



**Half year 2004
MANAGEMENT REPORT**



Cautionary statements concerning the use of non-GAAP measures and forward-looking statements

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Market conditions in first half-year 2004

Financial markets

The financial markets were fairly erratic over the first half of the year, posting an overall change since year-end 2003 that was quite modest. In general, equities outperformed fixed-income securities, except in Europe – where equities and government bonds performed equally.

STOCK MARKETS

Equities were up globally, with the MSCI World Index showing a rise of 4.78% (global return in local currencies). Among the world's major markets, Japan was the best performer, gaining close to 15% over the period, reflecting the recovery of its economy in the first half of 2004. With a performance of +6.2%, the euro zone outperformed the global average. Wall Street was practically on a par with the global average (+3.4%). The UK equity market was mediocre (+1.7%), most likely weighed down by the round of monetary policy tightening that began much earlier there than elsewhere, and the reduction in the equity allocation of pension funds.

BOND MARKETS

The first quarter of 2004 was dominated by fears that the US economy would fail to produce a turnaround in its jobs market, which in turn generated expectations that monetary policies would maintain their status quo even longer. In fact, the robust employment market recovery that emerged stateside in early April turned every forecast on its head. The bond markets underwent brutal correction in anticipation of an increase in Fed fund rates. That explains why US treasuries turned in their worst performance since 1980 in the second quarter of this year. Globally, government bonds provided a total return of close to zero over the first half of the year (0.54% for 10-year maturities), with a sharp drop in Japanese bonds (-2.65%) and a slight fall in US treasuries (-0.44%). Europe's government issues did better: +2% for 10-year Bunds and -0.04% for 10-year Gilts. Viewed globally, 2-year bonds outperformed their 10-year counterparts.

On June 30, 2004, the Federal Funds rate was raised for the first time in the last four years from 1.0% to 1.25%. This increase was in line with the already started policy of the Bank of England, which raised its base rate three times during the first half of 2004 from 3.75% to 4.5%

EXCHANGE RATES

In the world currency markets, the sterling was the best performer, undoubtedly due to three successive, rather aggressive short-term rate hikes enacted by the Bank of England so far this year. This lifted the pound up by 4.8% versus the euro from 0.7 to 0.67 GBP/euro. At the same time, the US dollar's recovered versus the yen and the euro (+2.3% from 1.26 to 1.23 US dollar/euro).

June 30, 2004 operating highlights

Significant acquisitions and disposals

ACQUISITIONS

On January 23, 2004, AXA concluded with BBVA Group an agreement under which AXA has acquired the 50% stake of BBVA in its subsidiary Hilo Direct Seguros y Reaseguros S.A. ("**Direct Seguros**"). After this transaction, AXA holds 100% of Direct Seguros. The purchase price amounted to €49 million, and the related goodwill was €28 million, to be amortized over 30 years.

On January 23, 2004, AXA Holdings Belgium concluded with La Poste an agreement under which AXA Holdings Belgium acquired the 50% stake of La Poste in Assurances de la Poste Vie and in Assurances de la Poste Non Vie. After this transaction, AXA Holdings Belgium holds 100% of Assurances de la Poste Vie and of Assurances de la Poste Non Vie. The purchase price amounted to €9.4 million, and the related goodwill was €3.2 million, fully amortized over the first half year of 2004.

On March 18, 2004, AXA RE bought from BNP PARIBAS the remaining 21% minority interests in its subsidiary AXA RE Finance. After this transaction, AXA RE holds 100% of AXA RE Finance. The purchase price amounted to €55 million, and the related goodwill was €8 million, fully amortized during the first half of 2004.

DISPOSALS

On January 2, 2004, AXA concluded the disposal of its insurance brokerage activities in the Netherlands, **Unirobe**, through the means of a management buy-out. The proceeds for the sale amounted to €126 million, and the related capital gain was €104 million.

On April 20, 2004, AXA Germany sold its building society AXA Bausparkasse to BHW, a German competitor specialized in savings plans for the financing of the purchase of real estate properties. The transaction was completed in June 2004 and resulted in a net capital loss of €-22 million (net group share) in Half-Year 2004 Group accounts.

Capital and financing operations

FINANCING OPERATIONS

In the first half year 2004, AXA issued, under its €5 billion Euro Medium Term Notes program, €0.4 billion of callable undated subordinated debt: \$375 million in January 2004 (in two private placements in Europe and Asia) and €125 million in April 2004 (private placement in Europe). By partly anticipating the refinancing of debts maturing in 2004 and 2005, these issues allowed the Group to benefit from very favorable market conditions and to improve its liquidity by further extending the average maturity of debt and by strengthening hybrid capital through non-dated subordinated issues.

OTHER

In order to further protect the Group balance sheet exposure to the USD, \$4 billion hedges have been implemented in the first half year 2004, directly through debt in USD (\$0.375 billion) or synthetically through Cross Currency Swaps (\$3.625 billion).

Other significant events

In connection with Alliance Capital's acquisition of the business of Sanford Bernstein in 2000, AXA Financial entered into a liquidity agreement with the former shareholders of Sanford Bernstein such that they can put to AXA Financial in any one period up to 20% of the original Alliance Capital units issued at the time of the acquisition. On March 5, 2004, the former shareholders of Sanford C. Bernstein exercised their rights to sell 8.16 million Alliance Units. As a consequence, the ownership interest of AXA Financial in Alliance Capital at this date increased by 2.8 points from 55.5% to 58.3% (net of the dilution impact of the issue of units to finance stock option plans).

This transaction generated an exceptional profit of €65 million, as a result of the partial release (€213 million) of the provision set up in 2000 to offset the dilution gain resulting from the acquisition of Sanford Bernstein, Inc, partly offset by the amortization over the period of the additional goodwill generated by the transaction (€-148 million at average exchange rate).

Effective January 1, 2004 the policyholder-owned Long Term Fund of Sun Life Assurance Society plc sold AXA Isle of Man Ltd to a shareholder-owned subsidiary of AXA Sun Life Holdings plc, for a total purchase consideration of €89 million. This transaction generated a goodwill of €21 million, entirely amortized over the period, and a value of business in force of €120 million instead of pre-existing DAC balance of €113 million.

Events subsequent to June 30, 2004

On July 8, 2004, AXA announced that, following the receipt of all required regulatory approvals and the satisfaction of all conditions to the merger agreement, AXA Financial, Inc. completed the acquisition of the MONY Group, Inc. ("MONY"), for a total consideration of \$1.48 billion. As a result of the acquisition, MONY is now a wholly owned subsidiary of AXA Financial.

Under the terms of the merger agreement, which MONY shareholders approved on May 18, 2004, MONY stockholders have received, for each share of MONY common stock they own, \$31.00 in cash from AXA Financial and a dividend totaling \$0.34755 from MONY.

Finally, as the result of the successful completion of this merger, the bonds redeemable into either shares or cash ("ORANs") issued by AXA in October 2003 to finance the MONY acquisition have been redeemed on July 22, 2004 by the issuance of one new ordinary AXA share for each ORAN, i.e. a total issuance of 110,245,309 new AXA shares. Each ORAN holder has also received, on July 22, 2004, a "Final Interest" amount equal to Euro 0.38 per ORAN, i.e. the equivalent of the dividend paid by AXA on its ordinary shares on May 3, 2004, excluding the "tax credit".

In July 2004, a combined €3.5 billion revolving credit facility and \$650 million standby letter-of-credit facility for AXA SA and AXA Financial was signed. The facility will initially be due July 2009 with 2 one-year extension options. It anticipates the replacement of AXA S.A €3 billion syndicated credit facility maturing July 2005 and includes the needs of AXA Financial for US Commercial Paper backup and letter-of-credit facilities, allowing the group to comfort its liquidity profile and to benefit from the favorable conditions currently prevailing on the European credit market.

In order to improve and optimize the AXA Japan Holding financial structure, it was decided to convert AXA Japan Holding debt from AXA S.A. (JPY 132 billion, i.e. €1 billion) into capital (conversion dated July 1, 2004).

On August 6, 2004, AXA will announce that it has made a conditional proposal to the Board of Directors of AXA Asia Pacific Holdings (“AXA APH”) to acquire the minority interests in AXA APH. AXA currently holds, directly and indirectly, a 51.66% interest in AXA APH.

In this proposal, AXA has indicated that it is prepared to offer AUS\$ 3.75 for each outstanding AXA APH share not owned by it, representing a premium of 14.3% based on AXA APH’s August 5, 2004 closing price. This consideration would be adjusted by any dividends and distributions that AXA APH might pay (including the interim dividend to be announced on August 6). The form of consideration would be a combination of cash (representing 50%) and AXA ordinary shares (representing 50%). On this basis, the total value of the consideration payable by AXA in this transaction would be approximately €1.8 billion.

AXA’s proposal is still at a preliminary stage and a transaction may not eventuate. It will be evaluated by a committee of independent directors of AXA APH and is subject to a number of conditions including negotiation of definitive terms and conditions for this proposed transaction, receipt of all necessary regulatory approvals and various other conditions. AXA has proposed that the transaction be structured as a “scheme of arrangement” which will be subject to approval of AXA APH’s minority shareholders and to Australian court approval.

Consolidated Operating results

Consolidated gross revenues

Consolidated gross revenues ^(a)					
<i>(in euro millions)</i>	Periods ended June 30,		Change	Change on a comparable basis ^(b)	FY 2003
	2004	2003			
Life & Savings	23,317	23,682	-1.5%	1.6%	46,799
Property & Casualty	9,794	9,316	5.1%	4.2%	17,098
International Insurance	2,287	2,650	-13.7%	-6.1%	3,972
Asset Management	1,512	1,379	9.7%	19.1%	2,922
Other Financial Services	395	426	-7.4%	1.0%	836
TOTAL	37,306	37,454	-0.4%	2.4%	71,628

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

Consolidated gross revenues for the first Half Year 2004 were **€37,306 million**, slightly down on a current basis (-0.4%). Group revenues were unfavorably impacted by the appreciation of the Euro mainly against the US Dollar and the Yen (€-934 million impact or -2.5 points), as well as by scope differences (€-105 million, or 0.3 points), including AXA RE business put in run-off since 2003 (€-171 million) partly offset by the favorable impact (€+68 million) of the buy-out of the minority interest in Direct Seguros in Spain and in Assurances de La Poste in Belgium, partly offset by the sale of AXA Bausparkasse in Germany..

On a comparable basis, consolidated revenues were up **+2.4%**.

Life & Savings revenues growth was **+1.6% to €23,317 million**, driven by good performance in most countries, partly offset by lower performance in Belgium (-8.8%) and Japan (-4%), as the first half of 2003 had benefited from strong non-recurring premiums, as well as in the United States (-2.6%). In **France** (+11.8%), the growth was mainly attributable to a surge in investment & savings Unit-Linked premiums and higher Group retirement sales reflecting new business and AXA's favorable position in the market. The **United Kingdom** recovered a positive trend (+3.1%) reflecting a growth in AXA's award-winning Offshore Bonds products and Group pension premiums, benefiting from AXA's strategy to focus on key distributors in the intermediary market. In **Germany**, revenues grew by +3.6%, driven by strong sales of the "Pensionskasse" product, and higher sales in Health, due to new business inflows and legal premium rate adjustment on renewals at the beginning of the year. **Southern Europe**¹ revenues showed a strong growth (+23.2%), pulled up by **Italy** (+43%) as a result of a strong growth of investment & savings non unit-linked contracts reflecting strong new business and several important single premiums. In opposite, **the United States and Belgium** revenues showed a decrease (respectively -2.6% and -8.8%), as 2003 benefited from strong premiums: strong sales of Variable Annuity Accumulator product in the United States, partly offset by higher Institutional Separate Account premiums, and a significant non-recurring single premium contract in Belgium. In **Japan**, revenues decreased by -4%; excluding the impact of group pension transfers (€61 million in 2004 compared to €744 million last year) and the conversion program in Life and Health (which generated additional premiums for €228 million in 2004), revenues increased by +13%, driven by the growth in investment & savings premiums reflecting strong individual annuity sales in the

¹ From 2004, Italy, Spain and Portugal are presented as a single region denominated "Southern Europe"

bancassurance channel, and by increased premiums in Health following the continuing focus of the sales force on selling high margin medical products.

In **Property & Casualty** operations, gross written premiums increased by **+4.2% to €9,794 million**, reflecting a growth in most countries, especially France (+6.4%), the United Kingdom² (+4.7%), Belgium (+1.2%) and Southern Europe (+9.1%), while Germany showed stable revenues. Both commercial and personal lines experienced favorable trends (respectively +5% and +6%) reflecting the continuation of a favorable, albeit slowing, pricing environment (selective rate increases) and the ability to attract new clients.

International insurance revenues declined by **-6.1% to €2,287 million**, as a result of opposite trends among entities: **AXA RE** showed a decrease (-18.8%) reflecting the strategic repositioning of the company, implemented since 2002, aiming at reducing the portfolio risk exposure and exiting non-strategic business lines. The decrease in premiums was notably explained by a decrease in non-proportional Assumed business and pruning of some Marine accounts. In opposite, **AXA Corporate Solutions Assurance** revenues increased by +7.4%, mainly driven by a significant growth in Marine, Construction, and Motor thanks to the combined effect of selective rate increase and new business.

Fees and other revenues in **Asset Management** significantly increased by **+19.1% to €1,512 million**, from both **AXA Investment Managers** (+29.6%) and **Alliance Capital** (+16.4%), benefiting from higher average AUM (Assets Under Management) thanks to market appreciation. Group **net new money** reached €5.5 billion, down by €-6.4 billion compared to 2003, the inflows at AXA Investment Managers being partly offset by outflows at Alliance Capital.

Revenues from **Other Financial Services** companies remained nearly stable (**+1% to €395 million**)

² Including Ireland

Consolidated adjusted earnings and net income

Adjusted earnings & Net income (Group Share)			
<i>(in euro millions)</i>	Period ended June 30,		FY
	2004	2003	2003
Gross written premiums	35,072	35,390	67,306
Bank revenues	385	418	820
Fees, commissions and other revenues	1,848	1,647	3,503
Gross revenues	37,306	37,454	71,628
Change in unearned premium reserves	(1,608)	(1,559)	320
Net investment result ^(b)	9,970	11,489	26,834
Total revenues	45,668	47,383	98,783
Insurance benefits and claims ^(b)	(35,594)	(39,385)	(81,309)
Reinsurance ceded, net	(586)	(461)	(1,113)
Insurance acquisition expenses	(2,944)	(2,756)	(5,798)
Bank operating expenses	(237)	(270)	(502)
Administrative expenses	(3,736)	(3,589)	(7,567)
Operating Income	2,573	921	2,494
Income tax expense / benefit	(800)	(452)	(793)
Equity in income (loss) of unconsolidated entities	33	52	41
Minority interests	(216)	(159)	(292)
ADJUSTED EARNINGS ^(a)	1,590	363	1,450
Impact of exceptional operations	191	137	148
Goodwill amortization (group share)	(337)	(290)	(593)
NET INCOME	1,444	209	1,005

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

(b) For the periods ended June 30, 2004, June 30, 2003 and December 31, 2003 the change in fair value of separate accounts had impacted the net investment result for respectively Euro +3,500 million, Euro +6,141 million and Euro +14,949 million and benefits and claims by the offsetting amounts respectively.

Net income group share for the Half-Year 2004 period reached **€1,444 million**, significantly improving by **€+1,235 million** compared to 2003.

It included **€191 million of exceptional operations** relating to:

- The realized capital gain on the disposal of Unirobe, our former Dutch brokerage company in The Netherlands Holding (€+104 million)
- The realized capital loss on the disposal of AXA Bausparkasse building society in Germany (€-22 million, net group share, of which €-8million in the Life company)
- An exceptional profit in Alliance Capital (€65 million) as a result of the partial release (€+213 million) of the provisions set-up in 2000 to offset the dilution gain realized when Alliance Capital acquired Sanford Bernstein. This release was due to the buy-back, on March 5, 2004, of 8.16 million private units to the former shareholders of Sanford C. Bernstein, Inc. after they exercised

their liquidity put option. It generated an additional goodwill, entirely amortized over the period (€-148 million)

- An exceptional profit in the AXA Financial holding (pre-tax gain on disposal of the discontinued Investment Banking and Brokerage segment of €66.7 million, or €43.4 million net of Federal income taxes). The gain resulted from the reduction of state tax liabilities related to the 2000 sale of Donaldson, Lufkin & Jenrette, Inc.

In Half-Year 2003, exceptional operations amounted to €137 million, and included:

- Realized capital gains (€+66 million) on the disposal of Austria/Hungary operations (€+40 million in Germany L&S and P&C), of Members Equity in Australia L&S operations (€+11 million), and of Auxifina in AXA Bank Belgium (€+15 million)
- A €+71 million exceptional profit (net of goodwill effect) in the United States following a review of tax positions related to periods prior to the acquisition of 'The Equitable Inc.' by AXA.

Goodwill amortization group share increased by €47 million, or **€45 million on a constant exchange rate basis**. This was mainly due to (i) the amortization of the Netherlands P&C remaining goodwill (€-33 million), (ii) the amortization over the year of the goodwill created by the AXA Isle of man transaction in the United Kingdom Life operations (€-21 million), (iii) partly offset by lower amortization charge in the United States due to lower exercise of stock options.

Net capital gains and losses reached **€154 million**, up **€+876 million**, mainly driven by (i) lower valuation allowance on equity securities and mutual funds (€-976 million to €-129 million), on fixed maturities (€-99 million to €-12 million), and limited write-back of impairment linked to recovery in value during the first half of 2004 (€+29 million), (ii) the non recurrence in 2004 of a valuation allowance recorded in 2003 on the Japanese deferred tax asset related to prior year capital losses (€+110 million), (iii) partly offset by a lower level of realized capital gains (€-338 million) as half year 2003 adjusted earnings benefited from a large non-recurring capital gain from the sale of Crédit Lyonnais shares (€442 million). Excluding this item, realized capital gains were up by €+104 million.

Group **underlying earnings** improved by **€+351 million to €1,436 million**. As a consequence, **adjusted earnings** were up **€+1,227 million to €1,590 million**.

Adjusted earnings & Net income (Group Share)			
<i>(in euro millions)</i>	Period ended June 30,		FY
	2004	2003	2003
Life & Savings	906	197	898
Property & Casualty	620	151	519
International Insurance	165	42	147
Asset Management	137	106	148
Other Financial Services	4	113	126
Holding companies	(243)	(245)	(388)
ADJUSTED EARNINGS^(a)	1,590	363	1,450
Impact of exceptional operations	191	137	148
Goodwill amortization (group share)	(337)	(290)	(593)
NET INCOME	1,444	209	1,005

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

Life & Savings

At €906 million, **adjusted earnings** were up **€+710 million**, with main contributors being France (€272 million), the United States (€330 million), and Japan (€126 million). This trend was mainly driven by:

- **Improved underlying earnings up €+168 million or €+208 million** on a constant exchange rate basis to **€848 million**. Earnings were unfavorably impacted by the appreciation of euro against foreign currencies (€-40 million impact). At constant exchange rate, the improvement was mainly attributable to Japan (€+104 million), the United States (€+64 million) and the United Kingdom (€+22 million).
- **A sharp increase in net capital gains (€+542 million to €58 million)**, driven by (i) a much lower level of impairment valuation allowances on equity securities and mutual funds (€+442 million to €-93 million) and on fixed maturities (€+100 million to €-9 million), and some write-back of impairment linked to recovery in value during the first half of 2004 (€+24 million), (ii) the non recurrence in 2004 of a valuation allowance recorded in 2003 on the Japanese deferred tax asset related to prior year losses (€+110 million), (iii) partly offset by a lower level of realized capital gains (€-133 million) as half year 2003 adjusted earnings benefited from a non-recurring capital gain from the sale of Crédit Lyonnais shares (€142 million). Excluding this item, realized capital gains were up by €+9 million.

Property & Casualty

Adjusted earnings increased by **€+470 million to €620 million**, with main contributors as follows: France (€190 million), the United Kingdom (€130 million) and Belgium (€96 million). This improvement reflected:

- **Strong operational performance**, with the **Group combined ratio improving by -2.3 points to 99.4%**, and investment income increasing by +6.4%, which induced **underlying earnings up €+161 million to €562 million**.
- **A significant increase in net capital gains (€+309 million to €58 million)**, driven by (i) a much lower level of impairment valuation allowances on equity securities and mutual funds (€+437 million to €-22 million) and on fixed maturities (€+2 million) and some write-back of impairment linked to recovery in value during the first half of 2004 (€+5 million), (ii) partly offset by a lower level of realized capital gains (€-135 million) as half year 2003 adjusted earnings benefited from a

non-recurring capital gain from the sale of Crédit Lyonnais shares (€215 million). Excluding this item, realized capital gains were up by €+80 million.

International Insurance

Adjusted earnings reached **€165 million, up €+123 million** compared to 2003, driven by:

- **Improved underlying earnings up €+91 million to €141 million**, both attributable to **AXA RE's** (€+70 million to €86 million) and **AXA Corporate Solutions Assurance activities** (€+15 million to €32 million)
- **Higher net capital gains (€+32 million)**, mainly as a result of lower valuation allowances on equity securities (€-93 million) partly offset by lower realized capital gains and losses (€-60 million) as 2003 benefited from €58 million realized gain on Credit Lyonnais shares.

Asset Management

Asset management companies also showed increased **adjusted earnings up €+31 million to €137 million**, reflecting **higher underlying earnings by €+29 million to €136 million**. This trend was attributable to both AXA Investment Managers (€+20 million) and Alliance Capital (€+10 million) as a result of higher average assets under management.

Other Financial Services

Adjusted earnings deteriorated by **€-108 million to €4 million**, as a result of (i) **lower underlying earnings (€-95 million to €4 million)** attributable to AXA Bank Belgium (€-54 million to €13 million) mainly due to gains coming from active asset management and CFP (-54 million to €-6 million), as a result of lower positive run-off development in 2004, and (ii) **lower net capital gains (€-13 million)** as 2003 benefited in AXA Bank Belgium of the capital gain on Credit Lyonnais shares for €13 million.

Holdings

Holding companies **adjusted earnings** remained nearly stable (**€+2 million at €-243 million**), as the improvement in AXA Financial holding (€+10 million) mainly due to reduced interest expense was partly offset by a decrease in AXA S.A. (€-9 million) due to lower net capital gains.

Consolidated Shareholders' Equity

At June 30, 2004, consolidated shareholders' equity totaled €24.4 billion. The movement in shareholders' equity since December 31, 2003 is presented in the table below:

	Shareholders' Equity (in euro millions)	Number of ordinary shares outstanding (in millions)
At December 31, 2003	23,401	1,778.1
- Exercise of share options	6	0.6
- Cash dividend	(676)	-
- Impact of foreign exchange fluctuations	209	-
- Other	(8)	-
At June 30, 2004 (before net income of the period)	22,933	1,778.7
Net income for the period	1,444	-
At June 30, 2004	24,377	1,778.7

Creation of Shareholder Value

EARNINGS PER SHARE ("EPS")

	Half Year				Full Year		Var. HY 2004 versus HY 2003	
	2004		2003		2003		Basic	Fully diluted
(in euro millions except ordinary shares in millions)	Basic	Fully diluted	Basic	Fully diluted	Basic	Fully diluted	Basic	Fully diluted
Numbers of shares	1,778.5	1,932.5	1,762.3	1,764.0	1,763.7	1,790.1		
Net income	1,444	1,498	209	209	1,005	1,005		
Net income Per Ordinary Share	0.81	0.78	0.12	0.12	0.57	0.56	<i>n/a</i>	<i>n/a</i>
Adjusted Earnings	1,590	1,644	363	363	1,450	1,450		
Adjusted Earnings Per Ordinary Share	0.89	0.85	0.21	0.21	0.82	0.81	<i>n/a</i>	<i>n/a</i>
Underlying Earnings Per Ordinary Share ^(a)	0.81	0.77	0.62	0.61	1.15	1.14	31.2%	25.4%

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

In the first half of 2004, the **fully diluted average number of shares** included 110.2 million of shares related to the bonds redeemable into either shares or cash ("ORANs") issued by AXA in October 2003 to finance the MONY acquisition, and which were redeemed on July 22, 2004 by the issuance of one new ordinary AXA share for each ORAN. It also included potential shares for stock option plans that are in the money (6.4 million shares) based on the average AXA share price over the period (17.8€), and the potential effect of one the subordinated convertible bonds plan as it had a "dilutive" effect on the EPS calculation (37.3 million shares)

Consistently, the **fully diluted net income** included the neutralization of €27 million financial charges linked to the ORAN's, as well as the financial charge linked to the convertible bonds (€27 million), including the charge for amortization of redemption premiums on convertible bonds.

RETURN ON EQUITY (ROE)

<i>(in euro millions except percentages)</i>	Periods ended June 30,		FY	Var. HY 2004	Var. HY 2004
	2004	2003	2003	/ HY 2003	/ FY 2003
Average Shareholder's equity	23,505	23,457	22,958		
Net income	1,444	209	1,005		
Annualized ROE	12.3%	1.8%	4.4%	10.5 pts	7.9 pts
Adjusted Earnings	1,590	363	1,450		
Annualized Adjusted ROE	13.5%	3.1%	6.3%	10.4 pts	7.2 pts
Annualized Underlying ROE	12.2%	9.2%	8.9%	3.0 pts	3.4 pts

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)			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	23,023	23,454	46,299
Fees, commissions and other revenues	298	235	513
Gross revenues	23,322	23,689	46,812
Change in unearned premium reserves	(81)	(86)	(6)
Net investment result ^(b)	9,157	11,058	25,744
Total revenues	32,398	34,661	72,551
Insurance benefits and claims ^(b)	(28,356)	(31,732)	(65,926)
Reinsurance ceded, net	(4)	41	84
Insurance acquisition expenses	(1,357)	(1,318)	(2,797)
Administrative expenses	(1,290)	(1,205)	(2,457)
Operating Income	1,391	447	1,454
Income tax expense / benefit	(434)	(232)	(448)
Equity in income (loss) of unconsolidated entities	13	25	19
Minority interests	(63)	(43)	(127)
ADJUSTED EARNINGS	906	197	898
Impact of exceptional operations	(8)	77	72
Goodwill amortization (group share)	(160)	(147)	(299)
NET INCOME	739	126	671

(a) Before intercompany transactions.

(b) For the periods ended June 30, 2004, June 30, 2003 and December 31, 2003 the change in fair value of separate accounts had impacted the net investment result for respectively Euro +3,500 million, Euro +6,141 million and Euro +14,949 million and benefits and claims by the offsetting amounts respectively.

Consolidated Gross revenues ^(a)					
<i>(in euro millions)</i>	Periods ended June 30,				
	2004	2003		FY 2003	
		Pro forma ^(b)	As published	Pro forma ^(b)	As published
France	6,149	5,500	5,500	10,890	10,890
United States	6,183	7,049	7,049	13,732	13,732
United Kingdom	3,004	2,861	2,861	5,831	5,831
Japan	2,890	3,175	3,175	6,078	6,078
Germany	1,672	1,613	1,613	3,428	3,428
Belgium	1,074	1,143	1,143	2,050	2,050
Southern Europe	593	482	-	1,182	-
Other countries	1,756	1,867	2,349	3,620	4,802
TOTAL	23,322	23,689	23,689	46,812	46,812
Intercompany transactions	(5)	(7)	(7)	(13)	(13)
Contribution to consolidated gross revenues	23,317	23,682	23,682	46,799	46,799

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

(b) Starting June 30, 2004, Italy, Spain and Portugal activities (previously under "Other countries") are now reported as one geographical region "Southern Europe".

Adjusted earnings & Net income					
<i>(in euro millions)</i>	Periods ended June 30,				
	2004	2003		FY 2003	
		Pro forma ^(a)	As published	Pro forma ^(a)	As published
France	272	274	274	425	425
United States	330	239	239	530	530
United Kingdom	56	87	87	43	43
Japan	126	(325)	(325)	(224)	(224)
Germany	(56)	(28)	(28)	(26)	(26)
Belgium	64	(146)	(146)	(55)	(55)
Southern Europe	26	37	-	24	-
Other countries	88	58	95	179	204
ADJUSTED EARNINGS	906	197	197	898	898
Impact of exceptional operations	(8)	77	77	72	72
Goodwill amortization (group share)	(160)	(147)	(147)	(299)	(299)
NET INCOME	739	126	126	671	671

(a) Starting June 30, 2004, Italy, Spain and Portugal activities (previously under "Other countries") are now reported as one geographical region "Southern Europe".

Life & Savings operations - France

Life & Savings Operations - France			
(in euro millions)	Periods ended June 30,		FY
	2004	2003	2003
<i>Gross written premiums</i>	6,149	5,500	10,890
Investment margin	536	526	920
Fees & revenues	562	515	1,017
Net technical margin	48	40	98
Expenses (net of DAC/VBI)	(777)	(731)	(1,471)
Operating Income	369	350	565
Income tax expense / benefit	(98)	(77)	(141)
Equity in income (loss) of unconsolidated entities	1	2	2
Minority interests	(1)	(1)	(1)
ADJUSTED EARNINGS	272	274	425

Gross written premiums increased by +12% to €6,149 million mainly resulting from a strong growth in individual investment & savings unit-linked premiums (+73%).

Individual and Group *Investment & Savings* premiums increased by +14.4% to €4,235 million (€+534 million), as individual unit linked premiums rose by +72.8% (or €323 million to €767 million), due to a strong focus on these products in all sales networks, whereas general account premiums increased slightly by 2%. Unit linked premiums represented 21% of individual savings premiums at half year 2004, compared with 14% at half year 2003. Sales in the new French retirement "P.E.R.P." product experienced a promising start in May and June 2004 totaling 30,000 accounts opened.

Life and Health premiums grew by +6% to €1,912 million, reflecting mainly due to an increasing number of contracts in individual health as well as rate increases in all lines of business.

Investment margin increased by 2% or €10 million to €536 million. *Investment income* increased by €62 million (or +4%) to €1,818 million, resulting from an increased general account asset base and higher dividend yields on equities. *Net capital gains* increased by €44 million to €122 million as a consequence of lower valuation allowances on equities (€-76 million in June 2003 versus nil in 2004) partly offset by realized gains on equities decreasing to €77 million in half year 2004 versus €119 million in half year 2003 (including a €109 million gain on Credit Lyonnais). *Amounts credited to policyholders* increased by €96 million mainly due to increasing technical reserves.

Fees & revenues rose by €47 million, or +9%, at €562 million, due to increased sales, mainly on unit linked products, and higher separate account assets (+12%)

Net technical margin increased by €8 million or 20% to €48 million mainly due to improvement in margins for individual and group general account investment & savings products compensating adverse experience in Group disability.

Expenses were up by €46 million or +6% mainly driven by higher distribution costs in line with revenue growth. The **underlying cost income ratio** deteriorated by 1.2 point to 72.3%.

Income tax expense increased by €21 million due to a lower proportion of realized gains being taxed at a reduced rate (20% instead of 35%).

Adjusted earnings decreased by €2 million to €272 million as a consequence of higher income tax expense.

Underlying earnings increased by €9 million to €240 million, mainly as a result of higher fee income due to increased separate accounts and sales volume.

Life & Savings operations - United States

Life & Savings Operations - United States			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
<i>Gross revenues</i>	6,183	7,049	13,732
Investment margin	400	274	608
Fees & revenues	454	388	843
Net technical margin	199	231	494
Expenses (net of DAC/VBI)	(584)	(605)	(1,258)
Operating Income	469	288	687
Income tax expense / benefit	(139)	(49)	(157)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	330	239	530
<i>Average exchange rate : 1.00 € = \$</i>	<i>1.23</i>	<i>1.10</i>	<i>1.13</i>

Gross revenues were down €866 million (-12%) compared to June 2003, or a 3% decrease on a constant exchange rate basis.

- The combined two main insurance business lines (*Investment & Savings and Life*, which totaled 88% of US Life & Savings gross revenues) declined by 8% in 2004, compared to 2003. This trend was mainly due to a decline in Investment & Savings premiums from the record sales of 2003, which had increased 51% from 2002, primarily within the Wholesale distribution channel. This was partly offset by higher first year premiums on Universal Life product sales.
- **Other premiums** increased by +96%, driven by Real Estate Institutional Separate Account premiums
- **Other revenues** increased by 41% driven by significant increases in brokerage service revenues as a result of improved markets and strong Mutual Fund sales.

Excluding Institutional Separate Account premiums (€395 million), gross revenues were down -16.1% on a current rate basis or down 7% on a constant exchange rate basis.

The share of Unit-Linked gross written premiums rose from 54% to 69%.

Investment margin increased by €126 million in 2004 as compared to 2003, or by €171 million on a constant exchange rate basis.

The increase was mainly due to €120 million higher net capital gains to €45 million as a result of €108 million higher gains on fixed maturities (valuation allowance of €-133 million in 2003), and €45 million higher investment income reflecting (i) higher partnership distributions primarily due to favorable market performance in the second half of 2003, (ii) higher prepayment penalties on fixed maturities and (iii) higher level of assets in the General Account, partly offset by lower yields primarily on fixed maturities driven by lower reinvestment rates. Interests and bonus credited remained almost flat with lower credited rates impact offset by higher balances.

Fees & revenues increased by €66 million in 2004 as compared to 2003, or an increase of €116 million on a constant exchange rate basis, mainly due to higher fees earned on Separate Account business (€+122 million). The increase in fees earned on separate account business was attributable to the increase in separate account balances due to positive cash flows and the appreciation in the equity markets.

Net technical margin decreased by €32 million in 2004 as compared to 2003, or a decrease of €11 million on a constant exchange rate basis. This decrease was mainly attributable to (i) lower life mortality margins partly offset by (ii) growing GMDB/IB margins.

Expenses (including commissions and DAC) decreased by €21 million in 2004 as compared to 2003, or an increase of €43 million on a constant exchange rate basis. This was primarily due to (i) increased commissions of €20 million attributable to higher mutual fund sales and higher asset-based commissions, (ii) the non recurrence of a 2003 reserve release related to employee stock options (€27 million), and (iii) an increase in benefit and tax expenses of €6 million reflecting higher pension plan expenses of €10 million, partly offset by a reduction in other management expenses of €9 million. Despite increases in current margin, DAC amortization remained flat due to unlocking impact from recognition of higher expected future margins driven by higher fees in variable insurance and annuity contracts.

The **underlying cost income ratio** decreased to 82.2% versus 90.8% in 2003, reflecting the higher revenues, particularly in fees and revenues, partly offset by the increase in expenses.

Income tax expense increased by €90 million in 2004 as compared to 2003, or by €106 million on a constant exchange rate basis. The increase is principally due to (i) the impact of higher pre-tax income, and (ii) the non recurrence of a €25 million reduction in first half 2003 resulting from a review of the deferred tax positions related to periods subsequent to the acquisition of The Equitable Companies Inc. by AXA.

Adjusted earnings increased by €91 million (+38%) to €330 million in 2004 as compared to 2003, or by €127 million on a constant exchange rate basis (+53%). The increase is primarily due to (i) higher investment margin and (ii) higher fees and revenues, partly offset by (iii) higher expenses, and (iv) tax expense.

Underlying earnings increased by €30 million to €309 million compared to 2003, or increased by €64 million on a constant exchange rate basis.

Life & Savings operations - United Kingdom

Life & Savings Operations - United Kingdom			
<i>(in euro millions)</i>	Periods ended June		FY
	2004	2003	2003
Gross revenues	3,004	2,861	5,831
Investment margin	109	179	310
Fees & revenues	214	149	307
Net technical margin	2	(30)	(155)
Expenses (net of DAC/VBI)	(264)	(202)	(417)
Operating Income	62	96	45
Income tax expense / benefit	(6)	(9)	(2)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	56	87	43
Average exchange rate : 1.00 € = £	0.67	0.69	0.69

Gross revenues increased by 5% to €3,004 million or 3% on a constant exchange rate basis, with new business on an Annual Premium Equivalent (APE³) basis down 1.7% on a constant exchange rate basis. Unit-Linked premiums increased by +4.7%, representing 72% of gross revenues.

- **Investment & Savings** (87% of gross written premiums): Premium revenues were up 1% from last year. A 62% increase in revenues from AXA's award-winning Offshore Bonds products (representing 10% of total premiums compared to 6% in 2003) has been offset by decreased Individual Pension business (down 13% from 2003) reflecting the impact of actions taken in 2003 to improve profitability.

Group pensions premiums were up 12% from 2003, benefiting from AXA's strategy of focusing on key distributors in the intermediary market and improvements in our service proposition to both intermediaries and customers.

- **Life** (13% of gross written premiums): Total Life premiums were up 19% predominantly due to increased premiums from credit life insurance business.

Investment margin decreased by €70 million in 2004 compared to 2003, or €71 million on a constant exchange rate basis, due to:

- €57 million of non-recurring gains in 2003 due to the sale of Credit Lyonnais shares (€52 million) and €16 million favorable currency movements on non-sterling denominated bonds held in shareholder funds, offset by €11 million impairment of corporate bonds.
- €25 million reduction on shareholders' participation in With-Profit bonus payments in line with market trends.
- €8 million increased investment income on shareholder assets arising as a result of increased yields.

Fees and revenues increased by €65 million in 2004 as compared to 2003, or €61 million on a constant exchange rate basis, due to:

³ Annual Premium Equivalent is New Regular Premiums plus one tenth of Single premiums

- €26 million increase as a result of the transfer of ownership of AXA Isle of Man Limited at January 1, 2004 from a With-Profit fund to a wholly owned shareholder fund.
- €17 million increase in loadings on premiums on life and pension products mainly attributable to increased volume of credit life insurance business.
- €18 million increase in fees earned due to higher average account balances in line with market levels and net inflows

Net technical margin increased by €32 million in 2004 compared to 2003 both on current and constant exchange rate bases. This was mainly due to a €45 million strengthening of the reserves in respect of annuity business in 2003.

Expenses, net of policyholder allocation⁴ increased by €62 million in 2004 as compared to 2003, or €58 million on a constant exchange rate basis, mainly as a result of:

- €17 million related to the transfer of ownership of AXA Isle of Man Limited (see above fees and revenues)
- €27 million as a result of a lower allocation of expenses to the With-Profit fund due to the lower volumes of new With-Profit business.
- €10 million increase in the level of investment in strategic initiatives linked to the development of the protection offering

The **underlying cost income ratio** increased from 96% to 108% in 2004, largely as a result of the impact of increased expenses net of policyholder allocation.

Income tax expense declined by €3 million in 2004 compared to 2003, both on current and constant exchange rate bases, mainly due to lower taxable profits.

Adjusted earnings declined by €31 million to €56 million in 2004 as compared to 2003, or €33 million on a constant exchange rate basis. This was mainly due to a lower investment margin in 2004 partly offset by strengthening of annuity reserves in 2003.

Underlying earnings increased by €22 million to €53 million in 2004 on a constant exchange rate basis, mainly driven by the higher technical margin.

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			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
<i>Gross written premiums</i>	2,890	3,175	6,078
Investment margin	149	(410)	(399)
Fees & revenues	437	438	854
Net technical margin	17	30	134
Expenses (net of DAC/VBI)	(346)	(356)	(689)
Operating Income	257	(299)	(101)
Income tax expense / benefit	(126)	(38)	(132)
Minority interests	(5)	12	8
ADJUSTED EARNINGS	126	(325)	(224)
<i>Average exchange rate : 1.00 € = Yen</i>	131.75	125.00	129.20

Gross Written Premiums decreased by 4% on a constant exchange rate basis to €2,890 million. Excluding group pension transfers (€61 million versus €744 million last year) and the conversion program to Life and Health products started in January 2003, which generated additional premiums of €+26 million and €+202 million respectively compared to 2003, premiums increased by 13% to €2,424 million explained by the following factors:

- **Investment & Savings** (33% of total): premiums increased by 42% to €882 million driven by individual annuity growth mainly thanks to the expansion of bancassurance partnerships signed in 2003 and 2004 (€390 million single premiums) and the change in product mix from regular to single premiums.
- **Life** (42% of total): premiums decreased by 3% to €1,075 million reflecting a reduction in endowment premiums as a result of lower contracts in force. Group life premiums represented €187 million in 2004 versus €222 million in 2003. **Health** (25% of total): premiums increased by 16% to €468 million mainly driven by the continuing focus of the sales force on selling high margin medical products such as medical whole life.

Investment margin increased by €559 million or €568 million on a constant exchange rate to €+149 million mainly as a result of the reduction of valuation allowance on securities (€418 million in 2003 versus €43 million in 2004) driven by the partial recovery of the Japanese financial markets. Excluding valuation allowances, the investment margin was up by €+184 million (€+194 million on a constant exchange rate) reflecting higher investment income (€+99 million, or €+118 million on a constant exchange rate) due to a larger asset base and the positive impact of the fixed maturity portfolio restructuring started in 2003, as well as higher realized capital gains (€+70 million, or €+78 million on a constant exchange rate) benefiting from favorable market conditions.

Fees and revenues decreased by €1 million, or increased by €22 million on a constant exchange rate, to €437 million. This increase was explained by a continuing shift in product mix towards high margin products, especially in Health, and strong conversions mainly to medical whole life, partly offset by lower loadings from medical term, endowment and whole life as a result of surrenders and conversions. The improved retention of business reflecting the success of a strategic initiative launched two years ago has helped support the level of fees and revenues.

Net technical margin reduced by €13 million or €11 million on a constant exchange rate, to €17 million as a result of a decreased mortality margin partly offset by an improved surrender margin. The mortality margin decreased by €41 million driven by a strengthening of insurance reserves to reflect mortality experience on long term products (annuity portfolio) partly offset by a higher morbidity margin on medical term products. The surrender margin increased by €30 million as a result of (i) a reserves strengthening on medical term products in 2003 (€38 million), (ii) higher conversions more than offset by lower surrenders of individual life and annuity contracts in 2004.

Expenses gross of DAC and VBI amortization decreased by €62million, or €42 million on a constant exchange rate, to €367 million following the full amortization in 2003 of the administration system (€15 million), reduced staff expenses due to lower headcount (€5 million) and lower non-payroll operating expenses (€16 million) notably due to the timing on project costs. **Expenses, net of DAC and VBI amortization**, decreased by €10 million, or increased by €9 million on a constant exchange rate basis, as the decrease in gross expenses described above was more than offset by increases in VBI amortization, driven by higher investment result, and DAC amortization in line with a higher DAC balance.

Underlying cost income ratio improved by 32.2 points to 71.4% reflecting higher net investment income.

Income tax expense increased by only €88 million, or €95 million on a constant exchange rate basis, to €126 million as a result of the improvement of the operating income in 2004, partly offset by the non-recurring impact of an additional valuation allowance on tax loss carry forward recorded in 2003 for €139 million.

Adjusted earnings increased by €451 million, or €458 million on a constant exchange rate, to €126 million reflecting higher net investment result, the strong reduction of valuation allowances booked in 2004 compared to 2003 both on invested assets and tax loss carry forward.

Underlying earnings increased by €100 million or €104 million on a constant exchange rate basis to €79 million, mainly as a result of the improvement in investment income and the high achievement of conversion activity partly offset by reserve strengthening.

Life & Savings operations – Germany

Life & Savings Operations - Germany			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	1,672	1,613	3,428
Investment margin ^(a)	(51)	10	(36)
Fees & revenues ^(a)	24	18	39
Net technical margin ^(a)	9	5	10
Expenses (net of DAC/VBI) ^(a)	(29)	(19)	(39)
Health operating income	17	7	18
Operating Income	(30)	20	(8)
Income tax expense / benefit	(32)	(51)	(20)
Minority interests	6	3	3
ADJUSTED EARNINGS	(56)	(28)	(26)

(a) Excluding health business.

Gross written premiums rose by 4% (€+59 million to €1,672 million) mainly due to Investment & Savings and Health.

- **Investment & Savings** (19% of gross written premiums) increased by 7% to €318 million, exclusively driven by unit-linked premiums, which more than doubled compared to last year, mostly coming from the "Pensionskasse" (Group Pension Fund). The share of unit-linked premiums significantly grew to 14% (7% for the same period in 2003). Non unit-linked premiums slightly decreased by 1% to €274 million due to lower single premiums, partly compensated by strong new business in traditional annuity business in "Pensionskasse".
- **Life** (48% of gross written premiums): Revenues were flat at €800 million.
- **Health** (27% of gross written premiums): gross written premiums increased by 16% to €445 million, as a result of high new business volume, successful premium rate adjustment from the beginning of the year and further strengthening of the customer relationship (estimated market growth 6%).
- **Other** (6% of gross written premiums) amounted to €108 million (-21%) due to the decrease in co-insurance medical council business.

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

The **Investment margin** decreased by €-61 million to €-51 million. *Net investment income* increased by €22 million, mainly attributable to lower bonus credited to policyholders. *Net realized gains and losses* decreased by €-83 million to €-88 million mainly due to realized losses on equity securities aiming at reducing the equity-backing ratio of the general account.

Fees & revenues increased by €6 million to €24 million, mainly due to strong new business growth in "Pensionskasse" (group pension fund).

Net technical margin amounted to €9 million. The €4 million increase was notably due to higher margins in professional disability.

Expenses rose by €10 million, due to the strong new business inflow in "Pensionskasse" and higher DAC and VBI amortization.

Underlying cost income ratio improved from 91.4% to 78.6% mainly attributable to higher underlying investment margin, net technical margin and fees and revenues, partly offset by higher commission expenses gross of DAC/VBI (€16 million as compared to last year).

The **health operating income** increased significantly from €7 million in June 2003 to €17 million in June 2004, due to (i) the increase in fees and revenues - as a result of strong growth in gross written premiums – and to (ii) the improvement of the investment and net technical margins.

The fall in income **tax expenses** of €19 million was mainly due to the fact that investment losses and valuation allowances on equity securities were not tax deductible under last year's tax legislation (the new tax regime came into force end of 2003), partly offset by non-recurring tax items (€-31 million) in 2004.

Adjusted earnings decreased by €-28 million down to €-56 million, mainly attributable to the decrease in investment margin as a result of the reduction of the equity exposure in the investment portfolio.

The decrease in **underlying earnings** (€-8 million to €2 million) was related to an increase in expenses and taxes on ordinary income, partly offset by lower crediting ratios, a better technical result and higher fees & revenues.

Life & Savings operations - Belgium

Life & Savings Operations - Belgium			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	1,074	1,143	2,050
Investment margin	77	(111)	2
Fees & revenues	64	63	130
Net technical margin	21	19	50
Expenses (net of DAC/VBI)	(89)	(89)	(185)
Operating Income	72	(119)	(4)
Income tax expense / benefit	(8)	(27)	(51)
Minority interests	(0)	0	0
ADJUSTED EARNINGS	64	(146)	(55)

On January 23, 2004, AXA Belgium bought out the minority interests in Assurances de La Poste Vie. As a consequence, Assurances de la Poste Vie has been fully integrated in AXA consolidated accounts since January 2004 (the entity was previously consolidated under the equity method at 50%). Overall impact is non significant, except on revenues, for which commentaries below are based on restated figures to be on a comparable basis.

Gross written premiums decreased by -6% to €1,074 million and by -9% on a comparable basis.

- *Individual Life and Savings* (83% of gross written premiums). Premiums decreased by 10% to €896 million mainly due to non unit-linked products (-13%) primarily driven by the short term savings product Opti-Deposit (-90%) which benefited in 2003 from a non-recurring premium of €103 million. The growth in Crest product (+9% to €588 million) and in unit-linked contracts (+10% to €120 million) was offset by a decrease in Opti-Deposit (-71%) and in Life products (-5%).
- *Group Life and Savings* (17% of gross written premiums). Premiums were down by 4% to €178 million. The good level of regular premiums (+2%) could not offset the low level of single premiums (-41%).

The **investment margin** increased by €188 million to €77 million, mainly due to lower valuation allowances on equity securities (€22 million in 2004 as compared to €230 million in first half of 2003).

Excluding this impact (€+208 million as compared to 2003, or €+197 million net of policyholder bonus), the investment margin decreased by €9 million to €96 million mainly driven by higher interests credited, partly offset by a higher net investment income in relation to a higher level of technical reserves and higher realized capital gains.

Fees and revenues were stable at €64 million.

The **net technical margin** increased by €2 million to €21 million, mainly due to a lower mortality bonus charge.

Expenses were stable at €-89 million.

The **Underlying cost income ratio** went up from 57.9% in 2003 to 65.9% in 2004 mainly as a consequence of a lower underlying investment margin.

Income tax expenses decreased by €20 million to €8 million, due to a lower taxable income (of which net capital gains and losses on equity securities are excluded), and an exceptional refund of 2001.

Adjusted earnings increased by €210 million to €64 million mainly as a result of the non-recurrence of the significant valuation allowances recorded in 2003.

Underlying earnings increased by €2 million to €48 million, mostly driven by a lower tax charge, which was partly offset by a lower underlying investment margin (€-11 million).

Life & Savings operations – Southern Europe

Life & Savings Operations - Southern Europe			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
<i>Gross written premiums</i>	593	482	1,182
Investment margin	28	28	0
Fees & revenues	46	41	84
Net technical margin	22	21	44
Expenses (net of DAC/VBI)	(56)	(51)	(106)
Operating Income	40	39	22
Income tax expense / benefit	(13)	(1)	3
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	26	37	24

Gross written premiums rose by +23% to €593 million as a result of the strong growth of Investment & Savings products in Italy, as well as a higher volume of traditional Life products in Spain.

- **Investment & Savings** (84% of gross written premiums, €495 million) grew by +27%:

Non Unit-Linked contracts (70% of gross written premiums) increased by +34% mainly driven by the underwriting of several important single premium savings contracts in Italy (€69 million). Excluding these contracts, written premiums rose by +12% reflecting strong new business trends in Italy.

Unit-Linked contracts (14% of gross written premiums, €84 million) remained stable. The strong increase in Portugal, following the Portuguese financial market recovery, as well as the development of partnerships with banks in Spain, was fully offset by the customers reorientation towards products perceived as safer such as savings non Unit-Linked in Italy and traditional individual life in Spain.

- **Life contracts** (16% of gross written premiums, €97 million) grew by +8% mainly benefiting from the new business rise in Spain through a partnership with a bank.

Investment margin remained stable at €28 million. Lower realized capital gains in 2004 were offset by a lower valuation allowance on impaired securities. Excluding net capital gains, investment margin remained stable at €23 million.

Fees and revenues increased by €5 million to €46 million, mainly benefiting from the development of traditional Life products in Spain, as well as the volume growth in Italy.

Net technical margin increased by €1 million to €22 million mainly reflecting the favorable mortality experience (€+10 million, net of reinsurance) notably in Spain. This improvement was partly offset by a €8 million lower release of insurance reserve on old-generation guaranteed index-linked product in Italy.

Expenses, net of DAC and VBI amortization, grew by €5 million to €56 million driven by higher commissions net of DAC in line with fees growth (€5 million) notably on bancassurance distribution in Spain, partly offset by lower non commission expenses as a result of cost cutting efforts.

The **underlying cost income ratio** deteriorated by +3.6 points to 67.3% mainly due to the increase in commission combined with stable investment margin.

Income tax expenses increased by €12 million mainly driven by the slight increase in pre-tax earnings in 2004 and the non-recurrence of a 2003 one-time tax credit in Spain.

Adjusted earnings decreased by €11 million to €26 million mainly driven by a higher income tax expense.

Underlying earnings decreased by €9 million to €23 million mainly as a result of the 2003 one-time tax credit in Spain.

Life & Savings Operations - Other Countries

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

Consolidated gross revenues			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Australia / New Zealand	739	836	1,702
Hong Kong	374	389	791
The Netherlands	480	459	768
Other countries	162	183	359
<i>Singapore</i>	53	40	111
<i>Switzerland</i>	40	60	88
<i>Canada</i>	31	29	56
<i>Morocco</i>	28	44	83
<i>Luxembourg</i>	10	10	22
TOTAL	1,756	1,867	3,620
Intercompany transactions	(2)	(5)	(5)
Contribution to consolidated gross revenues	1,754	1,862	3,615

Adjusted earnings & Net income			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Australia / New Zealand	23	10	39
Hong Kong	41	49	99
The Netherlands	17	(5)	30
Other countries	8	5	12
<i>Singapore</i>	0	1	(0)
<i>Switzerland</i>	1	2	0
<i>Canada</i>	1	2	3
<i>Morocco</i>	2	1	5
<i>Luxembourg</i>	1	(2)	1
<i>Turkey</i>	1	1	3
ADJUSTED EARNINGS	88	58	179
Impact of exceptional operations	0	11	12
Goodwill amortization (group share)	(13)	(12)	(25)
NET INCOME	75	57	166

AUSTRALIA AND NEW ZEALAND⁵

Total gross revenues were €739 million, 18% below last year on a constant exchange rate basis.

- **Gross written premiums** decreased by 21% to €664 million. This reflects the trend in the Australian market towards mutual fund business and the planned reduction in retirement income business following tactical price increases implemented during the second half of 2003, which successfully increased profitability.
- **Fee revenues**, the key growth area for the Australian market, increased by 17% to €75 million as a result of funds growth combined with increased sales in the ipac advice business and increased sales into several unit trusts reflecting the improved investor confidence.
- **Net mutual retail fund sales** of €545 million were 106% higher than last year, reflecting AXA's competitive products and positioning on external dealership listings. AXA Australia recently ranked 3rd in terms of retail net funds flows⁶.

Adjusted earning increased by €12 million on a constant exchange rate basis to €23 million. **Underlying earnings** also increased €12 million on a constant exchange rate basis to €26 million. Based on 100% ownership, the €22 million increase at constant exchange rate was explained by the following:

- The **investment margin**⁷ increased by €12 million on a constant exchange rate basis to €-4 million following a significant improvement in investment markets.
- **Fees and revenues** were €16 million higher on a constant exchange rate basis at €236 million, reflecting increased fees, and higher inflows as mentioned above.
- The **net technical margin** grew by €9 million on a constant exchange rate basis to €18 million largely due to favorable income protection claims termination experience.
- Total **expenses** were €10 million higher on a constant exchange rate basis to €207 million, reflecting increased VBI amortization due to improved margins and higher commission expense consistent with the growth in the mutual fund and advice businesses.
- The **income tax** benefit was €3 million lower than last year, in line with the increased profit before tax.

The **underlying cost income ratio** decreased to 81% from 92% in 2003 due to improved investment margin, net technical margin and fees from mutual funds and advice businesses.

HONG-KONG⁸

Gross written premiums of €374 million were 6% higher than last year in line with market growth. This evolution was driven by (i) higher individual life business through increased agent productivity reflecting the benefits of initiatives implemented at the start of the year, (ii) the success of a non unit-linked endowment product attracting high demand in the current market and, (iii) higher premiums from life, group and general insurance business from the direct and broker channels reflecting the success in diversifying the distribution channels.

⁵ The AXA Asia Pacific Group is 51.6% owned by AXA.

⁶ As at March 31, 2004 on a 12 month rolling basis

⁷ The investment margin includes the contribution of equity accounted subsidiaries held by policyholders fund.

⁸ The AXA Asia Pacific Group is 51.6% owned by AXA.

Adjusted earnings decreased by €-3 million on a constant exchange rate basis to €41 million reflecting mainly (i) €5 million increase in expenses on a constant exchange rate basis, due to higher commission expenses consistent with the increase in sales and productivity as well as implementing a new agency program to further modernize the agency force, and (ii) a €3 million increase in tax as retirement business became taxable in 2004. This decrease was partly offset by (i) a €1 million increase in fees and revenues consistent with the increase in the inforce portfolio, (ii) a €2 million increase in net technical margin reflecting favorable claims experience, and (iii) a €1 million increase in investment margin reflecting the improvement in investment markets.

Consistent with the explanations above, **Underlying earnings** decreased by €1 million on a constant exchange rate basis to €39 million and the **underlying cost income ratio** increased from 45.1% last year to 47.4% reflecting the increased expenses describe above.

THE NETHERLANDS

Gross revenues increased by +5% to €480 million as compared to 2003 due to *Life insurance* (60% of total gross revenues) up +11% to €288 million, mainly caused by higher single premium immediate annuities.

In Life insurance, **adjusted earnings** increased by €18 million to €9 million compared to 2003. This was mainly driven by a €22 million higher **investment margin**, mainly due to lower impairments (€+30 million). **Fees & revenues** increased by €4 million, because of new business. The **net technical margin** was €5 million lower mainly from mortality and surrender margins. **Expenses** decreased by €9 million mostly attributable to lower management expenses.

The underlying cost income ratio improved by 23.7 points to 66.3%.

In Health business **adjusted earnings** improved by €4 million resulting in a profit of €8 million, mainly as a result of non-recurring positive loss reserve development in both Health and Disability and an improvement of the current year result of Health insurance.

As a result of the items described above, **underlying earnings** for Life and Health increased by €9 million to €22 million.

OTHER COUNTRIES

The other countries' adjusted earnings of €8 million were mainly attributable to Luxemburg (€+3 million), mainly as a result of:

Singapore

Gross revenues increased by 42% as a result of higher single premium sales driven by (i) the improved productivity of the adviser network, (ii) recovery of investment markets and (iii) the adverse impact of SARS in the first half of 2003.

Switzerland

Gross revenues decreased by -30% on a comparable basis to €40 million, following the pruning of the portfolio and a very strict underwriting policy in Group Life

Adjusted earnings and **underlying earnings** remained stable at €1 million.

Morocco

Gross written premiums decreased by 28.2% on a constant exchange rate basis to €28 million driven by a change in regulation leading to the transfer of employees' retirement plans into a government-controlled organization (CIMR) effective at April 1, 2003.

Adjusted earnings and **underlying earnings** increased by €1 million to €2 million.

Luxembourg

Gross written premiums were stable at €10 million in June 2004.

Adjusted earnings increased by €+3.6 million and **underlying earnings** by €3.3 million to €1 million in June 2004, mainly as a result of a better value adjustment on separate accounts.

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)			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	9,821	9,325	17,093
Fees, commissions and other revenues	21	17	35
Gross revenues	9,841	9,342	17,128
Change in unearned premium reserves	(1,141)	(1,036)	(231)
Net investment result	851	421	1,018
Total revenues	9,552	8,727	17,915
Insurance benefits and claims	(5,960)	(5,959)	(12,052)
Reinsurance ceded, net	(342)	(273)	(495)
Insurance acquisition expenses	(1,457)	(1,296)	(2,727)
Administrative expenses	(892)	(925)	(1,865)
Operating Income	900	275	777
Income tax expense / benefit	(270)	(149)	(273)
Equity in income (loss) of unconsolidated entities	18	28	24
Minority interests	(28)	(4)	(9)
ADJUSTED EARNINGS	620	151	519
Impact of exceptional operations	0	45	43
Goodwill amortization (group share)	(85)	(55)	(114)
NET INCOME	536	141	448

(a) Before intercompany transactions.

Consolidated Gross Revenues ^(a)					
<i>(in euro millions)</i>	Periods ended June 30,				
	2004	2003		FY 2003	
		Pro forma ^(b)	As published	Pro forma ^(b)	As published
France	2,668	2,506	2,506	4,640	4,640
United Kingdom & Ireland	2,391	2,240	1,945	4,238	3,676
Germany	1,807	1,796	1,796	2,852	2,852
Southern Europe	1,466	1,278	-	2,577	-
Belgium	779	771	771	1,413	1,413
Other countries	730	751	2,324	1,408	4,547
TOTAL	9,841	9,342	9,342	17,128	17,128
Intercompany transactions	(47)	(25)	(25)	(30)	(30)
Contribution to consolidated gross revenues	9,794	9,316	9,316	17,098	17,098

(a) Gross written premiums, plus fees, commissions and other revenues.
(b) Starting June 30, 2004, (i) Italy, Spain and Portugal activities (previously under "Other countries") are now reported as one geographical region "Southern Europe" and (ii) UK Property & Casualty segment is now presented including Ireland, which was previously under "Other countries".

Adjusted earnings & Net income					
<i>(in euro millions)</i>	Periods ended June 30,				
	2004	2003		FY 2003	
		Pro forma ^(a)	As published	Pro forma ^(a)	As published
France	190	170	170	266	266
United Kingdom & Ireland	130	(8)	(60)	127	9
Germany	63	(133)	(133)	(183)	(183)
Southern Europe	84	76	-	123	-
Belgium	96	17	17	118	118
Other countries	56	29	157	68	309
ADJUSTED EARNINGS	620	151	151	519	519
Impact of exceptional operations	0	45	45	43	43
Goodwill amortization (group share)	(85)	(55)	(55)	(114)	(114)
NET INCOME	536	141	141	448	448
<p><i>(a) Starting June 30, 2004, (i) Italy, Spain and Portugal activities (previously under "Other countries") are now reported as one geographical region "Southern Europe" and (ii) UK Property & Casualty segment is now presented including Ireland, which was previously under "Other countries".</i></p>					

Property & Casualty Operations - France

Property & Casualty operations - France			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	2,668	2,506	4,640
Current accident year loss ratio (net)	74.9%	78.2%	78.4%
All accident year loss ratio (net)	76.7%	78.0%	78.0%
Net technical result	546	491	1,011
Expense ratio	23.3%	24.2%	23.5%
Net investment result	291	275	433
Operating Income	293	226	363
Income tax expense / benefit	(102)	(57)	(96)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	190	170	266

Gross written premiums grew by +6% to €2,668 million, under the combined effect of higher sales in personal lines and of rate increases in most lines of business.

- **Personal lines** (62% of gross written premiums) grew by 6% to €1,656 million due to strong positive net inflows, especially in Motor with +89,000 new contracts over the first 6 months in 2004, resulting from the successful introduction of segmented products and from moderate rate increases.
- The 7.4% increase in **Commercial lines premiums** (38% of gross written premiums, at €1,012 million) resulted from selective rate increases in the main lines of business, namely Motor (+5.4%), Property (+9.4%) and Liability (+21.5%), associated with strict underwriting policies.

The **net technical result** significantly improved by €55 million or +11% to €546 million:

- The **current accident year loss ratio** improved by 3.4 points to 74.9%, mainly resulting from a continuing favorable claim frequency trend in motor and from a lower impact of large claims in commercial property risks during the first six months of 2004.
- **Loss reserve development** deteriorated by €-49 million to €-43 million mainly due to adverse loss developments in construction and reserve adjustment on motor annuities.

The **expense ratio** improved by 1.0 point to 23.3% mainly as a result of higher volumes.

As a consequence of the improvement in both the all accident year loss ratio (-1.3 point to 76.7%) and the expense ratio (-1.0 point), the **combined ratio** decreased to 99.9%, down by 2.3 points.

Net investment result rose by €+16 million to €291 million. **Investment income** improved by €12 million to €261 million following the increase in technical reserves. **Net investment gains** increased by €4 million to €30 million.

Income tax expense increased by €46 million to €102 million under the combined effect of a higher operating income and a lower proportion of realized gains being taxed at a reduced tax rate (20% instead of 35%).

Adjusted earnings increased by €21 million to €190 million, reflecting the 2.3 point combined ratio improvement, partly offset by higher income tax expense.

Underlying earnings improved by €33 million, to €170 million, resulting from the improvement in the combined ratio as well as increased investment income.

Property & Casualty Operations - United Kingdom & Ireland

Property & Casualty operations - United Kingdom & Ireland					
(in euro millions)	Periods ended June 30,				
	2004	2003		FY 2003	
		Pro forma ^(a)	As published	Pro forma ^(a)	As published
Gross revenues	2,391	2,240	1,945	4,238	3,676
Current accident year loss ratio (net)	69.6%	73.0%	72.2%	69.0%	67.9%
All accident year loss ratio (net)	69.1%	74.5%	74.5%	71.8%	72.0%
Net technical result ^(b)	683	529	457	1,181	1,013
Expense ratio	29.4%	27.9%	30.2%	28.8%	31.0%
Net investment result	129	20	(5)	142	92
Operating Income	162	(29)	(89)	120	(15)
Income tax expense / benefit	(32)	21	29	7	24
Minority interests	(0)	0	0	(0)	(0)
ADJUSTED EARNINGS	130	(8)	(60)	127	9
Average exchange rate : 1.00 € = £ (a)	0.67	0.69	0.69	0.69	0.69

(a) Starting June 30, 2004, UK Property & Casualty segment is now presented including Ireland, which was previously under "Other countries", and average exchange rate presented only applies to UK

(b) The net technical result is now presented including fees, commissions and other revenues.

Gross revenues increased by 6.7% to €2,391 million or a 5.0% increase on a comparable basis.

- **Personal lines** revenues (35% of gross revenues) increased by 1.9% on a comparable basis. This was mainly due to the 22.1% increase in non-motor premiums as a result of new business acquisition (+53,000 contracts in Household business in 2004) and the improvement in the travel market, offset by a 17.6% decrease in motor. The decrease in motor reflected the general softening of market rates primarily in Ireland, a voluntary reduction in volumes in the Direct channel, and reduced motor volumes for Corporate Partners business.
- **Commercial lines** revenues (39% of gross revenues) increased by 7.1% on a comparable basis, notably following the success of a new business campaign focused on network segmentation and relationship management in order to mitigate the effects of UK market cycle. In addition, Worker's compensation and Liability lines recorded strong rate increases of 15% and 7.5% respectively, on stable volumes.
- **Health** revenues (25% of gross revenues) increased by 6.0% on a comparable basis, mainly as a result of higher average premiums, growth of Budget Healthcare business, and successful new Denplan product.

The net technical result increased by €154 million to €683 million, or €+144 million on a comparable basis

- **The current accident year loss ratio** improved by 3.3 points to 69.6%, mainly as a result of good claims experience and the impact of claims actions, the improved claims ratio in liability due to a large rating increase carried out in 2003 in the UK, and a favorable claims experience in Motor injury in Ireland.
- **The all accident year loss ratio** improved by 5.3 points to 69.1% mainly as a result of better current accident year loss ratio as well as an improvement in loss reserve development and better reinsurance result on prior year.

The **expense ratio** increased by 1.4 points to 29.4% driven by an increase in commission of 2.1 points reflecting the change in business mix towards higher commissioned products offset by an improvement of 0.7 point reflecting tight cost control.

These movements led to a 3.9 points improvement in the **combined ratio** to 98.5%.

Net investment result increased by €109 million or €107 million on a constant exchange rate basis to €129 million in 2004, resulting from substantially lower impairment charges reflecting the improvement in equity markets in 2004 and the equity sell down strategy which resulted in realized losses in 2003, and higher investment income due to higher technical reserves.

The **income tax expense/benefit** increased by €53 million to a charge of €-32 million mainly reflecting the strong increase in the operating income as well as a change in contribution weighting between UK and Ireland.

Adjusted earnings increased by €138 million in 2004 and €137 million on a constant exchange rate basis to €130 million reflecting the improvement in the combined ratio and a lower impairment charge compared to 2003.

Underlying earnings increased by €71 million in 2004 and €70 million on a constant exchange rate basis to a profit of €130 million, primarily driven by an improved combined ratio

Property & Casualty Operations - Germany

Property & Casualty operations - Germany			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	1,807	1,796	2,852
Current accident year loss ratio (net)	77.2%	76.2%	76.0%
All accident year loss ratio (net)	69.9%	70.2%	69.5%
Net technical result	428	429	877
Expense ratio	29.5%	29.4%	31.5%
Net investment result	103	(89)	(93)
Operating Income	111	(83)	(121)
Income tax expense / benefit	(42)	(64)	(82)
Equity in income (loss) of unconsolidated entities	2	1	3
Minority interests	(8)	13	16
ADJUSTED EARNINGS	63	(133)	(183)

Gross written premiums (before inter-company elimination) amounted to €1,807 million. Net of inter-company eliminations, gross written premiums were stable at €1,788 million.

- **Personal lines** (64% of total gross written premiums): premiums increased by 2% as a result of growth in Motor (primarily from "die Alternative"). On the other hand, property decreased due to higher cancellations as well as declining development in net production, and liability decreased as a result of a tightening business environment and higher cancellations.
- **Commercial lines** (29% of total gross written premiums): premiums increased by 3% due to new and additional business in property.
- **Other lines** (7% of total gross written premiums): premiums decreased by 28% due to reduced assumed business and foreign business activities.

Net technical result was nearly stable at €428 million, due to:

- **Current accident year loss ratio**: slightly deteriorated by 1 point to 77.2% driven by a less benign claims environment (storms events and some large claims versus none in the first half-year of 2003).
- **All accident year loss ratio**: improved by 0.2 point to 69.9% impacted by higher run-off results in the assumed business notably following the settlement on one large treaty.

Expense ratio slightly deteriorated by 0.1 point to 29.5% as a result of a slight decline in earned premiums and a €15 million non-recurring cost, offsetting a decrease in economic expenses.

As a result, the **net combined ratio** improved by 0.1 point to 99.5%.

Net investment result improved by €192 million mainly due to the high valuation allowances on equity securities (€178 million) recorded in the first half year 2003 (versus €6 million in 2004). The net investment income increased by €23 million to €110 million notably due to lower interest expenses on debt.

Income tax expenses decreased by €22 million due to a 2003 tax charge in Ireland (€-14 million, following the closure of the branch) as well as a non-recurring 2004 tax refund (€+6 million) as the result of a local tax audit.

Adjusted earnings increased by €196 million to €63 million mainly resulting from lower valuation allowances on equity securities.

Underlying earnings improved by €43 million to €67 million, mainly due to higher investment income.

Property & Casualty Operations – Southern Europe

Property & Casualty operations - Southern Europe					
Periods ended June 30,					
2003					
<i>(in euro millions)</i>	2004	2003		FY 2003	
		Pro forma ^(a)	As published	Pro forma ^(a)	As published
Gross written premiums	1,466	1,345	1,278	2,713	2,577
Current accident year loss ratio (net)	81.2%	82.1%	81.6%	79.9%	79.6%
All accident year loss ratio (net)	75.6%	77.5%	77.5%	77.3%	77.1%
Net technical result	329	282	270	587	563
Expense ratio	23.9%	23.8%	24.2%	23.7%	24.1%
Net investment result	108	79	77	157	152
Operating Income	116	62	56	131	121
Income tax expense / benefit	(31)	16	18	(4)	(1)
Equity in income (loss) of unconsolidated entities	0	-	2	-	3
Minority interests	(0)	(0)	(0)	(0)	(0)
ADJUSTED EARNINGS	84	78	76	126	123

(a) Following the buyout of Direct Seguros minority interests, 2003 pro-forma presents data as if buyout had been in force.

On January 23, 2004, AXA Spain bought out the minority interests in Hilo Direct Seguros. As a consequence, Hilo Direct Seguros has been fully integrated in AXA consolidated accounts since January 2004 (the entity was previously consolidated under the equity method at 50%). Commentaries below are based on restated figures to be on a comparable basis.

Gross written premiums increased by +9% to €1,466 million as a result of strong net inflows in personal motor and sustained growth in commercial lines.

- **Personal lines** (75% of gross written premiums) grew by +6% to €1,101 million. In motor (55% of gross written premiums, or €816 million), the 6% growth was mainly due to strong net inflows (+88,000 policies, i.e. +3% with respect to December 2003) primarily in Spain (+61,000 policies) as a result of a new commercial and retention strategy. In Italy and Portugal, motor portfolio also increased by +25,000 policies and +2,000 policies respectively. Motor average premium grew by +4%. Non-motor lines (19% of gross written premiums) rose by +5% to €286 million, driven by the increase in the household portfolio (+13,000 policies).
- **Commercial lines** (25% of gross written premiums, €366 million) grew by +21%. In motor (7% of gross written premiums, or €99 million), written premiums rose by +23% mainly thanks to an important new fleet contract in Spain. Non-motor (18% of gross written premiums, or €267 million) increased by +20% primarily boosted by the commercial liability branch in Italy as well as the mechanical guaranty multi-year business in Spain (thanks to higher volume of cars covered).

At €329 million, the **net technical result** increased by €47 million, driven by the -2.0 point loss ratio improvement to 75.6% (€+25 million) together with the increase in volume of premiums (€+22 million).

- **Current accident year loss ratio** improved by -0.9 point on a comparable basis to 81.2% reflecting the reduced motor claims frequency, in particular in Italy.
- **All accident year loss ratio** improved by -2 points on a comparable basis to 75.6% as a result of the lower current year loss ratio mentioned above as well as favorable loss reserve development.

Expense ratio remained stable at 23.9% on a comparable basis as the favorable impact of premiums growth and a lower commission rate (-0.4 point) were offset by the increase in non-recurring costs linked to staff reduction programs all accounted for in the first half 2004 (in Spain €10 million and €9 million in Portugal in 2004 versus €2 million in Spain in 2003).

As a result, the net combined ratio showed a -2.0 point improvement on a comparable basis to 99,4%.

Net investment result improved by €28 million to €108 million on a comparable basis driven by (i) higher investment income (€+12 million) mainly linked to the increased invested asset base and (ii) higher net capital gains (€+17 million). This increase resulted from €24 million lower valuation allowances for impaired securities to €7 million thanks to the equity markets recovery, partly offset by lower realized capital gains (€-6 million to €33 million). Capital gain on Credit Lyonnais shares realized last year (€35 million) was compensated by a €33 million capital gain on real estate in Spain realized in 2004.

Income tax expense increased by €47 million to €31 million: in 2003, tax benefits included notably €33 million non-recurring tax gains in Italy coming from the release of remaining impairment of deferred tax assets reflecting the restored profitability of the entity and the positive tax impact from legal restructuring. In 2004, the increase in pre-tax earnings resulted in an additional €21 million tax expense, partly offset by a €10 million one-time tax-credit in Spain.

Adjusted earnings improved by €6 million to €84 million, driven by improved combined ratio (€16 million) as well as a higher investment result (€18 million) coming from both higher investment income and capital gains, partly offset by the change in non-recurring tax items.

Underlying earnings decreased by €6 million to €66 million due to the change in non-recurring tax items.

Property & Casualty Operations - Belgium

Property & Casualty operations - Belgium			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Gross written premiums	779	771	1,413
Current accident year loss ratio (net)	84.2%	82.8%	82.4%
All accident year loss ratio (net)	71.4%	74.0%	74.3%
Net technical result	204	183	360
Expense ratio	29.0%	28.1%	29.4%
Net investment result	138	70	227
Operating Income	136	55	174
Income tax expense / benefit	(39)	(39)	(56)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	96	17	118

On January 23, 2004, AXA Belgium bought out the minority interests in Assurances de La Poste Non Vie. As a consequence, Assurances de la Poste Non Vie has been fully integrated in AXA consolidated accounts since January 2004 (the entity was previously consolidated under the equity method at 50%). Overall impact is non significant, except on revenues, for which commentaries below are based on restated figures to be on a comparable basis.

Gross written premiums increased by 1.1% to €779 million mainly driven by commercial lines.

- **Personal lines** (62% of total gross written premiums): premiums increased by 0.8%. Motor (58% of personal lines gross written premiums) grew by 3.2%, mainly due to rate increases, while Household decreased by -0.8% as a result of the loss of a bancassurance distribution agreement.
- **Commercial lines** (37% of total gross written premiums): premiums increased by 2.7%, driven by Motor (+6.5%) and Property & Engineering (+14.9%) due to important new contracts. Workers' Compensation decreased by 2.7% as a result of a decline in corporate payroll (the basis for premium calculation) as well as continued portfolio selection.
- **Other** (1% of the total gross written premiums): premiums decreased by 17.0% as a result of a decrease in Marine premiums.

The **net technical result** was €204 million, increasing by €21 million compared to 2003.

- **The current year loss ratio** deteriorated by 1.4 points to 84.2% mainly driven by an increase in large losses in Workers' Compensation whereas 2003 benefited from a low level, and also a slight deterioration in Commercial Liability and Collective Accident.
- **The all accident year loss ratio** improved by 2.6 points to 71.4% as a result of important improvements in Marine, Personal and Commercial Health and Acceptation.

The **expense ratio** increased by 0.9 point to 29% as a result of back-office reengineering implementation costs.

As a result, the **combined ratio** improved by 1.7 points to 100.3%.

Net investment result increased by €69 million to €138 million due to a higher level of net capital gains (€+71 million) partly offset by lower revenues on fixed maturities (€-7 million)

Income tax expense decreased by €1 million to €39 million as a result of an exceptional refund of 2001 taxes, partly offset by a higher taxable income (of which net capital gains and losses on equity securities are excluded).

Adjusted earnings reached €96 million in half year 2004 compared to €17 million in half year 2003. This €80 million increase was due to higher net investment result (€69 million) and an improved combined ratio.

Underlying earnings increased by €4 million to €86 million, mainly as a result of a better claim pattern.

Property & Casualty Operations - Other Countries

Consolidated Gross revenues			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Canada	371	369	761
The Netherlands	128	150	248
Other countries	231	232	398
<i>Morocco</i>	70	85	155
<i>Japan</i>	63	47	94
<i>Switzerland</i>	59	62	87
<i>Luxembourg</i>	39	38	63
TOTAL	730	751	1,408
Intercompany transactions	0	0	0
Contribution to consolidated gross revenues	730	751	1,408

Adjusted earnings & Net income			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Canada	29	20	37
The Netherlands	2	3	10
Other countries	25	6	21
<i>Morocco</i>	17	4	21
<i>Japan</i>	(9)	(9)	(18)
<i>Switzerland</i>	2	1	1
<i>Hong Kong</i>	6	5	7
<i>Turkey</i>	3	7	4
<i>Singapore</i>	3	2	3
<i>Luxembourg</i>	3	(3)	3
ADJUSTED EARNINGS	56	29	68
Impact of exceptional operations	0	0	0
Goodwill amortization (group share)	(41)	(11)	(23)
NET INCOME	15	18	46

Canada

Gross revenues increased by 3% on a constant exchange rate basis to €371 million, mainly due to 11% increase in Commercial lines (45% of total premiums) resulting from both successful rate increases and new business partly offset by a 3% decrease in Personal lines (55% of total premiums) mainly as a result of the Ontario personal motor following prior years' turnaround action plan and the impact of government-mandated rate decreases and measures to limit claims costs.

Adjusted earnings increased by €10 million on a constant exchange rate basis, to €29 million, reflecting the 2.9 points improvement of the **combined ratio** to 94.6% mainly due to (i) a 5.8 points lower loss ratio (to 64.8%) following the implementation of various underwriting actions and

increased commercial lines' premium rates and (ii) the 2.8 point expense ratio increase to 29.9% due to increased performance-related expenses such as contingent profit commissions to brokers.

Underlying earnings reached €25 million, up by €5 million on a constant exchange rate basis.

The Netherlands

Gross revenues decreased by 15% to €128 million compared to 2003 as a result of portfolio pruning on all distribution channels.

Adjusted earnings increased by €5 million (excluding Unirobe activities for €6 million in the first half of 2003) to a profit of €2 million. The combined ratio improved by 5.4 points to 108%, due to (i) positive loss reserve development on previous years and (ii) the improvement of current year results driven by positive developments in ongoing business.

Underlying earnings increased by €5 million to €0.3 million (excluding Unirobe activities).

Other countries

Adjusted earnings were up €19 million to €25 million, mainly attributable to the following countries:

Morocco

Gross written premiums decreased by 7.1% on a constant exchange rate basis to €70 million driven by a reduction in the workers compensation business following a government's decision to lower the premium rates for this business

Adjusted earnings increased by €12 million to €17 million. In 2003, earnings included the booking of a tax provision in relation to a tax litigation. In 2004, earnings benefited from the impact of a positive loss reserve development in motor and higher realized capital gains, partly offset by lower dividends following the sale in 2003 of part of the equity portfolio. The combined ratio improved by 2.6 points to 102.7%

As a consequence, **underlying earnings** increased by €6 million to €10 million.

Japan

Gross written premiums increased by 35% compared to 2003 to €63 million, mainly driven by motor business growth (+43%, 79% of revenues). Total motor portfolio (233,000 contracts) continued to show a sharp increase (+36 000 contracts in first half 2004) thanks to competitive rates. To mitigate the decrease in average premiums, AXA Direct Japan launched up-selling campaigns of riders to upgrade motor product features.

Adjusted Earnings remained stable at €-9 million both on constant and current exchange rate bases reflecting the conjunction of two effects: (i) the improvement of the combined ratio from 126.7% to 117.9% mainly driven by the 'scale effect' attributable to a motor portfolio increase offset by (ii) the negative impact of increasing volume of business in a company which is not yet at break-even.

Switzerland

Gross revenues remained stable on a comparable basis, at €59 million.

Adjusted earnings increased by €1 million to €2 million, mainly attributable to a slight increase in capital gains on equity securities, and a decrease of 1.2 point in the net combined ratio to 102%.

Underlying earnings remained quasi stable at €1 million.

Turkey

Adjusted and underlying earnings decreased by €3 million to €4 million as compared to half year 2003 reflecting the unfavorable impact this year of the devaluation of Turkish Lira against the Euro. In addition, last year earnings benefited from implementation of a tighter management of insurance recoveries, which resulted notably in the recovery of prior years outstanding receivables.

Luxembourg

Gross written premiums slightly increased by 2% to €39 million in June 2004, mainly driven by Property and Liability.

Adjusted earnings increased by €5.7 million to €3 million in June 2004, mainly due to a higher net technical margin (€+4 million), as a result of a better current sinistrality and a higher reinsurance result on prior years (recovery on a large claim in Liability). Moreover, no equity securities allowance was recorded in 2004 on the contrary to June 2003 with a +€2 million impact.

Underlying earnings increased by €4 million to €3 million, mainly due to a higher net technical margin.

International Insurance Segment

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

Consolidated Gross revenues ^(a)				
	Periods ended June 30,			FY 2003
	2004	Pro forma ^(b)	As published	
<i>(in euro millions)</i>				
AXA RE	1,005	1,471	1,411	1,918
AXA Corporate Solutions Assurance	990	932	969	1,571
AXA Cessions	71	70	70	87
AXA Assistance	267	236	236	482
Other	23	13	11	23
TOTAL	2,356	2,721	2,696	4,081
Intercompany transactions ^(c)	(69)	(71)	(46)	(109)
Contribution to consolidated gross revenues	2,287	2,650	2,650	3,972

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

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

(c) Includes eliminations (with an overall €25 million impact on gross revenues) which in the published June 2003 figures were eliminated within the AXA Corporate Solutions Assurance segment. In the June 2003 pro forma figures, these transactions are not eliminated at the segment-by-segment presentation level.

Adjusted earnings & Net income				
	Periods ended June 30,			FY 2003
	2004	Pro forma ^(a)	As published	
<i>(in euro millions)</i>				
AXA RE	97	61	61	146
AXA Corporate Solutions Assurance	37	(36)	(38)	(5)
AXA Cessions	10	13	13	16
AXA Assistance	9	6	6	14
Other	12	(1)	1	(25)
ADJUSTED EARNINGS	165	42	42	147
Impact of exceptional operations	0	0	0	0
Goodwill amortization (group share)	(9)	(1)	(1)	(5)
NET INCOME	156	41	41	142

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

AXA RE

AXA RE ^(a)				
	Periods ended June 30,			FY 2003
	2004	2003		
<i>(in euro millions)</i>		Pro forma ^(b)	As published	
Gross written premiums	1,005	1,471	1,411	1,918
Fees, commissions and other revenues	0	0	0	0
Gross revenues	1,005	1,471	1,411	1,918
Change in unearned premium reserves	(134)	(152)	(149)	558
Net investment result	90	150	146	236
Total revenues	962	1,469	1,408	2,712
Insurance benefits and claims, net of reinsurance ceded	(729)	(1,237)	(1,188)	(2,307)
Insurance acquisition expenses	(57)	(78)	(72)	(122)
Administrative expenses	(55)	(60)	(55)	(111)
Operating Income	121	94	93	171
Income tax expense / benefit	(25)	(24)	(23)	(18)
Equity in income (loss) of unconsolidated entities	1	(0)	(0)	0
Minority interests	(0)	(9)	(9)	(7)
ADJUSTED EARNINGS	97	61	61	146

(a) Before intercompany transactions.

(b) Transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE

AXA RE				
	Periods ended June 30,			FY 2003
	2004	2003		
<i>(in euro millions)</i>		Pro forma ^(d)	As published	
<i>Earned premiums (gross)</i>	872	1,319	1,262	2,476
Attritional current year loss ratio ^{(a)(b)}	63.2%	75.6%	75.4%	69.8%
Attritional all accident year loss ratio ^{(a)(b)}	58.0%	76.9%	77.6%	75.1%
Loss ratio ^{(a)(c)}	76.9%	92.1%	92.9%	91.1%
Net technical result (excluding fees)	143	83	74	169
Expense ratio	18.1%	13.1%	12.1%	12.3%
Net investment result	90	150	146	236
Operating Income	121	94	93	171

(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 claim charge and major loss cost on all accident years) divided by (net earned premiums, net of all reinsurance costs including covers)

(d) Pro forma on the attritional ratios take into account (i) the transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE.

Gross revenues amounted to €1,005 million, or a 19% decrease on a comparable basis, in line with the strategic repositioning of the company, implemented since 2002, aimed at reducing the portfolio risk exposure and exiting non-strategic business lines. This evolution was mainly driven by lower current year non life net written premiums (92% of reinsurance activity) which decreased by 15% on a comparable basis, including a 20% decrease on non proportional business notably explained by a sharp drop in Assumed business and pruning of some Marine accounts.

The **net technical result** increased by €61 million to €143 million, mainly explained by the following:

- **Non Life net technical result** decreased by €55 million to €130 million:
 - *The Net attritional current year loss ratio* improved by 4 points to 60%, however not fully offsetting the volume impact due to lower earned premiums; the net attritional margin on current accident year thus decreased by €147 million to €252 million;
 - *The cost of cover programs* decreased by €64 million to €-104 million, resulting from the reshaping of the protection structure in line with the evolution of accumulations;
 - *The technical result on prior years* improved by €28 million mainly due to the fact that 2003 accounted for unfavorable development of claims;
 - No *major losses* occurred neither in first half 2004 nor in first half 2003.
- **Life net technical result** significantly increased by €116 million to €13 million reflecting the change in ABR reserving estimates (€-119 million) in AXA RE Paris' book that occurred in 2003.

General expenses decreased by €26 million to €112 million, driven by €21 million reduction in acquisition expenses and €5 million reduction in administration expenses.

As a result, the **combined ratio** improved by 10 points to 95%. Excluding the impact of life activities, the non life combined ratio increased by 1 point to 96%.

Net investment result decreased by €59 million to €91 million primarily explained by a €50 million decrease in *net capital gains* corresponding to (i) a €49 million decrease in realized capital gains as 2003 notably recorded a €35 million gain on Crédit Lyonnais shares, (ii) a €15 million lower valuation allowance on equity securities, and (iii) a €17 million decrease in exchange rate result which favorably impacted 2003 accounts.

Income tax expense slightly increased by €1 million to €-25 million in 2004 due to the increase in operating result partly offset by a 5 points effective tax rate decrease to 20%.

Adjusted earnings increased by €36 million to €97 million. The increase was mainly due to (i) a €61 million increase in the net technical margin, (ii) a €26 million reduction in general expenses and (iii) a €9 million decrease in minority interests from the purchase of the minority shares of AXA Ré Finance and SPS Ré, partly offset by (iv) a €59 million decrease in the net investment result and (v) a €1 million increase in income tax expense.

Underlying earnings significantly improved by €70 million to €86 million, as a result of lower combined ratio.

AXA Corporate Solutions Assurance

AXA Corporate Solutions Assurance ^(a)				
	Periods ended June 30,			FY 2003
	2004	2003		
<i>(in euro millions)</i>		Pro forma ^(b)	As published	
Gross written premiums	982	927	962	1,556
Fees, commissions and other revenues	8	5	7	15
Gross revenues	990	932	969	1,571
Change in unearned premium reserves	(232)	(267)	(270)	8
Net investment result	51	(25)	(20)	42
Total revenues	809	640	679	1,620
Insurance benefits and claims, net of reinsurance ceded	(658)	(569)	(591)	(1,418)
Insurance acquisition expenses	(48)	(49)	(56)	(100)
Administrative expenses	(50)	(54)	(65)	(96)
Operating Income	52	(31)	(32)	6
Income tax expense / benefit	(15)	(5)	(6)	(11)
Equity in income (loss) of unconsolidated entities	0	0	0	0
Minority interests	(0)	1	1	0
ADJUSTED EARNINGS	37	(36)	(38)	(5)

(a) Before intercompany transactions.

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

AXA Corporate Solutions Assurance				
	Periods ended June 30,			FY 2003
	2004	2003		
<i>(in euro millions)</i>		Pro forma ^{(d) (e)}	As published	
Earned premiums (gross)	750	660	692	1,563
Attritional current year loss ratio ^{(a) (b)}			74.8%	
Attritional all accident year loss ratio ^{(a) (b)}			64.9%	
Loss ratio ^{(a) (c)}			73.1%	
Current accident year loss ratio (net) ^(e)	86.8%	92.7%		90.2%
All accident year loss ratio (net)	86.8%	85.6%		89.9%
Net technical result (excluding fees)	92	91	101	145
Expense ratio	13.0%	15.4%	29.9%	12.4%
Net investment results	51	(25)	(20)	42
Operating Income	52	(31)	(32)	6

(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 claim charge and major loss cost on all accident years) divided by (net earned premiums)

(d) (i) Run off entities transferred from AXA Corporate Solutions Assurance to other transnational activities

(ii) Transfer of AXA Corporate Solutions Insurance US from AXA Corporate Solutions Assurance to AXA RE

(e) Current accident year claim charges (including claims handling expenses) / Current accident year earned revenues (excluding premium adjustments on previous years).

Gross revenues amounted to €990 million, increasing by 7% on a comparable basis, reflecting opposite trends: (i) a significant increase in Marine lines (+13% to €191 million), in Construction (+26% to €57 million) and in Motor (+9% to €104 million), benefiting from the combined effect of selective rate increases and new business, (ii) a +121% increase in Aviation (to €73 million) as 2003 had been impacted by SARS and the war in Iraq, partly offset by (iii) a 9% decrease in Property (to €244 million) mainly due to reduced fronting activity.

The net technical result on current accident year improved by €50 million to €98 million, reflecting a 5.9 point improvement of the net loss ratio to 86.8% mainly due to lower claims charge, especially on Property and Liability. The Charles de Gaulle airport claim had a net of reinsurance impact of €-6.5 million, on top of a €-4.7 million net impact on prior years related to the main construction contract ("PUC").

The net technical result on previous accident years decreased by €45 million to €2 million, as 2003 was impacted by important positive loss reserve adjustments on Aviation and Property.

As a result of these half-year 2003 positive loss reserve adjustment, **the all accident years net loss ratio** deteriorated by 1.2 points at 86.8%.

Expense ratio improved by 2.4 points to 13.0%, reflecting increase in earned premiums and a decrease in acquisition and administration expenses.

The net combined ratio improved by 1.2 point to 99.8% as a result of a large improvement in current accident year loss ratio (-5.9 points) and improved expense ratio (-2.4 points) partly offset by lower loss reserve adjustments on prior year claims (+6.9 points).

Net investment result increased by €76 million to €51 million. Investment income grew by €4 million to €49 million, and net capital gains increased by €71 million, reflecting the decrease in impairment allowance to €-4 million in 2004 (versus €-114 million in 2003), partly compensated by the non recurrence of Credit Lyonnais realized capital gains (€38 million in 2003).

Income tax expense increased by €10 million to €15 million following the increase in taxable income.

Adjusted earnings rose by €73 million to €37 million as a result of both an improved investment result and better technical results as demonstrated by the 1.2 point improvement in the combined ratio.

Underlying earnings grew by €15 million to €32 million resulting from improved technical result partly offset by higher tax expenses.

AXA Cessions

AXA Cessions **adjusted earnings** decreased by €3 million to €10 million. The decrease was mainly due to (i) a €5 million increase in general expenses (of which €-10 million discount paid by anticipation to ceding companies), (ii) a €2 million decrease in the net investment result partly offset by (iii) a €2 million increase in the net technical margin and (iv) a €2 million decrease in income tax expense. **Underlying earnings** decreased by €2 million to €9 million.

AXA Assistance

AXA Assistance **revenues** increased by 13% to €267 million, or 14% on a comparable basis, reflecting increase in Italy (in line with AXA Assicurazioni positive net inflows), in France, in the UK and in Germany as a consequence of increased business with car manufacturers and home services providers. Servicing business increased as well, in Latin America and in France.

Adjusted earnings increased by €4 million to €9 million, as a consequence of higher volumes, better technical results driven by the improved risk selection initiated in 2003 and the absence of significant valuation allowance.

Underlying earnings increased by €2 million to €9 million.

Other

Adjusted earnings increased by €13 million to €12 million. The increase was mainly due to (i) a €19 million increase in the net technical margin, (ii) €7 million decrease in expense, partly offset by (iii) a €9 million decrease in the net investment result and (iii) a €5 million increase in income tax expense.

Asset Management Segment

Consolidated Gross Revenues			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Alliance Capital	1,199	1,144	2,416
AXA Investment Managers	452	370	783
TOTAL	1,651	1,515	3,199
Intercompany transactions	(139)	(136)	(277)
Contribution to consolidated gross revenues	1,512	1,379	2,922

Adjusted earnings & Net income			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Alliance Capital	87	75	72
AXA Investment Managers	50	31	76
ADJUSTED EARNINGS	137	106	148
Impact of exceptional operations	65	0	0
Goodwill amortization (group share)	(82)	(86)	(172)
NET INCOME	121	20	(24)

Alliance Capital

Asset Management Operations - Alliance Capital			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Fees, commissions and other revenues	1,199	1,144	2,416
Gross revenues	1,199	1,144	2,416
Net investment result	(18)	(24)	(41)
Total revenues	1,181	1,121	2,375
Administrative expenses	(909)	(898)	(2,100)
Operating Income	273	223	275
Income tax expense / benefit ^(a)	(67)	(39)	(62)
Minority interests	(119)	(109)	(141)
ADJUSTED EARNINGS	87	75	72
<i>Average exchange rate : 1,00 € = \$</i>	<i>1.23</i>	<i>1.10</i>	<i>1.13</i>

(a) The State Tax is now presented in Income tax expense. This item was previously presented in administrative expenses, in June 2003 for an amount of €16 million.

Assets under Management (“AUM”) increased by €20 billion to €396 billion at June 30, 2004 from December 31, 2003 resulting from the positive currency impact of €15 billion, due to the strengthening of the US dollar against the Euro, and from a positive market effect of €9.4 billion, partly offset by net outflows of €-4 billion, of which €-4.2 billion in Institutional, €-2.1 billion in Retail, partly offset by €+2.2 billion net inflows in Private Client segment.

Fees, commissions and other revenues were up €55 million in 2004 compared to 2003, or 16% on a constant exchange rate basis, due to higher advisory fees driven by higher average AUM up 20%. Institutional research services fees increased by 19% due to a higher business volume

Administrative expenses increased by €11 million or 12% on a constant exchange rate basis driven by business growth, and a write-off of capitalized software (€-11 million), partly offset by higher insurance recoveries from previously incurred legal expenses (€+7 million).

Operating Income increased by €49 million or 35% on a constant exchange rate basis, driven by robust revenue growth combined with slower expense growth. As a result, the operating cost income ratio improved by 1.8 points from 73.3% in 2003 to 71.6% in 2004.

Adjusted Earnings increased by €12 million, up 28% on a constant exchange rate basis, reflecting the impact of higher average AUM due to the improved market environment in the last twelve months.

As a result of the acquisition of 8.16 million private units in March 2004, AXA Financial’s ownership interest in Alliance Capital increased 2.8 points from 55.5% at June 2003 to 58.3% at June 2004 (net of the dilution impact of the issue of units to finance stock option plans).

AXA Investment Managers (“AXA IM”)

Asset Management Operations - AXA Investment Managers			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
Fees, commissions and other revenues	452	370	783
Gross revenues	452	370	783
Net investment result	16	4	13
Total revenues	468	374	796
Administrative expenses	(387)	(317)	(669)
Operating Income	81	57	127
Income tax expense / benefit	(23)	(22)	(36)
Minority interests	(9)	(4)	(15)
ADJUSTED EARNINGS	50	31	76

Assets Under Management ("AUM") were €316 billion at June 30, 2004, increasing by €24 billion since December 2003 (+7% on a comparable basis) thanks to positive Net New Money (€+10 billion) mainly driven by Institutional segments (third parties for €4 billion and Main Fund for €2 billion), market appreciation (€+8 billion), and exchange rate impacts (€+4 billion). Third-party AUM reached 22.1% of total versus 16.7% at the end of June 2003.

Fees, commissions and other revenues, including those earned from AXA insurance companies eliminated in consolidation, reached €452 million, +22.8% on a comparable basis. Excluding fees retroceded to distributors and including carried interests, net revenues reached €312 million, or +23% on a comparable basis. Management fees increased by 24% compared to 2003, stemming from higher average AUM (+15.5% on a comparable basis, impact of €+32 million), from an increased proportion of third-party AUM (impact of €+11 million), and, within this segment, from a favorable product mix shift towards higher fee products (impact of €+7 million) such as AXA Rosenberg's Products.

Administrative expenses, excluding commissions paid to third party agents, reached €239 million, increasing by €31 million on a constant exchange rate basis, mostly on personnel costs following salary raise, higher incentive compensation and increased number of temporary staff.

The **cost income ratio** improved to 78.5%, from 79.4% in HY 2003

Income tax expense was almost stable (€-1 million), increasing less than the pre-tax income mainly as a result of the increased contribution of AXA Rosenberg, which currently benefits from a lower effective tax rate, and prior-year adjustments

Adjusted and underlying earnings increased by €19 million in 2004 as compared to 2003.

Other Financial Services Segment

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

Consolidated Gross Revenues			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
French banks	78	70	142
German banks	34	68	136
AXA Bank Belgium	284	280	551
Other	13	19	37
TOTAL	409	438	866
Intercompany transactions	(14)	(11)	(30)
Contribution to consolidated gross revenues	395	426	836

Adjusted earnings & Net income			
<i>(in euro millions)</i>	Periods ended June 30,		FY
	2004	2003	2003
French banks	(6)	(9)	(20)
German banks	2	1	0
AXA Bank Belgium	13	80	68
Other	(5)	42	78
ADJUSTED EARNINGS	4	113	126
Impact of exceptional operations	0	15	15
Goodwill amortization (group share)	(2)	(1)	(3)
NET INCOME	2	126	138

French Banks

Adjusted earnings increased by €3 million to €-6 million, reflecting the progress made in the integration of Banque Directe.

German Banks

On May 2004, AXA Germany sold AXA Bausparkasse⁹.

⁹ As a consequence, commentaries are based on restated figures to be on a comparable basis and only include AXA Bank In 2003, adjusted and underlying earnings of AXA Bausparkasse amounted to €1 million.

Adjusted earnings increased by €2 million to €2 million, mainly resulting from cost reductions.

AXA Bank Belgium

Adjusted earnings decreased by €67 million to €13 million as compared to 2003, mainly due to lower gains coming from active asset management (€-63 million) essentially on fixed maturities and on equity securities and to the non-recurrence of the capital gain on Crédit Lyonnais shares for €13 million in 2003.

Consequently, **underlying earnings** decreased by €54 million to €13 million.

Other

Adjusted earnings decreased by €-47 million to €-5 million. The decrease was mainly due to (i) a €-54 million decrease in the run off development of the CFP subgroup, as half year 2003 result was significantly positive, partly offset by (ii) €8 million coming from real estate companies managed by AXA Real Estate.

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.

<i>(in euro millions)</i>	Adjusted earnings & Net income		
	Periods ended June 30,		FY
	2004	2003	2003
AXA, The Company	(146)	(138)	(225)
Other French holding companies	(9)	(14)	(9)
Foreign holding companies	(89)	(94)	(154)
ADJUSTED EARNINGS	(243)	(245)	(388)
Impact of exceptional operations	134	0	17
Goodwill amortization (group share)	0	0	0
NET INCOME	(110)	(245)	(371)

AXA (the parent company)

Adjusted earnings decreased by €8 million to €-146 million, mainly reflecting (i) a €19 million improvement of financial charges mainly resulting from financial income due to short term investment of ORAN proceeds before conversion (issued for Momy financing) and from favorable interest rate and currency fluctuations, but (ii) partly offset by €-20 million due to the dividend to be paid on ORAN and by €-9 million due to valuation allowances on non-consolidated subsidiaries.

Other French holding companies

Adjusted earnings increased by €5 million to €-9 million, mainly reflecting higher investment result due to the absence of valuation allowance on real estate investments and realized capital gains. **Underlying earnings** remained stable at €-13 million.

Foreign Holding Companies

AXA FINANCIAL INC.

Adjusted earnings increased by €10 million in 2004 as compared to 2003, to €-20 million. On a constant exchange rate basis, adjusted earnings increased by €8 million due to reduced interest expense compared to 2003, and capital gains on the sale of equity securities in 2004. **Underlying earnings** increased by €8 million or €6 million on a constant rate basis.

AXA ASIA PACIFIC HOLDINGS

Adjusted earnings amounted to a loss of €1 million as compared to a loss of €8 million in 2003. Reduced debt following the disposal of AXA Health and favorable interest rate differentials led to

reduced interest charges. AXA also benefited from the appreciation of assets denominated in New Zealand dollars.

AXA UK HOLDINGS

Adjusted earnings loss of €35 million in 2004 worsened by €8 million compared to 2003 loss of €27 million. Interest cost has increased in 2004 by €4 million due to higher debt levels and increased in interest rates, but was offset by additional income on cash deposits and release of an impairment allowance totaling €5 million. Tax showed an adverse variance of €9 million resulting from the release of prior year deferred tax reserves in 2003. **Underlying earnings** worsened by €9 million to a loss of €36 million.

Other foreign holding companies

German Holding companies.

Adjusted earnings declined by €2 million to €-22 million. The decrease in dividend income from the Colonia Re JV, sold in 2003, additional taxes and administrative expenses were partly offset by (i) the increase of €4 million in interest income and (ii) €5 million lower valuation allowances on equity securities.

Underlying earnings declined by €7 million driven by the lack of dividend income from the Colonia Re JV, additional taxes and administrative expenses, which were partly offset by higher interest income.

Belgium Holding companies.

Underlying and **Adjusted earnings** slightly decreased by €1 million to €-6 million, due to lower dividends received from real estate companies.

Outlook

We currently expect that the prevailing environment should support a continued favorable trend in unit-linked sales and, more generally in Life and Asset Management activities. The expected launch of new products in the second half of 2004, notably in the US and in the UK, should gradually improve life premium growth, while margins should remain in line with current trends. Net inflows in Asset Management activities should improve over the second half of the year.

In Property and Casualty and International Insurance, barring any major catastrophic event, we currently expect that strong underwriting discipline combined with a general focus on net inflows, helped by adequate segmentation and improved persistency, should enable the continuation of the positive trends witnessed in the first half of the year.

Finally we expect that continued monitoring of expenses as well as claims processes should enhance productivity gains and limit in the future, negative cyclical effects of price softening in some business lines.

Glossary

COMPARABLE BASIS

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

ADJUSTED EARNINGS

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

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

Adjusted earnings per share diluted (**adjusted EPS diluted**) represents the AXA's consolidated net income before the impact of exceptional operations and amortization of goodwill, divided by the weighted average number of outstanding ordinary shares, on a diluted basis (that is to say including the potential impact of all outstanding stock options, that are not anti-dilutive, being exercised, and conversion of existing convertible debt into shares, if their impact is not anti-dilutive).

UNDERLYING EARNINGS

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

LIFE & SAVINGS MARGIN ANALYSIS

Even though the presentation of Margin Analysis is not the same as the Statement of Income, it is based on the same GAAP measures as used to prepare the Statement on Income in accordance with French GAAP. As a result, the operating income under Margin Analysis is equal to that reported in AXA's Statement of Income for the segment. There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Margin Analysis as set out below.

- (i) Gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between "Fees and Revenues" and "Net Technical Margin".
- (ii) Policyholders' interest in participating insurance contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, that is, primarily, the "Investment Margin" and the "Net Technical Margin".
- (iii) The "Investment margin" represents the net investment result in the Statement of Income and is adjusted to take into account the policyholders' participation (see above) and to exclude the

loading on (or contractual charges included in) unit-linked business, which are included in "Fees and Revenues".

Investment margin includes the following items:

- (i) Net investment income,
- (ii) Realized capital gains & losses,
- (iii) Valuation allowance & release in respect of impaired invested assets,
- (iv) Interests and bonuses credited to policyholders and unallocated policyholder bonuses, relating to the net investment result.

Fees & Revenues include:

- (i) Revenues derived from mutual fund sales (which are part of consolidated revenues),
- (ii) Loading charged to policyholders on premiums and on funds under management for separate accounts (unit-linked) business,
- (iii) Loading on (or contractual charges included in) premiums received on all non unit-linked product lines (Life, Investment & Savings and Health),
- (iv) Other fee revenues, e.g., fees received on financial planning, sales of third party products.

Net Technical result is the sum of the following components:

- (i) Mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefit claims. It is equal to the difference between income for assuming risk and the actual cost of benefits, including changes in valuation assumptions and additional reserves for mortality risk. This margin does not include the claims handling costs and change in claims handling cost reserves,
- (ii) Surrender margin: The difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination,
- (iii) Policyholder bonuses: If the policyholder participates in the risk margin and the expenses of the company,
- (iv) Ceded reinsurance result.

Expenses are:

- (i) Acquisition expenses, including commissions and general expenses allocated to new business, related to insurance products as well as to other activities (e.g., mutual fund sales),
- (ii) Deferred Acquisition Costs (DAC): capitalization of acquisition expenses linked to new business, net of the corresponding Unearned Revenue Reserve (URR),
- (iii) DAC: amortization of acquisition expenses on current year and prior years new business. This amortization also includes the impact of interest capitalized and is net of the corresponding change in URR in the period,
- (iv) VBI: amortization of Value of Purchased Life Business In-force,
- (v) Administrative expenses.

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

LIFE & SAVINGS EXPENSE RATIO

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 force), (2) deferral or amortization of Deferred Acquisition Costs (DAC), and (3) amortization of Value of purchased Life Business In-force (VBI); they include capitalization and amortization of software expenses,
 - Gross insurance reserves are total insurance liabilities, gross of reinsurance, including benefit and claims reserves, unearned premiums reserves, and separate account liabilities.
- (ii) **Underlying cost income ratio:** expenses / "underlying" operating margin, where:
- Expenses are total expenses, excluding expenses related to mutual fund business (mainly fees paid to the sales force) net of Participating Benefits, gross of deferral and amortization of Deferred Acquisition Costs (DAC) and gross of amortization of Value of purchased Life Business In-force (VBI),
 - "Underlying" operating margin is the sum of (i) Investment margin excluding net capital gains / losses attributable to shareholders; (ii) Fees and revenues, and (iii) Net technical margin (items as defined in the Margin Analysis).

PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)

Net investment result includes the following items:

- (i) Net investment income,
- (ii) Realized capital gains & losses,
- (iii) Valuation allowances & release in respect of impaired invested assets.

Net technical result is the sum of the following components:

- (i) Earned premiums, gross of reinsurance,
- (ii) Claims charges, gross of reinsurance,
- (iii) Change in claims reserves, including claims handling costs reserves and equalization reserves, gross of reinsurance,
- (iv) Claims handling costs,
- (v) Net result of ceded reinsurance.

Expense ratio is the ratio of:

- (i) Expenses (excluding claims handling costs but including non recurring expenses), to
- (ii) Earned revenues, gross of reinsurance.

Current accident year loss ratio (Property & Casualty) net of reinsurance, is the ratio of:

- (i) [current year claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on current accident year], to

- (ii) Earned revenues, gross of reinsurance.

All accidents year loss ratio (Property & Casualty) net of reinsurance, is the ratio of:

- (i) [all accident years claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on all accident years], to
- (ii) Earned revenues, gross of reinsurance.

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

AXA RE

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

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

Net technical margin includes:

- (i) Earned premiums, net of reinsurance (cession / retrocession and covers)
- (ii) Claims charge all accident years, net of reinsurance, including major losses,
- (iii) Commissions (fixed commissions, sliding scale commissions as well as profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies,
- (iv) Claims handling costs.

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

- (i) Earned premiums, net of cession / retrocession (reinsurance ceded excluding covers),
- (ii) Current year claims charge (excluding major losses), net of cession / retrocession,
- (iii) Commissions (fixed commissions, sliding scale commissions and profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies, excluding commissions related to covers,
- (iv) Claims handling costs.

ASSET MANAGEMENT

Net New Money: Inflows of client money less outflows of client money. Net New Money measures the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

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