Management Report
December 31, 2002

Cautionary statements concerning forward-looking statements

This report includes certain terms that are used by AXA in analyzing its business operations and, therefore, may not be comparable with terms used by other companies; these terms are defined in the glossary provided at the end of this document.

Market conditions in 2002

Financial markets

If 2001 was the downside extension of 2000, 2002 looked very much to have provided more of the same. Indeed, for the third year in a row, virtually all of the world's equity markets fell sharply. And while government bonds continued to outperform generally, long-term yields fell substantially in 2002 - which was not the case in 2001.

2001 had been strongly impacted by a recession, the bursting of the speculative bubble around technological stocks and the terrorist attacks of September 11, 2001. 2002 saw the delayed fallout of these events, but also a series of corporate bankruptcy scandals, accompanied by fraud in the most spectacular cases. The ensuing crisis of trust that the latter unleashed extended to the entire corporate world, to corporate accounts and accounting, and to corporate earnings. Last but not least, the looming threat of conflict in Iraq kept geopolitical tensions high.

Stock Markets.

In this sharp context, and despite the global economic recovery (GDP[1]: +1.7% versus 1.1% in 2001) led by US GDP growth (2.4% in 2002 as against 0.3% in 2001), the major indices declined sharply in 2002, especially those tracking the euro zone. The CAC 40 in Paris was down 33.7% on the year and the Frankfurt DAX lost 44%. The London FTSE fell by 24.5%, the FTSE Eurotop 50 by 32%, the Nikkei by 18.63%, and the Topix by 18%. Wall Street did not escape unscathed either, with the Standards & Poors 500 losing 23% on the year, close to the global average decline of 25.2% for the MSCI World Index (Morgan Stanley index, a market capitalization index designed to measure global developed market equity performance).

Bond markets

The performance of government bonds was impressive in 2002. The yield on the 10-year US Treasury went from 5.02% at year-end 2001 (it was 5.10% at year-end 2000) to 3.85% on December 30, 2002. The 10-year Bund ended the year at 4.19%, versus 4.98% on December 31, 2001 (and 4.84% at the end of 2000), while the 10-year UK treasury bond stood at 4.43% at year-end, compared with 5.07% one year earlier. The 10-year French OAT yield fell from 5.071% to 4.27% in 2002, while the 10-year JGB (Japan Government Bond) went from 1.35% at year-end 2001 (compared with 1.64% in December of 2000) to 0.90% at the end of 2002. Corporate bonds behaved in similar fashion, although relatively to government bonds the broadening of the yield spread offset lower yields.

Exchange rates

In 2002, the euro raised against all other currencies, in particular the US dollar (+17.8% to 1.0487 from 0.89) and the Yen (+6.26% to 124.5 from 116.7). Weighted for trade, the dollar declined by 9.6%, after having appreciated by 8% in 2001.

[1] *GDP: Gross Domestic Product*

Insurance and Asset Management Markets

LIFE & SAVINGS

2002 was similar to 2001 as Life & Savings markets in which AXA operates were adversely affected by the continued decrease in the global stock markets. Consequently, as noted in 2001, the consumer demand for unit-linked products was mediocre in most countries and encouraged consumers to be more cautious; this resulted in a return to more traditional financial protection products with fixed and guaranteed investment returns.

Despite the changes in financial markets during the last three years, the long-term view is of increasing demand for insurance products. In Europe, the post-World War II "baby-boom" generation is creating an ageing population and, as a result, more countries are reducing the level of state funded welfare systems. This trend has led to an increase in retirement and other saving-oriented product advice and services in respect of financial, tax and estate planning. Moreover, the continued uncertainty generated by stock markets volatility has reinforced the need for financial advice.

France. In 1999 and 2000, the French Life & Savings market had experienced a significant growth in gross premiums (13% and 20%, respectively), mainly driven by the success of unit-linked savings products. In 2001, the market was adversely affected by unfavorable stock market conditions, leading to an 7% decrease in gross premiums, the 40% decrease in gross premiums on unit-linked contracts being partly offset by a 18% increase in general account premiums. In 2002, as the financial markets remained adversely oriented, the same trends persisted with unit-linked premiums decreasing by 32%, offset by a +16% increase in general account premiums. As a result of these opposite trends, total gross premiums increased by +2% in 2002.

United States. U.S. investors faced a difficult and unsettling year as the equity markets continued its decline; interest rates were lowered to provide economic stimulus and concerns with corporate improprieties and economic growth continued. In the Life insurance market, there was a shift in sales away from variable universal (equity-linked) Life insurance (down 20% in the first nine months of 2002) to universal (fixed interest rate) and term Life insurance (up 33% and 16% respectively, in the first nine months of 2002). In the annuity market, sales of variable annuity/savings products were up 7% in the first nine months of 2002 while fixed annuity sales increased by 60% in the first nine months of 2002. Management believes that continued market uncertainty has increased the need for financial advice. One survey reported that the number of investors reporting they need “very little advice” fell from 53% in 1999 to 32% in 2001. The educational savings market continues to grow as parents save for their children's education and take advantage of the income tax benefits of these plans. Funding of "529" education plans has grown to approximately $8.5 billion of assets through 2001 up from $2.5 billion at year-end 2000.

United Kingdom. New annualized business (new regular premiums plus 10% of single premiums) grew by approximately 5% in 2002 (compared with 16% in 2001), the lower growth rate being largely attributable to continuing adverse stock market conditions, especially their volatility. As in 2001, pensions were the principal growth area in 2002; an increasing proportion of business was written on Stakeholder on ‘1% world’ terms where a 1% limit is placed on annual charges for administering such products. There was no growth in overall sales of investment products in 2002 although sales of guaranteed bonds increased by over 60%, reflecting investors’ caution in uncertain investment conditions. Sales of "With-profit" bonds, the largest investment product sector, fell by around 20% as falling stock markets left providers with insufficient financial strength to write the business at the levels of previous years. Independent Financial Advisers continued to be the principal sales channel in 2002 accounting for around 70% of new business.

Asia Pacific.

Japan. The Japanese Life insurance market experienced declining in-force business for the seventh consecutive year (a reduction of 3% compared to fiscal year 2001). In the midst of difficult conditions for Japanese domestic companies (4.0 point decrease of in-force business), the share of foreign Life insurers in the Japanese market reached 14%, a 3-points increase compared to 2001. AXA Japan retained the 12th position in the Japanese Life insurance industry with 3.4% market share at end of March 2002 (on total asset base).

Australia. In Australia and New Zealand, the savings related investment sector continues to be the growth area due to the ageing of the population and continued government support for self-funded retirement. Retail savings and investment sectors have been adversely impacted in 2002 by the poor performance of global investment markets, with net inflows 40% lower than the same period last year. Although life insurance is a smaller segment of the market than investment related products, individual life and disability insurance products have grown at over 10% in 2002.

Hong Kong. The Hong Kong life insurance market continues to experience strong growth fuelled by the aggressive entry of the major banks. This is being driven by investors' needs for advice in order to establish alternative wealth creation strategies following the property market downturn and low interest rate environment. In 2002, the Hong Kong economy has been weak and consumer confidence has been depressed by the slow economic recovery. The Hong Kong equity market (Hang Seng Index) fell 18% between January and end of December.

Germany. In 2002, growth of the ***Life & Savings*** market re-accelerated and was again higher than 4%, after it had slowed down in the two previous years (2001: 1.9%). However, the impact of the German pension reform on this growth was lower than expected. The supervisory authority took much longer to certify corporate pension solutions. Therefore, the consumers, following the advice of consumer associations, waited until late in the year when finally all types of offers were available from different providers. The ongoing need for individual financial protection will continue to have positive impact on the Life & Savings growth prospects. However, the downturn of the capital markets also severely affected the insurers that will force them either to reduce significantly promised policyholder returns for 2003 or - in extreme cases - even stop selling Life insurance with guaranteed returns. ***Health insurance*** showed highest growth rates with almost 6% (after 4.9% in 2001; 4.0% in 2000). The main reason was a strong increase of the number of individuals insured, who have left the state social security system. To stop this trend, the federal government has increased the threshold values of the minimum annual salary necessary for switching from a state to a private Health insurance (effective in 2003).

Belgium. After a general boom in Unit-linked savings related products between 1997 & 2000 (CAGR[2]: 119%), the trend changed in 2001 and, in 2002, led to an expected decrease of 40%. This shift away from Unit-linked products is primarily due to the deterioration in stock market performance. As a result, consumers returned to savings related insurance products with guaranteed returns (+ 30% in 2002) and Bank savings products.

Southern Europe. Spanish life **market**[3] increased by 15% driven by the legal requirement of group pension outsourcing, regulatory deadline being 2002 November 16th. In 2002, the **Italian** market witnessed high expansion rates: gross written premiums went up 18% vs. 12% in 2001. Traditional products with a guaranteed yield captured most of new business (+143% from last year, as at Sept. 30th) because of the poor performance of financial markets. On the contrary, new business growth for unit-linked products was weak. Banks underwrote 67% of total new business, while the rapid growth of financial advisors allowed them to seize the same share as agents, at 13% of total. **Portugal** market grew by 1.6% as compared to the same period last year. This growth was mainly attributable to the exceptional increase of two bank-insurers (Santander and BPI) whereas traditional insurers registered a decrease of their gross written premiums. Excluding these two bank-insurers, market decreased by 8.9%.

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[2] CAGR : Compounded Annual Growth Rate

[3] Estimation of AXA Seguros taking as data source the "Instituto de Actuarios Espanoles" 2003 January 22.

PROPERTY & CASUALTY

In 2002, the property & casualty market continued growing, with further significant rates increases allowing insurance companies to partly compensate the unfavorable effects of the further claims deterioration after numerous and significant climatic events, mainly in France, Central Europe, United Kingdom and Italy, and the increased reinsurance cost following the September 2001 terrorist attacks.

France. Market has experienced four consecutive years of growth since 1999. The increase in gross premiums has accelerated from 2% in 1999 to an estimated 7% in 2001 and in 2002 (including large risks). Growth was fuelled by the increase in French gross domestic product and the increase in rates in all lines of business, particularly large Commercial lines in recent years. In 2001 and 2002, the escalating reinsurance costs were also a reason for Commercial Property & Commercial Liability rates' upwards revisions.

Germany. Having reached a growth rate of 2.7% in 2001 (after 1.4% in 2000 which was preceded by four declining years), the market growth stabilized around 3% in 2002. The motor lines (about 43% of the total gross premiums written in the German property & casualty market) grew 2.9% in 2002 and 5% in 2001. Significant premium rate increases took place in the commercial lines, as insurers are no longer willing to accept the substantial underwriting losses of recent years, especially after the U.S. terrorist attacks in September 2001. As in previous years, major losses and cumulated losses are still affecting the German P&C insurance industry (e. g. the flood in Central Europe in August 2002). Claims charges grew considerably in 2002 making further increases of insurance premiums likely, especially in the commercial lines and in private motor.

United Kingdom. The market has been challenged through a number of adverse events in 2002 including:

- Reduction in underwriting capacity for some competitors, particularly in Commercial Property as a result of the decline in global equity markets
- Continued rapid increase in claims costs on injury classes of business (Motor and Liability)
- Two weather events - one in January and a second in October - impacting Property classes
- A substantial increase in reinsurance premiums in response to September 11 and resulting capacity constraints in reinsurance markets

The financial market conditions have resulted in particularly hard market conditions in Property & Liability lines. Commercial rates have increased dramatically in non-Motor lines. In Liability lines rate increases across the market have been in excess of 40% with increases in Property up to 20% compared to 2001. In Personal lines, Motor rates have increased by around 4% reflecting the continuing competitive nature of this market and signaling the peak of the cyclical Motor market. Household rates have increased by 6%.

Belgium. A strong competition prevails the Belgian saturated market for P&C insurance products. Market should report an approximate growth of 7% in 2002 (against 4% in 2001) as a result of rates increases in Motor (which represents 36% of total P&C), Industrial risks & Household. Some companies also pruned portfolio in order to restore technical profitability. Workers compensation market remained adversely affected by intense competition, with rates remaining almost stable during 2002. In motor insurance, regulation is moving towards the abolition of the merit-rating (bonus-malus) system.

Southern Europe. The **Spanish** market[4] had outperformed past years volume achievement, continuing the trend that it has achieved up to June 2002, with 13% increase in written premiums. However, motor business is beginning to show some weakness; car sales decreased compared to last year (-6.6%), while claims costs increased, especially the compulsory liability guarantee. As in 2001, companies operating in the **Italian** market have significantly increased Motor premium rates (by over 10% in 2002) to improve technical profitability. The frequency of reported small Motor claims has

[4] *Estimation of AXA Seguros taking as data source the "Instituto de Actuarios Espanoles" 2003 January 22.*

decreased as a result of particularly high tariff increases for clients with a high "malus". Results of non-Motor branches were adversely influenced by the natural events of the second half-year, most notably the floods in Northern Italy. In **Portugal**, the P&C market grew by 10% to €3,845 million[5]. Motor line increased by 7.7% to €1,810 million (representing 47% of total P&C business). Workmen compensation grew 8.4% to €748 million (representing 20% of total P&C business).

INTERNATIONAL INSURANCE

On the reinsurance side, the huge claims experience in 2001 (September 2001 events), the financial market crisis as well as some actors being hit by claims on previous underwriting years for long tail business have resulted in major difficulties for some reinsurers and in hardening market conditions in 2002 (rate increases, deductible increases, more stringent wording) that are anticipated to tighten further, even if in a more selective way, in 2003.

The large risks insurance market has experienced similar effect of 2001 large claims and of current financial crisis, mainly in property and aviation business. The market conditions are expected to tighten significantly in 2003 especially in general liability where legal instability remains high in some countries.

ASSET MANAGEMENT

Asset management business conditions were difficult in 2002 as stock markets around the world continued to suffer significant losses, reducing the market value of average assets under management. The depressed markets also caused outflows in equity investments and in money market, partially offset by strong fixed income inflows. The decrease in average assets under management and the change in product mix impacted negatively the fees collected by asset management companies.

December 31, 2002 operating highlights

Main events

IMPACT OF DECLINE IN STOCK MARKETS

Following the significant decline in stock markets, additional allowances for permanent impairment of equity securities were accounted for in 2002, for a total amount of €-912 million (€-614 million net group share). This amount was added to the €995 million booked in 2001 (€-636 million net group share).

It included €-72 million of liquidity risk reserve (€-47 million net group share), maintained in Group consolidated accounts for French regulatory reasons, relative to French Insurance companies, and despite the fact that analyses performed did not demonstrate any liquidity risk on assets in portfolio.

Significant acquisitions and disposals

In 2002, the focus was given to organic growth and to the improvement of operational performance.

ACQUISITIONS

On June 6, 2002, AXA and BNP Paribas announced that they had concluded an agreement in principle to the **acquisition by AXA of 100% of Banque Directe**, subsidiary of the BNP Paribas Group. The

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[5] *Source Portuguese Insurance Association*

operation was approved in September 2002 by the French regulator "CECEI [6]", and closed on September 2, 2002. The purchase price was €60 million, and the operation generated a goodwill of €+13 million, amortized within the year.

In Australia, AXA Asia Pacific Holdings Limited (AXA APH) purchased ipac Securities Limited for €118 million plus an element of deferred earn-out based on the achievement of performance hurdles. The related goodwill was €101 million. ipac is one of the most respected and leading wealth management advisory businesses in Australia, managing approximately €3.7 billion at the end of December 2002 for over 20,000 retail and wholesale clients.

DISPOSALS

In **Australia**, AXA APH sold AXA Health Insurance Pty Limited, its private health insurance arm, to Macquarie Bank Limited (Macquarie). The disposal is consistent with the group's strategic direction to focus its growth on wealth management. The sale price, underwritten by Macquarie, is €343 million including a pre-completion dividend and subject to completion balance sheet and some elements of deferred consideration, with a realized capital gain on sale of €87 million net group share.

In **France**, on August 7, 2002, AXA and Crédit Foncier de France (CFF) reached an agreement with GECINA, under which their stakes (32% and 21%, respectively) in SIMCO, a property company listed on the Premier Marché of Euronext Paris, will be acquired through a public offer (in cash and shares) to be launched by GECINA on SIMCO. The sale was concluded on November 15, 2002 and generated a net profit of €115 million in French insurance companies (of which €113 million on French Life & Savings companies). Following the operation, the share of AXA Group in GECINA is 6.18% (of which 4.95% on French insurance and financial services companies).

Capital and financing operations

AXA ORDINARY SHARES HELD IN TREASURY

As at December 31, 2002, AXA held approximately 30.3 million of its ordinary shares at book value of €483 million or 1.7% of the outstanding total ordinary shares, stable compared to 2001.

FINANCING OPERATIONS

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

CAPITAL OPERATIONS

The AXA Group has for several years offered its employees, in and outside France, the opportunity to subscribe for shares issued by way of capital increase reserved for employees. In 2002, employees invested 255 million euros (respectively €13 million in July 2002 and €242 million in December 2002). The 2002 offerings led to the issuance of 27.2 million additional shares, bringing the total number of shares in issue to 1,762 million as at December 20, 2002. As of December 2002, employee shareholders represent approximately 4% of the outstanding share capital of AXA as compared to 2.3% as of December 2001.

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[6] *CECEI: "Comité des Etablissements de Crédit et des Entreprises d'Investissement"*

Events subsequent to December 31, 2002

In **Austria**, AXA Konzern announced on December 18, 2002 the terms of its discussions with UNIQA Versicherung AG, the first Life and fourth Non-Life Insurer in this country, for the sale of its business. This transaction has been signed by both parties in December 2002, but is still subject to the approval of local regulators. The estimated amount of the realized capital gain to be accounted for in 2003 is €45 million.

In **Australia**, on 29 November 2002, AXA APH announced that it had signed a memorandum of understanding to sell its 50% stake in Members Equity Pty Ltd for €51 million. The transaction was finalized early in 2003, at which time the realized capital gain on sale, of €11 million group share will be booked in the Group accounts.

Consolidated Operating results

Consolidated gross revenues

Consolidated gross revenues [a]				
(in euro millions)	**FY 2002**	**FY 2001**	**Change on a comparable basis [b]**	**FY 2000 [c]**
Life & Savings	48,586	48,399	5.5%	45,997
Property & Casualty	15,948	15,896	5.7%	15,579
International Insurance	5,762	5,678	4.6%	3,651
Asset Management	3,411	3,730	(7.2%)	2,984
Other Financial Services	1,020	1,128	(9.9%)	11,760
TOTAL	**74,727**	**74,832**	**4.6%**	**79,971**

(a) Net of intercompany transactions.

(b) Percentages are on constant methodology, constant exchange rates, constant structural basis ("constant scope").

(c) Including DLJ 9 months contribution in Other Financial Services activities

Consolidated gross revenues were €74,727 million, down by -0.1% on a current basis, mainly due to negative impacts from:

- A stronger euro, mainly against the Yen and USD (on a constant exchange rate, consolidated gross revenues would have been €+2,136 million higher).
- Starting January 1, 2002, "de-consolidation" or change in consolidation method for small entities (for which premiums were not exceeding 0.15% of total consolidated revenues) under AXA Group (€-532 million mainly relating to Turkey, Hong Kong and Singapore P&C, Direct Seguros, all equity-accounted),

On a comparable basis, consolidated gross revenues increase by **+4.6%:**

Life & Savings revenues (representing 65% of total consolidated revenues) were up by +5.5%, as a result of the **very good performance of United States** (+15.4%)**,** pulled by strong sales on the new Variable Annuity product launched in April 2002 and to a strong first quarter sales of a new Fixed Annuity product launched in September 2001, and **Japan** (+28.8%), driven by the sharp increase in Group pension premiums following acquisition of additional shares in several large contracts. This strong growth was partly offset by a **lower performance in France** (-5.4%) and **UK** (-6.5%), strongly impacted by the impact of declining markets driving customers away from Unit -linked product sales. This trend was accelerated in the UK by the withdrawal from the With-Profit Bond market in July 2002.

Property & Casualty. Gross written premiums (representing 21% of total consolidated revenues), increased by +5.7%, with strong performance in the **UK** (+12.6%) and **France** (+6.3%), driven by strong rates increases, combined with limited effects of stricter underwriting.

International Insurance revenues (representing 8% of total consolidated revenues) showed an increase by +4.6%, mainly in AXA Corporate Solutions (+4.1%), due to the favorable impact of rates increase, partly offset by a decrease in Reinsurance, mainly due to 2001 non-recurring premiums (September 11, 2001 reinstatement premiums).

Asset Management fees and other revenues (5% of total consolidated revenues) declined by €-7.2%, mainly in **Alliance Capital** (-8.4%), where the drop in markets induced lower Asset Under Management. Despite these unfavorable effects, overall, the Group's asset managers collected €7.8 billion of Net New Money.

Consolidated adjusted earnings and net income

Adjusted earnings & Net income (Group Share)			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [b]**
Gross written premiums	69,723	69,471	64,788
Bank revenues [c]	1,012	1,127	11,754
Fees, commissions and other revenues	3,992	4,234	3,429
Gross revenues	**74,727**	**74,832**	**79,971**
Change in unearned premium reserves	(382)	(355)	(439)
Net investment result [d]	(9,229)	(1,244)	9,908
Total revenues	**65,116**	**73,233**	**89,439**
Insurance benefits and claims	(47,922)	(56,668)	(62,160)
Reinsurance ceded, net [e]	(523)	1,163	1,002
Insurance acquisition expenses	(5,891)	(6,394)	(5,970)
Bank operating expenses [c]	(600)	(838)	(6,509)
Administrative expenses	(8,098)	(8,775)	(11,734)
Operating Income	**2,081**	**1,721**	**4,069**
Income tax expense	(357)	(45)	(785)
Equity in income (loss) of unconsolidated entities	23	17	22
Minority interests	(390)	(492)	(1,013)
ADJUSTED EARNINGS [a]	**1,357**	**1,201**	**2,292**
Impact of exceptional operations [f]	235	-	1,431
Goodwill amortization (group share)	(643)	(681)	(279)
NET INCOME	**949**	**520**	**3,444**

(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) Pro forma New French GAAP according to the new French Regulations that became effective on January 1, 2001, as if New French GAAP had been in force since january 1, 2000.

(c) Following the disposal of Donaldson, Lufkin & Jenrette (DLJ) in the second half of 2000, these items are significantly lower in 2001 and in 2002.

(d) The change in fair value of separate accounts had adversely impacted the net investment result for Euro -17,576 million in 2002, Euro -11,613 million in 2001 and Euro -4,713 million in 2000.

(e) The variation is mainly due to the impact of September 11, 2001 events in 2001 and to 1999 storms in 2000.

(f) In 2000, the exceptional items included::

- the consolidated net realized gain on the sale of Donaldson, Lukfin & Jenrette ("DLJ"), which totaled euro 2,004 million net group share (euro 2,071 million net group share and net of realized and unrealized losses on Credit Suisse Group shares received in respect of that transaction of euro 67 million);

- realized losses and valuation allowances of euro 236 million (net group share) relating primarily to the Equitable Life high yield bond portfolio as a result of broad weaknesses in credit markets from a slowing economy during the third and fourth quarter of 2000, coupled with a review of investment strategy following AXA's acquisition of the minority interests in AXA Financial ; and

- provision of euro 125 million recorded during the period in connection with the sale of Banque Worms, which was completed in April 2001.

The **Net Income** for Full Year 2002 strongly increased in 2002 to €949 million, or a €+429 million increase compared to Full Year 2001 level.

The 2002 **Net Income Group Share** included €235 million exceptional operations relating to :

- the capital gain realized on the sale of AXA Asia Pacific Health activities (€87 million), and

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

Excluding these items, the increase was €+194 million, mainly as a result of improved adjusted earnings.

Goodwill amortization group share decreased by €37 million, mainly as a result of exchange rates impact (€-15 million), 2001 Banque Worms goodwill amortization (€19 million) not repeated in 2002 and exceptional amortization in 2001 relating to ex-GRE entities (€22 million), partly offset by goodwill amortization in 2002 of Banque Directe (€-13 million), ipac and Sterling Grace in Australia (€-6 million).

Adjusted earnings increased by €+156 million, or a +13% increase compared to 2001, thanks to the strong improvement of underlying earnings, the decrease in net capital gains being more than compensated by the lower cost resulting from September 11, 2001 events.

- **Net Capital Gains attributable to shareholders** were lower by €-469 million to €-240 million including valuation allowances on equities, following the strong further decline of financial markets, and mainly stemming from a significant decrease in realized gains by €-491 million, partly offset by a lower level of valuation allowance on equity (€22 million)
- **The cost of September 11th 2001 terrorist attacks** was €-561 million in 2001. A further €-89 million was accounted for in International Insurance in the first half of 2002 due to the complexity of the claims and the time lag in reporting the information to the ceding company.

Adjusted earnings & Net income (Group Share)			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(b)]**
Life & Savings	1,367	1,225	1,401
Property & Casualty	93	182	237
International Insurance	(149)	(378)	112
Total Insurance	**1,311**	**1,029**	**1,750**
Asset Management	258	346	211
Other Financial Services	133	144	273
Total Financial services	**391**	**489**	**484**
Holding companies	(344)	(318)	58
ADJUSTED EARNINGS [(a)]	**1,357**	**1,201**	**2,292**
Impact of exceptional operations	235	-	1,431
Goodwill amortization (group share)	(643)	(681)	(279)
NET INCOME	**949**	**520**	**3,444**

(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) Pro forma New French GAAP according to the new French Regulations that became effective on January 1, 2001, as if New French GAAP had been in force since january 1, 2000.

Life & Savings. Adjusted earnings increased by €+142 million, mainly as a result of lower valuation allowances on equity securities.

Property & Casualty. Group combined ratio strongly improved by -6 points, to 106.5% from 112.5%, or -5.7 points on a comparable basis (excluding the UK Discontinued business now presented in the International Insurance segment), reflecting a **strong technical improvement** in all major entities, driven by the impacts of stricter underwriting measures and rates increases, and despite the impact of natural disasters in 2002. This favorable trend was however more than offset by a €-387 million decrease in net capital gains.

International Insurance. Adjusted earnings improved by €+229 million, mainly as a result of the lower cost in 2002 compared to 2001 of September 11, 2001 terrorist attacks (€-89 million compared to €-515 million in 2001). Excluding September 2001 cost and slightly higher net capital gains, earnings deteriorated by €-169 million, as a result of unfavorable prior year loss development and increased cost of covers.

Asset Management. Asset management adjusted earnings decreased by €-88 million, mainly due to Alliance Capital, where fees, commissions and other revenues strongly decrease in the context of lower Asset Under Management, only partly offset by lower interest and administrative expenses.

Other Financial Services. The deterioration in adjusted earnings (€-11 million) is mainly due to AXA Bank Belgium (€-40 million) following a 2001 release of provisions for corporate loans, partly offset by favorable run-off development in 2002 (€+26 million)

Holdings. Adjusted earnings decreased by €-26 million. Excluding a sharp decrease in net capital gains (€-145 million), earnings improved by €+119 million, mainly as a result of (i) a strong improvement in the Parent Company (€+153 million), primarily due to lower cost of debt (€+137 million), as a result of lower interest charge stemming from declining interest rates and the strengthening of the euro against mostly US$, Yen, and GBP, partially offset by the amortization of redemption premiums on the convertible bonds issued by AXA SA, and (ii) the unfavorable impact of revised German tax rules regarding the use of tax credits (€-29 million).

Consolidated Shareholders' Equity

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

	Shareholders' Equity *(in euro millions)*	Number of ordinary shares outstanding *(in millions)*
At December 31, 2001	**24,780**	**1,734.2**
- Capital increases (to employees)	254	27.2
- Exercise of share options	8	0.8
- Cash dividend	(1,117)	
- Impact of foreign exchange fluctuations	(1,197)	
- Other	34	
At December 31, 2002 (before net income of the period)	**22,762**	**1,762.2**
Net income for the period	**949**	-
At December 31, 2002	**23,711**	**1,762.2**

Creation of Shareholder Value

EARNINGS PER SHARE ("EPS")

Based on adjusted earnings of €1,357 million in 2002, and a weighted fully diluted average number of outstanding shares of 1,739 million, fully diluted adjusted EPS amounted to € 0.78, improving by +11.7% from 2001 (€ 0.70).

Excluding for both years the impact of September 2001 events and net gains and losses attributable to shareholders, the EPS amounted to € 0.97 in 2002, compared to € 0.89 in 2001, showing a nearly +9% improvement.

RETURN ON EQUITY (ROE)

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

Life & Savings Segment

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

Life & Savings Segment [a]			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [b]**
Gross written premiums	48,080	47,921	45,561
Fees, commissions and other revenues	539	486	436
Gross revenues	**48,619**	**48,407**	**45,998**
Change in unearned premium reserves	(16)	(2)	(32)
Net investment result [c]	(10,684)	(3,531)	6,912
Total revenues	**37,920**	**44,875**	**52,878**
Insurance benefits and claims	(30,958)	(36,744)	(44,999)
Reinsurance ceded, net	288	139	119
Insurance acquisition expenses	(2,806)	(3,193)	(2,939)
Administrative expenses	(2,868)	(3,326)	(2,668)
Operating Income	**1,575**	**1,751**	**2,392**
Income tax expense	(119)	(481)	(646)
Equity in income (loss) of unconsolidated entities	(7)	16	41
Minority interests	(83)	(61)	(387)
ADJUSTED EARNINGS	**1,367**	**1,225**	**1,401**
Impact of exceptional operations	-	-	488
Goodwill amortization (group share)	(303)	(303)	(87)
NET INCOME	**1,063**	**922**	**1,802**

(a) Before intercompany transactions.

(b) Pro forma New French GAAP according to the new French Regulations that became effective on January 1, 2001, as if New French GAAP had been in force since january 1, 2000.

(c) The change in fair value of separate accounts had adversely impacted the net investment result for Euro -17,576 million in 2002, Euro -11,613 million in 2001 and Euro -4,713 million in 2000.

The **Life & Savings** contribution to 2002 group net income amounted to €1,063 million, increasing by €+141 million as compared to 2001.

The increase mainly derived from higher adjusted earnings by €+142 million, resulting from opposite trends as improvements in France (€+87 million), Japan (€+53 million) and UK (€+182 million) were more than offset by Belgium (€-57 million), Germany (€-22 million), the Netherlands (€-75 million), and Italy (€-34 million).

Main variations are analyzed in the following pages.

Consolidated Gross revenues [a]

(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000**
France	10,432	11,001	12,528
United States	12,726	11,642	12,483
United Kingdom	8,362	9,086	7,939
Japan	6,428	5,475	3,353
Germany	3,141	2,998	2,913
Belgium	1,629	1,686	1,099
Others countries	5,900	6,520	5,682
TOTAL	**48,619**	**48,407**	**45,998**
Intercompany transactions	(33)	(8)	(1)
Contribution to consolidated gross revenues	**48,586**	**48,399**	**45,997**

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

Adjusted earnings & Net income

(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [a]**
France	432	345	392
United States	520	518	373
United Kingdom	348	167	179
Japan	(45)	(99)	52
Germany	(0)	21	46
Belgium	8	65	172
Others countries	104	208	186
ADJUSTED EARNINGS	**1,367**	**1,225**	**1,401**
Impact of exceptional operations	**-**	**-**	488
Goodwill amortization (group share)	(303)	(303)	(87)
NET INCOME	**1,063**	**922**	**1,802**

(a) Pro forma New French GAAP according to the new French Regulations that became effective on January 1, 2001, as if New French GAAP had been in force since january 1, 2000.

LIFE & SAVINGS OPERATIONS - FRANCE

Life & Savings Operations - France			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(a)]**
Gross written premiums	*10,432*	*11,001*	*12,528*
Investment margin	872	867	853
Fees & revenues	982	1,093	1,152
Net technical margin	104	121	26
Expenses (net of DAC/VBI)	(1,464)	(1,586)	(1,532)
Operating Income	**495**	**494**	**499**
Income tax expense	(64)	(149)	(106)
Equity in income (loss) of unconsolidated entities	2	0	0
Minority interests	(1)	(1)	(1)
ADJUSTED EARNINGS	**432**	**345**	**392**

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.

Gross written premiums were down by -5% on a comparable basis as financial markets remained negatively oriented, an unfavorable environment for individual savings unit-linked sales.

– ***Investment & Savings:*** Individual Savings gross written premiums (59% of gross written premiums) were down by 12% as a consequence of the drop in unit-linked sales (-61%) partly offset by an increase in general account sales (+33%). The sales forces succeeded in promoting general account products, which are perceived as less volatile by clients in the current financial market environment. General account premiums represented 79% of Individual Savings premiums, as compared to 52% in 2001.

  Group retirement premiums (7% of gross written premiums) were up 9% as the level of renewal premiums from large clients remained high. Group unit-linked premiums (34% of Group retirement) significantly increased (+17%) as compared to 2001.

– ***Life & Health*** premiums (34% of gross written premiums) grew by 5% as Individual and Group segments benefited from positive inflows and from a positive impact of group accident and health rates increases.

Investment margin increased by €5 million in 2002 as compared to 2001, mainly as a result of:

– An **improved investment income** (€+93 million or +3%) as income improved on fixed maturities (€+88 million), as the result of an increased asset base, on real estate (€+36 million), due to a higher yield (4.3% in 2002 as compared to 3.5% in 2001) and on equities (€+16 million). These increases were partly offset by a decrease in income from cash and cash equivalents (€-59 million), due to the combined impact of a reduced allocation to this asset class and of the decrease in short term interest rates.

– A strong **decrease in net investment gains** (€-194 million to €89 million), mainly on equities (€-228 million to €14 million in 2002). The 2002 program of disposal of equities was reduced, as compared to the 2001 program, due to market conditions. The 2002 program included a €113 million gain on sale of shares in the French listed real estate company SIMCO. In 2002, gains on sale of equities were offset by impairments allowances amounting to €-24 million and by net losses realized on sale of equities as part of the reallocation of some portfolios: notably in the Group Retirement line of business, from direct holdings in equity lines to holdings in mutual funds presenting a more diversified risk profile. Net investment gains on real estate increased by €81 million to €109 million, benefiting from favorable conditions on the French real estate market.

- Partly offset by **lower amounts credited to policyholders** for €106 million. The average rate credited to individual policyholders slightly decreased from 4.82% in 2001 to 4.75% in 2002. Amounts credited to group retirement policyholders decreased by €90 million, mainly as the consequence of net realized losses on sale of equities.

Fees and revenues decreased by €-111 million in 2002 as compared to 2001.

- The decrease is attributable to fees and revenues on unit-linked Savings products (€-92 million or -37%) as a consequence of a -56% decrease in premiums and of a -8% decrease in average unit linked policyholders' reserve. The average unit-linked policyholders' reserve drop in value remained largely inferior to the average decrease in French equity market index (CAC 40) as these reserves are mostly invested in balanced funds.
- Fees and revenues also decreased by €-18 million on Group Life and Health products. This decrease is mainly due to product mix change, resulting from the fast development in 2002 of a new line of mortgage guarantee business featuring lower fees and revenues offset by a lower commission rate (€-63 million). The majority of existing mortgage guarantee contracts in force were converted into this new type of products at the end of 2001 and, mainly, starting January 1st 2002. This change was offset by lower expenses and is therefore neutral on adjusted income (see expenses). This product mix impact was partly offset by increased volumes and increased fee rates on the non-mortgage guarantee Group Life and Health line of business.

Net technical margin decreased by €-17 million to €104 million mainly due to:

- The **higher net technical margin on Savings products** (€+34 million to €16 million in 2002) as 2001 was negatively affected by a non-recurring increase in reserve for policyholders' dividends (€-39 million).
- Partly offset by a **lower net technical margin on Group Life and Health products** (€-63 million to €58 million in 2002). The main factor for this decrease was the introduction of a new law, which reinforced the insurers' obligations as regards death coverage in the cases where group policies are not renewed. A non recurring €-40 million charge was registered in 2002 in order to cover the expected ultimate economic cost of this new obligation.

Expenses net of DAC and VBI decreased by €123 million. The decrease is attributable to:

- **Distribution expenses** decreasing by €77 million**.** Distribution expenses were down by €-64 million on Group Life & Health business as the consequence of the new line of mortgage guarantee business successfully marketed in 2002. On Savings products, distribution costs were down by €18 million mainly due to reduced sales.
- **Other management expenses** decreasing by €37 million attributable to the AXA France cost cutting program primarily resulting in reduced IT, advertising and consulting expenses.
- **VBI amortization** lower by €11 million (to €26 million in 2002) as 2001 was negatively affected by a non-recurring amortization charge related to increased surrenders on an old portfolio of business.

The **cost income ratio** remained stable at 77% in 2002 as compared to 2001 as the cost structure of the French Life segment adapted to lower activity levels. Excluding realized gains net of policyholders' dividends, underlying cost income ratio improved by 3 points to 78% in 2002.

Income tax expense was down by €85 million as the result of a more favorable mix of non taxable income, income taxed at a reduced rate (20%) and expenses deductible at full rate (35%).

The 26% increase in **adjusted earnings** (€432 million in 2002 as compared to €345 million in 2001) is mainly attributable to the decrease in expenses (€123 million) and in income tax (€85 million) partly offset by the decrease in fees and revenues (€-111 million).

Underlying earnings increased by +25% to €355 million in 2002 as compared to €284 million in 2001. This increase mainly reflects the improvement of the cost base and the adjustment of policyholders' dividends in a context of volatile financial markets.

LIFE & SAVINGS OPERATIONS - UNITED STATES

Life & Savings Operations - United States

(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000** [(a)]
Gross revenues	*12,726*	*11,642*	*12,483*
Investment margin	550	697	794
Fees & revenues	921	1,046	1,121
Net technical margin	348	574	553
Expenses (net of DAC/VBI)	(1,352)	(1,600)	(1,518)
Operating Income	**467**	**717**	**949**
Income tax expense	53	(200)	(324)
Minority interests	(0)	0	(252)
ADJUSTED EARNINGS	**520**	**518**	**373**
Average exchange rate : US$ 1.00 = €	*1.06*	*1.12*	*1.08*

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.

Gross revenues were up €1,084 million compared to Full Year 2001, or a 15% increase on a constant exchange rate basis, including a significant increase in the second half of 2002, up 23%, compared to the 8% growth recorded in the first half of 2002. The combined two main insurance business lines (Investment & Savings and Life, which totaled 88% of US Life & Savings gross revenues) grew by 18% in 2002 and 20% in the second half of 2002, compared to the same periods in 2001. This trend is mainly due to strong sales of the new Variable Annuity Accumulator Series product line launched on April 1, 2002, and to high first quarter sales of the fixed annuity product (SPDA) launched last September 2001. The other premiums slightly increased by 1.9%. Excluding institutional separate account premiums, gross revenues were up €1,072 million or +16% compared to Full Year 2001 on a constant exchange rate basis.

Investment margin decreased by €-147 million in 2002 as compared to 2001,or a decrease of €-117 million on a constant exchange rate basis

The decrease was mainly due to an increase in realized capital losses by €-133 million, as gains on sales of real estate (up €81 million) are more than offset by higher losses on telecommunications, airlines and energy sector bonds**.** Interest and bonus credited decreased by €-18 million as the impact of lower credited rates in Life and annuity business was substantially offset by higher General Account balances and higher amounts credited on Wind-up annuities, primarily due to capital gains on real estate.

Fees & revenues decreased by €-125 million in 2002 as compared to 2001, or a decrease of €-74 million on a constant exchange rate basis, mainly due to lower fees earned on separate account business (€-89 million) and lower Loadings on Premiums and Account Balances (€-19 million) resulting from lower life sales, partially offset by higher fees on third party brokerage insurance products (€+34million) following higher sales. The decrease in fees earned on separate account business was attributable to the decline in separate account balances, due to the depreciation in the financial markets.

Net technical margin decreased by €-226 million in 2002 as compared to 2001, or a decrease of €-206 million on a constant exchange rate basis. The decrease was mainly attributable to (i) the increase in reserves in 2002 for mortality and income benefit risks on annuity products with Guaranteed Minimum Death Benefits ("GMDB") and Guaranteed Minimum Income Benefits ("GMIB") features of €159 million due to the decline in the financial markets in 2002, (ii) higher GMDB claims, (iii) higher claims experience in reinsurance assumed product lines and (iv) an increased accrual for litigation partially offset by the absence of claims associated with the September 2001 terrorist attacks and an increase in surrender charges.

Expenses decreased by €-248 million in 2002 as compared to 2001, or a decrease of €-173 million on a constant exchange rate basis. The decrease in expenses was principally due to (i) overall net cost reductions of €175 million, in particular lower salary expense and consulting fees, and (ii) absence of a €118 million charge for severance costs related to staff reductions incurred in 2001. These decreases in expenses were partially offset by increased amortization of IT expenses net of capitalization of €81 million and higher qualified pension plan expenses of €39 million, including the impact of reducing the expected long-range return on assets from 10.25% as of January 2001 to 9.0% as of January 1, 2002.

The **cost income ratio was 101% versus 91%** in 2001 as the reduction in expenses was more than offset by the decline in margins primarily due to the increase of reserves for GMDB/GMIB risks. However, excluding these reserves, the 2002 ratio would decline to 93% reflecting the lower revenues substantially offset by the reduction in expenses. The underlying cost income ratio (which excludes capital gains and losses and the impact of the terrorist attacks in 2001) was 86% versus 84% in 2001.

Income tax expense decreased by €-253 million in 2002 as compared to 2001, or a decrease of €-255 million on a constant exchange rate basis. The decrease is due to a €161 million benefit resulting from the favorable treatment of certain tax matters related to Separate Account investment activity arising during the 1997-2001 tax years and a settlement with the IRS with respect to such tax matters for the 1992-1996 tax years as well as the impact of lower pre-tax income.

Adjusted earnings increased by €2 million in 2002 as compared to 2001, or an increase of €31 million on a constant exchange rate basis. The increase is primarily due the impact of cost reductions and lower tax expense partially offset by lower investment margin, fees and revenues and technical margin.

Excluding net capital gains and losses, net of DAC and tax and claims associated with the terrorist attacks in 2001, **underlying earnings** increased by €63 million compared to 2001, or €+101 million on a constant exchange rate basis.

LIFE & SAVINGS OPERATIONS - UNITED KINGDOM

Life & Savings Operations - United Kingdom

(in euro millions)	FY 2002	FY 2001	FY 2000 [(a)]
Gross revenues	*8,362*	*9,086*	*7,939*
Investment margin [(b)]	279	289	359
Fees & revenues [(b)]	335	378	360
Net technical margin [(b)]	48	30	9
Expenses (net of DAC/VBI) [(b)]	(465)	(520)	(445)
Health operating income	80	43	47
Operating Income	**277**	**220**	**330**
Income tax expense	71	(56)	(100)
Equity in income (loss) of unconsolidated entities	0	2	11
Minority interests	(0)	(0)	(62)
AJUSTED EARNINGS	**348**	**167**	**179**
Average exchange rate : £ 1.00 = €	*1.59*	*1.61*	*1.64*

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.

(b) Excluding health business.

Gross revenues (17% of total Life & Savings): Total revenues fell by 6.5% to €8,362 million. Excluding Health (14% of total UK life & savings revenues), revenues have reduced by 9% to €7228 million or 8% on a constant exchange rate basis, with new business on an Annual Premium Equivalent (APE)[1] basis down 6% on a constant exchange rate basis.

– ***Investment & Savings*** (78% of total UK Life & Savings revenues): Premium revenues are 8% lower than last year on a constant exchange rate basis, with new business APE[1] down 6%. Stock markets suffered increased volatility and sharp falls during the second half of 2002, depressing consumer confidence in equity backed products and resulting in reduced sales of traditional investment products. Additionally, consistent with its long held strategy of prudent financial management of its financial strength, AXA withdrew from the "With-Profit" bond market in July. Group pensions business increased by 18%, benefiting from AXA's strategy of focusing on key distributors in the intermediary market. This has offset a decline in sales of less profitable Individual Pensions from the exceptional level reached in 2001 when sales were driven by changes to tax legislation.

– ***Life*** (8% of total UK life & savings revenues): Total Life premiums are down 7% predominantly due to our exit from the mortgage endowment market.

– ***Health*** revenues (14% of total UK life & savings revenues): Revenues increased by 1% with a 4% increase in Individual premiums being partly offset by a 2% reduction in group premiums due to reduced volumes following strategic pricing increases.

[1] Excluding a non-recurrent bulk transfer in the first half 2001

Life & savings operating income:

Investment margin decreased by €-10 million in 2002 as compared to 2001, or €-8 million on a constant exchange rate basis. In line with other UK companies, "With-Profit" bonus rates have been cut to reflect poor stock market performance in recent years. This reduced profit by €-60 million in 2002, as the profit recorded from UK participating funds represents 10% of the bonuses declared in the period. However this is offset by:

- €+22 million of additional income arising in 2002 from the finalization on 1 January 2002 of the transfer of Inherited Estate assets under the financial reorganization, following the repeat proposal to policyholders in 2001.

- €+30 million increase in investment income on shareholder assets following the capital restructuring of the AXA Sun Life funds.

Fees and revenues decreased by €-43 million in 2002 as compared to 2001, or €-39 million on a constant exchange rate basis, mainly attributable to unit-linked business:

- €-20 million decrease in fees earned on account balances due to the decline in the stock market during the second half of 2001 and throughout 2002, offset by increased business in-force.

- €-34 million decrease in loadings on premiums on Life and Investment & Savings products attributable to (i) a decrease in unit-linked new business fuelled by a lack of consumer confidence in the stock market, and (ii) changes to pension product design following the introduction in 2001 of Stakeholder Pensions.

- €+15 million increase in fees generated by business transferred to the non-participating funds of AXA Sun Life following the financial reorganization on 1 April 2001.

Net technical margin has increased by €+18 million in 2002 as compared to 2001 or €+19 million on a constant exchange rate basis. Following the completion of the Pensions Mis-selling review, compensation payments to policyholders have been finalized with total payments less than estimates provided in prior years.

Expenses, net of policyholder allocation[2] decreased by €-54 million in 2002 as compared to 2001, or €-49 million on a constant exchange rate basis. Expenses decreased by €-67m due to a reduction in costs: (i) €26 million savings on general expenses, and (ii) a reduction in the level of investment on strategic initiatives to reengineer systems and processes to face the new competitive environment (€48 million in 2002 as compared to €89 million incurred in 2001. The reduction in expenses was offset by increased amortization of DAC and Value of Business In-force as a result of changes in the long-term assumptions on the level of stock markets.

The **cost income ratio** improved 2 points from 74% in 2001 to 72% in 2002 as a result of expense savings offset by lower fees and revenues on unit-linked business. Excluding capital gains and losses, the underlying cost income ratio is stable at 72%.

The **Health operating income reported by AXA PPP healthcare** increased by €37 million in 2002 as compared to 2001, or €38 million on a constant exchange rate basis. This improvement is explained by an increase in the underwriting result of €+53 million reflecting positive prior year claim reserve development, improved claims frequency, and the absence of an industry levy to fund UK insurance company insolvencies, and strong expense control (€+12 million). However, the favorable results were partly offset by an unfavorable change in investment result of €-27 million attributable to a reduction in realized gains net of valuation allowances on equities.

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

Income tax expense decreased by €128 million in 2002 as compared to 2001 on a current and constant exchange rate basis. The distribution tax that was previously recorded on the inherited estate attributed to AXA was released with a positive impact of €111 million as, in accordance with the scheme governing the financial reorganization, the inherited estate will not be distributed in the foreseeable future. Income tax also decreased in the year as more profit emerged in funds where effective tax rates are lower.

Adjusted earnings increased by €+181 million in 2002 as compared to 2001, or €+186 million on a constant exchange rate basis. The finalization of the transfer of Inherited Estate assets and the income tax release mentioned above increased adjusted earnings by €+133 million. A further non-recurring impact of €+19 million increased the technical margin. Excluding these impacts, the growth in the Health Margin of €38 million before of tax and a €+49 million expense reduction in the Life companies has more than offset the reduction in fees and revenues resulting from the poor stock market performance and reductions in With Profit bonus rates.

Excluding net capital gains and losses, net of DAC and tax, **underlying earnings** increased by €187 million compared to 2001, or €192 million on constant exchange rate.

LIFE & SAVINGS OPERATIONS - JAPAN

Life & Savings Operations - Japan

(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(a)]**
Gross written premiums	*6,428*	*5,475*	*3,353*
Investment margin	(71)	(368)	5
Fees & revenues	927	992	492
Net technical margin	(43)	148	81
Expenses (net of DAC/VBI)	(759)	(864)	(464)
Operating Income	**54**	**(93)**	**114**
Income tax expense	(100)	(9)	(58)
Minority interests	2	4	(4)
ADJUSTED EARNINGS	**(45)**	**(99)**	**52**
Average exchange rate : 1.00 € = Yen	*115.07*	*104.93*	*98.42*

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.

Since 2001, AXA Japan has refined the presentation of its hedging transactions. In order to fairly reflect the evolution of Japanese operations, the following commentaries are based on a comparable presentation of hedging transaction impacts for 2001 and 2002.

Gross written premiums amounted to €6,428 million, showing an increase of 29% on constant exchange rate, driven by sustained efforts to increase the sales of higher margin individual Health and Life products. Gross written premiums also benefited from the strong growth in Group pension business.

- ***Investment & Savings***: Premiums increased by 93%, due to strong growth in the Group Pension business (+153%) as AXA increased its participation in several large contracts. Individual premiums decreased by 4%, reflecting the focus of the distribution channels on the more profitable products, most notably Health.

- ***Life***: Premiums were down by 3%, impacted by the decrease of Life unit-linked (€-58 million, or -50%) due to a shift in premium mode from single premium to regular premium product. Traditional Life products slightly increased (€21 million) by 1.0%, driven by a 12% growth in whole Life, offset by a 9% decrease in endowment as there was a shift in focus towards more profitable traditional products.
- ***Health***: Premiums increased by 7% as the sales forces focused on sales of medical whole Life products (+35%), which presently offer higher margins.

Investment margin increased by €+290 million on constant exchange rate (€+297 million on current exchange rate) to €-71 million. The further fall of capital markets in 2002 led to an additional €-68 million valuation allowance on impaired equities (€-62 million on current exchange rate), to be compared to a €-478 million valuation allowance in 2001.

Excluding equity valuation allowances, the investment result reduced by €-120 million on a constant exchange rate basis as compared to prior year reflecting both the implementation of a hedging strategy designed to protect the equity portfolio against market deterioration (€-90 million cost) and the impact of the restructuring of investment portfolio made in 2001. Through that restructuring, AXA Japan realized capital gains in 2001 and increased its holding in low-risk bonds, which triggered a lower income over 2002. As a result, the yield on invested assets decreased from 3.0% in 2001 to 2.3% in 2002. Early 2003 (over the last quarter 2002), in order to protect the bond portfolio yield against a further decline of Japanese interest rates, and to boost its investment performance, AXA Japan increased the weight of foreign corporate bonds within its portfolio.

Fees and revenues increased by €+25 million on constant exchange rate (a decrease by €-65 million on current exchange rate) to €927 million. This increase primarily came from the sales of high profitable products, in particular in the Health business.

Net technical margin amounted to €-43 million, a decrease of €-195 million on constant exchange rate (€-191 million on current exchange rate). In 2001, the surrender margin benefited from profits arising from high surrenders of unprofitable investment contracts, following the bankruptcy of two Japanese life insurance companies. In 2002, AXA Japan registered losses resulting from anticipated conversions of customers from its medical term product in 2003. Significant competition in this sector has resulted in the company offering new products with reduced premiums to certain customers. The mortality margin, net of bonus, slightly increased with improved morbidity on Health products.

Expenses gross of DAC and VBI amortization increased by €-30 million on constant exchange rate or +3.3% (a decrease by €+52 million on current exchange rate) to €-845 million. This increase was primarily due to higher commissions (€-36 million) resulting from the combination of higher new business, change in product mix and revision of commission scales. On a constant exchange rate basis, non-commission expenses slightly decreased by €+6 million to €-437 million. **Expenses, net of DAC and VBI amortization** reduced by €+32 million on constant exchange rate or -3.7% (€-106 million on current exchange rate) to €-759 million in 2002, reflecting lower VBI amortization primarily due to the change in expected gross profits on the medical term business.

Tax increased by €-101 million on constant exchange rate (€-91 million on current exchange rate) to €-100 million, mainly from the large increase in operating income before tax and the strengthening of the valuation allowance on tax assets by €-40 million.

Cost income ratio was 104%, a decrease of 12 points versus last year, due to the higher investment margin in 2002, partially compensated by the lower technical margin. Excluding net capital gains and losses, the underlying cost income ratio increased from 80% to 104% in 2002, as a result of the lower investment income and technical margin.

Adjusted earnings for the year ended September 30, 2002 amounted to €-45 million, an increase of €+49 million on constant exchange rate, which resulted primarily from lower equity valuation allowances, mitigated by the costs of the hedging strategy. Excluding net capital gains and losses, earnings were down by €-140 million to €-45 million mainly as a result of lower surrender margin and reduced investment income.

LIFE & SAVINGS OPERATIONS - GERMANY

Life & Savings Operations - Germany

(in euro millions)	FY 2002	FY 2001	FY 2000 [a]
Gross written premiums	*3,141*	*2,998*	*2,913*
Investment margin [b]	36	7	30
Fees & revenues [b]	27	30	21
Net technical margin [b]	10	7	9
Expenses (net of DAC/VBI) [b]	(35)	(39)	(30)
Health operating income	23	19	26
Operating Income	**61**	**24**	**57**
Income tax expense / benefit	(62)	(0)	(5)
Minority interests	0	(2)	(6)
ADJUSTED EARNINGS	**(0)**	**21**	**46**

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.
(b) Excluding health business.

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

- ***Investment & Savings*** (17% of total gross written premiums): Revenues increased by 9%, mainly driven by non unit-linked premiums up 8% (97% of total Investment & Savings premiums). This increase was supported by a strong growth in single premiums (+14%). German Pension Reform products only accounted for a small portion of the non unit-linked regular business. The supposed impact of “Pension Reform Business” lagged behind market-wide expectations. Portfolio in unit-linked continued to build up strongly, but still represents a small proportion of Investment & Savings premiums (3% versus 2% in the prior year).
- ***Life*** (54% of total gross written premiums): Revenues were slightly up (+0.4%), entirely driven by the continuing shift in product mix towards unit-linked Life premiums (10% of Life revenues compared to 8% last year), which grew by 24%.
- ***Health*** (22% of total gross written premiums): Gross written premiums increased by 13% due to continuous premium adjustments, strong new business (+24%) as well as higher customer loyalty, thus largely outperforming the estimated market growth of 5%.
- ***Other gross written premiums*** (7% of total gross written premiums - mainly Consortium and Medical councils business) grew by 7% mainly due to higher premiums in Medical Councils business.

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

Despite reduced investment result, as a result of weak equity markets (leading to a shift from capital gains of €178 M in 2001 to capital losses of €-48 million in 2002), **investment margin** (€+29 million as compared to last year) was supported by a strong reduction in policyholder crediting rates (by 1.85 point to 4.70% for the major German life company AXA Leben) in line with general market trends.

Fees and revenues decreased by €-3 million to €27 million mainly due to lower new business growth in unit-linked business in 2002.

Net technical margin increased by €+3 million to €10 million largely caused by an improved claims development in disability risk compared to the poor experience in 2001.

The decrease in **expenses** of €+4million was primarily due to lower non-commission expenses as a result of a successful realization of cost cutting measures in 2002.

As a result of the improved investment margin and reduced expenses, the **cost income ratio** decreased from 86.9% in 2001 to 85.1% in 2002. Excluding capital gains and losses attributable to shareholders, the **underlying cost income ratio (gross of DAC and VBI)** decreased even further from 89.5% in 2001 to 71.2% in 2002 mainly due to the above mentioned shift from capital gains in 2001 to capital losses in 2002.

The **health operating income** increased by €+4 million to €23 million as compared to 2001. This positive development was primarily due to the improvement of the expenses and the technical margin which overcompensated the decreasing investment result.

The **income tax expenses** increased by €-62 million mainly due to (i) a €-20 million tax provision for potential tax claims from 2001 and (ii) a higher trade tax of €-27 million on dividends received from diversified participations following a new regulation introduced as of 1/1/2002. In addition, 2001 benefited from the release of deferred tax liabilities on equity securities as a result of the 2001 German tax reform (€-10 million).

Mainly driven by the high income tax expenses partly offset by a higher investment margin, **adjusted earnings** dropped by €21 million to zero in 2002. **Underlying earnings** also declined by €-14 million to €6 million.

LIFE & SAVINGS OPERATIONS - BELGIUM

Life & Savings Operations - Belgium

(in euro millions)	FY 2002	FY 2001	FY 2000 [(a)]
Gross written premiums	*1,629*	*1,686*	*1,099*
Investment margin	61	165	210
Fees & revenues	128	133	116
Net technical margin	38	39	36
Expenses (net of DAC/VBI)	(195)	(186)	(162)
Operating Income	**32**	**151**	**200**
Income tax expense	(24)	(85)	(28)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	**8**	**65**	**172**

(a) Pro forma New French GAAP as if New French GAAP had been in force since january 1, 2000.

Gross written premiums went down by -3% from a record period a year ago (+53%).

- ***Investment & savings*** (83% of Life and Savings gross written premiums). Premiums decreased by -4% to €1,353 million. A +6% increase in Group Life, due to a good level of new business, was more than offset by a -7% premium decrease in Individual Life. The decline in individual premiums was due to a -38% decrease in unit-linked contracts caused by difficult market conditions. The decline in unit-linked premiums was partly offset by higher sales in non unit-linked products, in particular of Opti-Deposit policies (15% of non unit-linked individual premiums), a product with minimum guaranteed return launched in November 2001. The premiums from the major product Crest (mostly single premiums) decreased by -16%, compared to a record level of premiums in 2001. This was driven by lower guaranteed rates conditions. However these premiums still represented 67% of non unit-linked individual premiums.

- ***Life*** (17% of Life and Savings gross written premiums). Premiums decreased by -2% to €276 million, in a mature market.

The **investment margin** decreased by €-104 million to €61 million, partly due to valuation allowance recorded in respect of impairments on equity securities for €112 million as compared to €91 million in 2001. Excluding these allowances, the investment margin would decrease by €-83 million to €173 million driven by:

- Lower net result on equity securities capital gains (€-26 million),
- Lower other net capital gains (€-26 million), most of which on bonds, following 2001 bonds portfolio restructuring,
- Higher net investment income (€+22 million) in relation to a higher level of technical reserves (+13%),
- Higher interests credited (€-53 million) due to higher reserves. However, the average policyholder crediting rate served in 2002 decreased by 10 basis points to 4.70%.

Fees & revenues decreased by €-5 million to €128 million, on the back of lower unit-linked sales.

The **net technical margin** was almost stable down to €38 million.

Expenses increased by €9 million, mainly driven by lower net DAC, and by a higher VBI amortization charge due to lower investment return expectations. Overhead costs and commissions decreased by €7 million. However, the cost income ratio increased by 26 points up to 84% mostly driven by lower net capital gains. Excluding capital gains and losses and allowance, the underlying cost income ratio increased from 67% in 2001 to 74% in 2002 mainly as a consequence of the decrease of the spread between investment income and interest credited.

Income tax expenses decreased by €61 million, as a result of a lower taxable income, driven by lower capital gains on bonds, and the fact that valuation allowances on equity are not tax deductible. The tax result was also impacted by discrepancies in the tax allocation between the Life and P&C segments[7].

Adjusted earnings decreased by €57 million to €8 million mainly as a result of lower capital gains and the lower tax charge.

Underlying earnings increased by €8 million to €55 million mostly driven by the lower tax charge. Before tax impacts underlying earnings are mainly negatively impacted by the decrease of the spread between investment income and interest credited.

[7] *AXA Belgium is a composite Life and P&C company. Until 2001, the tax charge was allocated according to the adjusted earnings. As valuation allowances and capital gains on equity investments are tax free, it was decided in 2002 to allocate the tax charge according to the underlying earnings distribution.*

LIFE & SAVINGS OPERATIONS - OTHER COUNTRIES

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

Consolidated gross revenues			
(in euro millions)	**FY 2002**	**FY 2001 [(a)]**	**FY 2000**
Australia / New Zealand	2,029	2,590	2,399
Hong Kong	936	1,353	837
The Netherlands	918	912	924
Italy	552	358	390
Spain	845	525	420
Other countries	620	782	712
TOTAL	**5,900**	**6,520**	**5,682**
Intercompany transactions	(23)	(3)	(0)
Contribution to consolidated gross revenues	**5,877**	**6,517**	**5,682**

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

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001[(c)]**	**FY 2000 [(b)]**
Australia / New Zealand [(a)]	59	29	1
Hong Kong	33	37	44
The Netherlands	(6)	70	57
Italy	2	36	45
Spain	30	22	14
Other countries	(14)	14	26
ADJUSTED EARNINGS	**104**	**208**	**186**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(29)	(21)	(17)
NET INCOME	**75**	**187**	**169**

(a) For the first time, includes the Australia and New Zealand mutual funds and financial advisory businesses. Previously these results were shown under NMFM in the Asset Management Segment. The prior year has not been restated for this change, as it is not material to the consolidated results.

(b) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

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

Australia and New Zealand

The AXA Asia Pacific Holdings Group (AXA APH) changed their financial reporting year-end from 30 September to 31 December during 2001. The following commentary analyses operational results for the 12 months ended 31 December 2002 compared with the same period in 2001.

Total consolidated gross revenues for the Life & Savings and Health businesses were €2,018 million for the 12 months to December 2002. This reflects an increase of 2% on a comparable basis relative to the 12 months to December 2001. Despite the difficult investment environment throughout 2002, mutual fund sales, net of redemptions, of €478 million were 5% higher than 2001 following the acquisition of Sterling Grace and ipac.

Total **adjusted earnings**[8] for the Life & Savings and Health businesses are €58 million (group share) compared to €29 million (group share) for the 15 months to December 2001. Restating 2001 to be on a comparable calendar basis and for the inclusion of NMFM into the Life and Savings segment, total Life & Savings and Health 2001 adjusted earnings were €45 million (group share).

- Total **adjusted earnings** for the **Life and Savings** business increased by €44 million over the twelve months to December 2002 on a constant exchange rate basis, principally driven by improved claims experience for income protection business and reduced expenses following local management's continuing transformation program. (*Figures below reflect an analysis of result evolution at 100% on a constant exchange rate basis)*
  - The **investment margin** decreased by €60 million to €21 million[9] due to lower investment returns driven by the adverse investment climate this year and the inclusion in last year's result of the €43 million profit from the sale of NMFM's property management business.
  - The **technical margin** increased by €102 million to a profit of €15 million. The prior year margin included the €72 million strengthening of income protection reserves following poor claims experience. The favorable underwriting result in 2002 reflects improved claims management procedures and changes to product design.
  - **Fees and revenues** improved by €42 million to €420 million reflecting the expansion of financial advisory businesses, in particular with the acquisition of Sterling Grace in November 2001 (contributing fees of €33 million) and ipac Securities in August 2002 (with fees of €12 million).
  - **Expenses** (gross DAC and VBI) decreased by €55 million to €369 million primarily due to reductions in administration expenses, from the outsourcing of selected service transactions, redesign of customer service processes to increase efficiencies and renegotiation of contracts with suppliers. Staff headcount (excluding Sterling Grace, ipac and AXA Health) has decreased by 5%.
  - The combined effect of the above analysis, most notably the improved technical margin and expense levels, explained the significant reduction in the **cost income ratio** from 114% to 81%. For the same reasons, the underlying cost income ratio excluding net realized capital gains and losses decreased from 147% to 78%.
  - The **tax benefit** decreased to €17 million mainly due to improved profitability before tax and the booking in 2001 of a €13 million non-recurring tax benefit associated with the liquidation of a subsidiary.
- **Underlying earnings** for the **Life and Savings business** are €54 million (group share) compared to a loss of €22 million (group share) last year reflecting the operational improvements mentioned above.
- **Health adjusted earnings** decreased by €30 million (on a constant exchange rate basis) to €9 million. The activities of AXA Health, which was sold in 2002, contributed only eight months result to the AXA Group result (the realized capital gain on sale being recorded in AXA Asia Pacific Holdings). Additionally, in 2001, the adjusted earnings benefited from the claims free period that existed under the incentives provided by the Government to encourage new members, reflecting the deterioration in the combined ratio from 86% in 2001 to 91% at the time of sale.

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[8] The AXA Asia Pacific Group is 51.66% owned by AXA

[9] Includes losses of equity-accounted entities €-13 million held by policyholder funds.

Hong Kong

Total **gross written premiums** of €936 million were 10% lower than for the 12 months to December 2001, as prior year revenues included internal conversions from the pre-existing retirement product offering to the Mandatory Provident fund. Excluding these conversions, total gross written premiums were 1% lower than last year on a constant exchange rate basis. This trend reflected lower renewal premiums on a smaller inforce base following agent poaching in the Hong Kong market during 2001, partially offset by the growth in individual life sales following new product developments.

Adjusted earnings[10] were €33 million compared €37 million for the 15 months to December 2001. Restating 2001 to be on a comparable calendar basis, adjusted earnings were €17 million.

The 2002 adjusted earnings were adversely impacted by an increase in equity securities impairment (€52 million in 2002 versus €24 million in 2001) and lower interest income reflecting the drop in interest rates. However, these items were more than offset by: (i) lower crediting rates to policyholders, as the policyholders dividends were cut effective 2002 in line with market trends, (ii) lower DAC/VBI amortization (€19 million and €2 million respectively on a constant exchange rate basis) induced by lower investment yields, and (iii) operational improvements - favorable mortality and improved persistency experience following the abatement of agent poaching (with the discontinuance rate reducing from 13.5% last year to 9.9% in 2002). In addition, expenses gross of DAC/VBI improved reflecting the successful implementation of process improvement initiatives and a decline in administrative headcount by 10%.

Excluding net capital losses, **underlying earnings** increased by €24 million (on a constant exchange rate basis) to €95 million (group share) for the 12 months to December 2002, reflecting mainly the operational improvements previously mentioned.

The cost income ratio remained stable at 87%**;** excluding net realized capital losses, the underlying cost income ratio improved 7 points to 52% driven by the above-mentioned favorable technical margin and expense experience.

The Netherlands

Gross revenues decreased by 0.1% to €917.7 million in 2002 as compared to 2001 (on a comparable basis). Life insurance (63.0% of total gross revenues) decreased by 6.1% to €578.4 million, which is in line with general market developments in the Netherlands. The decrease of unit-linked products and Life non unit-linked could not be offset by an increase in non unit-linked Investment & Savings products. This change in product mix towards certain products that have guaranteed rates is in line with the market trends. Gross revenues on health business increased by 12%, which was mainly due to premium rate increases.

In *Life insurance*, **adjusted earnings** were lower by €73 million presenting a loss of €-3 million. This was mainly driven by a €76 million lower investment margin, due to lower net investment income (€-8 million) and lower realized capital gains (€-48 million), as well as a €17 million valuation allowance for impairment on equity securities. Fees & revenues were lower by €13 million mainly due to a decrease of loadings on unit linked business. The net technical margin decreased by €-29 million primarily driven by non-recurring profits in 2001 (€31 million, including an exceptional release of reserves, following a full review of reserves). Expenses decreased by €1 million, mostly attributable to a lower value of business inforce amortization charge (€14 million positive impact), partly offset by a €9 million valuation allowance for doubtful receivables, pension expenses (€3 million) and increased IT expenses for new projects (€1 million). Income tax expense decreased by €46 million as a result of the lower operating result. The cost income ratio has increased from 42% to 97%. This is mainly due to the above mentioned substantial decrease in investment margin. Excluding realized capital losses, the cost income ratio would amount to 86%.

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[10] *AXA China Region is part of the AXA Asia Pacific Group and is 51.66% owned by AXA and all related figures are provided at group share.*

In the *Health* business, **adjusted earnings** decreased by €3 million to a loss of €-3 million. This was mainly due to a strong rise in health care costs as a result of the Dutch Government initiatives in order to improve the Health care system.

Italy

AXA posted a significant growth in **revenues**, with gross written premiums up by 54.1% from last year to €552 million due to sales of guaranteed index-linked products (55% of total premiums), reflecting the benefits of a bank-insurance agreement signed in 2001 and the growing success of the agent network.

Adjusted earnings amounted to €2 million, decreasing by €34 million from last year mainly as a result of (i) a reduction of the net technical margin (€-11 million) primarily related to the strengthening of insurance reserves on an old-generation guaranteed index-linked product, (ii) an increase in non-commission expenses (€-9 million) notably attributable to the set-up of provisions with the public reinsurance body CONSAP and other one-offs, and (iii) a €-9 million lower tax benefit from the legal restructuring of AXA subsidiaries in Italy (€11 million vs. €20 million in 2001).

Underlying earnings reached €11 million, down by €32 million from last year due to the deterioration of technical margin, non-recurring expenses and the decrease in tax gain mentioned above.

The **cost income ratio** increased by 68 points to 115% due to non-recurring expenses, lower technical margin, and valuation allowances on impaired equities and South-American bonds. Excluding realized capital gains and allowances, the underlying cost income ratio increased by 45 points to 85%.

Spain

Gross written premiums increased by €320 million to €845 million, or +61.0% as compared to 2001, primarily due to large group single premium contracts relative to pension funds outsourcing, as well as the good performance of the agent network.

Adjusted earnings increase by €8 million as compared to 2001 to €30 million, mainly as a result of investment margin growth (€7 million post-tax) which reflected both (i) higher net realized capital gains (€+12 million post-tax) following the sale of several real-estate properties partly offset by the valuation allowances on equity securities, and (ii) the fact that 2001 investment margin included the release of deferred policyholders bonus following an asset/liability matching review (€7 million post-tax). Excluding net capital gains, **underlying earnings** decreased by €4 million to €13 million, 2001 earnings included the release of deferred policyholders bonus mentioned above.

The cost income ratio improved by 14 points to 61% driven by the higher realized capital gains. Excluding net capital gains, the underlying cost income ratio deteriorated by 2.8 points to 87% as compared to the same period last year due to the decrease in investment margin.

Other countries

The other countries' adjusted earnings of €-14 million were mainly attributable to the following countries:

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
Portugal	0	9	7
Luxembourg	1	1	2
Austria	2	1	2
Switzerland	(21)	1	3
Hungary	1	1	1
Morocco	1	1	2
Canada	4	4	4
Turkey	0	(0)	1
Singapore	(3)	(2)	2
China	0	(2)	(2)
South Korea	0	0	4
ADJUSTED EARNINGS	**(14)**	**14**	**26**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(1)	(1)	(1)
NET INCOME	**(14)**	**14**	**25**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Portugal

Gross written premiums declined by 4% to €129 million on a comparable basis driven by the poor development of unit linked products in a very difficult financial market environment as well as the termination of the BBVA bank-insurance agreement.

Adjusted earnings deteriorated by €9 million mainly as a result of higher valuation allowances on impaired equities (€6 million post-tax). Despite cost cutting (€-1 million post-tax), **underlying earnings** reduced by €1 million to €9 million, driven by the decrease in technical margin, due to lower penalties on surrenders linked to a different mix of products.

Singapore

Adjusted earnings[11] was a loss €-3 million group share, compared to €-2 million group share for the restated 12 months to December 31 2001. The current period result included valuation allowances on impaired securities of €-2 million (net of tax and policyholder rights).

Switzerland

Gross revenues increased by +22.5% up to €81 million, mainly as a result of a better product positioning, of difficulties met by competitors and of a closer relation with the tied agents network.

Adjusted earnings decreased by €-22 million to €-21 million in 2002, mainly due to a higher allowance for equity impairment (€-16 million), lower capital gains (€-3 million) and lower DAC capitalization (€-8 million), despite an increase in net technical margin (€+6 million) mainly attributable to a better mortality and savings margin.

Underlying earnings decreased by €-3 million to €-2 million mainly due to lower DAC capitalization (€-8 million), partly offset by an increase in technical margin.

[11] *AXA Life Singapore is part of the AXA Asia Pacific Group and is 51.66% owned by AXA. All related figures are provided at group share.*

Property & Casualty Segment

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

Property & Casualty Segment [a]				
(in euro millions)	**FY 2002**	**FY [c] 2001(Proforma)**	**FY 2001 (Published)**	**FY 2000 [b]**
Gross written premiums	15,969	15,893	15,925	15,605
Fees, commissions and other revenues	12	23	2	0
Gross revenues	**15,981**	**15,916**	**15,928**	**15,605**
Change in unearned premium reserves	(307)	(150)	(115)	(207)
Net investment result	1,230	1,868	1,916	2,241
Total revenues	**16,904**	**17,633**	**17,729**	**17,639**
Insurance benefits and claims	(12,038)	(12,881)	(13,007)	(13,122)
Reinsurance ceded, net	(229)	(99)	(112)	92
Insurance acquisition expenses	(2,754)	(2,862)	(2,868)	(2,683)
Administrative expenses	(1,658)	(1,823)	(1,803)	(1,905)
Operating Income	**224**	**(32)**	**(60)**	**21**
Income tax expense / benefit	(153)	253	262	138
Equity in income (loss) of unconsolidated entities	19	5	5	1
Minority interests	3	(25)	(25)	78
ADJUSTED EARNINGS	**93**	**202**	**182**	**237**
Impact of exceptional operations	-	-	-	-
Goodwill amortization (group share)	(111)	(130)	(130)	(102)
NET INCOME	**(19)**	**71**	**52**	**135**

(a) Before intercompany transactions.
(b) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.
(c) Discontinued business has been transfered to International Insurance segment.

The Property and Casualty contribution to 2002 group net income amounted to €-19 million, down by €-71 million, as compared to published 2001 net income. Restated for the UK Discontinued business now transferred to the International Insurance segment, the decrease was €-90 million, and mainly derived from lower adjusted earnings by €-109 million.

In all major countries, earnings benefited from a better operational performance, with improved combined ratios, but were also negatively impacted by the lower level of net realized gains following the decline in global markets.

Consolidated Gross Revenues [(a)]

(in euro millions)	FY 2002	FY [(b)] 2001 (Proforma)	FY 2001 (Published)	FY 2000
France	4,383	4,171	4,171	4,001
Germany	2,867	3,165	3,165	3,102
United Kingdom	2,749	2,468	2,480	2,686
Belgium	1,401	1,331	1,331	1,301
Others countries	4,581	4,781	4,781	4,515
TOTAL	**15,981**	**15,916**	**15,928**	**15,605**
Intercompany transactions	(33)	(35)	(31)	(27)
Contribution to consolidated gross revenues	**15,948**	**15,880**	**15,896**	**15,579**

(a) Gross written premiums, plus fees, commissions and other revenues.
(b) Discontinued business has been transfered to International Insurance segment.

Adjusted earnings & Net income

(in euro millions)	FY 2002	FY [(a)] 2001 (Proforma)	FY 2001 (Published)	FY 2000 [(b)]
France	237	266	266	222
Germany	(28)	85	85	44
United Kingdom	(196)	(113)	(133)	(150)
Belgium	(29)	(5)	(5)	200
Others countries	109	(31)	(31)	(78)
ADJUSTED EARNINGS	**93**	**202**	**182**	**237**
Impact of exceptional operations	-	-	-	-
Goodwill amortization (group share)	(111)	(130)	(130)	(102)
NET INCOME	**(19)**	**71**	**52**	**135**

(a) Discontinued business has been transfered to International Insurance segment
(b) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

PROPERTY & CASUALTY OPERATIONS - FRANCE

Property & Casualty operations - France			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(a)]**
Gross written premiums	*4,383*	*4,171*	*4,001*
Current accident year loss ratio (net)	78.7%	81.0%	81.8%
All accident year loss ratio (net)	78.8%	82.1%	82.2%
Net technical result	**913**	**744**	**711**
Expense ratio	24.1%	25.2%	25.4%
Net investment result	473	694	643
Operating Income	**349**	**390**	**338**
Income tax expense	(113)	(124)	(116)
Minority interests	(0)	(0)	(0)
ADJUSTED EARNINGS	**237**	**266**	**222**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

As a consequence of successful rate increases, associated with a strict underwriting policy, both in Personal and Commercial lines, **gross written premiums** were up by 6% on a comparable basis.

– ***Personal lines*** (54% of gross written premiums): premiums grew by 5% as a consequence of higher rates and sale of additional guarantees both in Motor and non-Motor.

– ***Commercial lines*** (46% of gross written premiums)**:** the increase in premiums was 8% as the consequence of rate increases in a context of strict portfolio selection. Premiums grew by 12% in commercial property and 9% in Commercial Motor.

The **net technical result** improved by €169 million or +23% of which €27 million is attributable to the increase in gross earned premiums, €103 million to the improvement in net current year loss ratio (including a €22 million improvement in claims handling expenses) and €39 million to a more favorable loss reserve development.

The *net current accident year loss ratio* improved by 2.3 points to 78.7% in 2002 as compared to 81.0% in 2001.

- Net current accident year loss ratio improved by 5.6% for **Commercial Lines**. This improvement is mainly attributable to rates increases and to a decrease in claims management expenses. This positive impact was partly offset by a higher cost of reinsurance ceded resulting from higher premiums ceded, notably on property treaties. Improvement in loss ratio was particularly significant in the commercial motor and construction lines.

- Net current accident year loss ratio stabilized (-0.1%) for **Personal lines.** Deteriorations occurred in the natural disasters branch, primarily due to September 2002 flooding in the South of France, and personal property branches, due to increased theft frequency. These adverse trends were largely offset by the improvement in ratio for the personal motor line, attributable to lower frequency of bodily injury claims.

Loss reserve development totaled €-6 million in 2002 as compared to €-45 million in 2001. In 2001, the French Property & Casualty segment experienced a €-45 million unfavorable loss reserve development in respect of certain contracts on Liability business, which are now in runoff. In 2002, an adverse loss development in respect of personal property was partly offset by a favorable development in the personal motor line.

Expenses, other than claims management expenses, decreased by €10 million to €-1,037 million. Distribution expenses increased by €-16 million, attributable to the growth in earned premiums partly offset by product mix.

Other management expenses decreased by €26 million attributable to the AXA France cost cutting program primarily resulting in reduced IT, advertising and consulting expenses

The **expense ratio** improved from 25.2% in 2001 to 24.1% in 2002 mainly as a consequence of the cost cutting program and of the increase in earned premiums.

The **combined ratio** significantly improved to 102.9% as compared to 107.3% in 2001 as the result of improvements in all accident years loss ratio and in expense ratio.

Net investment result dropped by €-221 million mainly due to:

- A sharp decrease of **net investment gains** by €-198 million from €268 million in 2001 to €70 million in 2002. **Net investment gains on equities** were down to €40 million in 2002, as compared to €263 million in 2001, and included valuation allowances for impairment for €-18 million. This decrease was partly offset by an increase in **net investment gains on real estate** to €20 million, as compared to €-4 million in 2001, attributable to the maintained favorable conditions on the French real estate markets.
- A marginal decrease of **investment income** yield (-0.2% or €-22 million) mainly due to **lower dividends on equities.**

Income tax expenses were down by €12 million from €-124 million in 2001 to €-113 million in 2002 due to the decrease in pre-tax income, the tax rate remaining stable at 32%.

Adjusted earnings decreased by €-29 million to €237 million in 2002 from €266 million in 2001 due to the €-198 million decrease in net investment gains partly offset by the €169 million improvement in net technical result.

Underlying earnings strongly increased as compared to 2001 by €109 million to €188 million primarily as the result of the increase in net technical result.

PROPERTY & CASUALTY OPERATIONS - GERMANY

Property & Casualty operations - Germany

(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
Gross written premiums	*2,867*	*3,165*	*3,102*
Current accident year loss ratio (net)	86.2%	90.7%	88.8%
All accident year loss ratio (net)	77.0%	87.8%	84.8%
Net technical result	**665**	**387**	**471**
Expense ratio	30.3%	30.5%	30.2%
Net investment result	245	383	427
Operating Income	**35**	**(198)**	**(41)**
Income tax expense / benefit	(70)	287	91
Equity in income (loss) of unconsolidated entities	5	5	1
Minority interests	3	(9)	(6)
ADJUSTED EARNINGS	**(28)**	**85**	**44**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Gross written premiums (before inter-company eliminations) amounted to €2,867 million. Net of inter-company eliminations, gross written premiums decreased by -9.2% to €2,854 million resulting mainly from the transfer of contracts with large industrial companies to AXA Corporate Solutions (€155 million) and the transfer of the former Albingia French business to AXA S.A. (€88 million). Adjusted for these premium transfers, gross written premiums on a comparable basis, decreased by -1.6%.

- ***Personal*** *(61% of total gross written premiums):* premiums decreased by -3.2% on a comparable basis due to lower written premiums in motor and liability, mainly as a result of re-underwriting measures, and increasing cancellations in property.
- ***Commercial*** *(27% of total gross written premiums):* premiums increased by 1.3% on a comparable basis due to rate increases, partly offset by a restrictive underwriting and re-underwriting strategy.
- ***Other*** *(12% of total gross written premiums)*: premiums grew by 0.6% on a comparable basis due to a 23.6% growth in Fine Art insurance, which is partly offset by the decrease from the intensive re-underwriting measures at DARAG (marine).

The **Net Technical Result** showed an improvement **of €278 million to €665 million**.

Current Accident Year Loss Ratio: The improvement of the current accident loss ratio of -4.5 points was primarily due to commercial lines following the portfolio-restructuring program and the lower number of large claims (impact of -2 point). Personal lines contributed to the development of the loss ratio by +0.6 points as a result of heavy storms and floods in 2002, while a continuously positive development was experienced in motor. Further improvement in the other segments, like Assumed Business and Fine Art, led to a decrease in the net loss ratio by -3.1 points. This decrease is partially explained by the September 11 U.S. terrorist attacks (-1.7 point). The total impact of the storms and floods on the current accident year loss ratio (personal and commercial lines) amounted to 4.8 points.

All Accident Year Loss Ratio improved by 10.8 points due to (i) the improvement of the current accident year loss ratio by 4.5 points and (ii) the favorable development of the run-off result in the direct business (impact of 5.7 points) and other segments (impact 0.6 points).

Expense Ratio decreased by 0.2 points. Excluding (i) the posting of €41 million provision for early retirement in 2002 and (ii) the one-off release of restructuring provisions to an amount of €15 million in 2001, the non commission expenses decreased by €+117 million mainly as a result of the successful cost-cutting program. The cost-cutting program primarily included the reduction of personnel charges and IT costs as well as a strong decrease in professional services and marketing expenses.

As a consequence of the higher technical result, the **net combined ratio** improved by 11 points to 107.3%. Excluding the September 11 U.S. terrorist attacks in 2001, the improvement amounted to 9.3 points.

Net investment result decreased by €-138 million to €245 million as a result of (i) a lower net investment income by €-33 million mainly due to lower dividend income and lower bond yields, as well as (ii) net capital gains and losses, which decreased by €-105 million to €-55 million (capital loss in 2002). A valuation allowance on equity securities of €29 million was booked at year-end 2002.

Tax expenses increased by €-357 million. 2001 benefited from the following items:(i) use of a tax loss carry forward of €+64 million, (ii) release of deferred tax liabilities (impact of €+273 million in 2001), of which €211 million on equity securities due to tax exemption of capital gains as a result of the German tax reform. In 2002, local tax charges amounted to €60 million given a positive operating income and the high proportion of fiscally non-deductible items in the investment income.

Adjusted earnings decreased by €-112 million, mainly resulting from (i) the more favorable tax position in 2001 and (ii) the decline in the investment result. These effects were partly offset by an improved net technical result and a successful decrease in expenses. As a result of this improvement in the net technical margin, the decline of dividend income and bond yields as well as the increase in income tax expenses, **underlying earnings** decreased by €59 million from €77 million to €18 million.

PROPERTY & CASUALTY OPERATIONS - UNITED KINGDOM

Property & Casualty operations - United Kingdom				
(in euro millions)	**FY 2002**	**FY 2001 (Proforma) (a)**	**FY 2001 (Published)**	**FY 2000 (b)**
Gross revenues	*2,749*	*2,468*	*2,480*	*2,686*
Current accident year loss ratio (net)	72.5%	77.2%	77.5%	80.0%
All accident year loss ratio (net)	78.7%	79.3%	82.1%	90.9%
Net technical result	**561**	**518**	**460**	**245**
Expense ratio	36.5%	36.0%	35.2%	35.9%
Net investment result	82	155	202	384
Operating Income	**(308)**	**(216)**	**(244)**	**(334)**
Income tax expense / benefit	112	102	111	111
Minority interests	0	0	0	74
ADJUSTED EARNINGS	**(196)**	**(113)**	**(133)**	**(150)**
Average exchange rate : £ 1.00 = €	*1.59*	*1.61*	*1.61*	*1.64*

(a) Discontinued business has been transfered to International Insurance segment.

(b) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Gross revenues increased by €+281 million in 2002 or +13% on a comparable basis, following strong growth in the Commercial account and the stabilization of the Personal account.

- ***Commercial lines*** (50.2% of gross revenues) increased by +26% as AXA gained a number of large property accounts, benefiting from capacity constraints amongst some of its competitors and rate increases of up to 25%. The Liability portfolio benefited from significant rate increases (between 25% and 45%) with very limited exposure growth.
- ***Personal lines*** (46.4% of gross revenues) slightly increased by +2% due to strong growth in Creditor business partly offset by a decline in motor business as a result of improved risk selection and the effect of policy count reductions in 2001 following the high rate increases at the end of 2000.

The net technical result improved by €+43 million in 2002 as compared to 2001 or €+49 million on a comparable basis, reflecting AXA's focus on profitability and the impact of the First Choice business transformation project launched in June 2002.

- The *current accident year loss ratio net of reinsurance* improved by 4.7 points to 72.5% in 2002, despite a €32 million pre-tax charge for severe weather-related losses during 2002. This positive trend reflects:
  - A 7 points and 5 points improvement across Personal and Commercial Motor respectively due to the focus of new business and customer retention activities on more profitable business and the implementation of new pricing models for Intermediary business
  - A 5 points improvement in Commercial Property driven by strong rating increases and a change in business mix partially offset by commission rate increases;
  - The positive trends are offset by a deterioration of 8 points across Liability lines as a result of (i) the rapid rise in the cost of care (ii) increases in life expectancy; and (iii) ongoing increases in legal fees in the increasingly litigious environment. Further rating actions have been taken to address profitability on these lines of business.

  - A decrease in levies (1 point) as year 2001 included an industry levy to fund UK insurance company insolvencies.

- The *all accident year loss ratio net of reinsurance* improved by 0.7 points to 78.7%. The positive effect of the current year was partly offset by prior year negative development, principally in respect of the increasing cost of large injury losses in the Liability account. The prior year negative development follows a case-by-case review of large claim liabilities on personal injury classes during the second half-year.

The **expense ratio** increased by 0.5 point to 36.5% with a substantial improvement in underlying management expenses being offset by the investment in the First Choice strategy, a reduction in deferred acquisition costs and an increase in commissions.

- Underlying management expenses decreased by €+105 million or €+102 million on a comparable basis, driven by tight expense control and an -14% reduction in headcount across the business resulting from the efficiency improvements introduced under the First Choice strategy.

- The reduction in underlying expenses was partially offset by the investment of €-51 million (1.9 point of expense ratio), which commenced in 2002 in the First Choice business transformation program and a reduction of €-43 million in the level of deferred acquisition costs resulting from the overall reduction in expenses and the change in business mix towards Commercial business which carries higher commission rates and lower expense rates.

- The earned commission rate increased by 1.8 points to 21.3% from 2001 representing an increase of €69 million or €76 million on a comparable basis. This was primarily driven by the growth of our largely intermediated Commercial business, especially the higher commission ratio Commercial Property account offset by lower loss ratios and by the growth of the Personal Travel and Creditor classes of business, which are also offset by lower loss ratios.

The improvement in the net technical result offset by a deterioration in the expense ratio led to a stabilization of the **combined ratio** at 115.2%. Including Health activities, which are up to now presented within the Life & savings segment, the 2002 combined ratio would have amounted to 108.6%, compared to 110.2% in 2001.

Net investment result decreased by €-73 million, or €-72 million on a comparable basis, to €82 million in 2002. Investment income decreased by €-7 million, or €-5 million on a comparable basis, due to falling interest rates and a decline in the value of our equity portfolio, partly offset by higher equity yields and a switch from equities to cash and bonds. Net capital gains reduced by €-66 million or €-67 million on a comparable basis, from a loss of €-1 million in 2001 to €-68 million in 2002 due principally to a reduction of equity exposures and the decline in global stock markets. The valuation allowance on equity securities decreased by €15 million to €115 million in 2002.

The **income tax benefit** increased by €10 million, or €11 million on a comparable basis, mainly reflecting the positive tax effect of the decrease in the operating income partly offset by the one-off tax provision release of €+23 million in 2001.

Adjusted earnings decreased by €-83 million in 2002 as compared to 2001, or €-85 million on a comparable basis, reflecting the lower investment result.

Excluding net capital gains, **underlying earnings** decreased by €-36 million, or €-38 million on a comparable basis.

PROPERTY & CASUALTY OPERATIONS - BELGIUM

Property & Casualty operations - Belgium			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(a)]**
Gross written premiums	*1,401*	*1,331*	*1,301*
Current accident year loss ratio (net)	88.7%	94.5%	97.9%
All accident year loss ratio (net)	80.2%	84.6%	82.6%
Net technical result	**275**	**205**	**228**
Expense ratio	29.6%	32.0%	30.8%
Net investment result	150	216	413
Operating Income	**15**	**(4)**	**237**
Income tax expense	(44)	(1)	(37)
Minority interests	0	0	(0)
ADJUSTED EARNINGS	**(29)**	**(5)**	**200**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Gross written premiums increased by +5% to €1,401 million, with growth in both commercial and personal lines.

- **Personal lines** (62% of total gross written premiums) increased by 5%. In Motor (+7%) portfolio registered a 1% growth despite rate increases (+5% on average). In Household (+4%), rate increases offset decline in portfolio initiated during past years.
- **Commercial lines** (32% of total gross written premiums) were up by 3% due to strong growth in Property (+26%), mainly due to new business and rate increases that offset a decrease in portfolio. Liability premiums increased by 16% driven by new business. Workers' Compensation premiums decreased by 4% as a result of portfolio pruning, which more than offset rate increase impacts.
- **Health premiums** (5% of the total gross written premiums): increased by 14%, due to the launch of a medical assistance service concept as well as an important co-insurance contract.

The **net technical result** increased by €70 million to €275 million as compared to December 2001.

- The **current year loss ratio net of reinsurance** improved by 5.9 points to 88.7%. The key factor of this evolution was a decrease in claim frequency for most lines, in particular Motor and Commercial Workers' Compensation. Household deteriorated as it suffered from storms in February and October 2002.
- The **loss ratio for all accident years net of reinsurance** improved by 4.4 points to 80.2%. The improvement in current year loss ratio was partially offset by a lower prior year's reinsurance result due to a large reinsured claim in 2001.

Compared to December 2001, the **expense ratio** decreased by 2.3 points to 29.6% as a result of lower IT costs. The reengineering of the back office, that took place in prior years, also started generating savings in 2002.

As a result, the **combined ratio** (all lines, workers' compensation included) decreased by 6.8 points to 109.8%. Workers' compensation excluded, the combined ratio decreased by 5.4 points to 107.4%

Net investment results declined by €66 million to €150 million. Valuation allowance recorded in respect of impairments on equity securities increased by €9 million to €97 million. Excluding valuation allowances, the net investment result decreased by €57 million, mainly explained by a lower level of realized capital gains (€-61 million).

Income Tax Expense increased by €43 million to €44 million, mainly due to (i) a decrease of recoverable deferred tax assets, in relation to a tax reform voted at the end of year 2002, (ii) a more important taxable income due to better technical results, and (iii) change in the tax allocation between Life and P&C segments[12].

Adjusted earnings decreased by €24 million to a loss of €29 million, mainly due to lower capital gains and the higher tax charge, offsetting better technical results and lower expenses.

Underlying earnings increased by €53 million to €58 million, mainly as a result of (i) a better technical result and (ii) lower expenses, partially offset by (iii) tax allocation changes.

PROPERTY & CASUALTY OPERATIONS - OTHER COUNTRIES

Consolidated Gross revenues			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000**
Italy	1,027	1,081	1,038
Spain	1,070	1,000	897
Canada	744	693	663
Ireland	554	492	424
The Netherlands	239	245	274
Other countries	947	1,269	1,219
TOTAL	**4,581**	**4,781**	**4,515**
Intercompany transactions	(3)	(1)	(2)
Contribution to consolidated gross revenues	**4,577**	**4,780**	**4,513**

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
Italy	42	(6)	(66)
Spain	33	5	6
Canada	19	18	22
Ireland	59	30	(17)
The Netherlands	(3)	(31)	8
Other countries	(40)	(47)	(32)
ADJUSTED EARNINGS	**109**	**(31)**	**(78)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(39)	(36)	(37)
NET INCOME	**70**	**(67)**	**(115)**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

12 AXA Belgium is a composite Life and P&C company. Until 2001, the tax charge was allocated according to the adjusted earnings. As valuation allowances and capital gains on equity investments are tax free, it was decided in 2002 to allocate the tax charge according to the underlying earnings distribution.

Italy

Gross revenues decreased by 5.0% from last year to 1,027 million, driven by a loss of contracts on personal Motor (62% of total premiums) following continuing portfolio cleansing measures and premium rate increases to improve profitability.

Adjusted earnings reached €42 million, up by €48 million from last year. This increase reflected (i) a €23 million gain from further improvement in combined ratio to 104.5% (vs. 108.5% in 2001), mainly driven by the actions on motor mentioned above and cost cutting (expense ratio down by 1.9 points to 23.9%), (ii) a €15 million increase in net investment result, as a consequence of higher realized capital gains on bonds (€+31 million) and real estate (€+15 million) compensated by higher losses and valuation allowances on equity securities (€-10 million and €-21 million respectively), and (iii) a €9 million tax benefit deriving from the legal restructuring of AXA subsidiaries in Italy.

Underlying earnings reached €23 million, up by €33 million, from last year, driven by the 4-point combined ratio improvement and the tax gain mentioned above.

Spain

Gross written premiums increased to €1,070 million (+17.0% on a comparable basis). This evolution was mainly driven by (i) an increase in motor business by +11.0%, located both in commercial (+33.9%) and personal lines (+6.1%) and (ii) the strong development in mechanical warranties (multiyear contracts) by +49.5%.

Adjusted earnings increased by €28 million compared to 2001 to €33 millions. Direct Seguros reached breakeven for the first time with a €2 million profit against €2 million losses in 2001. This good performance was attributable to improved frequency and lower claim costs. Excluding Direct Seguros, adjusted earnings increased by €25 million to €31 million reflecting a 6.7 points improvement of combined ratio to 99.9% driven by (i) a favorable technical trend and a reduction in claims handling costs (€-8 million post-tax), and (ii) a decrease in expenses reflecting the impact of cost cutting program.

The improvement in operational performance was partly offset by a decrease in net realized capital gains (€0 million post-tax in 2002 versus €9 million in 2001) mainly due to higher valuation allowances on impaired equity securities in 2002.

As a result of improved operational performance, excluding net capital gains and losses, **underlying earnings** increased by €38 million to €33 million.

Canada

Gross revenues increased by 12% to €744 million on a comparable basis. The growth was principally due to increases in premium rates in all lines of business following the hardening of the Canadian market, with the most important increases in Ontario's motor business and in Commercial lines.

Adjusted earnings amounted to €19 million, an increase of €1 million on a constant exchange rate basis as compared to 2001. Excluding the adverse impact of (i) the €8 million write-off of deferred information technology development costs and (ii) the €4 million lower capital gains, earnings increased by €13 million. The expense ratio improved by 3.4 points to 29.7% due to the significant impact on expenses of the cost reduction project launched in 2001 as well as additional general cost containment combined with the increased level of premiums. Excluding the IT write-off, the improvement was 4.9 points. On the other hand, the loss ratio deteriorated by 1.5 point to 73.5% as compared to 2001 as the excellent results in Quebec were more than offset by the difficult situation prevailing in the Ontario motor industry. As a result, the **combined ratio** improved by 1.9 point to 103.2% (a 3.4 points improvement excluding the IT write-off).

Ireland

Gross written Premium increased by €62 million (+13%) to €554 million in 2002 as compared to 2001 reflecting increases of 12% in personal lines business (79% of gross written premiums) and 14% in commercial lines business (21% of gross written premiums). This trend was driven by both (i) rating action taken on all branches of business, including increases of 8-9% applied to the personal and commercial motor accounts and (ii) growing volumes on motor mainly due to new business inflow combined with a strong retention rate on existing portfolios.

Adjusted earnings increased by €29 million compared to 2001, mainly explained by an improved net technical result, due to a 7.1 points reduction in the loss ratio from 87.9% in 2001 to 80.8% in 2002. This favorable change is attributable to higher average earned premium in 2002, reflecting the rating actions taken during 2001, together with an improvement in motor claims frequency in 2002 and an absence of prior year reserve strengthening. The result on the household account, while somewhat improved on the previous year, continues to be unsatisfactory due to weather-related catastrophes and increased reinsurance costs. Significant rating actions have been taken to correct this account. The expense ratio improved by 0.2 points. As a result of these evolutions, the combined ratio improved by 7.3 points to 95.7% in 2002.

There was also an improvement in the net investment result, mainly explained by a €6 million increase in realized capital gains, net of impairment.

The **underlying earnings** reached €55 million, up by €24 million.

The Netherlands

Gross revenues decreased by -3.6%. In the Authorized agents portfolio, premiums written in this portfolio have increased by €7.7 million. A decrease in premium of €12.4 million was shown in the Agents portfolio, which was negatively influenced by the insufficient performance in the first half year of 2002.

Adjusted earnings improved by €+28.5 million. The increase was mostly driven by the loss ratio improvement from 98% in 2001 to 82.3% as a consequence of measures taken to improve profitability (increases in premium rates, review of the business portfolio and pruning actions). The expense ratio (excluding brokers activity) decreased by -6.3 points to 36.5% attributable to lower management expenses following the restructuring of the internal organization. The combined ratio stood at 118.8% in 2002 as compared to 140.8% in 2001.

Other countries

Adjusted earnings are down to €-40 million, mainly attributable to the following countries:

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
Morocco	(4)	14	(14)
Portugal	(4)	2	18
Austria	1	0	(2)
Hungary	1	2	2
Switzerland	(19)	0	1
Luxembourg	1	2	3
Turkey	1	2	9
Japan	(25)	(46)	(58)
Hong Kong	6	(27)	7
Singapore	3	4	1
ADJUSTED EARNINGS	**(40)**	**(47)**	**(32)**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(7)	(6)	(8)
NET INCOME	**(47)**	**(53)**	**(40)**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Morocco

Gross Written Premiums decreased by -4% to €130 million, as a result (i) of the termination of a major policy in Aviation, and (ii) of the cancellation of the agreements with some distributors in order to limit default payments, of which the effects were mainly observed in the Major lines of business: Motor (-1%) and Workers' compensation (-5%).

Adjusted earnings decreased by €17 million to €-4 million in 2002 as compared to 2001. The deterioration was mainly explained by (i) a €-9 million decrease in net investment result, of which a €-2 million valuation allowance was recorded on equities, and (ii) a €-5 million net group share related to a provision posted on non recoverable deferred tax asset. The combined ratio increased by 7 points to 112% with a loss ratio net of reinsurance of 89% as compared to 81% in 2001 mainly in Workers' compensation business and Liabilities.

Underlying earnings amounted to €-1 million as compared to €+4 million in 2001, or a €-5 million decrease, mainly explained by €-5 million net group share of non recoverable deferred tax asset.

Portugal

Gross written premiums amounted to €320 million showing a 1% decrease as compared to 2001 as a result of a -2.4% decrease in motor business (55% of written premiums) reflecting the more stringent and segmented underwriting and the reduction in commercial discounts. Workers' Compensation (24% of written premiums) remained stable in a very competitive market.

Adjusted earnings declined by €6 million to €-4 million driven by higher valuation allowances on impaired equity securities (€6 million post-tax) and lower realized capital gains on fixed maturities (€5 million post-tax). **Underlying earnings** increased by €6 million to €9 million as a result of a 3.7 point improvement in combined ratio to 101.0% on a comparable basis, which reflected (i) the return to a more normalized trend in claims with 2001 being adversely impacted by climatic conditions and (ii) improved expense ratio (-1.8 points to 28.4%) following the cost-cutting program.

Switzerland

Gross revenues increased by +17% to €89 million mainly due to the acquisition of the Northern portfolio, or +2.5% on a comparable basis as a result of rate increases and despite portfolio pruning and stricter underwriting.

Adjusted earnings decreased by €-19.5 million to €-19 million in 2002 as compared to Full Year 2001.

Net technical margin decreased by €-5 million, mainly attributable to current year claims charge. The current year loss ratio strongly deteriorated by 10.1 points to 78.5%, mainly attributable to Motor and Property (natural catastrophes, higher frequency, large claims and fronting).

Expenses increased by €3 million. Excluding the Northern costs, they decreased by €1 million, following the cost cutting program implementation.

Net investment result decreased by €-11 million, due to lower capital gains (€-4 million) and a higher allowance for equity impairment (€-7 million).

As a result, **underlying earnings** were down by €8 million to €-9 million in 2002, mainly due to the deterioration in technical margin.

Japan

Gross written premium increased by +19% on a constant exchange rate basis to €77 million, primarily as a result of the progression of the automobile portfolio (+43%, 75% of the total revenues).

An **adjusted earnings** loss of €25 million, improved by €21 million compared to 2001, reflecting mainly the improvement of both the loss ratio (from 76% in 2001 to 72% in 2002) and the expense ratio driven by higher productivity leading to a decrease in personnel expenses, more cost-efficient acquisition of insurance contracts and savings in IT costs. In total the combined ratio improved from 184% to 146% in 2002. Continuing losses reflect the fact that Direct Japan has not yet reached its critical mass (operations commenced in mid-1999).

International Insurance Segment

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

Consolidated Gross revenues [a]				
(in euro millions)	FY 2002	FY [b] 2001 (Proforma)	FY 2001 (Published)	FY 2000
AXA Corporate Solutions (excluding AXA Cession)	5,275	5,276	5,276	3,221
AXA Cession	100	30	30	76
AXA Assistance	465	434	434	371
Other	31	26	10	28
TOTAL	**5,872**	**5,767**	**5,751**	**3,696**
Intercompany transactions	(110)	(73)	(73)	(46)
Contribution to consolidated gross revenues	**5,762**	**5,695**	**5,678**	**3,651**

(a) Gross written premiums, plus fees, commissions and other revenues.
(b) Discontinued business transfered from property & Casualty segment.

	Adjusted earnings & Net income			
(in euro millions)	FY 2002	FY [b] 2001 (Proforma)	FY 2001 (Published)	FY 2000 [a]
AXA Corporate Solutions (excluding AXA Cession)	(138)	(358)	(358)	117
AXA Cession	(4)	8	8	15
AXA Assistance	1	13	13	12
Other	(8)	(60)	(41)	(32)
ADJUSTED EARNINGS	**(149)**	**(398)**	**(378)**	**112**
Impact of exceptional operations	-	-	-	-
Goodwill amortization (group share)	(27)	(8)	(8)	(15)
NET INCOME	**(176)**	**(406)**	**(386)**	**97**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.
(b) Discontinued business transfered from property & Casualty segment.

AXA CORPORATE SOLUTIONS

Note : The mother and reinsurance company AXA Corporate Solutions has changed its name back to AXA RE with effect November 15th 2002 while its subsidiary and large risk insurance company AXA Corporate Solutions Assurance keeps its denomination. This change is not reflected in this publication and will be in future AXA publications.

Reinsurance and International Insurance Operations - AXA Corporate Solutions [a]

(in euro millions)	FY 2002	FY 2001	FY 2000 [c]
Gross written premiums	5,348	5,280	3,297
Fees, commissions and other revenues	27	27	0
Gross revenues	**5,375**	**5,307**	**3,297**
Change in unearned premium reserves	(64)	(235)	(179)
Net investment result	312	415	588
Total revenues	**5,623**	**5,486**	**3,706**
Insurance benefits and claims, net of reinsurance ceded [b]	(5,224)	(5,510)	(3,043)
Insurance acquisition expenses [b]	(303)	(295)	(330)
Administrative expenses	(275)	(219)	(182)
Operating Income	**(179)**	**(538)**	**151**
Income tax expense / benefit	45	193	(12)
Equity in income (loss) of unconsolidated entities	(1)	0	0
Minority interests	(7)	(5)	(7)
AJUSTED EARNINGS	**(142)**	**(350)**	**132**
Impact of exceptional operations	-	-	-
Goodwill amortization (group share)	(26)	(7)	(15)
NET INCOME	**(168)**	**(357)**	**118**

(a) Before intercompany transactions.
(b) Reinsurance technical commissions have been posted in Insurance claims instead of Insurance acquisition expenses, in 2001.
(c) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

AXA Corporate Solutions

(in euro millions)	FY 2002 [(e)]	FY 2001 Proforma [(f)]	FY 2001	FY 2000 [(d)]
Earned premiums	*5,188*	*5,018*	*5,045*	*3,118*
Attritional current year loss ratio [(a) (b)]	73.4%	76.6%	75.7%	80.4%
Reinsurance & Cessions [(a) (b)]	*72.3%*	*74.9%*	*70.0%*	*76.6%*
Insurance [(a) (b)]	*76.4%*	*83.0%*	*95.7%*	*88.6%*
Attritional all accident year loss ratio [(a) (b)]	75.1%	77.4%	76.6%	85.5%
Loss ratio [(a) (c)]	99.4%	114.0%	113.4%	96.5%
Net technical result (excluding fees)	**19**	**(476)**	**(465)**	**75**
Expense ratio	15.7%	14.8%	15.2%	23.9%
Net investment results	309	404	415	588
Operating Income (excluding AXA Cession)	**(173)**	**(551)**	**(538)**	**151**
Operating income AXA Cession	(5)	13		
Operating Income (including AXA Cession)	**(179)**	**(538)**		

(a) Net of ceded reinsurance (cession and retrocession)

(b) Attritional data exclude (i) major losses in claims charge and (ii) covers'cost in ceded premiums

(c) (Attritional claims charge and major losses cost on all accident years) divided by (net earned premiums)

(d) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

(e) FY 2002 and FY 2001 proforma are presented excluding AXA Cessions.

(f) In the context of AXA Corporate Solutions activities restructuring (Insurance / Reinsurance / Cession), the proforma ratios presented have been computed gross of inter-company transactions for each activities. Ratios were previously presented as a single segment for which inter-company transactions were eliminated.

Consolidated gross revenues were €5,235 million in 2002 of which €22 million of fees and commissions. Gross revenues are stable compared to 2001:

- **Reinsurance** (66% of gross revenues): Premiums decreased by 2% to €3,472 million with a strengthening in Property line. Property & Casualty lines (90% of reinsurance activity) decreased by 4% mainly due to (i) a stringent underwriting accompanying the retrocession market upturn, (ii) a voluntary drop in Proportional treaties in casualty motor business and cancellations in other lines. These downward trends are partly offset by the significant revisions of 2001 premiums on Proportional treaties (in property and motor) due to the cautiousness of last year estimates.

- **Insurance** (34% of gross revenues): Premiums and fees increased by 14% to €1,762 million due to (i) market rate increase after September 11th US terrorist attacks in Property & Casualty lines, (ii) portfolio recovery not only resulting in revision of underwriting terms applied to business in force but also in cancellations in P&C and marine business and (iii) prior years adjustments coming from an in depth full year review of 2001 underwritten policies.

Net attritional margin on current accident year increased significantly by €209 million.

- For **Reinsurance business**, it increased by €73 million to €873 million in 2002, with a net attritional loss ratio improving by 2 points down to 72% in 2002. The improvement of 2002 underwriting year loss ratio came from (i) the market rate increase and (ii) the absence of significant attritional loss in the year partly and was partly offset by the 2002 earning impact of less profitable treaties underwritten in 2001 such as whole accounts in marine. Commissions paid to ceding companies remained stable at €615 million.

- For **Insurance business**, the net attritional margin on the current accident year increased by €136 million to €295 million in 2002, with a net attritional loss ratio improving by 6 points down to 76% in 2002. Such improvement convey the effect of the portfolio recovery going with the premium rate increase mainly in P&C lines.

***Other technical items** improved by €288 million as a result of the following :*

- **Major losses** adversely impacted 2002 with a total estimated cost net of reinsurance of €133 million compared to €992 million in 2001 mainly coming from September 2001 events (€762 million net of reinsurance gross of tax). The European floods occurred in August 2002 were the most significant claim of the year with an estimated cost net of reinsurance of €107 million.

- The cost of **cover programs** increased by €64 million to €572 million, resulting from the hardening market conditions.
- **Loss reserve adjustment on prior years** were recorded in 2002 (€-416 million), i.e. €507 million worse than in 2001, mainly due to unfavourable development of claims such as September 2001 events claim (€-143 million net of reinsurance and gross of tax) and to extensive reserving review performed in 2002.

As a result, the **net technical margin** increased by €496 million to €46 million in 2002 with a 15 points improvement in the claims ratio for all accident years (net of reinsurance) to 99.5% in 2002. Excluding September 11th US terrorist attacks, this ratio would be lowered by 4 points down to 95% versus 91% in 2001 mainly due to loss reserves adjustments on prior years.

General expenses increased by €23 million to €528 million mainly due to variation in scope and restructuring provisions. Adjusted for (i) a €14 million variation in change in scope (principally AXA Germany's large risks portfolio partly renewed by AXA Corporate Solutions) and (ii) €31 million variation in extraordinary items including 2002 provisions for restructuring (mainly linked to US strategic decisions) and provisions for departures, the administrative expenses decreased by €7 million or -2%. On the other hand the acquisition expenses decreased by €15 million or -6% (the evolution of brokerage commissions not being strictly in line premiums).

Net investment result decreased by €97 million to €307 million in 2002 as compared to 2001, mainly explained by a €68 million decrease in investment income and a €26 million decrease in net capital gains corresponding to (i) a €57 million increase in exchange rate result due to the US dollar decrease and (ii) a €85 million decrease in net capital gains, including an allowance for equity impairments of €115 million in 2002.

Income tax expense had a positive impact of €+44 million in 2002 though €154 million lower than in 2001.

Adjusted earnings increased by €220 million to €-138 million in 2002 as compared to 2001. The increase was mainly due to a €496 million increase in the net technical margin partly offset by (i) a €23 million increase in general expenses (ii) a €97 million decrease in the net investment result and (iii) a €154 million increase in income tax expense.

Excluding the cost of September 11th US terrorist attacks and net realised capital gains, **underlying earnings** amounted to €-67 million in 2002 as compared to €110 million in 2001.

AXA Cessions adjusted earnings decreased by €-12 million due to the setting-up of a bad debt reserve.

ASSISTANCE

Gross revenues increased by +11% on a comparable basis to €391 million, mainly attributable to the European area due to the strong increase of +19.5% in the UK National Healthcare service business.

Adjusted earnings decreased by €12 million to €+1 million in 2002 as compared to 2001. The deterioration was mainly due to strengthening of bad debt provisions.

OTHER (EXCLUDING UK DISCONTINUED BUSINESS)

Adjusted earnings from the other transnational Insurance operations increased by €43 million to a €3 million losses in 2002 as compared to 2001. This improvement was primarily due to **Saint Georges Re.** A €+3 million net gain was recorded in 2002, or an increase by €+36 million as compared to 2001, mainly explained by (i) the losses related to the GRE businesses in run-off accounted last year (€34 million), and (ii) €+4 million realised capital gains in real estate in 2002.

OTHER (UK DISCONTINUED BUSINESS)

Adjusted earnings improved by €9 million to €-10.7 million. This improvement is primarily due lower loss reserve development compared to 2001.

Asset Management Segment

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

Consolidated Gross Revenues			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000**
Alliance Capital	2,903	3,347	2,743
AXA Investment Managers	820	696	558
National Mutual Funds Management [a]	-	57	51
TOTAL	**3,724**	**4,100**	**3,352**
Intercompany transactions	(313)	(370)	(368)
Contribution to consolidated gross revenues	**3,411**	**3,730**	**2,984**

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

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [a]**
Alliance Capital	195	273	160
AXA Investment Managers	63	58	48
National Mutual Funds Management	-	15	3
ADJUSTED EARNINGS	**258**	**346**	**211**
Impact of exceptional operations	148	-	-
Goodwill amortization (group share)	(188)	(193)	(45)
NET INCOME	**218**	**153**	**166**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

ALLIANCE CAPITAL

Asset Management Operations - Alliance Capital			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 [(a)]**
Fees, commissions and other revenues	2,903	3,347	2,743
Gross revenues	**2,903**	**3,347**	**2,743**
Net investment result	(53)	(55)	(40)
Total revenues	**2,850**	**3,292**	**2,703**
Administrative expenses	(2,236)	(2,470)	(1,944)
Operating Income	**614**	**822**	**759**
Income tax expense	(102)	(132)	(151)
Minority interests	(317)	(417)	(448)
ADJUSTED EARNINGS	**195**	**273**	**160**
Average exchange rate : US$ 1,00 = €	*1.06*	*1.12*	*1.08*

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Assets under Management ("AUM") decreased by €144 billion to €369 billion at December 31, 2002, a decrease by €-69 billion, or -15% on a constant exchange rate basis, mainly due to the negative impacts of equity market depreciation (€65 billion). Net outflows totaled €4.5 billion and were attributable to outflows in retail of €12.7 billion (of which €6.5 billion in net cash management outflows), partially offset by private clients and institutional net new money of €4.2 billion and €4.0 billion.

Fees, commissions and other revenues were down €443 million in 2002 as compared to 2001, or -8% on a constant exchange rate basis, due to lower distribution revenues and advisory fees, in line with lower average AUM, down 8% versus 2001. Institutional Research Services grew by 11% driven by expanded research coverage and broader trading capabilities.

Administrative expenses decreased by €234 million, or -4% on a constant exchange rate basis, driven by lower cash compensation and promotion expenses, partially offset by higher Bernstein acquisition related expenses (higher deferred compensation and rent), and legal costs.

Operating Income decreased by €208 million, or -21% on a constant exchange rate basis (€-173 million), as a result of lower revenues (€-281 million), partly offset by lower interest and administrative expenses (€108 million). As a result, the operating cost income ratio increased by 4.5 points from 66.3% in 2001 to 70.8% in 2002.

Net of minority interests, **Adjusted Earnings** decreased by €78 million, or -25% on a constant exchange rate basis (€-67 million), reflecting the impact of lower revenues and average AUM due to the declining market environment.

As a result of the acquisition of 8.16 million private units, AXA Financial's ownership interest in Alliance Capital increased 3 points from approximately 53% at year-end 2001 to 56% at year-end 2002[10]

[10] On October 2, 2000, Alliance Capital acquired Sanford C. Bernstein, Inc. and the purchase price consisted of cash and 40.8 million newly issued private units in Alliance Capital. As a result, AXA Financial's ownership interest in Alliance Capital decreased by 10.5 points (from 63.3% to 52.8%) and the group recorded a dilution gain of €928 million ($872 million). In conjunction with the acquisition, AXA Financial provided redemption rights to the former shareholders of Sanford C. Bernstein, Inc., after a two-year lockout period, to allow the 40.8 million private units of limited partnership interest to be sold to AXA Financial over the subsequent eight-year (generally not more than 20% of such units may be sold to AXA Financial in any one annual period). As a result of this contingency, the dilution gain of €928 million that should have benefited to AXA was offset by a provision recorded for a similar amount.

On November 8th 2002, the former shareholders of Sanford C. Bernstein, Inc. decided to exercise their right to sell 8.16 million private units in Alliance Capital to AXA Financial. This acquisition, at a price of $30.6 a unit, generated a goodwill of $122 million reflecting an increase of circa 3 points in AXA Financial's ownership interest in Alliance Capital. Consequently, the provision was released in proportion to the initial dilution (i.e. 3 points vs. 10.5 points), or €277 million ($261.5 million), and the goodwill was entirely amortized in the period, or €129 million. The release of the provision net of goodwill amortization was reported in the "impact of exceptional operations".

AXA INVESTMENT MANAGERS (“AXA IM”)

Asset Management Operations - AXA Investment Managers

(in euro millions)	FY 2002	FY 2001	FY 2000 [(a)]
Fees, commissions and other revenues	820	696	558
Gross revenues	**820**	**696**	**558**
Net investment result	9	12	3
Total revenues	**830**	**708**	**561**
Administrative expenses	(716)	(602)	(471)
Operating Income	**114**	**106**	**89**
Income tax expense	(38)	(34)	(28)
Minority interests	(13)	(14)	(13)
ADJUSTED EARNINGS	**63**	**58**	**48**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

Asset Under Management ("AUM") declined by €9 billion to €268 billion at December 31, 2002 (-0.4% on a comparable basis), with net new money inflows (€12 billion) more than offset by market depreciation (€-13 billion) and exchange movements (€-8 billion).

Gross revenues, including those earned from AXA insurance companies eliminated in consolidation, reached €820 million, -1.4% on a comparable basis. Restated from intra-group transactions, gross revenues decreased by -1.4% on a comparable basis to €633 million. Most of the decrease relates to lower management and front end fees collected by AXA IM on behalf of some unit linked and retail products external distributors. Excluding those fees retroceded to distributors, net revenues increased by 11% on a comparable basis to 563 million. This increase is mainly driven by net management fees (up €+27 million or 5%), stemming from higher average AUM (+1.2%, at €274 billion) and from a favorable change in product mix towards higher-fee products, combined with higher real estate transaction fees (up €+20 million), while performance fees grew by €5 million, notably from AXA Rosenberg.

Administrative expenses, excluding commissions paid to third parties agents, increased by €57 million, i.e. increased by €40 million on a current scope basis. This increase is principally due to higher personnel expenses by €24 million in relation with business growth, and to higher marketing costs by €6 million. The main other changes are an increase in premises by €4 million and in depreciation by €5 million, offset by €7 million lower consulting fees and by €5 million lower IT expenses.

The cost income ratio is flat at 81.5% in 2002.

Consequently, **Adjusted earnings** increased by €5 million in 2002 as compared to December 2001.

Other Financial Services Segment

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

Consolidated Gross Revenues			
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000**
Donaldson, Lufkin & Jenrette	-	-	10,686
French banks	137	198	207
German banks	133	114	82
AXA Bank Belgium	723	767	763
Other	52	89	62
TOTAL	**1,046**	**1,168**	**11,799**
Intercompany transactions	(26)	(40)	(39)
Contribution to consolidated gross revenues	**1,020**	**1,128**	**11,760**

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
Donaldson, Lufkin & Jenrette	-	-	197
French banks	(3)	15	23
German banks	2	(1)	4
AXA Bank Belgium	36	76	46
Other	98	54	2
ADJUSTED EARNINGS	**133**	**144**	**273**
Impact of exceptional operations	-	-	(125)
Goodwill amortization (group share)	(14)	(47)	(27)
NET INCOME	**119**	**97**	**121**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

French Banks

Adjusted earnings and **underlying earnings** decreased by €-18 million to €-3 million in 2002 as compared to 2001.

AXA Banque adjusted earnings decreased by €18 million as compared to Full Year 2001 mainly due to (i) the transfer of the securities management activity outside the Group in July 2001 (€-8 million decrease in revenues compared to 2001) and to (ii) the losses linked to *Banque Directe* (€-4.5 million loss for the four last months of year 2002 as well as integration costs for €-2.3 million (primarily consulting fees).

German Banks

Adjusted earnings and **underlying earnings** increased by €3 million to €2 million in 2002 as compared to 2001. It was mainly attributable to an increased interest margin in AXA Bank and lower income taxes of the Building Society.

AXA Bank Belgium

Net sales of AXA savings products increased by €445 million as compared to 2001, mainly attributable to deposit accounts, which benefited from pricing actions.

Gross sales in third parties' products decreased due to weak stock markets. Net sales of loans increased by €538 million or +74% in 2002 following the decrease of the registration fees and the development of the sales through the brokers' network.

Adjusted earnings decreased by €-40 million in 2002 to €36 million as compared to Full Year 2001.

In 2001 adjusted earnings had been positively impacted by release of provisions for corporate loans for €22 million and release of general banking provisions for €13 million.

Net capital gains decreased by €-7 million to €33 million.

Fee income decreased by €-5 million due to lower volumes in off balance sheet products following the bad performances on stock markets.

On the other hand, administrative expenses decreased by €13 million driven by cost cutting efforts.

Other

Subgroup CFP **revenues** decreased by **-**32.5% to €58 million, or -40.5% on a comparable basis.

CFP revenues (29% of the "Other" revenues) decreased by - 57% in 2002 to €15 million due to the decrease in investment income following the sale in June 2001 of an important mutual fund asset.

Holding SOFFIM revenues (24% of the "Other" revenues) decreased by - 36% mainly due to lower loan interests and to lower credits granted.

Adjusted earnings increased by €44 million to €98 million in 2002, mainly attributable to a favourable run-off development (€+26 million). Holding SOFFIM also recorded a capital gain of €12.3 million net of tax on the sale of Simco securities.

Holding Company Activities

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

	Adjusted earnings & Net income		
(in euro millions)	**FY 2002**	**FY 2001**	**FY 2000 (a)**
AXA, The Company	(162)	(218)	27
Other French holding companies	69	120	95
Foreign holding companies	(251)	(220)	(64)
ADJUSTED EARNINGS	**(344)**	**(318)**	**58**
Impact of exceptional operations	87	-	1,068
Goodwill amortization (group share)	0	0	(3)
NET INCOME	**(257)**	**(318)**	**1,123**

(a) Pro forma New French GAAP, as if New French GAAP had been in force since january 1, 2000.

AXA (THE PARENT COMPANY)

2002 **adjusted earnings** improved by €56 million, as a result of (i) lower cost of debt (€+137 million) due to lower interest charge, as a result of declining interest rates and the strengthening of the euro against mostly US$, Yen, and GBP, partially offset by the amortization of redemption premiums on the convertible bonds issued by AXA SA (iii) lower management expenses (€22 million post-tax) mainly due to lower AXA trade mark expenses and a decrease of AXA' s ADR management cost, partly offset by (iv) a decrease in net capital gains by €-97 million compared to 2001

OTHER FRENCH HOLDING COMPANIES

The €-51 million decline in adjusted earnings of other French holdings companies mainly derived from lower net realized capital gains, €103 million in 2002 against €135 million in 2001.

FOREIGN HOLDING COMPANIES

AXA Financial Inc.

Adjusted earnings decreased by 2 million in 2002 as compared to 2001. On a constant exchange rate basis, adjusted earnings decreased by €7 million due to higher realized capital losses.

AXA Asia Pacific Holdings

Adjusted earnings (excluding one-off profit on sale of AXA Health, €87 million group share) were a loss of €-19 million compared to €-40 million for the 15 months 2001, or €-31 million for the restated 12 months to December 31 2001. This improvement reflected the inclusion of a tax crystallization upon the liquidation of a subsidiary offset by slightly higher financing costs resulting from a higher debt base used to fund acquisitions and despite lower average interest rates.

AXA UK Holdings

Adjusted earnings decreased by €-27 million in 2002 as compared to 2001 due to the interest expense of increased borrowings to fund UK operations and to a lower level of realized gains on equities.

OTHER FOREIGN HOLDING COMPANIES

German Holding companies: Adjusted earnings deteriorated by €-28 million to a loss of €-87 million in 2002 primarily due to revised German tax rules regarding the use of tax credits from dividends received (additional tax burden of €-29 million).

Belgium Holding companies. Results 2002 increased by €9 million mainly due to a tax settlement and to the booking in 2001 of a depreciation on real estate activities that was reversed in 2002.

Perspectives

2003 has started with a further decline of world equity markets arising from uncertainties in relation to a potential war in Iraq and its international ramifications, the weakness of the economic recovery in the United States and the worrying economic outlook in Japan and Germany.

In this context, AXA's focus on financial protection and wealth management, its renewed emphasis on operational performance, its financial strength, should allow the Group to be among the winners, with significant net new money growth in Life & Savings and Asset Management, and solid organic growth in Property & Casualty.

As indicated in 2001, a combined ratio of 104% is expected in 2003, with further reduction bringing it to 102% in 2005. Further expense savings are also planned through the combination of local initiatives and global programs.

Glossary

COMPARABLE BASIS

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

ADJUSTED EARNINGS

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

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

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

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 fore), (2) deferral or amortization of Deferred Acquisition Costs (DAC), and (3) amortization of Value of purchased Life Business In-force (VBI); they include capitalization and amortization of software expenses.
- gross insurance reserves are total insurance liabilities, gross of reinsurance, including benefit and claims reserves, unearned premiums reserves, and separate account liabilities.

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

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

(iii) **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 fore) 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

Net investment result includes the following items:

(i) Net investment income,

(ii) Realized capital gains & losses,

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

Net technical result is the sum of the following components:

(i) Earned premiums, gross of reinsurance,

(ii) Claims charges, gross of reinsurance,

(iii) Change in claims reserves, including claims handling costs reserves and equalization reserves, gross of reinsurance,

(iv) Claims handling costs,

(v) Net result of ceded reinsurance.

Expense ratio is the ratio of:

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

(ii) earned premiums, gross of reinsurance.

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

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

(ii) earned premiums, gross of reinsurance.

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

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

(ii) earned premiums, gross of reinsurance.

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

AXA CORPORATE SOLUTIONS

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

Major losses are defined as any event whose net ultimate cost is greater than $50 million (approx. 3% of AXA Corporate Solutions consolidated shareholders' equity); the **Net "Ultimate" Cost** is the result of the claim cost (net of reinsurance) minus the reinstatement premiums (net of reinsurance).

Net technical margin includes:

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

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

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

(iv) claims handling costs.

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

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

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

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

(iv) claims handling costs.

ASSET MANAGEMENT

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

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