

# Full year 2002 Earnings



February 27, 2003

# Glossary

- ◆ In order to avoid confusion between AXA's measures and standard GAAP measures, we decided **to change the name, but not the concept**, of :
  - **Adjusted Earnings\*** (formerly cash earnings)  
Exclude impact from exceptional operations (primarily changes in scope) and goodwill amortization
  - **Underlying Earnings\*** (formerly operating earnings)  
Adjusted earnings excluding Sept 11 attacks and net capital gains attributable to shareholders



\* Both of these are non-GAAP measures which management believes provide a meaningful understanding of AXA's results. These measures may not be comparable to similarly titled measures reported by other companies because they are not defined under either French or US GAAP



# Table of contents

- **1 : *Achievements in 2002***
- **2 : 2002 consolidated results and results by segment**
- **3 : Balance sheet and financial structure**
- **4 : Embedded value**
- **5 : Outlook for 2003**

# Focus on operating targets helped compensate the changing environmental effects

<i>Euro million</i>	<i>2002</i>	<i>2001</i>	<i>Change</i>
<b>Underlying earnings<sup>(1)</sup></b>	<b>1,687</b>	<b>1,533</b>	<b>+10%</b>
Sept 11 impact	-89	-561	
Capital gains net of val. allow.	-240	229	
<b>Adjusted earnings<sup>(2)</sup></b>	<b>1,357</b>	<b>1,201</b>	<b>+13%</b>
<b>Net income</b>	<b>949</b>	<b>520</b>	<b>+82%</b>

(1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains

(2) Adjusted earnings exclude impact from exceptional operations (primarily change in scope) and goodwill amortization

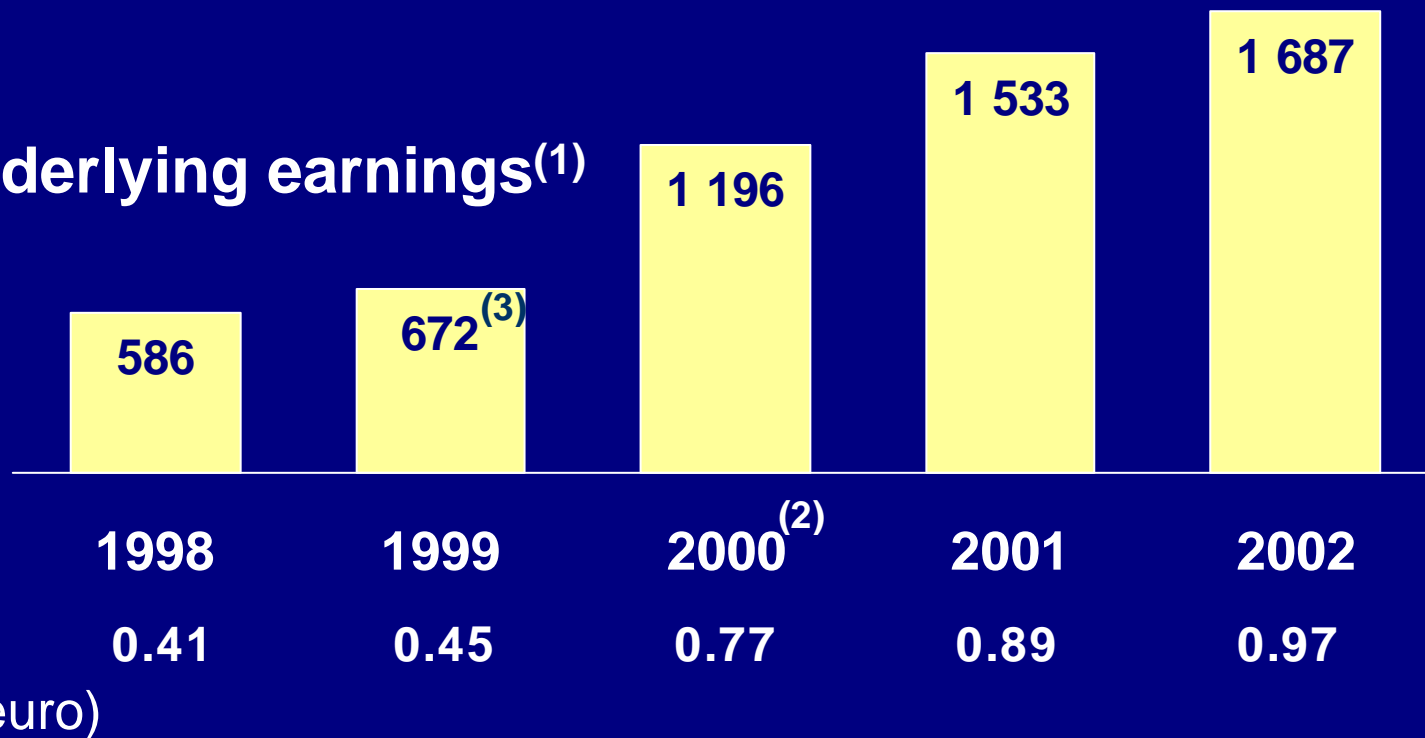
***2002 operating performance underlines AXA's capacity to quickly adapt to a changing environment***



# Despite financial market shift in 2000, the Group delivered four consecutive years of underlying earnings improvement

Euro million

## Underlying earnings<sup>(1)</sup>



- (1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net realized capital gains
- (2) Proforma New French GAAP - Old French GAAP until 1999
- (3) Excluding restructuring provision in France for Euro 226 m

# This has been achieved in 2002 through accelerated organic growth\* despite adverse environment,...

## ◆ Life & Savings

- Revenues up +6%\*
- Insurance net sales were up +5%\*

## ◆ Property & Casualty

- Revenues increased +6%\*
- Accelerating trends as we are moving away from the pruning phase

## ◆ Asset Management

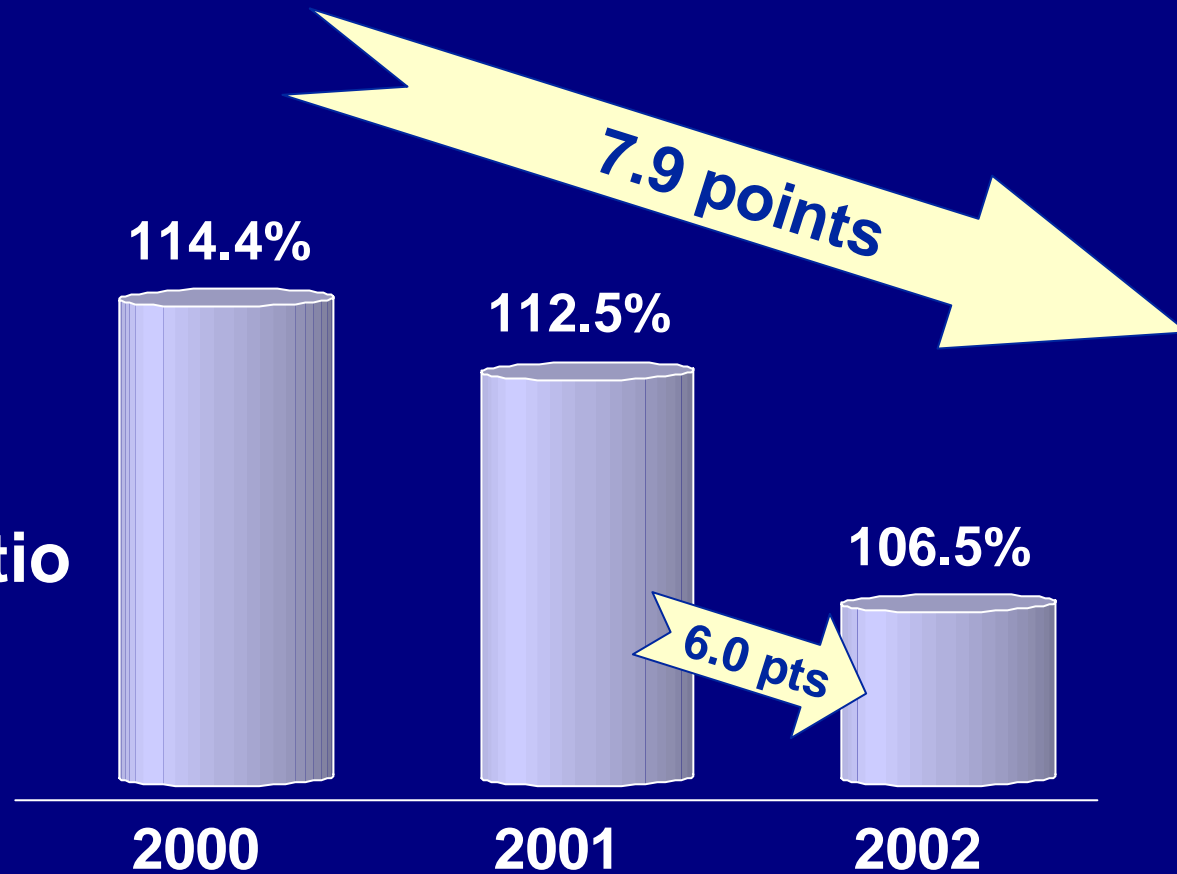
- Net new money of Euro 8 billion (Euro 14 billion excluding cash management accounts)
- Revenues down 7%\* on the back of lower equity market (S&P500 -23%)



\* On a comparable basis

... as well as significantly improving  
our combined ratio ...

**P&C  
Combined ratio**



# ... and reducing costs

→ **Expense reduction\* significantly ahead of target**

<b>Target</b>	<b>Post Sept 11</b>	<b>Euro 700 m</b>
<b>Result</b>	2001	Euro 100 m
	2002	Euro 866 m
<b>Total</b>		<b>Euro 966 m</b> - 10% of expense base*



\* On an economic basis, excluding Alliance Capital and AXA Investment Managers



# We are expanding management teams

- ◆ Two new Management Board members :
  - Claude Brunet - Transversal Operations
  - Denis Duverne - Finance Control & Strategy
- ◆ Philippe Donnet - previously in charge of International Insurance & Mediterranean Region - will lead Japan operation
- ◆ Nicolas Moreau (AXA IM) and Jean-Raymond Abat (Mediterranean Region) are joining the Executive Committee
- ◆ Reorganized International Insurance around three lines of business with dedicated management



# We have improved business focus

## ◆ Focus and discipline

- Refocus in large risks and reinsurance activities: AXA RE has ceased underwriting/renewing both US financial guarantee reinsurance and life and non-life reinsurance contracts through its US subsidiaries
- Withdrawal from non-core markets (Austria, Hungary) and from specific business area (Australian Health market)
- Total cash approximately Euro 700 m

## ◆ Selective expansion

- Acquisition of highly efficient financial advisors' network in Australia (ipac) for Euro 118 m (including minorities' share)
- Expansion of product offering in France through the acquisition of Banque Directe for Euro 60 m



# ... which has helped strengthen our financial structure ...

## ◆ Solid balance sheet

- Ratings remain in our targeted "AA" range
- European consolidated solvency margin was 172% based on 12/31/02 estimates
- With a gearing decreasing from 63% in 2000 to 46% in 2002, we regain financial flexibility

## ◆ Strong liquidity

- Very long-term average debt maturity
- Strong cash position: Euro 16.5 billion
- Positive cash flows



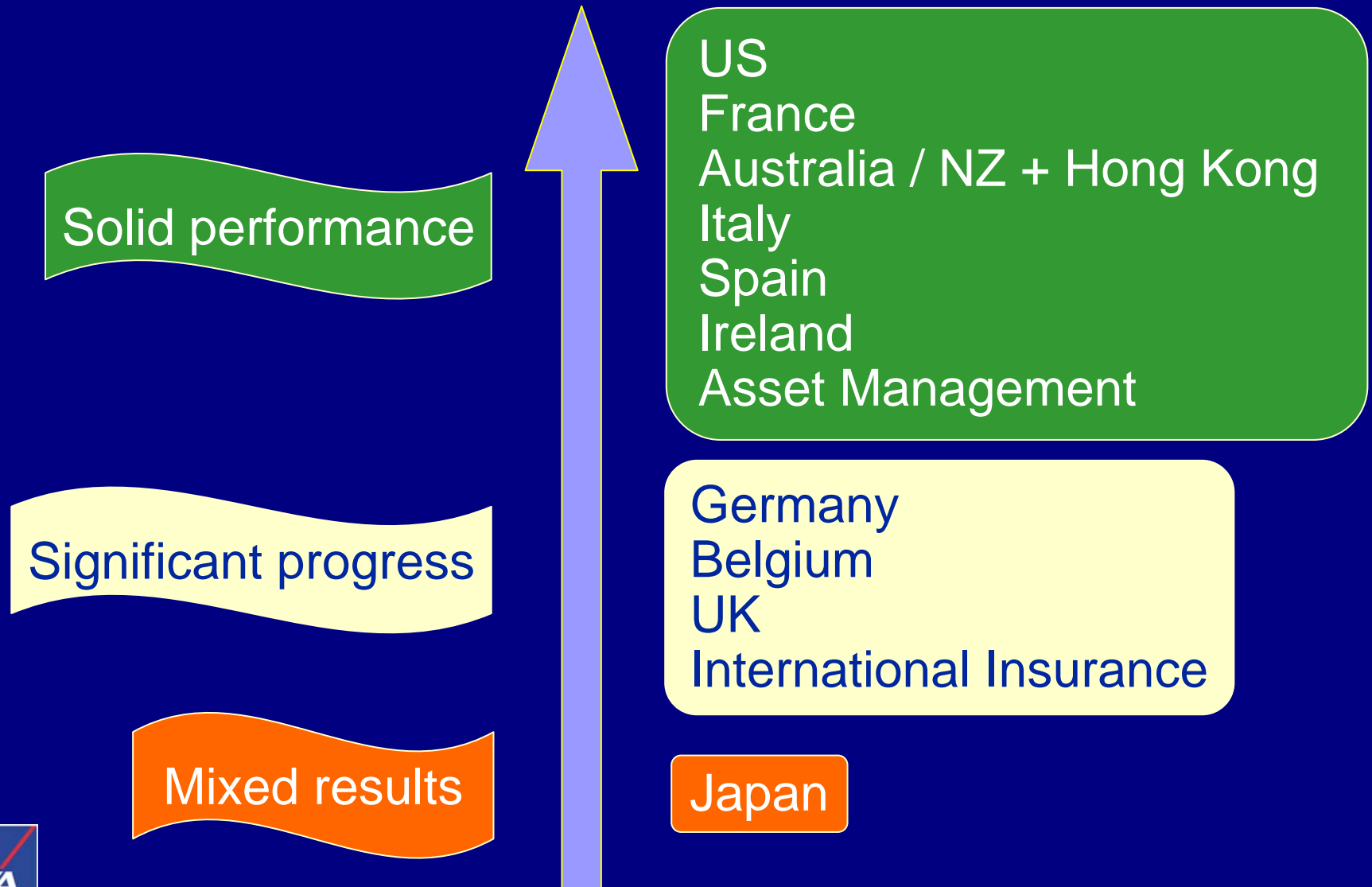
# ... but the environment requires continuing capital discipline and flexibility.

- ◆ In September 2002, our financial structure did not justify a capital increase
  - Strong consolidated solvency margin
  - Opportunity to manage Group capital more efficiently
- ◆ We have not changed our view
- ◆ Nevertheless, we want to bring dividend payout ratio back into an acceptable and sustainable range of 40/50% of adjusted earnings

As a consequence, 2002 dividend proposed at Euro 0.34 per share



# Overall, we had a strong 2002 operating performance but there is room for improvement ...





# Table of contents

- **1 : Achievements in 2002**
- **2 : *2002 consolidated results and results by segment***
- **3 : Balance sheet and financial structure**
- **4 : Embedded value**
- **5 : Outlook for 2003**



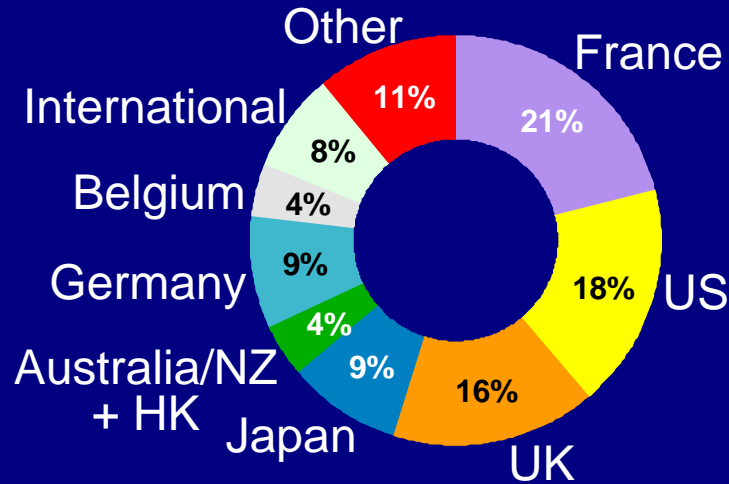
# Group review

# Diversification and operating improvement are providing organic revenue growth

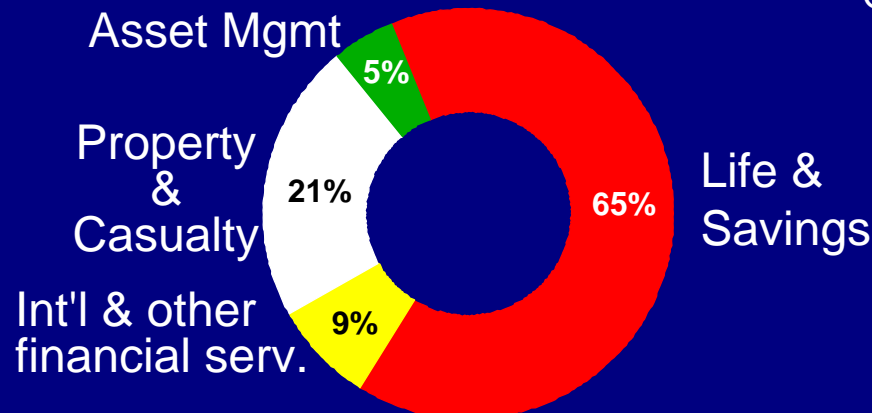
Euro billion



## Insurance revenues by geography



## Revenues by operating segment



## 2001 - 2002

Gross revenues Growth\*

L&S +5.5%

P&C +5.7%

Asset Mgt -7.2%

Int'l +4.6%

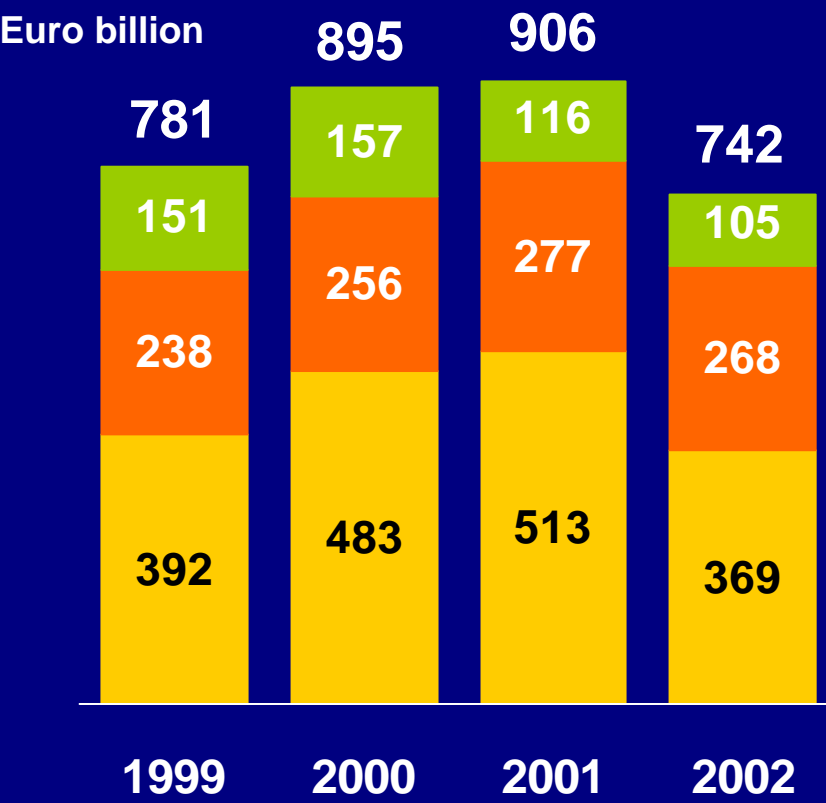
**TOTAL +4.6%**

\* On a comparable basis

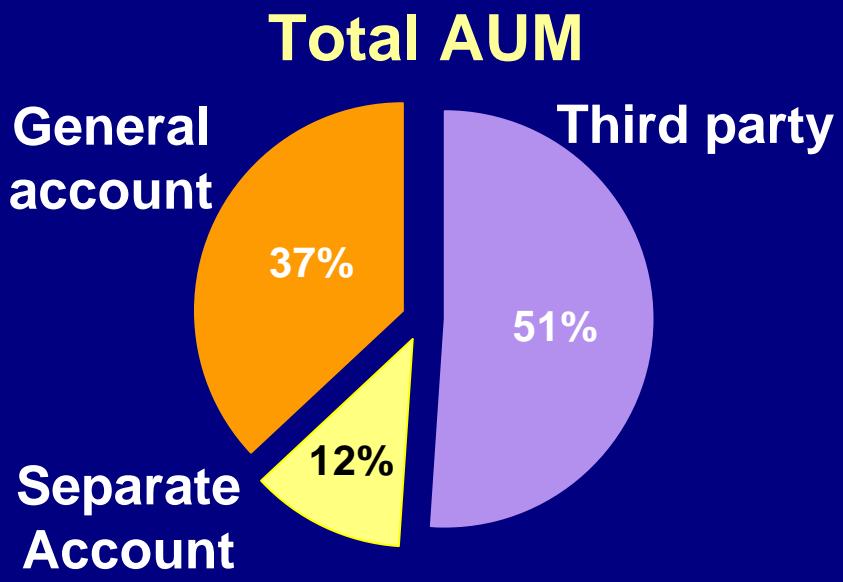




# Market depreciation and exchange rates drove AUM down, despite positive net inflows



- Others AXA companies
- AXA IM
- Alliance Capital\*



Alliance Capital + AXA IM only	
Euro billion (12 months)	
Net long-term inflows	14
Cash management outflows	- 6
Market depreciation	- 78
Currency impact	- 83



\* Starting January 1, 2002, AUM from unconsolidated affiliates have been excluded (Euro 4 billion as of 12/31/01).

# The environment continued to be very challenging in 2002

Euro	2002 million	2001 million	Change	2002 per diluted share	2001 per diluted share	Change
<b>Underlying earnings<sup>(2)</sup></b>	<b>1,687</b>	<b>1,533</b>	<b>+10%</b>	<b>0.97</b>	<b>0.89</b>	<b>+9%</b>
Sept 11 impact	-89	-561				
Capital gains net of valuation allowances	-240	229				
<b>Adjusted earnings<sup>(1)</sup></b>	<b>1,357</b>	<b>1,201</b>	<b>+13%</b>	<b>0.78</b>	<b>0.70</b>	<b>+11%</b>
Exceptional operations	235	-				
Amortization of goodwill	-643	-681				
<b>Net income</b>	<b>949</b>	<b>520</b>	<b>+82%</b>	<b>0.55</b>	<b>0.32</b>	<b>+71%</b>

**Weighted average number of diluted shares is 1,739 m in 2002 vs 1,787 m in 2001**

(1) Adjusted earnings exclude

- impact from exceptional operations (Euro 235 m in 2002; none in 2001)
- goodwill amortization (Euro 643 m in 2002 and Euro 681 m in 2001)

(2) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains



# Capital gains\* attributable to shareholders including equity valuation allowances

Euro million	2001			2002		
	Capital gains	Equity valuation allowances	Net	Capital gains	Equity valuation allowances	Net
Life & Savings	2	-408	-406	-11	-258	-269
Property & Casualty	467	-213	254	143	-276	-133
International insurance	61	-15	46	95	-77**	18
Asset Management	18	-	18	0	-	0
Holdings and others	318	-	318	148	-4	144
<b>Total</b>	<b>866</b>	<b>-636</b>	<b>229</b>	<b>374</b>	<b>-614</b>	<b>-240</b>
Gross Impairments		-995			-912**	



\* excluding one-off capital gains

\*\* including French PRE of Euro 71 m gross of tax and Euro 47 m net of tax



# Segmental review

# Life & Savings underlying earnings held up well despite mixed performance of some entities

Euro million	2002	2001	Change
<b>Underlying earnings<sup>(1)</sup></b>	<b>1,636</b>	<b>1,647</b>	<b>-1%</b>
Sept 11 impact	--	-16	
Capital gains net of valuation allowances	-269	-406	
<b>Adjusted earnings<sup>(2)</sup></b>	<b>1,367</b>	<b>1,225</b>	<b>+12%</b>

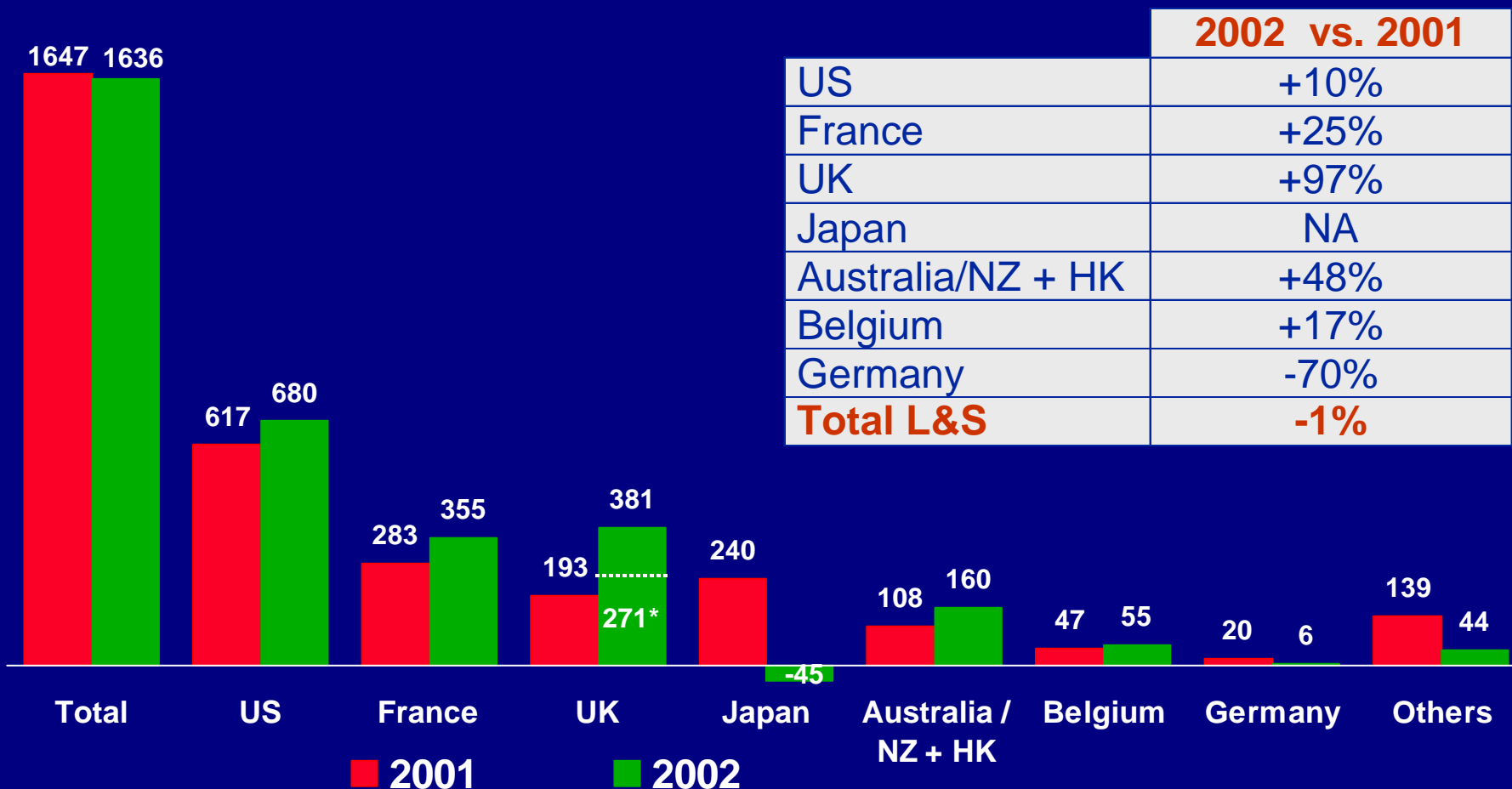
- (1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains  
 (2) Adjusted earnings exclude impact from exceptional operations (none in all periods) and goodwill amortization

... but adjusted earnings benefited from a lower impact of equity valuation allowances



# Life & Savings underlying earnings held up well but suffered from a difficult environment in Japan

Euro million



\* excluding tax benefit on Inherited Estate

# P&C underlying earnings recovered significantly, despite effect of 2001 German tax reform and 2002 natural catastrophes

Euro million	2002	2001	Change
<b>Underlying earnings<sup>(1)</sup></b>	<b>226</b>	<b>-42</b>	<b>NA</b>
Sept 11 impact	--	-30	
Capital gains net of valuation allowances	-133	254	
<b>Adjusted earnings<sup>(2)</sup></b>	<b>93</b>	<b>182</b>	<b>-49%</b>

(1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains

(2) Adjusted earnings exclude impact from exceptional operations (none in all periods) and goodwill amortization

**... but adjusted earnings were negatively impacted by the effect of continuing poor equity markets on our investment portfolio**



# P&C underlying earnings are improving ...

Euro million



**but UK earnings impacted by 2002 First Choice strategy investments (Euro 36 million, net Group share)**



\* Including positive impact of German tax reform in 2001 (Euro +190 million, Group share)



# ...owing to much better combined ratios<sup>(1)</sup>

%	2001	2002	Change	Comments
France	107.3	102.9	-4.4	Significant rate increases and stricter underwriting in all commercial lines, combined with expense savings
Germany	118.3 <sup>(5)</sup>	107.3	-11.0	WTC impact (1.7pt). Portfolio restructuring and less large claims in commercial lines. Positive impact of run-off
UK	117.3	115.2 <sup>(4)</sup>	-2.1	Transfer of discontinued business in the International Insurance segment
Belgium <sup>(2)</sup>	116.5	109.8	-6.7	Favorable loss reserve development in motor and workers' compensation, rate increases
Italy	108.5	104.6	-3.9	Tariff increases on motor and closing of unprofitable agencies
Spain	107.1	99.9	-7.2	Favorable technical trends and reduction in claims handling costs and expenses
Canada	105.1	103.2	-1.9	Rate increases and expenses' containment
Ireland	103.0	95.6	-7.4	Significant rating actions combined with better risk selection
<b>Total P&amp;C</b>	<b>112.5</b>	<b>106.5</b>	<b>-6.0</b>	<b>- 5.7 points excluding sept 11 impact</b>
Belgium <sup>(3)</sup>	112.7	107.4	-5.3	

- (1) Combined ratios are calculated on the basis of :  
 (Gross claims charge + net result of reinsurance ceded + expenses) / gross earned premiums
- (2) Including workers' compensation business
- (3) Excluding workers' compensation business
- (4) Excluding discontinued business
- (5) Includes September 11 impact



# International insurance benefited from lower major claims ...

Euro million	2002	2001	change
<b>Underlying earnings<sup>(1)</sup></b>	<b>-78</b>	<b>92</b>	<b>-169</b>
Sept 11 impact	-89	-515	+426
Capital gains net of valuation allowances	18	46	-27
<b>Adjusted earnings<sup>(2)</sup></b>	<b>-149</b>	<b>-378</b>	<b>+229</b>

(1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains

(2) Adjusted earnings exclude impact from exceptional operations (none in all periods) and goodwill amortization

**... but suffered from a detailed reserve review and higher cost of covers, as well as restructuring costs related to US strategic decisions**



# Asset Management earnings suffered from falling equity markets & strengthening of the Euro

Euro million	2002	2001	Change
<b>Underlying earnings<sup>(1)</sup></b>	<b>258</b>	<b>328</b>	<b>-21%</b>
- Alliance Capital	194	274	-29%
- AXA Investment Managers	64	54	+17%
Sept 11 impact	--	--	
Capital gains net of valuation allowances	0	18	
<b>Adjusted earnings<sup>(2)</sup></b>	<b>258</b>	<b>346</b>	<b>-25%</b>

(1) Underlying earnings are adjusted earnings excluding Sept 11 attacks and net capital gains

(2) Adjusted earnings exclude impact from exceptional operations (Euro 148 m in 2002 ; none in 2001) and goodwill amortization



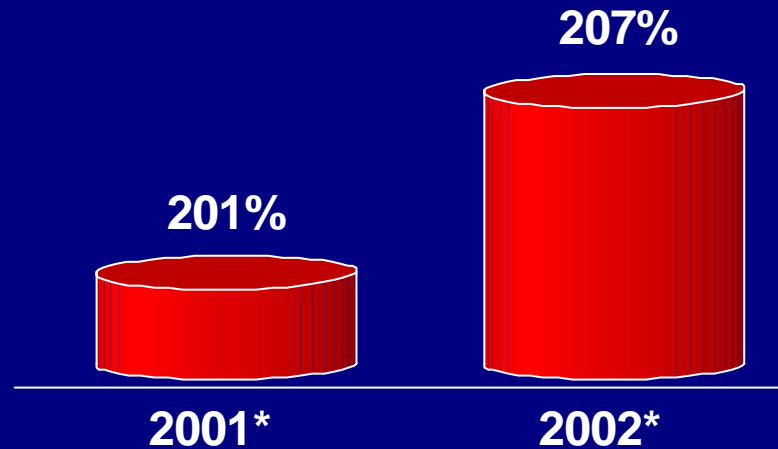


# Table of contents

- 1 : Achievements in 2002
- 2 : 2002 Consolidated results and results by segment
- 3 : *Balance sheet and financial structure*
- 4 : Embedded value
- 5 : Outlook for 2003

# Balance sheet strength is primarily driven by reserves

- ◆ Reserves to earned premium ratio on P&C operations maintained at a high level : 207% as of 12/31/02 versus 201% as of 12/31/01



\* Excluding UK discontinued business

# Gearing continues to decrease and is now within our targeted range

**Gearing ratio at 46%, down 3 points in 2002**

**This decrease is the consequence of the following factors :**

◆ Net debt redemption :	-1,9 pt
◆ Net exchange rate effect on equity and debt :	-1,1 pt
◆ FY 2002 net income :	-2,4 pts
◆ Shareholder dividend paid in 2002	+1,9 pt
◆ Other changes	+0,5 pt

**Dividend decrease in 2003 will save approximately  
Euro 500 m\* of shareholders' equity**



\* Including précompte

# European consolidated solvency margin remains strong

- ◆ European Directive adopted by France in August 2001 and effective 12/31/01:

	Margin*
→ December 31, 2001	193%
→ June 30, 2002 (est.)	179%
→ December 31, 2002 (est.)	172%

\* As authorized in the European Life Directives 2002.12 and 2002.13 of March 5, 2002, includes a limited fraction of future profits (Euro 2.1 billion as of 12/31/02) and Euro 1.9 billion as of 06/30/02 and 12/31/01)



# Our "Insurance Financial Strength" ratings remain in the "AA" range

- ◆ Ratings remain in the "AA" range category and we have improved our relative positioning :
  - S&P changed our IFS rating to **AA- stable outlook** based on the expected impact of the financial markets on our earnings. We delivered on our profitability targets in 2002:
    - Decrease of the combined ratio by 6 points, in line with our 2003 target
    - Cost reduction higher than forecasted
  - Moody's confirmed our IFS rating at **Aa3\* stable outlook**
  - Fitch confirmed our IFS rating at **AA stable outlook**



\* Moody's placed our financial debt rating on negative outlook





# Table of contents

- **1 : Achievements in 2002**
- **2 : 2002 consolidated results and results by segment**
- **3 : Balance sheet and financial structure**
- **4 : *Embedded value***
- **5 : Outlook for 2003**

# Summary of EV results

In Euro million

	2002	2001	% Change Actual	% Change @ cst FX
ANAV	11,566	16,370	- 29%	-25%
Life PVFP	16,515	18,494	- 11%	- 2%
EV	28,080	34,864	- 19%	-13%
# of shares	1,762	1,734	+ 2%	
EV/share	15.93	20.11	- 21%	-14%
Life New Business Contribution	615	669	- 8%	+ 1%
Life NB APE Premiums	4,260	3,936	+ 8%	+ 18%
Life NB APE Margin	14.4%	17.0%	- 2.6 pts	





# Table of contents

- **1 : Achievements in 2002**
- **2 : 2002 consolidated results and results by segment**
- **3 : Balance sheet and financial structure**
- **4 : Embedded value**
- **5 : *Outlook for 2003***

# Fundamentals of the financial protection market are strong ...

... even though the industry is facing some turbulence

- ◆ The Group, known for its external growth capacity, is starting to demonstrate a strong operating efficiency capacity
- ◆ 2003 will require further reactivity and adaptability



# 2003 Outlook

## What we plan to do

- ◆ Continue to improve overall margin
  - Further cost reduction
  - P&C Combined ratio target of 104% in 2003 and 102% in 2005, barring any major catastrophic losses
- ◆ Improve specific operations
  - International Insurance
  - Japan Life

## What we do not plan to do

- ◆ Forecast 2003 underlying earnings level



# 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.



# Full year 2002 Earnings



Appendices

# Table of content of appendices

## ■ AXA Consolidated Results

- Financial Structure (evolution since 1999)
- Consolidated debt schedule + liquidity profile
- 2002 Cash flows – Life & Savings and P&C
- Growth is self financed
- De-leveraging the balance sheet
- Details on expenses reduction
- Expenses reduction by countries
- Impact of exceptional operations in Net Income
- Significant items in Underlying Earnings
- Assets evaluation methodology based on CNC guidelines
- Capital gains attributable to shareholders
- Net Asset Value
- Structure of invested assets and structure of the bonds portfolio
- Adjusted Net Asset value
- Details on embedded value (5 slides)

## ■ OPERATIONS

- Life & Savings : technical reserves, change
- Life & Savings : technical reserves, split
- Japan Life
- Expenses reduction in P&C
- Detail on the combined ratio in the UK
- Asbestos (2 slides)





# Our financial structure is adequate and efficient

Euro billion	12/31/99	12/31/00	12/31/01	12/31/02
Financial debt - Holdings	4.3	8.2	4.3	3.3
Financial debt - Subsidiaries	1.1	0.8	0.7	0.6
<b>Total Financial debt</b>	<b>5.4</b>	<b>9.0</b>	<b>5.0</b>	<b>3.9</b>
<b>Subordinated debt</b>	<b>4.8</b>	<b>8.3</b>	<b>8.9</b>	<b>8.3</b>
<b>Total debt</b>	<b>10.2</b>	<b>17.3</b>	<b>13.9</b>	<b>12.2</b>
Total consolidated equity	24.3 <sup>(1)</sup>	27.6 <sup>(1)</sup>	28.2	26.5
<b>Total debt / Equity</b>	<b>42%</b>	<b>63%</b>	<b>49%</b>	<b>46%</b>
<b>Financial debt / Equity + Sub debt</b>	<b>18%</b>	<b>25%</b>	<b>13%</b>	<b>11%</b>

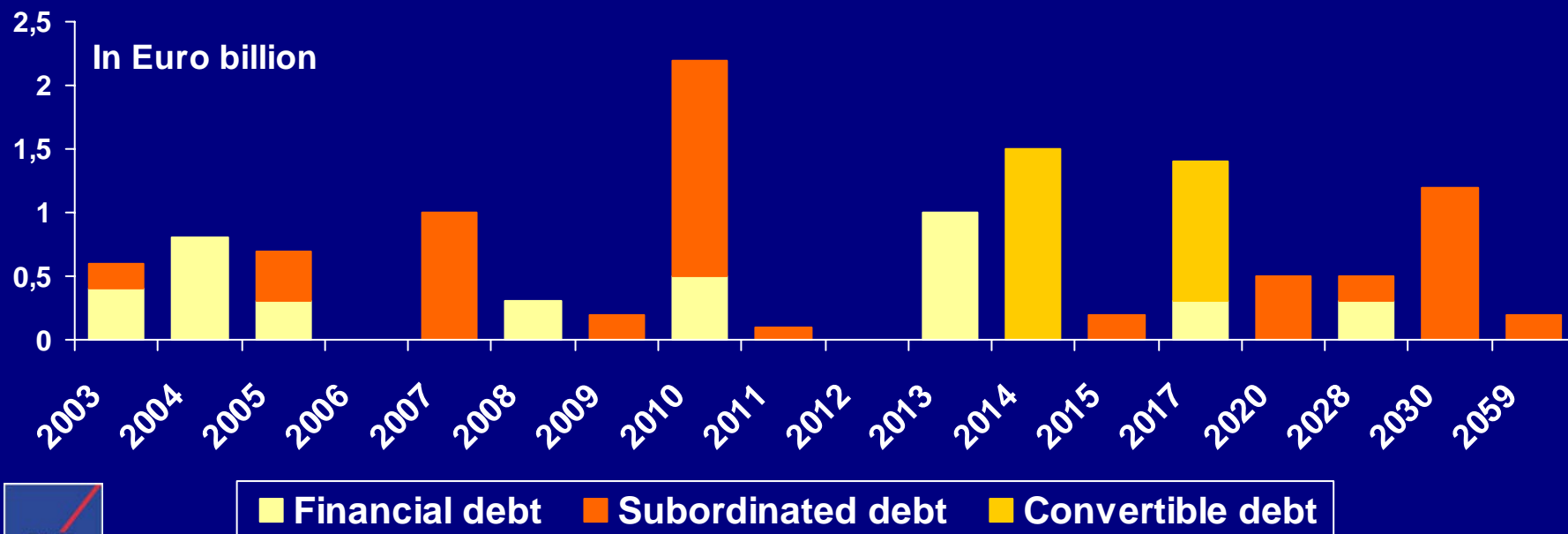
(1) including mandatorily convertible bonds and notes (euro 192m)

**Our financial structure is close to the 1999 one, which was before the minority buyouts and the acquisitions of Nippon Dantai and Sanford Bernstein, and financial debt has more than halved since year-end 2000**



# In addition, our liquidity profile is extremely sound

- Maintain Treasury cash position between Euro 6 and 7 billion
- Maintain committed credit facilities, which are currently undrawn. Amount to Euro 4.8 billion with average life of 2.5 years
- Wide access to financial markets through French commercial paper, BMTN and EMTN programs, and US shelf
- Manage consolidated debt schedule



# Our cash flows are positive ...

- ◆ Strong positive cash flows across our insurance businesses

## → Life & Savings:

2002 (Euro bn)	G/A & WP	S/A	Total
Cash flows (estimation)	2.2	2.8	5.0

## → P&C:

2002 (Euro bn)	
Cash flows*	0.7



\* Scope : France / UK / Germany / Belgium / Italy / Spain representing 84% of P&C written premiums and 88% of P&C gross reserves

# ... our growth is self financed ...

<b>Euro billion - Estimated</b>	<b>FY 2002 *</b>
Underlying earnings	1.69
WTC cost net of tax	(0.09)
Net DAC/VBI	(0.32)
Proposed dividend	<u>(0.68)</u>
Available earnings (A)	0.60
Change in European solvency margin requirement (B)**	<u>(0.57)</u>
<b>Excess over additional solvency requirement (A-B)</b>	<b>1.17</b>

\* Estimated, calculation based on underlying earnings as solvency capital excludes goodwill but includes unrealized capital gains

\*\* Excludes estimated scope effects



# ... and we have the capacity to de-leverage opportunistically the balance sheet

- ◆ Selective divestments : disposal of non-strategic businesses (Austria, Australia Health, others)
- ◆ Run-off of US reinsurance entities
  - AXA Re Finance: at least Euro 100m capital available in 2003
  - US Reinsurance activities: progressive extraction of capital freed-up by the run-off management

Euro million	Cash	Est. Capital requirement to be freed-up
Total above mentioned operations	Approx. 700	Approx. 350



# Expenses<sup>(1)</sup> decreased by Euro 966 million since September 2001, exceeding our initial target

Euro million	2002	2001	Change
AXA consolidated general expenses <sup>(2)</sup>	17,935	18,888	-953
Economic expenses excl. Asset Management at constant exchange rate	8,613	9,479	<b>-866</b>
Savings already achieved in the US in 2001			-100
<b>Total savings at constant exchange rate</b>			<b>-966</b>



(1) On an economic basis, excluding Alliance Capital and AXA Investment Managers

(2) Accounting basis – Gross of intercompany expenses, DAC/VBI capitalization and amortization

# Reduce expenses

Pre-tax, pre-DAC	Savings* 2001 & 2002	Comments
United States	333	Lower salary expenses and consulting fees
United Kingdom	184	Process reengineering and new systems' introduction
France	100	Lower marketing & advertising and consulting fees
Germany	114	
Others	235	AXA (lower trademark expenses), Australia (in line with transformation program)
<b>Total</b>	<b>-966</b>	

- Euro 0.1 billion achieved in the US in 2001
- Euro 0.9 billion achieved in 2002



\* On an economic basis, excluding Alliance Capital and AXA Investment Managers

# Some exceptional items were included in 2002 net income for a total Euro 235 million

- ◆ Alliance Capital : Impact of the exercise by former Sanford Bernstein shareholders of their rights to sell Alliance Capital units to AXA Financial

	Euro million
Release of 30% of the provision on 2000 dilution profit	277
Write-off of the goodwill created as a result of 2002 liquidity put exercise	- 129
Total impact	<hr/> 148

- ◆ Sale of the Australian health business

Net realised gain + 87

***Those numbers are neither included in underlying nor in adjusted earnings***





# Significant items impacted underlying earnings in 2001 and 2002

Euro million

2001		2002	
<b>Tax</b>			
- German tax reform on equity	+ 209	- Change in German tax regime	(50)
		- UK inherited Estate tax benefit	+ 111
		- US tax benefit	+ 152
	+ 209		+ 213
<b>Business</b>			
- Continuity agreements US	(76)	- GMDB/IB reserve addition	(111)
- Reserve strengthening UK	(75)	- European natural catastrophes	(217)
		- Detailed review of our reinsurance and increased cost of covers	(194)
		- Hedging strategy in Japan	(50)
		- Reserve strengthening UK	(104)
		- Lower cost of debt (AXA SA)	+ 137
	(151)		(539)



# Asset impairment methodology based on CNC\* guidelines enacted on December 18, 2002

## Methodology :

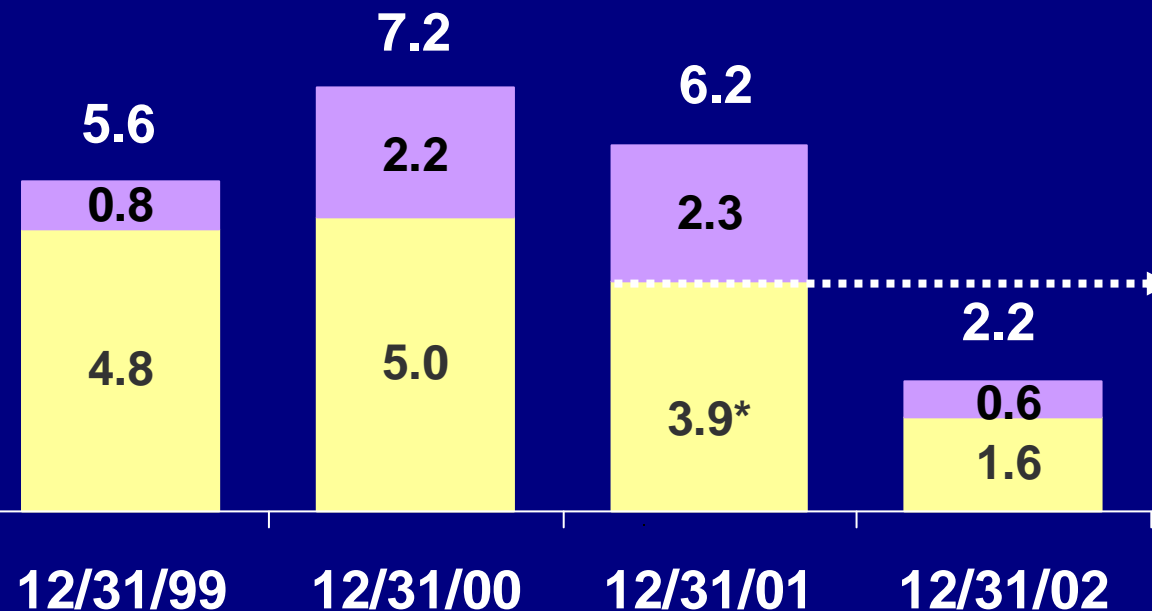
- Assets considered for impairment if unrealized capital loss of 30% or more of book value continuously over the last 6 months
- Then book value compared with "Holt" value to assess whether impairment is necessary + valuation of qualitative factors



# Unrealized capital gains attributable to shareholders decrease

Euro billion

- Value of Alliance Capital
- Fixed income + real estate + equity + loans



Roll Forward <sup>(1)</sup> (euro billion)	Total
Opening @ 12/31/01	3.9
2002 harvesting <sup>(2)</sup>	-0.4
Market/currency impact	-2.5
Positive impact of val. allowances <sup>(2)</sup>	+0.6
Closing @ 12/31/02	1.6

(1) excluding Alliance Capital

(2) in the Profit & Loss Account



\* Japan as of 12/31/01

# Our NAV was down 17% on a per share basis

Euro per share	NAV after tax and others*
12/31/01**	18.1
12/31/02	14.9

\* Including addition of equalization reserves (net Group share)

\*\* With Japan unrealized capital gains as of 12/31/01

The 17% decrease of the NAV was primarily due to:

- Lower unrealized capital gains (-7 points, including -12 from equities and +4 points on bonds)
- Alliance Capital lower share price (-5 points)
- Exchange rate fluctuations on shareholders' equity (-4 points)
- Change in number of shares (-1 point)



# A diversified and unchanged invested assets structure

<i>% in book value</i>	<b>L&amp;S**</b>	<b>P&amp;C</b>	<b>International</b>	<b>Total Group FY2002</b>	<b>Total Group FY2001</b>
Fixed maturities*	68%	53%	61%	66%	63%
Equity	13%	27%	15%	15%	16%
Mortgage, policy and others loans	9%	2%	0%	8%	10%
Real Estate	4%	8%	3%	4%	4%
Cash and cash equivalent	6%	10%	21%	7%	7%
<b>Total Invested Assets*** (euro billion)</b>	<b>186.8</b>	<b>31.7</b>	<b>8.9</b>	<b>237.6</b>	<b>242.6</b>

\* Including mutual funds in bonds

\*\* Excluding separate account assets (Euro 90.5 bn in 2002 vs. Euro 115.7 bn in 2001) and assets backing with-profit liabilities (Euro 28.8 bn in 2002 vs. Euro 33.6 bn in 2001)

\*\*\* Excluding investment in affiliated companies consolidated under the equity method (Euro 2.1 bn in 2002 vs. Euro 1.6 bn in 2001)



# A monitored credit exposure

Estimated figures as of 12/31/02

<b>Fixed maturities<sup>(1)</sup> % in Market value</b>	<b>L&amp;S</b>	<b>P&amp;C</b>	<b>International</b>	<b>Total Group</b>
Government bonds	58%	76%	57%	60%
Corporate bonds	36%	20%	38%	34%
Mortgage Back Securities	5%	3%	3%	4%
Other	1%	1%	2%	2%
<b>Total Fixed Maturities<sup>(1)</sup> (Euro Billion)</b>	<b>118.5</b>	<b>15.0</b>	<b>5.5</b>	<b>146.5</b>

<b>Based on economic data as of 12/31/02</b>	<b>≥ A ratings</b>	<b>BBB ratings</b>	<b>≤ BB ratings</b>	<b>Non rated</b>
Corporate bonds	66%	28%	3%	3%

(1) Excluding Fixed Maturities backing with-profit liabilities (euro 15.4 bn), mutual funds in bonds (Euro 16.5 bn) and Trading bonds (Euro 2.1 bn)



# 2002 ANAV

In Euro million

**AXA Shareholders' Equity**

**23,711**

**AXA Net U/R Capital Gains\***

**2,204**

**AXA NAV, as reported**

**25,915**

**Less: Life intangibles**

**- 15,253**

**Plus: AXA IM Net U/R Gains**

**+ 1,006**

**Less: Cost of Capital**

**- 2,415**

**Plus: Other adjustments**

**+ 2,312**

**AXA ANAV**

**11,566**

- Life U/R gains in PVFP
- Stat-GAAP adj.
- P&C and Int'l reserves adj.
- Non-Life pension adj.

**Life ANAV \*\***

**6,242**

**ANAV - Others**

**5,324**



\* Includes Euro 640 million net U/R gain on Alliance Capital

\*\* Includes cost of capital

# Life PVFP

Euro million			% Change	% Change
	2002	2001	Actual	@ cst FX
US	5,636	6,559	- 14%	+ 2%
France	3,793	4,222	- 10%	- 10%
UK	2,216	2,969	- 25%	- 20%
Japan	1,223	1,257	- 3%	+ 7%
Belgium	1,198	1,031	+ 16%	+ 16%
Hong Kong	840	848	- 1%	+ 19%
Australia*	281	560	- 50%	- 46%
Germany	597	437	+ 37%	+ 37%
Other countries	731	610	+ 20%	+ 20%
<b>TOTAL Life PVFP</b>	<b>16,515</b>	<b>18,494</b>	<b>- 11%</b>	<b>- 2%</b>

\* Excluding health in 2001 and the impact of Euro 97 million of reallocation from PVFP to ANAV in 2002, Australian PVFP would have been Euro 378 million in 2002 versus Euro 447 million in 2001, down 15% (down 9% at constant exchange rate). As a result, Total Life PVFP would have been Euro 16,612 million in 2002 versus Euro 18,379 million in 2001, down 10% (-1% at constant exchange rate)





# Life New Business Contribution before Cost of capital

Euro million			% Change	% Change
	2002	2001	Actual	@ cst FX
US	172	161	+ 7%	+ 27%
France	90	100	- 10%	- 10%
UK	70	100	- 30%	- 25%
Japan	134	119	+ 13%	+ 23%
Belgium	38	53	- 28%	- 28%
Hong Kong	39	56	- 31%	- 17%
Australia*	16	11	+ 48%	+ 59%
Germany	26	41	- 38%	- 38%
Other countries	29	27	+ 9%	+ 9%
<b>TOTAL Life NBC</b>	<b>615</b>	<b>669</b>	<b>- 8%</b>	<b>+ 1%</b>



\* Excluding the health business, Australia NB contribution before cost of capital would have been Euro 6 million in 2001.

# Life New Business APE Margins - before cost of capital

	<b>2002</b>	<b>2001</b>	<b>Change</b>
<b>US</b>	<b>12.7%</b>	<b>15.5%</b>	<b>- 2.8 pts</b>
<b>France</b>	<b>10.8%</b>	<b>12.6%</b>	<b>- 1.8 pts</b>
<b>UK*</b>	<b>8.7%</b>	<b>10.8%</b>	<b>- 2.1 pts</b>
<b>Japan</b>	<b>28.8%</b>	<b>31.2%</b>	<b>- 2.4 pts</b>
<b>Belgium</b>	<b>30.0%</b>	<b>26.5%</b>	<b>+3.5 pts</b>
<b>Hong Kong</b>	<b>68.1%</b>	<b>53.3%</b>	<b>+14.8 pts</b>
<b>Australia**</b>	<b>10.3%</b>	<b>14.4%</b>	<b>- 4.1 pts</b>
<b>Germany</b>	<b>9.1%</b>	<b>15.9%</b>	<b>- 6.8 pts</b>
<b>Other countries</b>	<b>17.2%</b>	<b>17.9%</b>	<b>- 0.7 pts</b>
<b>TOTAL NB APE Margins</b>	<b>14.4%</b>	<b>17.0%</b>	<b>-2.6 pts</b>

\* Many UK peers show their margins pre-tax. Grossed up at 30% tax rate, our UK margins would be 12.4% in 2002 and 15.4% in 2001

\*\* Excluding the health business, Australia NB APE margin would have been 9.6% in 2001



# 2002 Life Assumptions - Major Countries

	Post-tax Discount rate (%)	Inflation rate (%)	Effective tax rate (%)	Pre-tax Risk-Free rate (%)	Pre-tax Eq return (%)	Asset mix (%) (FI/Eq/ Other)
US	7.50	3.00	35.0	5.00*	8.50	75/02/23
France	7.00	2.00	34.6	4.50	7.50	79/12/09
UK	7.00	2.40	30.0	4.50	7.00	47/46/07
Japan	6.00	1.10	36.2	2.80	6.00	84/12/04
Belgium	7.00	2.00	25.0	4.50	7.50	81/19/00
Hong Kong	8.50	3.00	0.825% of premiums	5.00	8.10	60/25/15
Australia	8.25	2.50	30.0	5.25	9.25	36/37/27
Germany	7.00	1.80	25.0	4.50	7.50	70/23/07
Wgt. Average	7.20	2.40	33.0	4.59	7.73	72/15/13
2001 Average	7.67	2.46	32.6	5.17	8.13	67/20/13



\* Grading up from 4% to 5% in the first 2 years.

# Inherited Estate and Pension Benefits in EV

## ■ Inherited Estate (IE)

A temporary transfer of £ 451 mm was made from the non-profit fund to the with-profit fund within AXA Sun Life in 2002, in accordance with the financial reorganization scheme agreed in 2001.

The attributed IE, including the elements in PVFP, has been discounted using a similar methodology to that adopted by Tillinghast in preparing financial reorganization figures for the High Court. It has been assumed that no distribution of the IE occurs until the old and new with-profit funds are merged. Tillinghast assumed that this would not occur before 2034. Therefore, the temporary fund transfer has no impact on 2002 embedded value.

## ■ Pension Benefits

ANAV for both Life and non-Life:

- Includes accrued pension liabilities (Euro 1.7 billion, gross of tax) but excludes prepaid pension assets (Euro 2 billion, gross of tax)

PVFP for Life :

- Contains pension cost consistent with the funding status

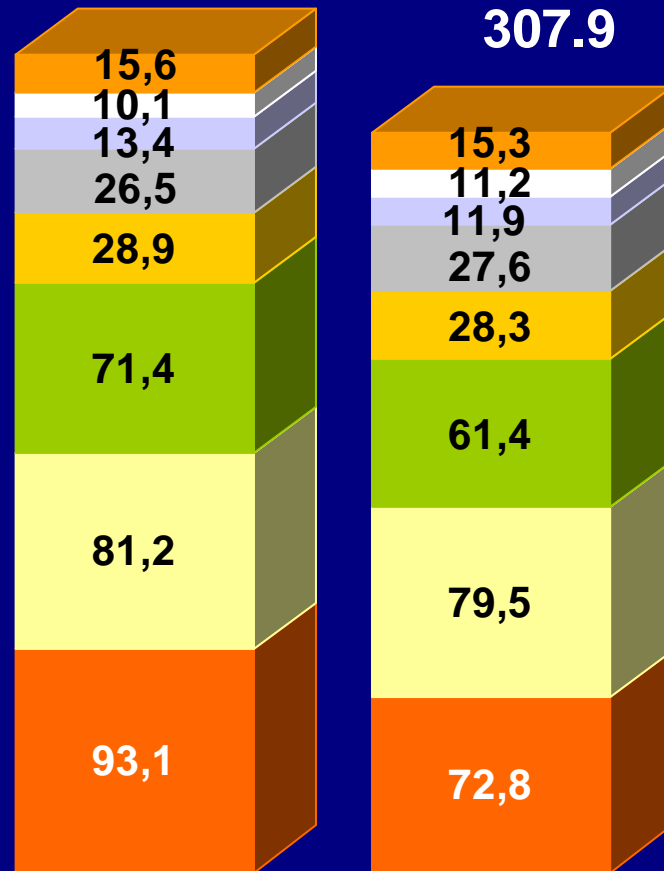


# Life & Savings : technical reserves\* were almost flat as positive cash flows partly offset poor markets

Euro billion

Balance sheet figures - non comparable basis

**340.2**



Change on a comparable basis vs. 12/31/01

## Total

**-2%**

Other

+4%

Belgium

+10%

Australia/NZ + HK

-2%

Germany

+4%

Japan

+7%

UK

-8%

France

-1%

US

-7%



12/31/01

12/31/02

\* gross of reinsurance

# Life & Savings : equity markets are lowering unit-linked reserves while positive net flows are improving general account reserves

## General account\* reserves\*\*

## Unit-Linked reserves\*\*

Euro billion

Group total

Group total

224.9

217.9 +3%\*\*\*

115.3

90.0 -14%\*\*\*

12/31/01

12/31/02

As a % of

12/31/01

12/31/02

66 %

71 %

total reserves

34 %

29 %

2002

G/A & WP

S/A

Total

Net inflows

2.3

2.6

4.9

Market impact and interests credited

4.7

-17.7

-13.0

Currency impact

-12.7

-10.2

-22.9



\* Include With-Profit liabilities.

\*\* Gross of reinsurance.

\*\*\* Change on a comparable basis vs. 12/31/01.

# Japan Life :

## Strong new business profitability offset by adverse evolution on the old book of business

### *Environment*

### *Management actions*

#### ◆ Old book of business

- Investment margin impacted by distressed financial markets
- Renewal of old group medical term product at lower margins reducing expected future profit

- Monitoring of asset allocation to increase yields
- Focus on conversion of old "acquired negative spread contracts"
- Monitoring of renewals of old group medical products
- Accelerate pace of change by strengthening management team

#### ◆ New book of business

- Low guarantee contracts benefiting from higher loadings
- Increased focus on highly profitable products\*

- Improve commercial initiatives



\* Key 6 products notably Medical whole life, Medical riders and Increasing Term Rider

# 2002 expense ratio reflects cost cutting initiatives

## ◆ Expense ratio is down 1.4 points ...

	2001	2002	Change
P&C expense ratio	29.5%	28.1%	- 1.4pts

## ◆ ... despite restructuring costs in 2002

	Pre-tax Euro mm	Impact on expense ratio Local	Group
UK First Choice investment	50	1.9 pt	0.3 pt
Germany provision for early retirement	41	1.4 pt	0.3 pt





# Even though some 2002 combined ratios are not yet at the adequate level, significant steps have been achieved

Combined ratio	2001	2002	Comments
<b>UK Companies</b>			
. UK	115.3*	115.2*	First Choice strategy is starting to deliver after 6 months. Excluding First Choice investment, 2002 combined ratio would have been 113.3%
. Ireland	103.0	95.6	Rating actions and cost control are delivering
. PPP Health	98.6	92.9	Rating actions and cost control are delivering
<b>Total</b>	<b>109.4</b>	<b>107.0</b>	
<b>Germany</b>	118.3	107.3	Very encouraging signs on expense control and technical result
<b>Belgium**</b>	112.7	107.4	Rate increases and cost reduction



\* Excluding discontinued business  
 \*\* Excluding workers' compensation business

# Asbestos (1/2)

- ◆ Asbestos: reserves of Euro 686 million as of 12/31/02 or a 22.9 survival ratio versus 18.6 in 2001

Asbestos reserves as of 12/31/01 (Euro m)	678
Claims paid in 2002	-36
Other changes	+44
Asbestos reserves as of 12/31/02 (Euro m)	686

## *Reserves are*

- *Not discounted*
  - *Gross of reinsurance*
  - *Proven to be realistic if looking at past commutations*
- ◆ Asbestos reserves represent only 1.5% of AXA total P&C and International gross reserves



# Asbestos (2/2)

- ◆ Our ratios are well positioned within ranges recommended by market experts

as of 12/31/02	3 year survival ratio
AXA (w/o commutations)	22.9 y
AXA (with commutations)	18.0 y
Industry experts' recommendations	[12y - 26y]

