford Bernstein deferred compensation expenses.

Operating Income was down €60 million or 15% versus the same period last year as a result of lower revenues, in part offset by lower interest expenses. As a result, the operating cost income ratio [6] increased by 4 points to 70%, versus Half Year 2001.

Adjusted Earnings were down €24 million or 18% compared to Half Year 2001, primarily driven by the lower revenues and average AUM due to the declining market environment.

AXA’ s ownership interest in Alliance Capital, approximately 53%, remained stable as compared to Half Year 2001.

[5] *Excluding €4 billion AUM on unconsolidated affiliates included at year-end 2001*

[6] *The operating cost income ratio is calculated after deduction of distribution fees from revenues and expenses*

AXA INVESTMENT MANAGERS ("AXA IM")

Asset Management Operations - AXA Investment Managers			
	Period ended June 30,		Full Year
(in euro millions)	**2002**	**2001**	**2001**
Fees, commissions and other revenues	427	322	696
Net investment result	4	2	12
Total revenues	**431**	**324**	**708**
Administrative expenses	(365)	(278)	(602)
Operating Income	**66**	**46**	**106**
Income tax expense	(25)	(12)	(34)
Minority interests	(7)	(7)	(14)
ADJUSTED EARNINGS	**34**	**27**	**58**

Asset Under Management decreased by €5 billion from December 2001, to €272 billion at June 30, 2002. The decrease mainly resulted from an adverse foreign currency exchange rate impact (€-7 billion) and market depreciation (€-6 billion). Despite these unfavorable market conditions, the net new money reached €8 billion during Half Year 2002.

Fees, commissions and other revenues (including those earned from AXA insurance companies eliminated in consolidation) amounted to €427 million, +9.1% or €+36 million on a comparable basis (i.e. including newly consolidated entities[7]). This growth was attributable to excellent performance fees (up €10 million to €34 million), notably from AXA Rosenberg, and to increased management fees (up €16 million to €370 million), stemming from higher average AUM (+2,7%, at €279 billion) and from a favorable change in product mix towards higher-fee products. Other revenues also increased €10 million to €23 million.

Net of intra-group transactions, revenues increased by +13.9% on a comparable basis, as the growth in revenues from third parties was more dynamic than those from affiliates.

Administrative expenses grew by €87 million, of which €65 million were related to newly consolidated entities. On a comparable basis, administrative expenses increased by +6%, principally due to compensation expenses (+15%) in relation with business growth (125 people have been recruited since Half Year 2001), whereas other expenses only increased by 2%.

The cost income ratio stood at 79% in Half Year 2002 versus 82% in Half Year 2001, reflecting the growth of revenues, in spite of unfavorable market conditions, and a strong cost control.

Consequently**, Adjusted earnings** increased by €7 million in Half Year 2002 as compared to Half Year 2001.

[7] *Mainly AXA Fund Management UK starting January 2002 and AXA Real Estate Investment Managers starting September 2001*

Other Financial Services Segment

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

Gross Revenues			
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
French banks	62	118	198
German banks	63	54	114
AXA Bank Belgium	361	386	767
Other	32	55	89
TOTAL	**519**	**613**	**1 168**
Intercompany transactions	(16)	(19)	(40)
Contribution to consolidated gross revenues	**503**	**594**	**1 128**

	Adjusted earnings & Net income		
	Period ended June 30,		**Full Year**
(in euro millions)	**2002**	**2001**	**2001**
French banks	3	10	15
German banks	1	0	(1)
AXA Bank Belgium	27	17	76
Other	15	9	54
ADJUSTED EARNINGS	**47**	**36**	**144**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(1)	(6)	(47)
NET INCOME	**45**	**31**	**97**

French Banks

Adjusted earnings decreased by €7 million primarily attributable to the decrease within AXA Banque[8] in commission income following the transfer of the securities management activity at the end of June 2001.

[8] *AXA France Finance (AFF) has merged into AXA Banque in Half Year 2002.*

German Banks

Adjusted earnings increased by €1 million mainly due to a higher interest margin out of house loans.

AXA Bank Belgium

Adjusted earnings increased by €10 million to €27 million. This was mainly due to (i) higher realized capital gains on fixed income securities (€7 million) and (ii) higher commercial margins (€5 million) related to a strong increase in treasury activities on foreign currencies.

Other

Adjusted earnings increased by €6 million mainly due to the improvement of the real estate environment, which led to (i) releases of provisions and (ii) a decrease in refinancing charges. Operating earnings increased by €7 million to €16 million.

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		
	Period ended June 30,		Full Year
(in euro millions)	2002	2001	2001
AXA, The Company	(106)	(182)	(218)
Other French holding companies	82	120	120
Foreign holding companies	(108)	(82)	(220)
ADJUSTED EARNINGS	**(131)**	**(143)**	**(318)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	0	0	0
NET INCOME	**(131)**	**(143)**	**(318)**

AXA (THE PARENT COMPANY)

Half Year 2002 adjusted earnings improved by €76 million, as a result of:

- Lower interest expenses (€69 million post-tax), mainly due to lower interest rates,
- Lower management expenses (€18 million post-tax) mainly due to lower AXA trade mark expenses,
- Non-recurring unfavorable items in half-year 2001 (provision on stock options plans for €6 million and exchange losses for €23 million),
- Lower net realized capital gains as compared to Half-year 2001

OTHER FRENCH HOLDING COMPANIES

The €38 million decline of other French holding mainly derived from lower net realized capital gains.

FOREIGN HOLDING COMPANIES

AXA Financial Inc.

Adjusted earnings decreased by €5 million in Half Year 2002 as compared to Half Year 2001, primarily due to higher net interest expenses.

AXA Asia Pacific Holdings

Losses recorded reflect the cost of the debt and reduced by €2 million to €-12 million following the decrease in both the outstanding debt and the interest rates.

AXA UK Holdings

Adjusted earnings decreased by €12 million in 2002 as compared to 2001, due to a lower financial result mainly as a result of some €8 million net realised gains on the disposal of equities in first half 2001 not repeated this year, combined with a €2 million increase of interest cost.

Other foreign holding companies.

German Holding companies: Adjusted earnings decreased by €9 million, primarily due to a deterioration of the tax position by €11 million as, in Half Year 2001, a deferred tax credit was booked on the incurred loss. Operating earnings consequently decreased by €9 million.

Belgium Holding companies: Adjusted earnings increased by €5 million due to a tax reimbursement following an agreement with the fiscal authorities on an old dispute.

Perspectives

In very challenging financial markets, AXA plans to continue taking advantage of its financial strength and its strong market position to grow its business. In 2002, AXA expects to deliver on its cost savings program, and to deliver a combined ratio on track with its 2003 objective of 104%, in the absence of any major catastrophic events.

The Group Life & Savings and Asset Management activities should show some resilience as compared to 2001, if financial markets stabilize at their end-of-August levels. However we remain prudent about Life & Savings and Asset management operating performance in the second half of the year because of the volatility and unpredictability of financial markets

.

Glossary

COMPARABLE BASIS

On a comparable basis means that the data for the period of current year 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, assuming the impact is not anti-dilutive).

OPERATING EARNINGS

Operating 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".

(iv)

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.

LIFE & SAVINGS EXPENSE RATIO

Two 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 fore), (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) **Cost income ratio**: expenses / operating margin, where:

- Expenses are total expenses, excluding expenses related to mutual fund business (mainly fees paid to the sales fore), gross of deferral and amortization of Deferred Acquisition Costs.(DAC) and gross of amortization of Value of purchased life Business In-force (VBI).
- Operating margin is the sum of (i) Investment margin, (ii) Fees and revenues, and (iii) net technical margin (items as defined above in the Margin Analysis above).

PROPERTY & CASUALTY

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 premiums, 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 premiums, 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 premiums, gross of reinsurance.

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

AXA CORPORATE SOLUTIONS

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 (approx. 3% of AXA Corporate Solutions consolidated shareholders' equity); 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 gross revenues (including performance fees).