Annual Report 1999

AXA

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

☐ *REGISTRATION STATEMENT PURSUANT TO SECTION 12 (B) OR (G)*
OF THE SECURITIES EXCHANGE ACT OF 1934

or

☒ ***ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D)***
OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 1999

or

☐ *TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D)*
OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from to

Commission File number: 1-14410

AXA

(Exact name of Registrant as specified in its charter)

N / A	***The Republic of France***
(Translation of Registrant's name into English)	***(Jurisdiction of incorporation or organization)***

25, avenue Matignon - 75008 Paris - France
(Address of registrant's principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	***Name of each exchange on which registered:***
Ordinary shares	*New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one-half of an Ordinary Share	*New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

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The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31 1999 was: 356,335,728 Ordinary Shares of euro 9.15 nominal value, including 11.507.662 American Depositary Shares (as evidenced by American Depositary Receipts), each representing one-half of one Ordinary Share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ *No* ☐

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☒ *Item 18* ☐

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Presentation of information

AXA (or "Company ") is a French société anonyme (a form of limited liability company). AXA refers to the Company and its subsidiaries directly or indirectly held. The "Mutuelles AXA" refers to four French mutual insurance companies that, acting as a group, owned 23.5% of the Company's issued Shares representing 37.0% of the voting rights as of December 31, 1999. "Shares" refers to the Company's ordinary shares of € 9.15 each. "ADS" refers to the Company's American Depository Shares, each of which represents the right to receive one-half of an ordinary share, and "ADR" means the Company's American Depository Receipts each of which represents one ADS. A glossary of certain insurance and related terms used in this report is included herein immediately following "Item 19: Financial Statements and Exhibits".

AXA publishes its Consolidated Financial Statements in euros ("euros" or €). The Company's Consolidated Financial Statements for the years ended December 31, 1998 and 1997 were originally prepared and presented in French francs, and have been translated into euros for purposes of this document at the rate of FF 6.55957 = €1, the applicable rate established on January 1, 1999. Unless it is otherwise noted, all amounts in this Annual Report are expressed in euros. References to "dollars" or "US$" are to the U.S. currency.

AXA's Consolidated Financial Statements, including the notes thereto, are included in this Annual Report and have been prepared in accordance with generally accepted accounting principles in France ("French GAAP"). French GAAP is based on requirements set forth in French law and in European regulations (refer to note 1 to the Consolidated Financial Statements for further details). Unless noted otherwise, the financial information contained in this Annual Report is presented in accordance with French GAAP. French GAAP differs significantly from accounting principles generally accepted in the United States ("US GAAP"). See notes 28 and 29 to the Consolidated Financial Statements for a description of the significant differences between French GAAP and US GAAP, a reconciliation of net income and shareholders' equity from French GAAP and US GAAP and condensed consolidated US GAAP balance sheets and statements of income.

Various amounts set out in this document have been truncated into millions and, therefore, rounded, and accordingly may not total. Rounding differences may also exist for percentages.

Exchange rate information

Prior to January 1, 1999, the French franc was a part of the European Monetary System exchange rate mechanism (known as the "EMS"). Within the EMS, exchange rates fluctuated within permitted margins, fixed by central bank intervention. Under the provisions of the Treaty on European Union negotiated at Maastricht in 1991 and signed by the then 12 members states of the European Union in early 1992, a European Monetary Union ("EMU") superseded the EMS on January 1, 1999 and a single European currency known as the "euro", was introduced. The following 11 members states participate in the EMU and have adopted the euro as their national currency: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and

Spain. In the aggregate, these members are referred to as "Euroland" in this document. The legal rate of conversion between French francs and euros was fixed on January 1, 1999 at FF 6.55957 = € 1.00. Transactions placed in euros commenced on January 1, 1999.

Since January 1, 1999, the euro has been the lawful currency of the EMU states, although euro banknotes and coins are not expected to enter circulation until January 1, 2002. New public debt is issued in euros. Outstanding obligations denominated in national currencies will be converted at the legal rates established on January 1, 1999 (unless specific contracts provide for an alternative conversion rate). During the transitional phase, which is planned to begin on January 1, 2002 and end on July 1, 2002, national currencies, including banknotes and coins, will subsist as non-decimal denominations of the euro. There can be no assurance that these events will take place on time or otherwise as currently expected.

For information on historical exchange rate information refer to "Item 8: Selected Financial Data: Exchange Rate Information". For a discussion of the impact of currency fluctuations on AXA's financial condition and results of operations, see "Item 9: Management's Discussion and – General Information – Currency Fluctuations".

Cautionary statements on forward looking statements

Certain of the statements contained in this Annual Report are not historical facts, including, without limitation, certain statements made in sections entitled "Item 1: Description of Business", "Item 9: Management's Discussion and Analysis" and "Item 9A: Qualitative and Quantitative Disclosures About Market Risk", which are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements including those discussed elsewhere in this Annual Report and in AXA's other public filings, press releases, oral presentations and discussions.

Forward-looking statements include, among other things, discussions concerning AXA's potential exposure to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, as indicated by *words or phrases such as “believes”, “estimates”, “intends”, “anticipates”, “expects”, “projects”, “should”, “probably”, “risks”, “target”, “goals”, “objectives”, “seeks, “outlook” or similar expressions. The key factors that impact AXA’s future financial results include:*

***i)** the intensity of competition from other financial institutions;*

***ii)** AXA’s experience with regard to mortality and morbidity trends, lapse rates and policy renewal levels relating to its life operations which also include health products;*

***iii)** frequency, severity and development of property and casualty claims including catastrophic events which are uncertain in nature, and policy renewal rates;*

***iv)** market risks related to (a) fluctuations in interest rates, equity market prices and foreign currency exchange, (b) the use of derivatives and AXA’s ability to hedge such exposures effectively, (c) counterparty credit risk as well as (d) the volatile nature of the investment banking operations and the potential losses that could result from DLJ’s merchant banking activities as a result of its capital intensive nature;*

***v)** AXA’s ability to develop, distribute and administer competitive products and services in a timely, cost-effective manner and its ability to develop information technology and management information systems to support strategic goals while continuing to control costs and expenses;*

***vi)** AXA’s visibility in the market place and the financial and claims paying ratings of its insurance subsidiaries, as well as AXA’s access to adequate financing to support its future business;*

***vii)** the effect of changes in laws and regulations affecting AXA’s businesses, including changes in tax laws affecting insurance and annuity products as well as operating income and changes in accounting and reporting practices;*

***viii)** the costs of defending litigation and the risk of unanticipated material adverse outcomes in such litigation;*

***ix)** the performance of others on whom AXA relies for distribution, investment management, reinsurance and other services; and*

***x)** the effect of any future acquisitions.*

AXA claims the protection provided by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and assumes no duty to update any forward-looking statements. In light of these risks, the forward-looking statements contained in this Annual Report might not occur.

Item 1: Description of Business

Overview

The Company is the holding company for AXA, an international group of financial services companies focusing in insurance and asset management. AXA's insurance operations include activities in life insurance, property and casualty insurance and international insurance, including reinsurance. The insurance operations are diverse geographically, with activities principally in Western Europe, North America and the Asia/Pacific region and to a lesser extent, in Africa and South America.

AXA is the one of the largest insurance groups in the world and the largest French insurance group. Overall, AXA is a leading operator in four of the world's five largest life insurance markets: the United States, France, the United Kingdom and Germany; in addition, AXA will become a significant player in Japan (the largest life insurance market) with the acquisition of Nippon Dantai Life. AXA is also a leading operator in all major property and casualty markets in Western Europe and is in international insurance. AXA's counterparty credit and insurer financial strength ratings by Standard & Poor's at the end of 1999 were both AA. The ratings applies to its main operations, such as, AXA France, Equitable Life Assurance Society (United States), AXA Insurance Plc (United Kingdom), National Mutual Life (Australia), AXA Reinsurance, and AXA Royale Belge.

With regard to asset management, AXA is a world leader in asset management with of funds under management of € 781 billion at December 31, 1999, including assets managed on behalf of third party clients of € 382 billion at December 31, 1999. The management of assets underlying the insurance products is predominantly carried out within AXA, notably by Alliance Capital Management and AXA Investment Managers.

In addition to insurance and asset management, AXA is engaged in investment banking in the United States with Donaldson, Lufkin & Jenrette, as well as, in some other financial services activities principally in Western Europe.

AXA's strategy

In 1999, AXA established strategic guidelines to help define and focus its business objectives, and to apply sensible criteria for screening growth opportunities. These guidelines, communicated and used throughout AXA are as follows:

- *AXA is a worldwide leader in financial services focused on financial protection, in particular insurance and investment management. It is not intended that AXA will move significantly from these core businesses.*
- *AXA's core competencies reside in its financial strength, risk pooling (diversity across product lines and geographical areas) and underwriting discipline, in addition to its asset management and advisory expertise. Its present and future businesses are supported by these competencies.*
- *AXA's preferred distribution strategy is to maximize access to customers, preferably through AXA branded proprietary channels, but also secondarily through other distribution channels and by selling third-party products. This enables AXA to capitalize on the development of "open architecture" (whereby an asset management company can sell its products, but, can either perform the asset management services or delegate the asset management services to a third party through a fund management arrangement system).*
- *AXA has worldwide presence but is selective in its geographic coverage. AXA's presence extends to major developed markets as well as emerging countries where sizeable and profitable operations can be developed and established under acceptable business conditions and corporate governance practices.*

In 2000 and beyond, AXA intends to maintain these strategic guidelines, which provide ample scope for the accomplishment of its financial objectives. These objectives include reaching or exceeding 15% return on equity and achieving an annual increase of 15% on net income per ordinary share.

AXA should benefit from its focus on the provision of financial protection given the aging populations with increasing needs for protection and long-term savings. It also positions AXA favorably as consolidation and convergence in the financial services industry intensifies, as illustrated by the repeal of the Glass-Steagal Act in the United States and numerous insurance and banking mergers in Europe.

AXA considers and addresses restructuring and rationalization of its global operations in order to integrate effectively newly acquired companies and to improve cost efficiency within its operations.

The key financial data for AXA for the years ending December 31, 1999, 1998 and 1997 is summarized below:

	Years ended December 31,					
(in euro millions except percentages)	**1999**		**1998**		**1997**	
Gross revenues (*)						
– life insurance	37,091	56%	32,446	57%	31,354	56%
– property & casualty insurance	13,593	20%	11,889	21%	12,088	22%
– international insurance (**)	3,109	5%	2,833	5%	3,443	6%
– financial services and holding companies	12,735	19%	9,529	17%	8,702	16%
Total gross revenues	**66,528**	**100%**	**56,697**	**100%**	**55,587**	**100%**
Net income						
– life insurance	1,112	57%	962	58%	587	42%
– property & casualty insurance	571	29%	389	24%	329	23%
– international insurance (**)	(51)	– 3%	44	3%	124	9%
– financial services	305	16%	253	15%	361	26%
Total operating net income	**1,937**	**100%**	**1,648**	**100%**	**1,401**	**100%**
– holding companies	84		(116)		(194)	
Total net income	**2,021**		**1,531**		**1,207**	

At 31 December (in euros)	**1999**	**1998**	**1997**
Assets under management (in billions)	781	559	485
Gross revenues (in millions)	66,528	56,697	55,587
Net income (in millions)	2,021	1,531	1,207
Earnings per share - basic (in euros)	5.73	4.52	3.71
Earnings per share - diluted (in euros)	5.39	4.24	3.48
Shareholders' equity (in millions)	16,358	13,537	11,993
Net asset value per ordinary share (in euros)	61.5	57.5	49.1
Share price (in euros)	138.40	123.48	71.00

(*) Gross premiums for life insurance operations include deposits collected from policyholders on life investment products which under French GAAP are recorded as premium income and under US GAAP are reported as deposits in the balance sheet, with the total premiums reduced to reflect the actual fees charged to policyholders.

(**) Newly formed segment in 1999. Includes the former Reinsurance segment and the transnational activities formerly reported as a sub-segment within the Property and Casualty Insurance Segment. Prior year financial information has been restated accordingly.

The results of the Life Insurance Segment, the Property and Casualty Insurance Segment and the International Insurance Segment are in part dependent upon the quality and performance of their general account investment portfolios. For the years ended December 31, 1999, 1998 and 1997, AXA's net investment results (net investment income and net realized investment gains) on total assets backing insurance operations as a percentage of total revenues generated by the insurance operations was 21.4%, 22.4% and 20.8%, respectively. See "Item 9A: Qualitative and Quantitative Disclosures about Market Risk" for a discussion of AXA's investment strategies and risk management.

AXA Group simplified organization Chart
as of 31/12/99

Insurance

America

UNITED STATES

AXA FINANCIAL (a)	58%	100%

CANADA

AXA ASSURANCES	100%	100%
AXA INSURANCE	100%	100%

CHILE

AXA SEGUROS	51%	51%

Europe

GERMANY

AXA COLONIA	86%	100%
AXA NORDSTERN ART	86%	100%
ALBINGIA	85%	100%
SICHER DIRECT	93%	100%

AUSTRIA

AXA NORDSTERN COLONIA	86%	100%

BELGIUM

AXA ROYALE BELGE	100%	100%

SPAIN

AXA AURORA	70%	100%
DIRECT SEGUROS	50%	71%

FRANCE

AXA ASSURANCES	100%	100%
AXA COURTAGE	100%	100%
AXA COLLECTIVES	99%	99%
AXA CONSEIL	100%	100%
DIRECT ASSURANCE	100%	100%
JURIDICA	99%	99%
NATIO ASSURANCES	50%	50%
NSM VIE	40%	40%

ITALY

AXA ASSICURAZIONI	100%	100%

IRELAND

AXA IRELAND	56%	100%

LUXEMBOURG

AXA ASSURANCES	100%	100%

THE NETHERLANDS

AXA VERZEKERINGEN	100%	100%

PORTUGAL

AXA SEGUROS	99%	100%

UNITED KINGDOM

AXA SUN LIFE	56%	100%
AXA INSURANCE	56%	100%
PPP HEALTHCARE	56%	100%

SWITZERLAND

AXA ASSURANCES	100%	100%

TURKEY

AXA OYAK	35%	71%

Asia/Pacific

AUSTRALIA NEW-ZEALAND

AXA ASIA PACIFIC (b)	47%	100%

CHINA

AXA MINMETALS	35%	51%

KOREA

DONGBU AXA	50%	50%

HONG KONG

AXA CHINA REGION	47%	100%
AXA INSURANCE	100%	100%

JAPAN

AXA NICHIDAN LIFE	100%	100%
AXA NON LIFE JAPAN	100%	100%

SINGAPORE

AXA INSURANCE	100%	100%
AXA LIFE	47%	100%

Africa

MOROCCO

AXA ASSURANCE MAROC (c)	51%	51%

The percentage on the left represents the economic interest and the percentage on the right represents the percentage of control.
(a) Holding owning The Equitable Life Assurance Society of the United States.
(b) Holding owning National Mutual Life of Association of Australasia, National Mutual Health Insurance and Australian Casualty & Life.
(c) New corporate name as of May 17, 2000.

Financial services

International insurance

UNITED STATES

AXA REINSURANCE
100% 100%

AXA RE LIFE
100% 100%

AXA SPACE
100% 100%

AXA GLOBAL RISKS USA
98% 100%

FRANCE

AXA REASSURANCE
100% 100%

AXA RE FINANCE
79% 79%

SPS RE
70% 70%

AXA GLOBAL RISKS
98% 100%

MONACO

C.G.R.M.
100% 100%

UNITED KINGDOM

AXA REINSURANCE
100% 100%

AXA GLOBAL RISKS UK
98% 100%

SINGAPORE

AXA REINSURANCE ASIA
100% 100%

Assistance Services

AXA ASSISTANCE
100% 100%

Asset Management

GERMANY

AXA COLONIA KAG
71% 77%

AUSTRALIA

NATIONAL MUTUAL FUNDS MANAGEMENT
47% 100%

BELGIUM

AXA INVESTMENT MANAGERS
94% 100%

UNITED STATES

ALLIANCE CAPITAL MANAGEMENT
34% 58%

AXA ROSENBERG
47% 50%

AXA INVESTMENT MANAGERS
94% 100%

FRANCE

AXA INVESTMENT MANAGERS
94% 100%

AXA REAL ESTATE INVESTMENT MANAGERS
100% 100%

HONG KONG

AXA INVESTMENT MANAGERS
94% 100%

JAPAN

AXA INVESTMENT MANAGERS
94% 100%

THE NETHERLANDS

AXA INVESTMENT MANAGERS
94% 100%

UNITED KINGDOM

SUN LIFE ASSET MANAGEMENT
94% 100%

Other Financial services

GERMANY

AXA COLONIA BAUSPARKASSE
86% 100%

BELGIUM

AXA BANK BELGIUM
100% 100%

UNITED STATES

DONALDSON LUFKIN & JENRETTE
42% 71%

DLJDIRECT
34% 82%

FRANCE

COMPAGNIE FINANCIÈRE DE PARIS
97% 97%

AXA BANQUE
96% 99%

AXA CRÉDIT
63% 65%

Item 1

History

AXA traces its origins to several French regional mutual insurance companies, Les Mutuelles Unies, which in 1982 took control of Groupe Drouot. Les Mutuelles Unies began operating under the AXA name in 1984 and took control of Groupe Présence, a French stock insurance company, in 1986. In 1988, AXA transferred its insurance businesses to Compagnie du Midi, in exchange for a substantial equity interest and, in December 1990, the name of Compagnie du Midi was changed to AXA.

In 1990 and 1991, the French insurance operations of AXA were reorganized and, as a part of this reorganization, Les Mutuelles Unies and the other mutual companies associated with the Company became the Mutuelles AXA.

Subsequent to the reorganization, AXA began a series of significant acquisitions and investments to expand and diversify geographically its operations as set out below.

- In 1992, AXA acquired a controlling equity interest in The Equitable Companies Incorporated (the "Equitable Holding Company", renamed "AXA Financial, Inc" during 1999) upon the demutualization of its subsidiary The Equitable Life Assurance Society of the United States ("Equitable Life");
- In 1995, AXA acquired a controlling equity interest in National Mutual Holdings (recently renamed and referred herein as "AXA Asia Pacific Holdings") upon the demutualization of its subsidiary National Mutual Life Association of Australasia ("National Mutual Life");
- In 1997, AXA acquired Compagnie UAP ("UAP"), a French holding company for a group of insurance and financial services companies, in a public exchange offer. This acquisition increased significantly the size of AXA most notably in Western Europe;
- In 1999, AXA through Sun Life & Provincial Holdings ("SLPH") acquired Guardian Royal Exchange ("GRE") a United Kingdom based insurer. GRE had principal operations in the United Kingdom, Ireland, and Germany enabling AXA to increase significantly its presence in these property and casualty insurance markets.
- In 2000, AXA acquired a controlling share of Nippon Dantai Life Assurance Company ("Nippon Dantai") which will increase significantly its presence in the life insurance market in Japan and in the Asia Pacific region.

Internet

The development of the internet, and information technology in general, is a phenomenon whose impact, although difficult to quantify today, will undoubtedly be profound. Given the largely intangible nature of the services AXA delivers, the Company is particularly interested in this new means of communications, and has already begun using the Internet to provide online information to its customers, employees and shareholders, as well as to securities analysts and investors.

In addition, AXA has defined specific strategy objectives in the domain of e-business, and already possesses important sources of leverage, including:

- distribution channels that are close to their customers, including an international base of direct telemarketing insurance subsidiaries (in the United Kingdom, Germany, France, Japan and Spain) that constitute an important logistical platform for capitalizing on the growth of e-business. Currently, nearly 15% of new business at Sicher Direct in Germany, and 25% of all new business at AXA Direct Japan originates through the internet;
- key competencies in both insurance and financial services, supported by expertise in the e-business domain. DLJdirect, DLJ's online brokerage service, is currently ranked third worldwide with more than 700,000 clients in the United States alone. DLJdirect has also begun to expand internationally, initially in

the Japanese market (through a partnership with Sumitomo Financial Group) and in the UK market. Sprout, a subsidiary of DLJ, is one of the premier players in financing internet start-ups in the United States. In the United Kingdom, PPP Healthcare (acquired in connection with the GRE acquisition) has achieved significant gains in productivity by managing its relations with healthcare service providers through the Internet;

AXA has identified more than 200 initiatives and projects throughout the world, and is currently engaged in a process of strategic reflection with its principal subsidiaries aimed at:

- defining best practice in the area of property-casualty claims management using Internet technologies;
- leveraging the AXA Group's distribution channels through successful global integration featuring a broad array of online services for customers and distributors.
- creating new business models that offer customers a full range of financial services that meet all of their insurance, investment management and other financial services needs; and
- capitalizing on the AXA trademark.

The People of AXA

At December 31, 1999 AXA had nearly 140,000 employees and agents working in more than 60 countries. AXA's human resources policy aims to ensure that this large and diversified workforce is united successfully around a global strategy through coordinated efforts to motivate, involve, train and connect employees.

Motivate. To respond to questions relative to the strategy of AXA, and thereby enable individual employees to better understand their role, "Simply Leaders" conventions were held around the world. In two and a half years, 64 Simply Leaders conventions have brought together nearly 95,000 AXA people. These conventions have given participants a clearer understanding of the relationship between their daily actions on the job, their company's priorities and the AXA global strategy.

Involve. Overall performance depends on employee affiliation, which in turn depends on the quality of the workplace environment. Every two years, an employee attitude survey is conducted group-wide to measure employee perceptions of workplace morale. The results of the first worldwide survey, Scope 98, revealed that employees at several Group companies shared a number of common concerns. A set of action plans with defined priorities was developed to address these concerns. With the next edition of Scope in April 2000, the entire survey process will be conducted via the internet.

Train. To ensure that business-related training is adapted to local market conditions, it is handled at company level. Given the pace of change in the financial protection business, and the increasing number of competitors, training budgets are constantly on the rise. In addition, new technologies are being used to target training more effectively and enhance learning. In the area of management, AXA Université has developed three major programs:

– AXA Manager is designed to help managers put AXA management principles and core values into practice.

– The Columbus program, the logical extension of the AXA Manager program, was launched in the fall of 1998. Its purpose is to improve change management skills in AXA managers by clarifying changes in the operating environment and the corporate mission.

– Télémaque, launched in March 1997, is a training program for high potential managers. The second graduating class of 40 completed the program at the end of 1999. In the third phase of the program, all consulting assignments were focused on the customer relationship.

In 1999, AXA Université hosted more than 4,300 employees who completed the AXA Manager and Columbus programs. A third campus was opened in 1999 in the United States (state of Virginia).

Connect. One of the AXA's key assets lies in the diversity of the knowledge and skills that its employees possess. To leverage this advantage, match needs with resources, and reduce both development costs and time to market, in 1998 AXA launched an ambitious program designed to strengthen synergies. An intranet web site was opened, featuring a database that lists both standing and newly formed synergy groups and newsgroups. In 1999, more than 1,500 AXA employees played an active role in this new project.

International mobility is also an ideal vehicle for promoting synergies. By the end of 1999, more than 450 AXA employees were working abroad.

Customer innovation

Putting customers at the heart of AXA's organization is part of the Company's long-term strategy. Designing new products, imagining innovative new services and original distribution channels, anticipating customer expectations, striving to be ever more responsive: these are the challenges that AXA faces in every one of its markets. Being perceived by customers as offering something different requires getting and staying ahead of the competition. But for innovation to play a decisive role, it must be supported by effective communications. The best ideas, projects and accomplishments that surface throughout AXA must be made known to all so that they can be adapted and disseminated more rapidly and at lower cost.

The AXA Customer Innovation Awards program was launched with the aim of promoting, identifying, rewarding and disseminating innovative ideas that offer a benefit to customers, for subsequent incorporation as a core brand attribute. The first edition of the annual awards program was held in 1999, and the results were promising: 118 entries, 28 semifinalists and seven winning projects. Some innovations concern the end customer directly (e.g. in the United States, permanent customer access to investment portfolios, valued on a daily basis; introduction of a special insurance product tailored to the needs of women in Hong Kong), while others concern distributors and support functions (e.g. remote video inspection of damaged vehicles in the United Kingdom). In every case, the end result is the same: to deliver more efficient and cost-effective service to the customer.

The AXA trademark

The Company continues to build on awareness of the AXA trademark worldwide. In the United States, The Equitable Holding Companies, Inc. is now publicly traded under the name AXA Financial, Inc., and has repositioned its financial planners' distribution channel under the trademark AXA Advisors. In Australia and New Zealand, National Mutual Life's lines of products are now sold under the names of AXA Australia and AXA New Zealand, respectively. National Mutual Holdings has been renamed AXA Asia Pacific Holdings. This only affected the holding companies. The life companies in AXA Financial, Inc and AXA Asia Pacific Holdings have retained their legal names as Equitable Life and National Mutual Life.

As a result of the reorganization of its Belgian subsidiaries, the principal insurance company is now known as AXA Royale Belge and the banks, ANHYP and IPPA, now operate under the name of AXA Bank Belgium.

Virtually all of AXA's insurance and reinsurance operations now distribute their products under trademarks that include the AXA name. The Company and its subsidiaries co-finance advertising costs incurred to promote and build awareness of the AXA trademark. In

1999, total advertising costs incurred to promote the AXA trademark were nearly €100 million.

The notoriety of the AXA trademark has increased over the last few years. The AXA name is well known in the majority of the European countries, notable in France (95%), the United Kingdom (60%), Belgium (56%), The Netherlands (49%), as well as, in Spain (34%) and Germany (29%). The AXA trademark is equally strong in Australia, New Zealand and Singapore (70%). In the rest of the world the AXA trademark is established in 15% principal territories in which AXA operates and notably in the United States.

New Management Organization

The term of the Directoire (AXA's Management Board) was renewed in January 2000. Composed of six members, the Management Board is chaired by Claude Bébéar. Its Vice-Chairman is Henri de Castries.

To ensure consistent management across AXA, the Management Board has implemented a new organizational structure. The aim of the new organization is to strengthen the responsibilities of AXA's operating units and to leverage cross-border resources, thereby optimizing the benefits offered by the size and diversity of AXA. This new organizational structure includes:

– "operating units" who will report directly to the Management Board and its Chairman, on the basis of the quarterly review of operating performances;

– team dedicated to group level functions (Human Resources, Synergies and Communications; Finance, Control and Strategy; IT and e-business; and Insurance, Optimization and Operations); and

– Executive Officers responsible for preparing decisions for the Management Board, exchanging relevant information in the interest and for the benefit of AXA, and monitoring the strategic initiatives of AXA.

In addition, Claude Bébéar has informed the Supervisory Board of his decision to step down as Chairman of the Management Board after the Annual General Meeting of the Shareholders scheduled for May 3, 2000, and has recommended that Henri de Castries be appointed Chairman of the Management Board at that time. The Supervisory Board has approved this recommendation. Jacques Friedmann has expressed his decision to resign from the Supervisory Board at the end of the aforementioned Shareholders' Meeting. The Supervisory Board will recommend that the shareholders approve the election of Claude Bébéar to the Supervisory Board, which will subsequently appoint him as its Chairman.

Employees

The table below presents the number of employees in AXA's consolidated entities at December 31, 1999 and 1998. Of the total number of employees at December 31, 1999, approximately 81% were employed in the insurance and reinsurance operations and 19% were employed in the financial services operations. AXA's employees in France and certain other countries are covered by various collective bargaining agreements, the application of which depends on the professional activity carried out, as well as collective agreements on working conditions and remuneration negotiated periodically with the union and employee representatives.

Employees	December 31, 1999	December 31, 1998
France	19,497	20,475
including direct marketing	599	575
United Kingdom	12,871	13,691
including direct marketing	967	1,377
Germany	9,694	9,912
including direct marketing	393	388
Belgium	4,417	4,732
United States	5,444	4,803
Asia/Pacific	5,222	5,272
including direct marketing	123	53
Other countries	12,631	11,696
including direct marketing	289	222
International activities	4,709	4,097
Reinsurance	840	767
AXA Global Risks	1,585	1,285
Assistance	2,217	1,980
Total Insurance	**74,485**	**74,678**
Financial services		
France	566	545
Germany	217	202
Belgium	1,663	1,645
United States	12,602	10,522
Asia/Pacific	524	491
AXA Investments Managers	1,207	791
Total Financial services	**16,779**	**14,196**
Group Central Function Employees	**744**	**680**
TOTAL	**92,008**	**89,554**

Ratings

	1999	
	Agency	Rating
Insurer Financial Strength Ratings		
Major Insurance Companies	Standard & Poor's	AA
	Moody's	Aa3
	Fitch IBCA	AA
Ratings of Long Term Debt / Short Term		
AXA SA Long Term Debt (subordinated)	Standard & Poor's	A+
	Fitch IBCA	AA–
AXA SA Short Term Debt (Commercial Paper)	Standard & Poor's	A-1
	Duff & Phelps	D-1
Individual Ratings of specific debts		
Subordinated Convertible Notes (1999-2014 ; 2.5%)	Moody's	A2
	Standard & Poor's	A–
Subordinated Convertible Notes (2000-2017 ; 3.75%)	Moody's	A2
	Standard & Poor's	A–
Perpetual Notes issued in March 2000 ; 7.25%	Moody's	A2
	Fitch IBCA	A

Year 2000

AXA's information systems are central to, among other things, designing and pricing products, marketing and selling products and services, processing policyholder and investor transactions, client recordkeeping, communicating with agents, employees, affiliates, vendors and clients, and recording information for accounting, investment and management information purposes. There have been no Year 2000 problems encountered that could have a material adverse effect on the business, financial condition or results of operations of AXA. For more information regarding Year 2000 refer to "Item 9: Management's Discussions and Analysis – Other Matters - Year 2000".

Significant acquisitions and investments

Since 1991, AXA has made a number of acquisitions, entered into joint ventures and made direct investments. AXA continues to consider opportunities to increase the size and geographical diversity of its worldwide operations in insurance and asset management. Significant acquisitions or investments which have occurred since 1991 are summarized below and further detail is provided in the "Item 9: Management's Discussions and Analysis" and Note 6 of the Consolidated Financial Statements included in this Annual Report.

Amount invested (in euros billions)	1999	1998	1991 to 1997
North America			
– AXA Financial, Inc.[1]	0.2		1.3
– Donaldson, Lufkin & Jenrette (DLJ)		0.3	
Asia/Pacific			
– AXA Asia Pacific Holdings[2]			0.6
Europe			
– Compagnie UAP[3]	0.1		5.6
– Guardian Royal Exchange[4]	2.1		
– Royal Belge and ANHYP	0.1	3.4	
– AXA Reassurance and Abeille Re			0.9
– AXA Colonia	0.5	0.1	
Other			
– Investment in start up operations[5]	0.1	0.1	0.2
Total	**3.1**	**3.9**	**8.6**

(1) Formerly Equitable Companies, Incorporated, renamed during 1999.
(2) Formerly National Mutual Holdings, renamed in February 2000.
(3) The acquisition of UAP was accomplished through a stock exchange and thus required no cash.
(4) Investment net of realized gains on disposals following the acquisition.
(5) Represents investment in property and casualty direct marketing operations (France, Germany, Spain, Japan) and in life operations in Japan and China. Total cumulative investment by AXA up to December 31, 1999, including the amount invested in 1999 is provided in "Item 9 – Management's Discussion and Analysis – Liquidity and Capital Resources").

AXA Financial, Inc. (formerly Equitable Companies Incorporated) *In 1991, AXA invested US$ 1.0 billion (approximately €1 billion) in Equitable Life, then a mutual life insurance company, in anticipation of Equitable Life's demutualization. In 1992, pursuant to a plan of demutualization, through which Equitable Life became a stock life insurance company and a wholly owned subsidiary of AXA Financial, Inc. (formerly Equitable Companies Incorporated), AXA exchanged a part of its initial investment for 49% of AXA Financial, Inc.'s common stock.*

As of December 31, 1999 and 1998, AXA's economic interest in AXA Financial, Inc. common stock was approximately 58.4% and 58.5%. AXA's investment in AXA Financial, Inc. will change from time to time due to the issuance of stock options and the issuance and/or repurchase of its own shares by AXA Financial, Inc. (AXA Financial, Inc.'s stock repurchase program during 1999 and 1998 is discussed in more detail in "Item 9: Management's Discussions and Analysis"). Additional information about AXA Financial, Inc. or its subsidiary, Equitable Life, is provided in the AXA Financial, Inc. Annual Report on Form 10-K for the year ended December 31, 1999.

Donaldson, Lufkin & Jenrette (DLJ). *In 1998, AXA, through AXA Financial, Inc., Equitable Life and AXA Holdings Belgium, invested US$0.3 billion in DLJ. AXA's direct and indirect ownership of DLJ was 42.2% at December 31, 1999 compared to 42.8% and 41.4% at December 31, 1998 and 1997, respectively.*

AXA Asia Pacific Holdings (formerly National Mutual Holdings). *In September 1995, AXA invested A$ 1.1 billion (€ 0.6 billion) for a 51% controlling interest in AXA Asia Pacific Holdings, which acquired National Mutual Life and its subsidiaries in connection with National Mutual Life's demutualization.*

Compagnie UAP. *In 1997, AXA acquired 91% of the outstanding shares of UAP in a public exchange offer. This investment was financed through the issuance for 111.1 million ordinary shares, 2,057 bonds redeemable in ordinary shares and 128 million certificates of guaranteed value ("CVG") for the outstanding UAP shares[1]. AXA issued an additional 11.57 million shares when Compagnie UAP was merged into AXA. On July 1, 1999 the CVGs were cancelled with no cash payment required to be made in accordance with the terms and conditions of the CVGs. However, the settlement of hedging programs set up by AXA in 1998 cost € 71 million which has been added to the acquisition cost of the public offer of exchange initiated by AXA in early 1997 on the Compagnie UAP.*

Guardian Royal Exchange ("GRE"). *SLPH acquired GRE on May 10, 1999 for a total consideration of £ 3,417 million (€ 5,110 million) partly financed by SLPH by a £ 1,114 million (€ 1,666 million) stock issue. As a result of this transaction, AXA's ownership interest in SLPH decreased to 56.3% at December 31, 1999 compared to 71.6% at December 31, 1998. Following this acquisition, the 83.7% interest in Albingia (GRE's German subsidiary), was sold by SLPH to AXA Colonia. Other subsidiaries of GRE deemed non-strategic by AXA have been or are in the process of being sold outside the Group, such as the US operations, most of the UK life operations, as well as the insurance operations in France, in Luxembourg and in South Africa.*

Royale Belge and ANHYP. *In 1998, AXA acquired control of Royal Belge through a public offer and currently holds 100% of its shares. This acquisition was financed by AXA shares, cash and the issuance of Certificates Guaranteed Value ("CGV"). At the end of 1999, the CGVs were cancelled with no cash payment required to be made in accordance with the terms and conditions of the CGVs[2].*

At the end of 1998, Royale Belge acquired ANHYP (a Belgium savings bank) through a public offer for € 541.6 million. The purpose of this acquisition was to consolidate Royale Belge's banking operations, and, by this, to expand the bank distribution network of independent agents.

AXA Reassurance and Abeille Re. *In 1993 and 1994, AXA Reassurance strengthened its financial structure, underwriting capacities and solvency ratio through capital increases of € 152.4 million and € 88.4 million, respectively. AXA's reinsurance operations were further strengthened by the 1995 acquisition of Abeille Re, a Paris-based reinsurance company for € 383.6 million. Abeille Re's operations were integrated into AXA Reassurance following the acquisition.*

AXA Colonia and Albingia. *In connection with the GRE acquisition, AXA Colonia obtained a 83.7% interest in Albingia Lebensversichenung AG ("Albingia"). As a result, AXA Colonia became the second largest property and casualty insurer and the fifth largest life insurer in Germany. Subsequent to the GRE acquisition and as at December 31, 1999, AXA Colonia increased its ownership interest in Albingia to 99% through acquisition of the remaining minority shareholdings for € 145.7 million. In addition, AXA has been increasing its ownership share in AXA Colonia, from 69% at December 31, 1997 to 73% at December 31, 1998 and 86% at December 31, 1999.*

(1) The Certificates issued in connection with the Public Exchange Offer entitled their Holders, for each Certificates held as of July 1, 1999, to an amount equal to the difference, if positive, between € 59.8 and the reference price for one ordinary AXA share. The reference price was equal to the average of the opening stock market prices for ordinary shares on the Paris stock exchange for the thirty trading days immediately preceding July 1, 1999. Throughout the months of May and June 1999, the stock price was well above € 59.8.

(2) In the event that the closing price on the Paris Bourse of the AXA share is above or equal to € 137.3 for five trading days within a ten days consecutive trading period, the CGVs will be cancelled. The ten day consecutive trading period, during which the closing price of the AXA Share was above € 137.3 for five trading days, began on December 3, 1999.

OTHER SIGNIFICANT ACQUISITIONS AND INVESTMENTS

AXA has continued its investment efforts in new start up operations and through joint ventures as summarized below.

– ***Direct marketing operations.*** *AXA commenced direct sales of automobile insurance in France (1992), Germany (1995), Spain (1997) and Japan (1999).*

– ***AXA Life (Japan).*** *In 1995, AXA commenced life insurance operations in Japan through an investment totaling € 169 million as of December 31, 1999. Furthermore, AXA's life operations in Japan will expand significantly during 2000 following its acquisition of Nippon Dantai Life Insurance Company. This is further discussed in "Events Subsequent to December 31, 1999" below.*

– ***AXA Minmetals.*** *In China, AXA formed a life insurance joint venture, AXA Minmetals, with China Minmetals Group. AXA has a 51% investment in the joint venture. The joint venture started to underwrite life insurance in June 1999.*

DIVESTITURES

The more significant divestitures undertaken by AXA, as they were deemed non-strategic investments, are summarized below:

Equitable Real Estate (United States). *In 1997, Equitable Life sold Equitable Real Estate, its wholly owned real estate management subsidiary for US$ 400 million.*

CIPM (France). *In 1997, AXA sold a portion of its interest in Compagnie des Immeubles de la Plaine Monceau (CIPM) to SIMCO, a real estate company owned 36% by AXA. Subsequently, CIPM was merged into SIMCO. As a result of these transactions, AXA reduced its exposure to real estate by approximately € 1 billion.*

Foncière Vendôme and UIF (France). *In 1998, AXA sold Foncière Vendôme and its 34.7% stake in UIF (Union Immobilière de France) for € 0.3 billion.*

Other Real Estate Transactions. *Real estate in the amount of € 0.4 billion and € 0.7 billion was sold in 1998 and 1997, respectively.*

Events Subsequent to December 31, 1999

Further details on the events, summarized below, are provided in the "Item 9: Management's Discussion and Analysis" and Note 27 to the Consolidated Financial Statements included in this Annual Report.

AXA China Region. *Subsequent to its September 30, 1999 year-end, AXA Asia Pacific Holdings acquired the minority interest holdings in AXA China Region for approximately € 519 million (HK$4,100 million). At the end of February 2000, AXA Asia Pacific Holdings had 100% interest in AXA China Region and is now in the process of delisting this company from the Hong Kong Stock Exchange.*

Nippon Dantai. *In November 1999 AXA and Nippon Dantai entered into an agreement to combine their business activities in Japan. AXA and Nippon Dantai will merge their Japanese life insurance operations and will create a new holding company called AXA Nichidan. AXA will contribute cash up to ¥ 200 billion (approximate € 2 billion): ¥ 135 billion before March 2000 and up to ¥ 65 billion before March 2001. Consequently, AXA will have an equity interest of approximately 95% in AXA Nichidan.*

Issuance of subordinated convertible notes. *Subsequent to December 31, 1999, in connection with the transactions above, AXA issued € 1.1 billion of 3.75% subordinated convertible notes due in 2017 and € 500 million of 7.25% undated subordinated convertible notes. The purposes of these borrowings is to finance the growth of the Company, or any of its subsidiaries, and to finance the buyout of AXA China Region's minority interests and the acquisition of Nippon Dantai.*

UAP Convertible debt conversion. *In January 2000, the € 282 million 6.0% mandatorily convertible notes issued by AXA in conjunction with the acquisition of UAP in 1997 were converted into 4.1 million ordinary shares in accordance with the terms and conditions of these notes.*

Segment information

AXA has five operating business segments, Life Insurance, Property and Casualty Insurance, International Insurance, Asset Management and Other Financial Services. In addition, there are non-operating activities within the holding companies, including the Company. See "Item 9: Management's Discussion and Analysis" and Note 22 to Consolidated Financial Statements included in this Annual Report for more financial information.

Certain significant acquisitions, including Compagnie UAP (1997), Royale Belge minority interests of AXA's (1998) and GRE (1999), impacted each of these business segments and the holding companies segment. As a result of these acquisitions, AXA increased significantly its participation in the insurance and financial services sectors. In part due to these acquisitions and due to the objectives of improving AXA's reporting and analysis, to more closely align the business segments with the basis used by management to evaluate performance and to allocate resources, AXA has realigned its operating business segments and geographical groups within the segments over the course of the past three years as summarized below. In all cases, the prior years' amounts have been restated accordingly for consistency.

CHANGES IN 1998 FROM 1997

- Prior to 1998 the Financial Services Segment was comprised of the US Financial Services Group and the International Financial Services Group. Because asset management has become increasingly important to AXA, both from a strategic and profitability perspective, AXA created two separate operating business segments being Asset Management and Other Financial Services.
- The Belgian Life Insurance Group was created as a separate sub-segment. Previously the Belgian Life operations were included under the Other Life Insurance Group sub-segment.

CHANGES IN 1999 FROM 1998

- The Reinsurance Segment was combined with the Transnational Property and Casualty Insurance Group activities, which was previously reported as a sub-segment within the Property and Casualty Insurance Segment. The new segment, the "International Insurance Segment", includes all aspects of global insurance and reinsurance risk coverage.
- The UK Property and Casualty Insurance Group was created as a separate sub-segment during 1999 due to the increase in related operations following the 1999 GRE acquisition. Previously the UK property and casualty operations were included within the Other Property and Casualty Insurance Group sub-segment.

No customer accounted for 10% or more of AXA's consolidated revenues in 1999. No segment is dependent upon a single customer, or a few customers, the loss of which would have a significant effect on the earnings of the segment.

AXA is not dependent on any one, or a few, independent brokers or independent agents or other insurance companies for which a loss of business would have a material adverse effect on the earnings of any one of the segments or AXA.

Life insurance segment

AXA's Life Insurance Segment offers a range of life insurance products primarily in the United States, France, the United Kingdom, Australia, Germany and Belgium, as well as in certain other countries in Western Europe, North America and the Asia/Pacific region. These products include both retirement products and life and health products for individuals and groups, with an emphasis on investment linked and other savings-oriented products. The Life Insurance Segment in 1999 accounted for € 37.1 billion or 56% of AXA's total revenues.

During 1999, the life insurance market experienced significant growth in the sale of separate account (unit linked) primarily due to strong performance in the global stock markets and increasing consumer awareness and interest to participate in the investment markets. This increase was complemented by continued demand for life and health protection products, and retirement and other savings-oriented products due to the aging population and increasing consumer awareness for the need to have sufficient savings to support retirement as more countries reduce the level of state funded welfare systems.

The principal competitive factors affecting the Life Insurance Segment's business are (i) price, (ii) financial strength and claims-paying ratings, (iii) size and strength of agency force, (iv) range of product lines and product quality, (v) quality of service, (vi) investment management performance, and (vii) with respect to participating contracts, historical levels of bonuses. The nature and level of competition varies amongst the countries in which AXA operates.

AXA's life insurance gross premiums and gross insurance reserves for each of its major geographic markets is as follows:

Life Insurance Segment – Gross Premiums by Market Years ended December 31, (in euro millions except percentages)	1999		1998	1997	Insurance Reserves At December 31, 1999
United States	29.1%	10,777	9,181	7,871	89,481
France	28.5%	10,555	9,547	9,839	75,456
United Kingdom	19.4%	7,206	5,140	4,651	67,968
Asia / Pacific	7.7%	2,859	2,975	3,332	12,442
Germany	7.4%	2,757	2,408	2,517	23,496
Belgium	2.5%	912	921	848	8,217
Other (a)	5.5%	2,025	2,275	2,297	13,674
TOTAL	**100.0%**	**37,091**	**32,446**	**31,354**	**290,734**

(a) Other countries in Europe, Canada, Morocco and Turkey.

US LIFE INSURANCE GROUP

The life operations in the United States are conducted through Equitable Life and its insurance subsidiary and are referred to herein as Equitable Life. Equitable Life is a subsidiary of AXA Financial, Inc. (formerly, Equitable Companies Incorporated), which is a publicly traded company in the United States and, therefore, subject to the reporting requirements of the Securities Exchange Act of 1934 (the "1934 Exchange Act"). For additional information about AXA Financial, Inc or Equitable Life please refer to their respective Annual Reports on Form 10-K for the year ended December 31, 1999.

Market. *Based on gross premiums in 1998, the US life insurance market is the second largest in the world and accounted for 27.6% of life insurance gross premiums written worldwide.*

Demographic studies suggest that, as the post-World War II "baby boom" generation ages over the next decade, there will be a corresponding growth in the number of individuals in the target market for the US Life Insurance Group's savings-oriented products. Studies also indicate that intergenerational wealth transfers will be enormous, and that there will be a significant increase in the number of households seeking advice related to financial, tax and estate planning. In addition, the trend continues among U.S. employers away from defined benefit plans (under which the employer makes the investment decisions) toward employee-directed, defined contribution retirement and savings plans (which allow employees to choose from a variety of investment options). The US Life Insurance Group continuously reviews its range of financial products and planning services to satisfy the needs of customers in these target markets.

The US Life Insurance Group's targeted customers include affluent and emerging affluent individuals such as professionals and owners of small businesses, as well as employees of tax-exempt organizations and existing customers. For variable life, the US Life Insurance Group has targeted certain markets, particularly executive benefit plans, the estate planning market and the market for business continuation needs (e.g., the use of variable life insurance to fund buy/sell agreements and similar arrangements), as well as the middle-to-upper income life protection markets. The US Life Insurance Group's target markets for variable annuities include, in addition to the personal retirement savings market, the tax-exempt markets (particularly retirement plans for educational and non-profit organizations), corporate pension plans (particularly 401(k) defined contribution plans covering 25 to 3,000 employees) and the IRA retirement planning market. Equitable Life's Income Manager series of annuity products includes products designed to address the growing market of those at or near retirement that need to convert retirement savings into retirement income.

Products. *The US Life Insurance Group offers a portfolio of insurance, annuity and investment products and services, including financial planning services, designed to meet a broad range of its customers' needs throughout their financial life-cycles. These products include individual variable life insurance products and individual and group variable annuity products (both tax-qualified and non-qualified). The US Life Insurance Group also sells traditional whole life insurance, universal life insurance and term insurance products, and, through AXA Advisors, mutual funds and investment products.*

The continued growth of separate account assets remains a strategic objective of AXA Financial. Over the past five years, separate account assets for individual variable life and variable annuities have increased by €34 billion ($34.74 billion) to €44 billion ($44.36 billion) at December 31, 1999, including approximately €42 billion ($42.14 billion) invested through EQ Advisors Trust. At December 31, 1999 EQ Advisors Trust ("EQAT") had 40 investment portfolios, 25 of which were managed by Alliance Capital Management, (representing 85.1% of the assets in EQAT), and 15 of which were managed by unaffili-

ated investment advisors. The US Life Insurance Group also offers an asset management account and money management products.

Gross premiums and gross insurance reserves for the various products offered by the US Life Insurance Group are presented below.

US Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999 General Account	Separate Account
Individual retirement:						
Variable deferred annuities	62.1%	6,698	5,384	4,085	11,280	31,966
Single premium immediate annuities	0.5%	55	54	70	2,519	233
Individual life:						
Variable and interest-sensitive	15.9%	1,712	1,501	1,462	6,481	11,320
Traditional	7.0%	750	725	760	8,928	–
Reinsurance assumed	1.8%	195	189	191	288	–
Individual health	**1.6%**	**173**	**156**	**170**	**1,235**	**–**
Other products:						
Institutional separate accounts	7.7%	826	705	710	–	9,007
Group pension products (a)	3.4%	362	332	300	4,067	248
Other	0.1%	7	134	123	865	1,041
TOTAL	**100.0%**	**10,777**	**9,181**	**7,871**	**35,665**	**53,816**

(a) Insurance reserves for group pension products include reserves of € 872 million primarily for non-participating wind-up annuities that have not been sold since 1991 by the US Life Insurance Group.

Distribution. The US Life Insurance Group provides its financial professionals with training, marketing and sales support. Retail distribution of products and services is accomplished by more than 7,500 financial professionals of AXA Advisors and/or AXA Network (including approximately 375 individuals who are engaged in related professions, in addition to offering the US Life Insurance Group's products) organized into 19 geographic regions across the United States. Wholesale distribution of products is undertaken through Equitable Distributors, Inc. ("EDI"). In 1999, the EDI distribution channel accounted for 39% of new business relating to individual insurance products.

Competition. There is strong competition among companies seeking clients for the types of insurance, annuity and group pension products sold, and financial services provided, by the US Life Insurance Group. Many other insurance companies offer one or more products similar to those offered by the Insurance Group and in some cases through similar marketing techniques. Several of the US Life Insurance Group's principal competitors have announced their intention to demutualize by year-end 2000, giving them increased access to capital and other advantages of being publicly traded companies. In addition, the Insurance Group competes with banks and other financial institutions for sales of annuity products and, to a lesser extent, life insurance products and with mutual funds, investment advisers and other financial entities for the investment of savings dollars. The *recent enactment of the Gramm-Leach-Bliley Act may increase competition by permitting new entrants into the insurance business.*

Equitable Life is among the largest life insurance companies in the US. Ratings are an important factor in establishing the competitive position of insurance companies in the United States. As of December 31, 1999, the financial strength ratings for Equitable Life were as follows: AA from Standard & Poors (3rd highest of 22 ratings), Aa3 from Moody's (4th highest of 21 ratings), A+ from A.M. Best Company, Inc. (2nd highest of 16 ratings), and AA from Fitch IBCA Investors Service, L.P. (3rd highest of 18 ratings).

During 2000, management may from time to time explore selective acquisition opportunities in AXA Financial Inc.'s core insurance and investment management businesses.

FRENCH LIFE INSURANCE GROUP

The French Life Insurance Group offers a variety of individual and group products throughout France. In 1998, the French Life Insurance Group was the second largest insurer in the French life insurance market measured on the basis of gross premiums.

In connection with the acquisition of UAP in 1997, AXA reorganized its French life insurance operations by distribution channel: AXA Assurances Vie for agents; AXA Conseil Vie for specialized networks and AXA Collectives for brokers. AXA Collectives conducts the placement of all group life insurance business, regardless of the distribution channel used. Each entity tailors its products, internal organization and strategy to its principal means of distribution. In order to achieve this reorganization, numerous insurance portfolios, primarily those of the former UAP entities, were transferred within the French Life Insurance Group. Due to market evolution and competition, AXA France is currently in the process of reorganizing its life and property & casualty insurance operations. Further details on this reorganization are provided in "Item 9: Management's Discussion and Analysis – Restructuring of Operations".

For a discussion of certain relationships between the French Life Insurance Group and the Mutuelles AXA, including those with respect to distribution, see "Item 4 - Control of Registrant - Relationships with the Mutuelles AXA."

***Market.** Based on 1998 gross premiums, the French life insurance market has moved from being the third largest to the fourth largest life insurance market in the world and accounted for almost 6% of life insurance gross premiums written worldwide.*

Based on gross premiums, the French life insurance market had an average growth rate of 14.2% between 1992 and 1996, 8.1% in 1997, negative growth of 14.4% in 1998 and further deterioration in 1999. This deterioration was due to a change in French tax legislation affecting life insurance products. Under the new tax legislation, the policyholder is taxed on the distribution arising from the savings contract paid at maturity. Previously, such amounts were untaxed. On the whole, the life insurance market, especially for savings-related retirement products, has been experiencing continued growth. In 1999, the market had estimated growth of 13%.

***Products.** The French Life Insurance Group offers individual retirement, individual life, individual health and group products. In connection with the UAP acquisition, AXA reviewed its AXA and UAP products in order to develop a unified life insurance product line AXA's products are offered both through its general account and in its separate accounts, specifically assurance à capital variable products ("ACAV"). AXA's strategy is to focus on increasing its ACAV separate account business. Generally, with investment funds associated with life and annuity products that are placed in the separate accounts rather than in the general account, the investment risk (and reward) is transferred to the policyholders while the life company earns fee income from managing the separate account assets and,* therefore the income streams on these products are much more predictable for the life company. Based on gross premiums for the year ended December 31, 1999, the ACAV products represented 31.2% compared to 24.8% and 17.4% in 1998 and 1997.

Gross premiums and gross insurance reserves for the various products offered by the French Life Insurance Group are presented below.

French Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums by Market 1999		1998	1997	Insurance Reserves At December 31, 1999
Individual retirement products:					
Individual pension products					
– General account	33.0%	3,479	3,520	4,482	42,408
– Separate accounts	27.1%	2,858	2,017	1,508	13,244
Individual endowment products:					
– General account	2.2%	237	300	290	2,849
– Separate accounts	0.2%	17	17	24	373
Individual life products	**2.9%**	**303**	**280**	**165**	**489**
Individual health products	**1.7%**	**181**	**12**	**88**	**107**
Group products:					
Group retirement products					
– General account	4.1%	434	412	509	7,894
– Separate accounts	4.0%	419	334	194	2,022
Group life and health products	24.9%	2,628	2,655	2,578	6,069
TOTAL	**100.0%**	**10,555**	**9,547**	**9,839**	**75,456**

Distribution. In 1999, gross premiums were generated as follows: 17% by general agents, 35% by brokers, 36% by specialized networks and 12% by other networks including direct marketing, partnerships with retail organizations and bank networks.

Competition. The French life insurance industry is concentrated among a few large companies that use financial institution distribution networks or traditional insurance company distribution channels. In 1998, the gross premiums of the ten largest insurance companies accounted for more than 76% of total life insurance gross premiums.

UK LIFE INSURANCE GROUP

In 1997 and 1998, AXA reorganized its life insurance activities in the UK. Sales teams were integrated and the insurance products were reviewed to develop a unified product line. This restructuring has now been completed.

Since January 1, 1998, most new business of the UK Life Insurance Group has been written through AXA Sun Life plc ("AXA Sun Life") which was established following the acquisition of AXA Equity & Law by Sun Life and Provincial Holdings ("SLPH"). Prior to January 1, 1998, the UK Life Insurance Group, through SLPH, offered life and pension products in the United Kingdom through its subsidiaries AXA Equity and Law Life Assurance Society Plc ("AEL"), Sun Life Assurance Society PLC ("Sun Life Assurance"), Sun Life Pensions Management Limited and Sun Life Unit Assurance Limited.

In 1999, through the acquisition of GRE, AXA increased its presence in the UK health insurance market through PPP Healthcare, a former GRE subsidiary. Refer to "Item 9: Management's Discussion and Analysis – Acquisition and Investments" for further details on the GRE acquisition.

***Market.** Based on gross premiums in 1998, the UK life insurance market has moved from being the fourth largest to the third largest market in the world overtaking the French life insurance market. The UK life insurance market accounted for nearly 10% of life insurance gross premiums written worldwide. The growth in new annualized business premiums has been approximately 18% per year during the period from 1995 to 1998. The main area of growth has been with investment-type products (such as, single premiums bonds). This growth has exceeded the overall growth within the life insurance industry by 10% per year. Compared to the overall life insurance market, the sales volume on life products (such as protection, mortgage and savings) has fallen by 9% and on pension products (representing 44% of the market), has fallen by 4%.*

The government is proposing to introduce new legislation from 2001 that may change the pensions market. The proposal is to require employers to provide some form of pension scheme to all employees. This product ("Stakeholder Pensions") is a low cost money purchase scheme aimed at those employees who currently rely on the state for provision of retirement benefits. To ensure value for all policyholders there will be a cap of 1% on annual charges that can be levied which will limit the expected margins on this type of relative to other life insurance business.

With regard to the private healthcare market, it is anticipated that the healthcare market will not change or grow significantly in the next couple of years (around 1 to 2%) due to current legislative views on offering private healthcare as there is an existing comprehensive national healthcare system.

The UK Insurance Regulatory bodies have issued rules and guidance which establish the basis of redress arising from the selling of certain pension products during the period from 1988 through to 1994. Since 1994, UK insurers have reviewed all past business sold through their representatives (exclusive agencies or direct sales force) involving transfers from employer-sponsored pension plans into personal pension products offered by the insurer or surrenders out of the employer-sponsored pension plan.

The UK Life Insurance Group has participated fully in this ongoing review and has established provisions, based on actuarial assumptions and current information available, to cover the cost of the review and the compensation to policyholders. In addition, provision has been made for levies under the Investors' Compensation Scheme (administered by the UK Insurance Regulators) which compensates in relation to sales by Independent Financial Advisers ("IFAs"). The ultimate cost of the Investor's Compensation Scheme levies will depend upon the quantification of the IFA sector's need for financial support from the industry in meeting its ultimate cost of redress and related expenditure.

Products. *The UK Life Insurance Group's individual retirement products include personal pensions, pensions for the executive and directors markets, and immediate and deferred annuities. The group retirement products offered include principally separate accounts and with-profits contracts. The individual life products include regular premium life, such as traditional whole life and mortgage endowment, single premium investment products and other products, such as critical illness and permanent health insurance products. The UK Life Insurance Group also offers a range of offshore single and regular premium investment products.*

With PPP healthcare, AXA has diversified its products to include private medical insurance products that are offered to individuals, corporations and expatriates living overseas. The strategy, specific to these products, is to improve the profitability of corporate healthcare business, with some reduction in volume, and to stabilize the level of individual healthcare business.

Specific to the United Kingdom is the participating contracts also known as with-profits contract. Many life insurance companies in the United Kingdom offer this type of contract. The UK Life Insurance Group offers participating individual retirement products and individual life products. With profit contracts are further discussed below.

UK WITH-PROFIT CONTRACT PARTICULARS

- *Dividends, referred to as bonuses, paid on or credited to with-profits contracts are recommended by the company's actuary and approved by its board of directors. There are two types of bonuses, regular bonuses and terminal bonuses. The bonuses are payable only at maturity or death for most types of with-profits business. The amount and rate of bonuses are not fixed until credited, in the case of regular bonuses, or until paid, in the case of terminal bonuses.*

Regular bonuses are designed to provide a return to the policyholder through a periodic increase in benefits. These bonuses are credited to the policyholder at regular intervals that vary from product to product. Historically, they have represented a partial return of investment income. Once credited, regular bonuses are guaranteed to be paid at maturity, death or as otherwise specified in the policy.

Terminal bonuses are designed to provide policyholders with their share of total investment performance (including investment income and realized and unrealized investment gains or losses) and other company experience (including expenses, mortality experience and income taxes). For longer-term contracts held to maturity, terminal bonuses have historically represented a significant portion (often exceeding 50%) of the total amount paid at maturity. For a contract surrendered prior to maturity, a terminal bonus may be paid in an amount that is determined in the exercise of management's judgment. Terminal bonuses are not guaranteed in advance of payment.

In addition to investment performance and company experience, the level of regular and terminal bonuses paid reflects management's judgment. Management, in the exercise of its judgment, considers the overall financial and competitive position of the company, profits on the company's other business, fairness among holders of contracts with different terms and maturity dates and its objective of meeting policyholders' reasonable expectations. The latter two considerations call for minimizing sharp fluctuations in the level of bonus payments policyholders from year to year and may result in greater fluctuations in reported earnings from year to year than would be the case if bonuses were based solely on investment performance. Minimizing fluctuations in the level of bonus payments is an integral characteristic of a UK with-profit contract from the policyholder's perspective.

As a result of the considerations discussed in the preceding paragraph and competitive factors, AEL and Sun Life Assurance have, in recent years, paid benefits on most maturing with-profit contracts which have been significantly in excess of the investment performance that management has notionally attributed to such contracts for the purpose of monitoring the busi-

ness. The liabilities established for with-profit policyholder benefits are accrued currently and reflect (in addition to investment performance and company experience) management's current judgment as to the impact of the considerations discussed in the preceding paragraph on future benefit payments, including management's current expectations as to the extent to which future terminal bonuses will continue to exceed notionally attributed investment performance. Management believes that, due to their strong solvency position, the companies' ability to pay future benefits in excess of notional investment performance and fulfill the reasonable expectations for bonuses of remaining policyholders has not been impaired.

Most regular premium with-profit contracts have specified maturity dates, typically from 10 to 25 years, with a majority of the contracts being in that range. Single premium with-profits investment contracts do not have specified maturity dates. Both of these types of contracts may be surrendered prior to maturity and for certain products account balances may be transferred into a separate account at any time. The amount paid on surrender or transfer is not guaranteed and may be subject to reduction (referred to as a market value adjustment) to reflect investment performance. Unamortized acquisition expenses, administrative expenses, mortality experience and income taxes are also taken into account in determining the amount payable on surrender.

Gross premiums and gross insurance reserves associated with the products sold by the UK Life Insurance Group are presented below:

UK Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999
Individual retirement products:					
Pension products:					
– Separate account products	22.0%	1,586	1,358	1,247	12,771
– With-profit contracts	8.6%	622	699	1,015	10,594
– Immediate and deferred annuities	6.6%	477	452	108	7,207
Individual life products:					
Regular premium life products:					
– Separate account products	3.0%	216	282	263	2,237
– Other contracts including with-profit contracts	7.1%	513	386	352	8,480
Traditional products	1.8%	127	–	98	592
Single premium investment products:					
- Separate account products	3.8%	277	1,174	876	14,517
- Other contracts including with-profit contracts	41.5%	2,993	592	462	5,454
Other	3.5%	251	105	32	1,727
Group life and retirement products:	**2.0%**	**143**	**91**	**197**	**4,389**
TOTAL	**100.0%**	**7,205**	**5,140**	**4,651**	**67,968**

Distribution. Brokers, referred to as Independant Financial Advisors "IFAs", are the largest channel of distribution for the sale of life insurance products in the United Kingdom, accounting for 58% of annualized new business premiums in the first nine months of 1999, while direct sales forces accounted for 27%, exclusive agents for 12% and direct marketing for 3%. The UK Life Insurance Group distributes life and retirement products through IFAs, exclusive agencies, a direct sales force and direct marketing. The two major factors influencing new business written by IFAs are product pricing and investment performance of separate account (unit-linked) products. Based on 1999 annualized new business premiums for the UK Life Insurance Group, IFAs accounted for 75% of such business while exclusive agents accounted for 10%, direct marketing for 8%, direct sales force and other for 7%. PPP HealthCare's products are distributed mainly through two channels, direct sales 53% and through intermediaries / IFAs 47%.

Competition. The UK life insurance industry continues to consolidate. The top ten companies, which include the UK Life Insurance Group, accounted for 50% of annualized new business premiums in the UK life insurance market in 1998. In the private healthcare market, future growth is predicated on any potential changes in government legislation as historically healthcare has been provided through a comprehensive national healthcare system. Currently, there are two companies that dominate the private healthcare sector, BUPA and PPP healthcare. BUPA has approximately 40% of the market share and its corporate name is synonymous with private healthcare with significant brand name recognition. PPP healthcare has the second largest market share at 31%. Insurers which sell both life and property & casualty insurance (that is, composite insurers) are increasing their presence in the private healthcare market. In 1999 there are approximately 25 companies that operate in the private medical insurance market, which include some companies with less than 1% market share.

ASIA / PACIFIC LIFE INSURANCE GROUP

AXA's life insurance activities in the Asia/Pacific region are conducted primarily through AXA Asia Pacific Holding's (formerly National Mutual Holdings) subsidiary, National Mutual Life and are referred to as the Asia/Pacific Life Insurance Group. AXA acquired a controlling interest in AXA Asia Pacific Holdings in September 1995 and, through its life insurance subsidiaries, offers a full range of insurance products, primarily in Australia, New Zealand and Hong Kong.

Gross premiums and gross insurance reserves by geographical area are as follows:

Asia/Pacific Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999
AXA Asia Pacific Holdings (a):					
Australia and New-Zealand	63.3%	1,810	2,056	2,590	9,371
Hong Kong (including Macau)	26.0%	742	715	586	2,356
	89.3%	**2,552**	**2,771**	**3,176**	**11,727**
Others (b)	10.7%	307	204	156	715
TOTAL	**100.0%**	**2,859**	**2,975**	**3,332**	**12,442**

(a) Gross premiums and actuarial reserves for National Mutual Life are for the fiscal years ended and as at September 30 (being the financial year-end for National Mutual Life).
(b) Includes the life insurance operations in Japan, Singapore and South Korea.

Market. *During 1998, the Australian life insurance market moved from being the eleventh largest to the tenth largest life insurance market in the world based on gross premiums in 1998. Individual retirement products, group retirement products and individual life products represented 54%, 33% and 13%, respectively, of Australia's life insurance annual gross premiums in force for the twelve months ended December 31, 1998. The life insurance market in New Zealand is similar to the Australian market.*

Traditional participating individual life insurance products are the predominant life insurance products offered in Hong Kong. The Hong-Kong life insurance market, measured in gross premiums, has grown at an average annual rate of 16.7% between January 1, 1994 and December 31, 1998. In 1998, legislation was passed in Hong Kong providing for mandatory pension funds to be established. The regulations required companies to establish pension funds on behalf of their employees by 2000.

Products. *The individual retirement and group retirement products offered AXA in Australia and New Zealand are primarily savings-oriented products that provide for lump sum payments at retirement or death prior to retirement.*

National Mutual Life also offers immediate annuities, term life insurance, disability insurance and health insurance products on an individual and group basis. It also provides supplemental health insurance to cover all or part of an insured's health costs that are not covered under the Australian or New Zealand national health plans. In Hong Kong, AXA principally offers traditional participating individual and group life products, as well as individual and group retirement and health products.

Gross premiums and gross insurance reserves associated with the products sold by National Mutual Life are presented below:

National Mutual Life Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums (a) 1999		1998	1997	Insurance Reserves At December 31, 1999 (a)
Individual retirement products:					
Separate account products	12.1%	308	208	303	2,261
Investment account contracts	4.0%	101	77	141	1,074
Participating contracts	0.1%	3	4	4	285
Immediate annuities and other	3.5%	89	84	129	439
Individual life products:					
Separate account products	3.0%	76	74	132	287
Investment account contracts	1.0%	25	25	45	666
Participating contracts	19.5%	498	473	447	3,312
Term life, disability	12.9%	328	287	266	366
and other insurance contracts					
Health insurance contracts	**17.3%**	**442**	**416**	**433**	**121**
Group products:					
Separate account products	8.4%	215	390	460	1,229
Investment account contracts	12.7%	323	594	710	1,582
Term life insurance contracts and other	5.6%	143	140	107	105
TOTAL	**100.0%**	**2,552**	**2,771**	**3,176**	**11,727**

(a) Gross premiums and actuarial reserves for National Mutual Life are for the fiscal years ended and as at September 30 being National Mutual Life's financial year-end.

Distribution. *In Australia and New Zealand, AXA distributes its products primarily through tied agents. In addition, AXA has expanded its distribution channels to include, financial advisers, brokers, and direct marketing. For the twelve months ended September 30, 1999, approximately 88.5% of AXA's regular premiums and 73.2% of its single premiums in Australia and New Zealand were generated by its tied agents.*

In Hong Kong, Macau and Taiwan, AXA distributes its life insurance products principally through agents.

Competition. *National Mutual Life, along with other traditional life insurers, in recent years has encountered strong competition in Australia and New Zealand from banks, mutual funds and other distribution channels. Traditional life insurers have continued to dominate the regular premium product market but this market has been declining while the single premium market has been growing. In Hong Kong and other Asian markets in which AXA operates, competition is predominately based on distribution, in particular, size and composition of the agency force. However, alternate forms of distribution such as bancassurance are growing in importance. Currently there are two main competitors in this market place. Based on annual gross premiums in 1998, National Mutual Life is the third largest life insurer in Australia, the third largest life insurer in New Zealand (including contributions to trusts) and the second largest life insurer in Hong Kong.*

OTHER ASIAN OPERATIONS

■ *In Singapore, AXA sells life products through AXA Life Singapore. In South Korea, Dongbu AXA Life, a joint venture with the Korean conglomerate Dongbu, sells primarily protection and endowment products to individuals.*

In 1995, AXA commenced its investment in the Japanese life insurance market. In 1999, the Japanese life operation started to write new business. In 2000, AXA acquired Nippon Dantai, the thirteenth largest life insurer and the second largest non-mutual in Japan, being the largest life insurance market in the world. The life operations of AXA and Nippon Dantai will be integrated with a new holding company, AXA Nichidan. This strategic acquisition will enable AXA to become a significant player in the Japanese life insurance market.

In June 1999, AXA commenced life insurance operations in China through its joint venture, AXA Minmetals. Operations commenced following the issuance of an insurance license to operate in May 1999. The insurance license is valid for 30 years. No significant commitments or related financial contingencies are attached to this license.

GERMAN LIFE INSURANCE GROUP

The life insurance activities in Germany are conducted through AXA Colonia and its subsidiaries, AXA Colonia Lebensversicherung AG, (which merged with Nordstern Lebensversicherung AG in 1999), Deutsche Arzteversicherung AG and Albingia Lebensversicherung AG (which was acquired in 1999 in connection with the GRE acquisition – see "Significant Acquisitions" within this section). The private health insurance activities are conducted through AXA Colonia Krankenversicherung AG. In addition, AXA Colonia has subsidiaries in Austria and Hungary, the results of which are included in AXA's Other Life Insurance Group sub-segment.

Market. *Based on gross premiums in 1998 the German life insurance market is the fifth largest life insurance market in the world and accounted for nearly 5% of life insurance gross premiums worldwide.*

The life insurance market in Germany grew at an annual compound rate of nearly 10% for the years 1991 through 1995 as measured by gross premiums primarily due to the reunification of Germany. In recent years, the German market growth has declined to 4% in 1998 due to high unemployment and slow economic growth. During 1999, there was growth in the marketplace of approximately 11.6% attributable to an announcement by the German government to impose a tax on the savings element of many types of the life insurance policies. However, the government withdrew this announcement in December 1999.

The principal life insurance product in the German life insurance market has historically been long-term individual participating endowment insurance that pro-

vides a death benefit and an accumulating cash surrender value. Based on 1998 total gross premiums, such endowment policies accounted for nearly 65% of the German life insurance market. However, the popularity of endowment policies has declined over the last few years and in 1998 regular premiums on new business accounted for only 44% while annuity products have increased in popularity.

Products. The individual life and retirement products offered by the German Life Insurance Group are primarily endowment products with a specified death benefit and annuity products. In addition, disability and health insurance products are also provided. During 1999, the new business relating to unit-linked products nearly doubled from 8.4% to 16.4%. This growth reflects the general market trend in Germany whereby consumers are becoming more interested in participation in the investment market while maintaining insurance protection.

Gross premiums and gross insurance reserves associated with the products sold by the German Life Insurance Group are presented below:

German Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999
Individual retirement:					
– Immediate annuities and other	16.2%	447	374	373	3,424
Individual life:					
– Endowment products	56.0%	1,545	1,392	1,376	16,528
– Separate accounts	1.5%	42	19	10	55
Individual health products	17.9%	495	449	412	1,096
Group products	8.3%	228	174	148	2,393
AXA Leben (a)	–	–	–	198	–
TOTAL	**100.0%**	**2,757**	**2,407**	**2,517**	**23,496**

(a) AXA Leben was sold in 1998.

Distribution. The large volume of the new business (61% based on adjusted new business in 1999) is sold by AXA Colonia's exclusive agent network, Deutsche Artzeversicherung AG and Albingia Lebensversicherung AG. The remainder of the new business written during 1999 (based on adjusted new business premiums), was placed via the broker network (24%), the bank distribution network (5%) and various other networks (10%). Adjusted new business premiums represent the sum of new business premiums written during the year plus premium adjustments on in-force insurance policies.

Competition. Currently, there is a low level of market concentration in the German life insurance market. There are approximately 120 life companies operating in this market. In 1998 the ten largest companies accounted for less than 50% of the market. Historically, the German market has been highly competitive due to the increasing number of publications on ratings and rankings As a result, the market has become more transparent to the customer. The more significant elements affecting new business include product pricing, financial strength and investment performance. In 1998, the German Life Insurance Group had a market share of 4.1%. Its main competitors are Allianz, Aachen Munchener, and Victoria.

As a consequence of the GRE acquisition, the German Life Insurance Group has moved from being the sixth largest to the fifth largest life insurer in Germany.

BELGIAN LIFE INSURANCE GROUP

AXA's insurance operations in Belgium are conducted through AXA Royale Belge. This company is the result of the merger of Royale Belge and AXA Belgium that took place following the acquisition of the minority interests in Royale Belge in 1998. Refer to "Significant Acquisitions and Investments" in this section of the Annual Report.

Market. Based on 1998 gross premiums, the Belgian life insurance market is the fifteenth largest life insurance market in the world. Individual life insurance has experienced rapid growth in recent years partly as a result of the growth in savings-related products, representing to € 5.6 billion at the end of 1998, an increase of 47 %.

Products. The principal products sold by the Belgian Life Insurance Group are traditional life insurance products and savings-related contracts whereby the investment risk and reward is borne by the insurer and separate accounts (unit linked) products. Recently, group life insurance has developed as companies are increasing their insurance of risks associated with their employees' health and disability.

Gross premiums and gross insurance reserves associated with the products sold by the Belgian Life Insurance Group are presented below:

Belgian Life Insurance Group Products Years ended December 31, (except percentages, in euro millions)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999
Individual retirement products:					
– General account	12.6%	115	181	184	827
– Separate accounts	14.0%	128	27	4	179
Individual life products	**39.2%**	**357**	**385**	**343**	**3,608**
Individual health products	**–**	**–**	**–**	**2**	**–**
Group products	**34.2%**	**312**	**329**	**314**	**3,602**
TOTAL	**100.0%**	**912**	**922**	**848**	**8,217**

Distribution. Based on 1999 gross premiums, products were distributed through brokers (53%), through independent bank agents (20%), and through other channels (27%) including its joint venture arrangement with La Poste (Belgium). The 1999 figures show an increase in the percentage of life products distributed through the independent bank agents due to the acquisition of ANHYP (a Belgium savings bank) in late 1998. For further information on ANHYP, refer to the "Other Financial Services Segment" in this section of the Annual Report.

Competition. The crossover of life insurance and bank operations through bancassurers has become prevalent in Belgium and competition between insurance companies has evolved into competition among financial services companies. As a result, insurance companies are competing with other financial services companies to find new non-traditional distribution networks in order to remain competitive. The main competitor, Fortis, has approximately 76% of the market share in 1998 relating to separate accounts (unit linked) products. The Belgian Life Insurance Group is ranked third in the Belgian life insurance market with a 10.9% share of the market based on 1998 gross premiums.

OTHER LIFE INSURANCE GROUP

AXA offers life, retirement and other savings-related products in other countries in Europe (Netherlands, Luxembourg, Italy, Spain, Portugal, Austria, Hungary Switzerland and Turkey), Morocco and in Canada. AXA expanded its insurance operations in Turkey and Morocco in 1999. The products are tailored to the specific country market and are offered through different distribution channels, depending on the country, including general agents, salaried sales force, bank networks and brokers. AXA also has unconsolidated interests in other countries in South America, Africa and Asia Pacific (refer to Note 26 to the Consolidated Financial Statements for information on significant investments in unconsolidated affiliates).

During the past three years ending December 31, 1999, the following activities have developed within these other countries:

- **Netherlands:** AXA is becoming an important player in the life and health insurance market following the merger of AXA Leben and UAP Nieuw Rotterdam;
- **Italy:** AXA has reorganized the Italian operations and has focused on developing its distribution channel through banks and financial advisors;
- **Spain:** During 1998, the various operations and activities were merged into AXA Aurora with AXA subsequently increasing its share in this company to 70%;
- **Morocco.** AXA Al Amane, became the country's second largest insurance company through the combination of Compagnie Africaine d'Assurance (a 100% subsidiary of ONA, the Kingdom's largest private group) with AXA Al Amane. It is anticipated that the integration of the operations will be achieved by June 2000 to create AXA Assurance Maroc. The resulting company will sell principally group pensions through brokers and individual products through the largest local bank;
- **Turkey.** Prior to 1999, the AXA's operations in Turkey were not consolidated. Due to the merger of the AXA insurance operations and Oyak companies during 1999, AXA Oyak is consolidated into AXA's results from January 1, 1999. AXA Oyak distributes principally individual life insurance products through a network of agents.

SURRENDERS AND WITHDRAWALS

For most retirement and life products, first-year costs are higher than those in the years after policy issue due to first year commissions and the costs of underwriting and issuing a contract. Consequently, persistency is important to profitability. The vast majority of individual retirement products and individual life products issued by AXA can be surrendered for a cash surrender value. Most of the individual life and retirement products issued by AXA have front-end charges (or subscription fees), which are assessed at the issue of a contract, or surrender charges (charges assessed in the case of early surrender), which both are generally intended to offset a portion of the acquisition costs.

The ratio of surrenders and withdrawals to the average gross insurance reserves for the three years ended December 31, 1999 are presented below.

For the year ended December 31,	1999	1998	1997
US Life Insurance Group's			
– Individual Life	4.00%	6.40%	4.10%
– Individual Retirement	9.40%	8.90%	9.80%
French Life Insurance Group	5.88%	5.60%	5.20%
UK Life Insurance Group (a)	5.30%	6.90%	5.70%
Asia/Pacific Life Insurance Group - National Mutual Life	6.60%	7.40%	8.30%
German Life Insurance Group	1.30%	1.30%	1.80%
Belgian Life Insurance Group	2.10%	2.20%	N/A

(a) The 1998 figure included a portfolio transfer of approximately € 400 million.

Property and casualty insurance segment

AXA's Property and Casualty Insurance Segment offers a range of property and casualty insurance products principally in France, Germany, the United Kingdom and Belgium, and to a lesser extent in other countries in Western Europe, North America and the Asia Pacific region. During 1999, AXA increased significantly its presence in the UK property and casualty market, and to a lesser extent in Ireland, due to its acquisition of GRE. As a consequence, the UK Property and Casualty Insurance Group sub-segment was created. Previously such business was included in the Other Property and Casualty Insurance Group.

Over the past three years there have been additional changes to the basis for which the Property and Casualty Insurance Segment has been reported. This is discussed in the beginning of the Item 1 section entitled "Segment Information". Prior year amounts have been restated accordingly for comparative purposes.

AXA's property and casualty insurance products are offered through traditional distribution channels and direct marketing insurance subsidiaries. AXA's property and casualty insurance products include automobile, homeowners and commercial property and liability insurance. In 1999, the Property & Casualty Insurance Segment accounted for € 13.6 billion or 20% of AXA's total revenues.

After several years of intensive competition and, consequently, reduced premium rates notably in the automobile and commercial risk products lines, the property and casualty insurance market during 1999 was characterized by an increase in premium rates in certain European countries. This improvement has minimized the unfavorable effects resulting from a general deterioration in claims experience during the year due to a number of natural catastrophes that occurred in 1999 and a general increase in the cost and frequency of claims (specifically relating to automobile claims). Companies have been able to maintain overall profitability during 1999 primarily due to strong investment returns in the financial markets and cost efficiencies arising from integration of companies acquired by AXA over the past few years.

Excessive underwriting capacity, high competition and therefore low premium rates, overall, characterize the property and casualty insurance industry. The principle competitive factors are (i) price, (ii) financial strength and ability to pay claims, (iii) range of product lines and product quality, (iv) quality of service and (v) basis of distribution. The nature and level of competition varies across the geographical territories in which AXA operates.

Gross premiums and claims reserves and ratios for the Property and Casualty Insurance Segment are presented below.

Property and Casualty Insurance Segment (by Group)	***Years ended December 31,***			
(in euro millions except percentages)		***1999***	***1998***	***1997***
France:				
Gross premiums	*28.9%*	*3,926*	*4,179*	*4,229*
Claims ratio (a)		*79.5%*	*77.4%*	*77.3%*
Combined ratio (a)		*111.3%*	*104.7%*	*104.7%*
Claims reserves (b)	*29.1%*	*7,456*	*6,676*	*6,044*
Germany:				
Gross premiums	*20.3%*	*2,766*	*2,473*	*2,638*
Claims ratio (a)		*78.6%*	*77.3%*	*76.5%*
Combined ratio (a)		*110.5%*	*106.9%*	*105.2%*
Claims reserves (b)	*19.5%*	*4,982*	*3,800*	*3,745*
United-Kingdom:				
Gross premiums	*14.8%*	*2,008*	*905*	*878*
Claims ratio (a)		*77.4%*	*75.9%*	*69.9%*
Combined ratio (a)		*110.9%*	*106.5%*	*100.6%*
Claims reserves (b)	*15.1%*	*3,871*	*1,060*	*1,089*
Belgium:				
Gross premiums	*9.5%*	*1,285*	*1,310*	*1,307*
Claims ratio (a)		*83.7%*	*86.3%*	*88.9%*
Combined ratio (a) (c)		*115.3%*	*117.7%*	*118.9%*
Claims reserves (b)	*16.7%*	*4,266*	*4,174*	*4,023*
Other countries:				
Gross premiums	*26.5%*	*3,607*	*3,023*	*3,037*
Claims ratio (a)		*79.0%*	*78.3%*	*78.4%*
Combined ratio (a)		*110.1%*	*111.5%*	*110.0%*
Claims reserves (b)	*19.6%*	*5,020*	*3,875*	*3,772*
TOTALS				
Gross premiums	***100.0%***	***13,593***	***11,889***	***12,088***
Claims ratio (a)		***79.3%***	***78.5%***	***78.3%***
Combined ratio (a) (c)		***111.2%***	***108.5%***	***106.5%***
Claims reserves (b)	***100.0%***	***25,595***	***19,585***	***18,673***

(a) See "Glossary" for a description of the method by which claims and combined ratios are calculated.
(b) Claims reserves are before reduction of reinsurance ceded and exclude catastrophe equalization reserves.
(c) Excludes exceptional charges of €187 million recorded in 1998 (further information is provided in "Item 9 - Management's Discussion and Analysis".

For the ten-year loss development of the property and casualty reserves, refer to " Property and Casualty Reserves" included in this section of the Annual Report.

FRENCH PROPERTY AND CASUALTY INSURANCE GROUP

After the acquisition of UAP in 1997, AXA reorganized its French property and casualty operations in 1997 by distribution channel: AXA Assurances IARD for agents, AXA Courtage IARD for brokers, AXA Conseil for specialized networks and Direct Assurance IARD for direct selling to individuals. Each entity tailors its products, internal organization and strategy to its principal means of distribution. The portfolio transfers related to this restructuring were effective January 1, 1997. Due to market evolution and competition, AXA France is currently in the process of reorganizing its life and property & casualty insurance operations. Further details on this reorganization are provided in "Item 9: Management's Discussion and Analysis".

For a discussion of certain relationships between the French Property and Casualty Insurance Group and the Mutuelles AXA, including those with respect to distribution, see "Item 4: Control of Registrant - Relationships with the Mutuelles AXA."

Market. *Based on 1998 gross premiums, the French property and casualty insurance market is the fifth largest in the world and accounted for nearly 5% of worldwide gross premiums. This market grew steadily from 1992 to 1996 with gross premiums increasing at an annual rate of over 5%. This growth slowed from 2.5% in 1996 to deterioration of (1.0%) in 1998. The decrease is due to a decline in market demand, increased competition and premium rate reductions. In 1999, the market had estimated growth of 1% due to growth in the French economy: the final market data is not yet available.*

Automobile insurance accounted for the largest share of the French property and casualty insurance market in 1998 with 47% of gross premiums. Property insurance represented approximately 30% of gross premiums.

Products. *The French Property and Casualty Insurance Group markets a full range of products including principally automobile insurance, property insurance and general liability insurance. In connection with the restructuring after the UAP acquisition, AXA reviewed the AXA and UAP products in order to develop a unified product line for each distribution channel.*

Distribution. *Gross premiums in 1999 were generated as follows: general agents (68%), brokers (22%), direct marketing (3%) and by specialized networks (7%).*

Competition. *The property and casualty insurance industry in France is highly competitive with more than 400 companies. Competition is primarily based on price, but is also based on scope of distribution system, quality of service and name recognition. Based on gross premiums in 1998, AXA was the largest automobile insurer in France with a 16.4% market share, the largest homeowners insurer in France with a market share of 17.3% and the largest commercial property insurer in France with a market share of 17.8%.*

GERMAN PROPERTY AND CASUALTY INSURANCE GROUP

The German Property and Casualty Insurance Group conducts its activities in Germany primarily through AXA Colonia's principal subsidiaries being AXA Colonia Versicherung AG and Albingia Versicherung AG (which was acquired in connection with the GRE transaction in 1999), see "Significant Acquisitions and Investments" in this section. The former subsidiary Nordstern Allgemeine Versicherung AG was merged with AXA Colonia Versicherung AG as of January 1, 1999. In addition, AXA Colonia has subsidiaries in Austria and Hungary, the results of which are included in AXA's Other Property and Casualty Insurance Group sub-segment.

Market. *Based on 1998 gross premiums, the German property and casualty insurance market is the third largest in the world and accounted for nearly 9% of worldwide gross premiums. German property and casualty insurance market gross premiums written increased at an annual compound rate of over 7% from 1991 to 1995, was fiat in 1996 and grew at*

1.4%, 1.9% in 1997 and 1998, respectively and deteriorated by 0.5% in 1999. This decline is attributable to severe price competition following market deregulation and the diminishing economic benefits following Germany's reunification. The largest share of the German property and casualty insurance market in 1998 based on gross premiums written was automobile insurance (42%), followed by general liability insurance (12%). At the end of 1999, however, there were indications that major players in the marketplace intended to raise premium rates, especially in the automobile insurance product line.

Products. The German Property and Casualty Group sells a broad range of insurance products including automobile, homeowners, property and liability insurance dedicated to both personal and commercial customers. Based on gross premiums written in 1998, AXA Colonia, with its subsidiary AXA Nordstern Art Versicherung AG, is one of the world's leading insurers of fine art.

Distribution. AXA Colonia (including Albingia Versicherung AG) primarily distributes its property and casualty products in Germany through exclusive agents and brokers which accounted for 49% and 51%, respectively, based on 1999 gross premiums written. The German Property and Casualty Group Insurance Group also sells automobile insurance through direct selling activities by Sicher Direct Versicherung.

Competition. The German property and casualty insurance market has been characterized for several years by deregulation and increased competition, leading to premium rate reductions, especially in automobile insurance and in industrial risk insurance products lines. Overall, the market remains highly fragmented. There are approximately 180 companies operating in this marketplace. Based on 1998 gross premiums written, AXA Colonia (including Albingia Versicherung AG) is the fifth largest automobile insurer in Germany (4.4% market share), the second largest liability insurer in Germany (8.5% market share) and the fifth largest homeowner insurer in Germany (4.9% market share). In addition, Sicher Direct Versicherung is one of the leading direct insurers in the German market.

In the personal insurance product lines the main competitors are Allianz and HUK Coburg. In the commercial insurance product lines, the main competitor is Allianz. Overall, AXA Colonia has moved from being the fifth largest to the second largest property and casualty insurer in Germany following the acquisition of GRE.

UK PROPERTY AND CASUALTY INSURANCE GROUP

As a result of the GRE acquisition in May 1999, AXA Insurance UK has become one of the leading property and casualty insurers in the United Kingdom. Given the size of the UK Property and Casualty Insurance Group operations subsequent to the GRE acquisition, this new sub-segment was created during 1999. In addition, a major integration is now well underway.

Markets. Based on 1998 gross premiums, the UK property and casualty insurance market is the fourth largest in the world and accounted for more than 6% of worldwide gross premiums. The property and casualty market in the United Kingdom, both in the personal and commercial markets, is mature and has consequently experienced limited growth in recent years. There is currently an oversupply of capital and the market is highly competitive.

Traditionally, the market has been cyclical with a period of oversupply of capital leading to inadequate pricing (and losses) followed by a period of premium rate increases (and a return to profits). The opinion is divided as to how and whether this cyclical behavior will continue. Weather related experience largely accounts for any seasonality in claims experience which principally affects domestic and commercial property insurance (e.g. storms / burst pipes) but to a lesser extent also impacts automobile insurance.

In addition, during the last ten years a major change has taken place in the personal automobile insurance market. Pioneered by another property and casualty insurer, there has been significant growth in selling and servicing personal automobile insurance contracts over the telephone. Aggressive pricing by this insurer in the early 1990's coupled with the over supply of capital has resulted in intense price competition in the personal automobile insurance market.

Consolidation amongst the largest insurance carriers has helped to increase premium rates generally. The main premium rate increases in 1999 have been in the automobile insurance market. Household premium rates have remained relatively flat. Although the commercial property and liability markets have remained competitive, there are some signs that rate increases are beginning to be accepted.

A number of recent legislative changes in the United Kingdom are expected to have a significant impact on future personal injury claims costs. Refer to detailed information in " Additional Factors which may affect AXA's Business – Regulation" included in this section of the Annual Report.

***Products.** The products offered by the UK Property and Casualty Insurance Group primarily include: automobile and household cover for individuals and commercial property and liability cover for small to medium size businesses. All products (including the former GRE products) are now marketed and sold under the AXA brand.*

***Distribution.** Based on 1998 gross premiums, the main distribution channels used in the property and casualty market in the United Kingdom are independent intermediaries 69% (brokers 64% and other independent agents 5%), company agents 12% (company staff 8% and tied agents 4%), direct sales 15% and other 4%. The proportion of business written through brokers for each of these channels varies significantly by product. For example, approximately 75% of the commercial business is written through brokers while 31% of personal business is sold direct (over the telephone).*

Based on 1999 gross premiums, AXA's UK Property and Casualty Insurance Group's business is written through brokers (51%), corporate partners (25%), direct sale telemarketing (14%) and direct sales force and other (10%). The arrangements with corporate partners cover a wide range of businesses and associations.

Marketing through e-commerce is expected to expand significantly over the new few years which will decrease the total selling costs attributed to the writing of new insurance contracts to customers.

***Competition.** Over the past several years, consolidation across the sector, in relation to both the major insurance companies and the major brokers, has led to increased concentration among the top few players. AXA Insurance UK is now strongly positioned in the middle of a group of the five largest players. Currently, the top ten insurers account for 65% of the market, while the top three brokers control just over 50% of the commercial market. This merger and acquisition activity has not, however, significantly reduced the over capacity in the market, nor has it led to the dominance of one company in any area. Technology and relatively low entry costs have enabled the recent entry of a number of non-insurance players with strong brands (such as supermarket retail chains that have entered the personal automobile and travel insurance markets). In the United Kingdom, the UK Property and Casualty Insurance Group product lines are ranked as follows: second in personal automobile (9.2% market share), fifth in personal household and domestic property (6.0% market share), sixth in commercial automobile (5.6% market share) and third in commercial property (9.2% market share). This market information does not take into account the CGU and Norwich Union merger announcement in February 2000.*

BELGIAN PROPERTY AND CASUALTY INSURANCE GROUP

AXA Royale Belge is the resulting company of the merger between AXA Belgium and Royale Belge following AXA's acquisition of Royale Belge's minority interests in 1998.

Market. *Based on 1998 gross premiums, the Belgium property and casualty insurance market is the fourteenth largest in the world. After several difficult years, the Belgian property and casualty insurance market made a modest recovery in 1998. The combined ratios, which had been high, showed some improvement in 1998 despite the increase in claims experience, reflecting efforts made by companies, to manage their claims, distribution and operations costs. The deterioration in claims experience continued into 1999 specifically relating to automobile cover due to increased frequency in physical damage. There has been slight improvement in claims experience relating to workers' compensation insurance.*

In first quarter 1999 there was some improvement in premium rates of almost 1%. This increase can be compared to growth of 2.3% and 0.1% in 1998 and 1997, respectively. This improvement was specifically attributable to growth in the automobile insurance product line due to modernization of national car parking lots, which led to greater needs for additional insurance cover against physical damage.

Products. *The Belgian Property and Casualty Insurance Group's product range includes automobile insurance, workers' compensation, fire, general liability insurance, transportation and legal expense insurance. In addition, multi-risk products are offered to both individuals and small to medium size companies.*

Distribution. *The Belgian Property and Casualty Insurance Group offers its products through independent brokers and to a lesser extent, through the bank distribution network and its joint venture arrangement with La Poste. The independent broker channel generated nearly 85% of gross premiums in 1999.*

Competition. *The Belgian property and casualty insurance market is fragmented, with more than 160 property and casualty companies, of which nine companies write 80% of the gross premiums. Based on 1998 gross premiums, the Belgian Property and Casualty Insurance Group is the overall leader in the Belgian property and casualty insurance market (20% market share) and the market leader in workers' compensation products (25% market share) and in automobile insurance products (20.3% market share). It is ranked second in fire insurance products (18% market share).*

OTHER PROPERTY AND CASUALTY INSURANCE GROUP

AXA offers personal and commercial property and casualty insurance products in other countries: Italy, Spain, Netherlands, Portugal, Luxembourg, Switzerland, Austria, Hungary, Canada, Morocco, Turkey, Singapore and Hong Kong. AXA expanded its operations in Turkey and Morocco in 1999. The products are tailored to the specific country market and are offered through different distribution channels, including brokers and direct sales force. AXA also has unconsolidated interests in other countries in South America and Africa, (refer to Note 26 to the Consolidated Financial Statements for information on significant investments in unconsolidated affiliates).

During the past three years ending December 31, 1999, the following activities have developed within these other countries:

- ***Netherlands:*** *The market strategy of the property and casualty business is currently being refocused to offer standardized products to individuals and small to medium-sized businesses.*

- ***Italy:*** *As in the Other Life Insurance Group, the Italian property and casualty operations have been in the process of being restructured during the period to achieve greater efficiencies. In connection with the restructuring initiative, AXA increased automobile insurance rates and closed unprofitable agencies to improve operating results.*
- ***Spain:*** *During 1998, as in the Other Life Insurance Group, the various operations and activities were merged into AXA Aurora. A strategy to increase premium rates in the automobile insurance product line have resulted in improved operating results in the second half of 1999.*
- ***Turkey.*** *Prior to 1999, the AXA's property and casualty operations in Turkey, Nordstern Imtas Sigorta, were consolidated into the German Property and Casualty Insurance Group. Due to the merger of the AXA insurance operations and Oyak companies during 1999, AXA Oyak is reported separately and consolidated into AXA's results from January 1, 1999. AXA Oyak is the first property and casualty insurer in Turkey. It offers a range of personal and commercial products through a network of agents, brokers and financial institutions.*
- ***Japan.*** *In 1998, AXA initiated direct-selling insurance operations in Japan under the name AXA Direct Japan.*
- ***Morocco.*** *As part of the partnership agreement with ONA and the future creation of AXA Assurance Maroc (refer to "Other Life Insurance Group-Morocco"), the new company will sell general insurance products essentially through tied agents and brokers.*

CEDED REINSURANCE

France. *Proportional and non-proportional reinsurance primarily to limit its maximum exposure to catastrophic events, environmental pollution risks and certain other risks. In 1999, € 203 million (less than 5% of gross premiums) were ceded to third party reinsurers.*

United-Kingdom. *Most of all business written is protected on excess of loss treaties arranged via the Group's reinsurance facilitators, AXA Cessions. In addition, facultative reinsurance is arranged for certain exposures where the underwriting guidelines indicate that the size and type of an exposure makes it appropriate. This can be on a proportional or an excess of loss basis, as is considered appropriate for the individual case. For the year ended December 31, 1999 5.6% of gross premiums were ceded to third party reinsurers.*

Germany and Belgium. *Reinsurance is used mainly to limit maximum risk to major claims in the case of catastrophic events or certain other large risks. In Germany, specifically, there has been a shift in the reinsurance structure from proportional to non-proportional treaties. For the year ended December 31, 1999, € 319 million (16%) of gross premiums were ceded to third party reinsurers in Germany and € 29.2 million (2.3%) of gross premiums were ceded to third party reinsurers in Belgium.*

The Other Property & Casualty Insurance Group *utilizes reinsurance to limit its maximum aggregate losses and to limit its maximum exposure to certain risks. In 1999, the Other Property & Casualty Insurance Group ceded € 234 million (6.5%) of its gross premiums to reinsurers.*

International insurance segment

The International Insurance Segment in 1999 accounted for € 3.1 billion or 5% of AXA's total revenues. The International Insurance Segment includes the operations previously reported within the Reinsurance Segment (primarily AXA Re) and within the Transnational Insurance sub-segment of the Property and Casualty Insurance Segment (primarily AXA Global Risks and AXA Assistance). As a consequence of this change in segment presentation, prior year amounts have been restated accordingly for comparative purposes.

Due to the globalization of its largest clients, AXA is reorganizing its insurance and reinsurance operations to provide the best range of global insurance products and services on a worldwide basis. The result is AXA Corporate Solutions, an integration of three AXA companies being AXA Re, AXA Global Risks and AXA Cessions. The services to be offered by AXA Corporate Solutions will include loss prevention, actuarial studies/risk analysis, run-off management (claims administration), insurance and reinsurance risk transfer, including alternative risk transfer to capital markets (insurer retains risk but financial instruments, such as derivatives, are used to finance the risks either prior to or after the loss has occurred) to cover the needs of global companies.

Gross premiums and claims reserves and ratios for the International Insurance Segment are presented below.

International Insurance Segment **Years ended December 31,** **(in euro millions except ratios and percentages)**	**1999**		**1998**	**1997**
AXA Ré				
Gross premiums	44.5%	1,385	1,359	1,388
Claims ratio (a)		92.5%	85.5%	74.9%
Combined ratio (a)		120.7%	114.4%	107.8%
Claims reserves (b)	42.1%	3,517	3,175	3,168
AXA Global Risks:				
Gross premiums	45.0%	1,399	1,096	1,418
Claims ratio (a)		118.5%	105.5%	91.5%
Combined ratio (a)		147.0%	134.7%	115.9%
Claims reserves (b)	52.2%	4,359	3,451	3,408
Other transnational activities:				
Gross premiums	10.4%	324	378	637
Claims ratio (a)		84.2%	84.0%	87.9%
Combined ratio (a)		103.8%	109.1%	121.7%
Claims reserves (b)	5.7%	480	504	823
TOTALS				
Gross premiums	**100.0%**	**3,109**	**2,833**	**3,443**
Claims ratio (a)		**101.7%**	**92.2%**	**82.9%**
Combined ratio (a)		**128.7%**	**120.4%**	**113.0%**
Claims reserves (b)	**100.0%**	**8,356**	**7,130**	**7,398**

(a) See "Glossary" for a description of the method by which claims and combined ratios are calculated.
(b) Amounts exclude catastrophe equalization reserves and amounts are before reduction for reinsurance ceded.

For the ten-year loss development of AXA's property and casualty reserves refer to "Property and Casualty Reserves" included in this section of the Annual Report.

AXA Re

AXA's reinsurance operations include AXA Re and other smaller reinsurance operations. It reinsures a geographically diverse portfolio which includes the following classes of business: property damage (including catastrophe exposure), third-party liability, marine, financial risk/guarantee and life and health insurance. AXA Re operates principally in France, the United States, the United Kingdom, Canada and Singapore. Based on its worldwide gross premiums in 1998, AXA Re is the second largest French-based reinsurance group on specific product lines (such as, reinsurance assumed on personal property risk with catastrophe exposure and other catastrophe-type exposures). Compared to major reinsurers, AXA Re distributes its products principally through insurance / reinsurance brokers.

AXA Re seeks to ensure that its property & casualty and life insurance portfolios are diversified geographically and by line of business in order to avoid concentration of loss exposure to single events. In addition, AXA Re focuses more on underwriting profits rather than on premium growth. Due to the fall in premium rates in the past several years, in order to preserve underwriting profits, AXA Re has over time evolved from writing non-proportional contracts to proportional contracts. In addition, AXA retrocedes certain risks to limit its loss exposure to natural catastrophes.

Market. There have been mergers, consolidations and departures within the global reinsurance marketplace. However, there is still overcapacity within the reinsurance market due strong investment performance over the past few years, the evolution of alternative risk transfer to capital markets (which minimizes the capital that reinsurers must maintain for solvency purposes and, therefore, can be used to place additional reinsurance business), and the absence of devastating claims events between 1994 and 1997. Consequently, there is intense competition in premium rates of about 15% per year.

In 1998 and 1999, the reinsurance market has experienced continued erosion in premium rates plus the occurrence of natural catastrophes. In 1998, there were freezing rainstorms in Canada, the Swissair crash and Hurricane George in Puerto Rico and the United States. In 1999, there were the earthquakes in Turkey and Taiwan, and Hurricane Floyd in the United States, the floods in southwestern France and the European storms at the end of 1999. Consequently, it is not expected that there will be a major turnaround in the market until 2001.

Products. Gross premiums and claims reserves by product line for AXA Ré are summarized below.

The products offered by AXA Re are generally multi-line multi-year insurances which cover several lines of business for an agreement period of several years. Insurance contracts of this kind are used increasingly to create an integrated insurance program for large national and international companies. In addition, it can reduce administrative expenses and complexity while increasing flexibility for the customer. AXA Re's multi-line multi-year insurances focus primarily on the classes of business set out below.

- **Property damage reinsurance** is divided into two major groups treaty contracts (an agreement whereby the ceding insurance company is bound to cede and the assuming reinsurance company is bound to accept a share of all risks defined in the treaty, for instance within a particular class of busi-

AXA Re products line Years ended December 31, (in euro millions except percentages)	Gross Premiums 1999		1998	1997	Insurance Reserves At December 31, 1999 (a)
Property and casualty:					
Property (including catastrophe risks)	62.2%	861	698	708	1,029
Third party liability (including automobile)	11.4%	157	262	214	1,512
Marine	7.2%	99	124	86	496
Aviation (including space) and financial	14.0%	194	186	148	226
Life	5.3%	74	89	232	254
Total AXA Re	**100.0%**	**1,385**	**1,359**	**1,388**	**3,517**

(a) Excludes catastrophe equalization reserves and are before reduction for reinsurance ceded.

ness) and facultative contracts (reinsurance which is arranged individually on a particular risk and the terms on which the contract is accepted are subject to negotiation and the reinsurer is able to accept or reject the risk offered by the ceding company).

- ***Third-party liability reinsurance*** *is generally characterized as "long-tail" since there is a generally long period of time between the occurrence of the event and the final settlement of the claim. Refer to "Property and Casualty Reserves" within Item 1 which provides information on the insurance risks relative to Year 2000 as it relates to both the Property and Casualty Segment and the International Insurance Segment.*
- ***Marine reinsurance*** *encompasses both property damage and third party liability insurance. Generally, marine reinsurance tends to involve short-term risks. However, marine reinsurance can have a considerably longer-term development if it covers pollution or other environmental-related risks.*

In addition, AXA Re Finance was established in 1996 to offer products and services relating to financial guarantee reinsurance. At December 31, 1999, AXA Re Finance was AAA rated by Standard & Poor's and Fitch IBCA relating to counterparty credit and insurer financial strength. AXA Re Finance provides reinsurance generally to specialized insurers in primary areas(1): in Europe, reinsurance of credit risk, and (2) in the United States guarantees relating to the issuance of municipal bonds and of securitized financial products.

In life reinsurance, AXA Re has changed its strategy in particular to develop asset based reinsurance products offering special cover associated with separate account products. There is a dedicated team in the United States responsible for developing this new product range.

AXA Re and its subsidiaries ceded € 252 million (18.2% of gross premiums) to third party reinsurers in 1999.

AXA GLOBAL RISKS

AXA Global Risks was created in January 1996 as the AXA company dedicated to underwriting large insurance risks for large national and international corporations. AXA Global Risks has operations in France, the United Kingdom and the United States with two branch offices in Italy and Germany. It also writes business and carries risks in other countries (Spain, Canada, Holland and Belgium) and in Asia through internal reinsurance treaties with AXA insurance subsidiaries.

The types of risks underwritten by AXA Global Risks include casualty, automobile, property, marine, aviation and transport, construction risk, financial risk, and directors and officers liability. AXA Global Risks also provides loss-prevention and risk management services.

The key aspects of the marketplace in which AXA Global Risks operates are summarized as follows: (i) increasing size and sophistication of customers and therefore demand for self-insurance and tailor-made solutions, including risk management and financial analysis, (ii) global concentration of suppliers (predominantly global insurance brokers and international insurance groups), (iii) continued tough market conditions: this market is highly competitive due to overcapacity arising from strong investment performance and on average a low level of large claims over the past few years before 1999 and, consequently, reduced premium rates.

Following the acquisition of GRE in 1999, the property and casualty portfolio formerly held by GRE's London Market division has been renewed in AXA Global Risks UK.

AXA Global Risks is a direct underwriter of insurance. It uses reinsurance to limit its exposure to catastrophic events. In 1999, AXA Global Risks ceded 35% of its gross premiums to third party reinsurers.

ASSISTANCE SERVICES

AXA provides assistance services through two groups, AXA Assistance and Interpartner Assistance. These services include medical aid for travelers and automobile road assistance. Their clients include insurance companies, credit card companies, tour operators and automobile manufacturers.

OTHER TRANSNATIONAL ACTIVITIES

The principal company in the other category is English and Scottish. Effective January 1, 1997, English and Scottish reinsured the AXA Global Risks UK's business written prior to 1992 through a proportional reinsurance treaty.

Asset Management Segment[1]

Asset management has become increasingly important to AXA both from a strategic and profitability perspective. The development of third party asset management activities is a key part of AXA's financial services strategy, capitalizing on existing strengths and expanding client base. This strategy is founded on the belief that its asset management expertise will enable AXA to benefit from the expected growth in savings-related products in the markets in which it operates in future years.

AXA secured a controlling stake in Alliance Capital Management with its acquisition of AXA Financial, Inc. (formerly Equitable Companies Incorporated). In addition, since 1997 the asset management operations in Western Europe and Asia have been restructured and a new company was formed, AXA Investment Managers. National Mutual Funds Management is responsible for asset management in Australia and New Zealand. All of these companies are responsible for the vast majority of AXA insurance-related assets under management. In addition, these companies provide investment management services to third party clients both individuals and corporations. Consequently, AXA has asset management specialists in each of its major markets: Western Europe, the United States and the Asia/Pacific region.

The Asset Management segment in 1999 accounted for € 1.9 billion or 3% of AXA's total gross revenues. In recent years, rapid growth in sales of mutual funds to individuals and retail clients has augmented the traditional focus on institutional markets.

The table below presents AXA's total assets under management (based on estimated fair value) for the years indicated.

Assets Under Management At December 31, (in euro millions)	1999	1998	1997
AXA	289,251	245,196	227,066
Separate Account	109,647	76,419	68,962
Third-party	382,163	237,393	189,400
TOTAL	**781,060**	**559,009**	**485,429**

(1) Within this section, asset management and investment management are both used and have the same meaning to AXA.

The table below presents the assets under management (based on estimated fair value) and related fees earned by AXA's Asset Management Segment for the years indicated.

Assets Management Companies At December 31, (in euro millions)	**1999**	**1998**	**1997**
Assets under management:			
Third-party	341,842	210,901	166,293
Separate accounts	83,552	57,148	52,008
AXA	182,519	135,232	124,660
TOTAL	**607,913**	**403,281**	**342,961**
Fees earned for the years ended December 31,			
Third-party (a)	1,276	852	683
AXA	248	141	148
TOTAL	**1,524**	**993**	**831**

(a) Includes fees earned on life insurance separate accounts (unit linked) products.

ALLIANCE CAPITAL MANAGEMENT ("ALLIANCE CAPITAL")

Alliance Capital, a subsidiary of AXA Financial, Inc, is the largest publicly traded asset manager in the United States. Alliance Capital provides diversified investment management services to a variety of institutional clients, including the US Life Insurance Group, as well as to individual investors. Its business can be divided into two broad categories:

- ***mutual funds management** consists of management, distribution, and servicing of mutual funds and cash management products, including money market funds and deposit accounts; and*
- ***separately managed accounts** consist primarily of the active management of equity and fixed income portfolios for institutional investors, including corporate and public employee pension funds and the general and separate accounts insurance business of Equitable Life.*

In September 1999, the unitholders of Alliance Capital Management Holding L.P. (formerly Alliance Capital Management L.P.) ("Alliance Holding") approved a restructuring plan pursuant to which the business of Alliance Holdings was transferred to Alliance Capital Management L.P. ("Alliance Capital"), a newly formed operating partnership, in exchange for all the units in Alliance Capital. As part of this restructuring, Alliance Holding offered its unitholders the opportunity to exchange their Alliance Holding units (which are publicly traded on the NYSE) for units in Alliance Capital (which are not publicly traded and are subject to significant transfer restrictions) on a one-for-one basis. Since the completion of this restructuring in October 1999, Alliance Capital has been the operating partnership conducting the diversified investment management services business (described in this section) and related activities.

During 1999, Alliance Capital experienced substantial growth in mutual funds management. In the US asset management market alone, the gross sales on the US based non-proprietary mutual funds increased by 75%. The overseas mutual fund activities were led by sales through Alliance Capital's Italian partner reaching € 4.0 *billion in 1999. The sales growth does increase revenue volatility as revenues are based on the value of funds under management and mutual funds, specifically, generally hold a high percentage of equity investments. Therefore, the results of these operations have a greater exposure to the equity market variations. In addition, Alliance has experienced significant growth in institutional client separately managed funds, gaining over € 8.5 billion in new client mandates.*

Alliance Capital services approximately 5 million shareholder accounts with total worldwide mutual fund sales exceeding € 54 billion. At December 31, 1999, Alliance Capital had approximately € 365 billion in assets under management (including € 299 billion for third party clients). Alliance's assets under management at December 31, 1999 included approximately € 197 billion from separately managed accounts for institutional investors and high net worth individuals and approximately € 168 billion from mutual fund accounts. Equitable Life, is one of Alliance Capital's largest institutional clients.

At December 31, 1999, Equitable Life subsidiaries held 2.14% of the Alliance Holding Units and 55.3% of the units of Alliance Capital.

AXA INVESTMENT MANAGERS ("AXA IM")

AXA IM's strategy is (i) continued improvement in the quality and performance of AXA's assets, and (ii) the development of its third party asset management business in promising markets through internal growth and acquisitions. In connection with this strategy, AXA IM's focus is to provide investment expertise to the AXA companies, to institutional investors (using specialized expertise), and to individual investors (capitalizing on its distribution channels). As part of its mission as a full-service asset manager, AXA IM has two global business units providing for its clients' investment needs and to develop opportunities in defined market segments. The two global business, set out below, units draw upon considerable experience in specialized investments at a time when the market for investment products is increasingly diversified.

- ***Quantitative & Structured Investments*** *focuses on the creation and sale of structured fixed income and equity products. It includes* ***AXA Rosenberg,*** *the specialist investment manager in which AXA IM acquired a controlling stake at the beginning of 1999.*
- ***Private Equity*** *successfully raised two major funds during the course of the year and is well placed to take advantage of the considerable development of corporate investment in private equity funds.*

AXA IM manages assets in France, Germany, Belgium, the Netherlands, Italy and the United Kingdom through AXA Sun Life Asset Management (the resulting company in the United Kingdom following the merger of AXA Equity & Law Investment Management and Sun Life Investment Managers in connection with the UAP acquisition in 1997). In 1999, AXA IM expanded its operations into Hong Kong, Japan, and in Singapore, along with the overall expansion due to the acquisition of AXA Rosenberg in the beginning of 1999.

As of December 31, 1999, AXA IM's assets under management (including assets backing insurance operations and assets managed on behalf of third party clients) totaled € 232 billion compare to € 195 billion as of December 31, 1998.

NATIONAL MUTUAL FUNDS MANAGEMENT ("NMFM")

The Company is responsible for the wholesale and retail savings investment operations of AXA in Australia and New-Zealand. NMFM actively manages clients' funds to enable them to achieve their savings and wealth creation objectives. The products and services of NMFM include superannuation, unit trusts, insurance savings, annuities and common funds for retail clients, and a full range of funds management options for institutional clients.

At December 31, 1999, NMFM's assets under management, including assets held on behalf of third-party clients, totaled €18.4 billion compared to € 15.3 billion as at December 31, 1998. The portion of total assets under management relating to the National Mutual Life's insurance asset portfolio was 69% and 71% as of December 31, 1999 and 1998, respectively.

Competition. *The asset management industry is highly fragmented as the basis for competing is changing globally. Currently the global asset management market has not yet fully evolved. There is no single competitor, or any small group of competitors, dominant in the worldwide market. The asset management operations are subject to substantial competition in all aspects of its business. The competitors include investment management firms, broker-dealers, banks and insurance companies. The nature of the competition is different in the United States compared to Europe, where local banks have strong franchises in their home markets, but this is changing dramatically. Pan European players are developing fast. AXA's asset management subsidiaries compete with other asset managers based on, primarily, the range of investment products offered, the investment performance of such products and the services provided to clients.*

It is anticipated that the European and Asian asset management markets will experience strong growth in the years to come. The European asset management market is currently characterized by state pension plans in most countries but this is changing through privatization of state pension plans and increasing consumer demand for retirement-related savings products. In addition, the introduction of the Euro currency has eliminated national European barriers to the large American and British asset management companies.

It is anticipated that the United States asset management market will remain the largest market. The growth within the United States asset management market may possibly be sustained primarily due to the interest in baby-boomer generation to save for retirement. These retirement investments include an increasing portion of long-term risk assets (such as equities and mutual funds).

In addition, the asset management industry is shifting towards "open-architecture" whereby an asset management company can sell its products, but, can either perform the asset management services or delegate the asset management services to a third party through a fund management arrangement. As a result, the customer is offered greater product choice. This is important given that customers are becoming increasingly focused on investment performance aided by new technological abilities, such as the ability to monitor investment performance and related information through the use of the internet and the existence of fund supermarkets (such as discount investment brokers and internet investment brokers). Consequently, this increases transparency and competition within this industry sector.

Other financial Services Segment

The Other Financial Services Segment's operations consist primarily of DLJ, a US-based investment and merchant bank. In addition, the group has other financial services activities conducted primarily in Belgium and in France. The Other Financial Services segment in 1999 accounted for € 10.8 billion or 16% of AXA's total gross revenues, of which almost 90% relates to DLJ.

DONALDSON, LUFKIN & JENRETTE (DLJ)

DLJ is a subsidiary of AXA Financial, Inc. It is also publicly traded company in the United States and, therefore, subject to the reporting requirements of the 1934 Exchange Act. For additional information about DLJ refer to its Annual Report on Form 10-K for the year ended December 31, 1999. At December 31, 1999, AXA Financial, Inc. owned approximately 70.3% of DLJ's common stock. Assuming full vesting of restricted stock units and full exercise of all outstanding options, AXA Financial, Inc would own approximately 56.1% of DLJ's common stock.

DLJ is a leading integrated investment and merchant bank that serves institutional, corporate, governmental and individual clients both in the US and internationally. DLJ's businesses include securities underwriting, sales and trading, merchant banking, financial advisory services, investment research, venture capital, correspondent brokerage services, securities lending, online interactive brokerage services, asset management and other advisory services.

DLJ's principal business activities are, by their nature, highly competitive, and subject to volatile trading markets and fluctuations in the volume of market activity. Consequently, DLJ's revenues and net income have been, and are likely to continue to be, subject to wide fluctuations, reflecting the impact of many factors beyond DLJ's control, including securities market conditions, the level and volatility of interest rates, competitive conditions and the size and timing of transactions.

Competition. DLJ encounters significant competition with other US and non-US securities firms, a number of which have greater capital, financial and other resources than DLJ. As a result of the Financial Services Modernization Bill it is anticipated that competition in some markets currently dominated by investment banks may increase in the future. The principal competitive factors influencing DLJ's business are its professional staff, its reputation in the marketplace and its existing client relationships. DLJ's ability to compete effectively in securities brokerage and investment banking activities will also be influenced by the adequacy of its capital levels (further details are provided in "Additional Factors which may affect AXA's Business – Regulation" in this section of the Annual Report.

OTHER FINANCIAL AND REAL ESTATE COMPANIES

■ **AXA Bank Belgium (formerly Banque IPPA and ANHYP).** IPPA and ANHYP merged in early 2000 resulting in a new bank named AXA Bank Belgium. AXA Bank Belgium, a subsidiary of AXA Royale Belge, offers a comprehensive range of financial services to individuals and to small businesses. AXA Bank Belgium has a network of independent bank agents supporting the sale of insurance products offered by AXA Royale Belge.

*In France, **AXA Banque** delivers banking services dedicated to AXA, which can be achieved directly or through subcontracting. Main activities are securities safekeeping, cash and securities flows management, real estate programs financing, providing bank account services to high net worth individual policyholders and to general agents, generally of AXA France.*

***AXA Crédit** operations are specialized in retail financing. It develops a large range of products in line with the needs of the insurance customers and integrates these products within the products offered by the insurance companies.*

***Real Estate Operations** relating to two credit establishments specializing in real estate: Sofapi and Holding Soffim, were acquired by AXA through the UAP transaction in 1997. Sofapi specialized in real estate loans to individuals and originated only loans secured with a mortgage on the real estate or other real estate collateral. These companies no longer originate real estate loans or initiate real estate development activities. It is AXA's intention to run off this business. In addition, AXA's French real estate group manages real estate owned by AXA for its own account, real estate assets held in the books of the French Life Insurance Group and the French Property and Casualty Insurance Group.*

Insurance-related invested assets

The management of the insurance-related invested assets is predominantly carried out by AXA's Asset Management Segment. The assets supporting the insurance operations (included within the three segments: the Life Insurance Segment, the Property and Casualty Insurance Segment and the International Insurance Segment) can be divided, in general, into three parts as set out below:

Separate account (unit linked) products. *The investment risks and rewards, including the investment returns, are transferred to the policyholders.*

General account life insurance products (participating). *The investment risks and rewards, including the investment returns, are transferred to the insurance company within AXA. However, given that these products participate in the investment results of the company, the return to the policyholder is largely based on the net investment return earned by the insurance company. Therefore, the revenue earned by the insurance company represents primarily the investment spread (being the difference between the investment return and the amount credited to the policyholder benefits), and policy fees charged to policyholders on investment management, mortality, morbidity and policy maintenance.*

General account life insurance (non-participating) and property & casualty insurance products[1].

The investment risks and rewards, including the investment returns, are transferred to the insurance company within AXA. These products do not participate in the investment results of the insurance company. The investments are used to support the claims or benefits paid by the insurance company, which earns revenue that includes the net investment return.

The AXA results are in part dependent on the quality and performance of the investments supporting all products mentioned above. Given that the investment risks and rewards on separate account business are passed directly to the policyholder, further information regarding the assets relating to the separate accounts insurance business is not provided. Therefore, the general account life insurance products and assets backing the property & casualty insurance and international insurance business products are, within this section of Item 1, referred to as "insurance-related invested assets".

Given the risks associated with investment performance, which could impact the payment of property and casualty claims or the benefits paid to the life contract policyholder, insurance companies must comply with applicable insurance laws and regulations in each of the local jurisdictions in which it operates. These laws and regulations prescribe the type, quality and concentration (counterparty, geographical and type of securities held) of investments. Insurance companies are, generally and within prescribed limits, permitted to invest in preferred and common equity securities, government and corporate bonds, mortgage-backed securities, real estate and certain other investments. In addition, the type of investments selected will depend on the underlying characteristics of the insurance obligations (including related regulatory and tax considerations), and on the basis that the insurance company manages current liabilities and future insurance obligations. For example, the strategy may be to invest in fixed income securities in order to generate an investment income stream that is similar to the cash payout stream specific to a particular immediate annuity. Therefore, depending on whether the liability is short-term or long-term, liquidity requirements and therefore investment strategies will differ across the life and property & casualty insurance and reinsurance products offered by AXA. In addition, the investment strategy and investment results may be affected by (i) the amount and timing of cash available for investment, (ii) stock market conditions, (iii) interest rates fluctuations and (iv) asset allocation decisions.

(1) The International Insurance Segment includes a small portion of life reinsurance business, however, for the purpose of analysis within this section of Item 1 the assets backing the liabilities within the International Insurance Segment (in their entirety) are included within property and casualty.

AXA routinely monitors and evaluates the status of its investments in light of current and anticipated future economic conditions and trends, and other factors. The strategic allocation of assets is generally determined through asset-liability analyses for both life and property & casualty businesses. The strategy may differ across the geographical territories and the different lines of businesses depending on the existing investment mix, the availability of alternative investment vehicles, and the underlying nature and duration of the in-force insurance contracts. Further information on how AXA manages investment risk is provided in "Item 9A – Qualitative and Quantitative Disclosure about Market Risk".

At December 31, 1999, of the insurance-related invested assets supporting the general account life operations (including those specific assets allocated to the United Kingdom with-profit contracts) approximately 55% (1998: 56%) and 24% (1998: 21%) represented fixed maturities and equity investments, respectively. In respect of the property and casualty business, of the insurance-related invested assets supporting this business, at December 31, 1999 approximately 48% (1998: 55%) and 33% (1998: 28%) represented fixed maturities and equity investments, respectively.

The following table sets forth the distribution of AXA's insurance-related invested assets by insurance segment, including cash and cash equivalents.

Assets Under Management

At December 31, 1999 (in euro millions except percentages)	Life Insurance		Property and Casualty Insurance		International Insurance		Total		% of total	
	Book value (a)	Market value	Book value (a)	Market value	Book value (a)	Market value	Book value (a)	Market value	Book value (a)	Market value
Fixed maturities										
– French government	26,723	27,650	2,832	2,961	665	672	30,219	31,283	13.6%	13.3%
– Foreign governments	22,806	23,333	7,766	7,909	1,042	1,016	31,614	32,258	14.2%	13.7%
– Local governments	803	791	406	396	229	229	778	793	0.3%	0.3%
– Government controlled corporations	13,718	13,931	825	838	500	493	15,043	15,263	6.8%	6.5%
– Private corporations	32,768	32,201	3,112	3,093	1,521	1,477	36,252	35,688	16.3%	15.2%
– Mortgage-backed securities	2,743	2,662	10	11	96	91	2,849	2,764	1.3%	1.2%
– Other	792	763	505	510	226	222	3,332	3,202	1.5%	1.4%
– Including fixed maturities allocated to with-profit contracts (c)	(3,559)	(3,559)					(3,559)	(3,559)	(1.6%)	(1.5%)
Total fixed maturities	**96,794**	**97,772**	**15,456**	**15,719**	**4,279**	**4,200**	**116,529**	**117,691**	**52.4%**	**50.0%**
Equity investments	24,815	32,537	10,503	13,218	1,426	1,740	36,743	47,495	16.5%	20.2%
Mortgage, policy and other loans	16,244	16,316	978	1,064	45	45	17,266	17,425	7.8%	7.4%
Real estate	9,574	10,205	2,522	2,842	374	381	12,469	13,427	5.6%	5.7%
Assets allocated to UK with-profit contracts (c)	25,332	25,332					25,332	25,332	11.4%	10.8%
Trading portfolio (c)	3,423	3,423					3,423	3,423	1.5%	1.5%
Cash and cash equivalents	6,969	6,969	2,494	2,494	1,044	1,044	10,506	10,506	4.7%	4.5%
TOTAL (b) (d)	**183,149**	**192,553**	**31,952**	**35,337**	**7,167**	**7,409**	**222,268**	**235,299**	**100.0%**	**100.0%**

(a) Amounts are net of valuation allowances. The valuation allowances relate to fixed maturities (€ 229 million), mortgage loans of (€ 73 million), real estate (€ 1.4 billion) and equity investments (€ 595 million). See Note 3 to AXA's Consolidated Financial Statements.

(b) These amounts exclude separate account (unit linked) assets and investments in companies accounted for under the equity method.

(c) Trading account securities and assets allocated to UK with-profit contracts are carried at estimated fair value in the consolidated balance sheet of AXA.

(d) Refer to Note 2 to AXA's Consolidated Financial Statements included in this Annual Report that sets out the investment valuation methodology.

For additional information on the type of assets in which AXA invests and the related net investment results for the three years ended December 31, 1999, refer to "Item 9: Management's Discussion and Analysis" and Notes 3 and 13 to AXA's Consolidated Financial Statements included in this Annual Report.

At December 31, 1999, AXA held fixed maturity and equity securities in Bayerische Hypotheken- and Vereinsbank Group (which is predominantly fully collateralized debt obligations sponsored by the institutions) in the amount of € 2,208 million which represented 13.5% of AXA's total stockholders' equity of € 16,358 million. In addition, AXA held fixed maturity and equity securities in Banque Nationale de Paris in the amount of € 1,414 million which represented 8.6% of AXA's total stockholders' equity at December 31,1999. At December 31, 1998, AXA did not have any equity and/or fixed maturity investment in any one issuer, including an issuer's affiliates, that were in aggregate 10% or more of AXA's total shareholders' equity, or € 1,354 million.

AXA's fixed maturities and equity investments are, unless otherwise stated, predominately publicly traded. These investments together with real estate, mortgages and loans are concentrated in the market in which the entity operates. The life and property & casualty insurance operations in France, the United States, the United Kingdom, National Mutual Life, Germany and Belgium account for approximately 90% (1998: 86%) of fixed maturity investments and approximately 95% (1998: 92%) of equity investments.

In respect of AXA's significant insurance operations, the geographical distribution of the insurance-related invested assets backing the insurance liabilities is approximately 80% holdings in domestic investments (in the local currency of the liabilities) and 20% holdings in investments in foreign markets.

Fixed Maturities. As of December 31, 1999, the fixed maturities investment category was the largest insurance-related asset class representing 54% of the total. The fixed maturities investment category consists primarily of government bonds (67%) and corporate bonds (31%). At December 31, 1999, AXA held fixed maturity securities in Bayerische Hypotheken- and Vereinsbank Group in the amount of € 2,058 million, which represented 10% of AXA's total stockholders' equity. At December 31, 1998, AXA did not have any fixed maturity investment in any one issuer, including an issuer's affiliates, that were in aggregate 10% or more of AXA's total shareholders' equity, or € 1,354 million.

The following table summarizes fixed maturities by remaining average life as of December 31, 1999.

General account insurance fixed maturity portfolio by remaining contract maturity

At December 31, 1999 (in euro millions except percentages)	Life Insurance	Property and Casualty Insurance	International Insurance	Total	% of total
Due in one year or less	4,142	1,413	161	5,715	4.9%
Due after one year through five years	26,031	6,521	1,100	33,653	28.6%
Due after five years through ten years	35,052	4,646	2,083	41,781	35.5%
Due after ten years	33,081	3,081	799	36,961	31.4%
Other	3,025	59	56	3,140	2.7%
Fixed maturities allocated to with-profit contracts	(3559)			(3559)	–3.0%
TOTAL	**97,772**	**15,719**	**4,200**	**117,691**	**100%**

Equities. *At December 31, 1999 and 1998, AXA did not have any equity investment in any one issuer, including an issuer's affiliates, that were in aggregate 10% or more of AXA's total shareholders' equity, or €1,354 million. At December 31, 1999, AXA held equity securities of Banque Nationale de Paris representing 8.3%of total stockholders' equity.*

Trading account securities. *This represents equity and fixed maturity securities carried at estimated fair value in the Consolidated Financial Statements of AXA and relate to certain participating life insurance business written by National Mutual Life.*

Real Estate. *At December 31, 1999, consolidated real estate investments totaled € 14.9 billion. The real estate investments are held in AXA's insurance operations principally in France (43.8%), the United Kingdom (15.5%), the United States (11.2%) and in Germany (10,8%). Valuation allowances of € 1.4 billion are held against the portfolio at December 31, 1999.*

Mortgages and policy loans. *At December 31, 1999, mortgages and policy loans totaled € 18.1 billion. The mortgages and policy loans are held in AXA's life insurance operations principally in the United States (51%), Germany (12.5%) and Belgium (7%). Valuation allowances of € 75 million are held against the mortgages portfolio at December 31, 1999. Of the mortgage loans held in the life operations in the United States, at December 31, 1999, mortgage loans comprised commercial mortgages (53%), agricultural loans (34%), and residential loans (13%).*

Assets allocated to UK with-profit contracts. *These assets are carried estimated fair value in the Consolidated Financial Statements of AXA due to the nature of this business written in the United-Kingdom (refer to "Life Insurance Segment – UK Life Insurance Group" within Item 1 for further information on this specific type of business). At December 31, 1999, assets allocated to the UK with-profits contracts (at estimated fair value) include fixed maturities (€ 3,558 million), equity investments (€ 19,539 million), mortgage and policy loans (€ 191 million), and real estate (€ 2,044 million). The estimated fair values of the fixed maturities and equity investments (substantially all of which are publicly traded) are determined on the basis of quoted market prices. The UK Life Insurance Group appraises real estate investments on an annual basis. Unrealized investment gains accounted for approximately 43.6% of the estimated fair value of such assets as at December 31, 1999 as compared to 31.2% in 1998.*

DERIVATIVES

AXA generally uses derivative instruments to minimize adverse fluctuations in equity prices, interest rates and foreign exchange rates. The basis for which AXA manages these risks, the sensitivities associated with managing these types of risks, and the potential impact on the AXA consolidated financial results are set out in further detail in "Item 9A: Qualitative and Quantitative Disclosure about Market Risk" and in Note 17 to AXA's Consolidated Financial Statements included in this Annual Report.

NET INVESTMENT RETURN ON INSURANCE-RELATED ASSETS

The net investment return on insurance-related assets by major operating entity are presented within the segment information provided in "Item 9: Management's Discussion and Analysis" and Note 13 to the Consolidated Financial Statements.

Property and Casualty Reserves

ESTABLISHMENT OF CLAIMS RESERVES

AXA is required by applicable insurance laws and regulations and generally accepted accounting principles in France and in the United States to establish reserves for outstanding claims (claims which have not yet been settled) and associated claim expenses that arise from its property and casualty insurance operations. AXA establishes its claims reserves by product, by type of insurance cover and by year, and charges them to income as incurred. Claims reserves (also referred to as "loss reserves") fall into two categories as set out below.

- **Reserves for reported claims and claims expenses.** Reserves for outstanding claims which have not yet been settled and are based on undiscounted estimates of the future claim payments that will be made in respect of the reported claims, including the expenses relating to the settlement of such claims; and
- **Reserves for incurred but not yet reported ("IBNR") claims and claims expenses.** IBNR reserves are established on an undiscounted basis, to recognize the estimated cost of losses that have occurred but have not yet been notified to AXA. These reserves, like the reserves for reported claims and claims expenses, are established to recognize the estimated costs, including the expenses associated with claims settlement, necessary to bring claims to final settlement.

The process of estimating the original gross claims reserve is based on information available at the time the reserve was originally established. However, claims reserves are subject to change due to the number of variables which affect the ultimate cost of claims, such as, (i) development in claims (frequency, severity and pattern of claims) between the amount estimated and actual experience, (ii) changes arising from the time lag from the occurrence of the insured event through to notification of the claim (from the insured party, a third party or a ceding company) and the final settlement (payment) of the claim, primarily attributable to long tail casualty claims which may take several years to settle due to size and nature of claim, and the occurrence of large natural catastrophes late in the financial year for which limited information may be available at year end (iii) judicial trends, (iv) regulatory changes, and (v) inflation. Therefore, actual losses may deviate from the original gross reserves established. Consequently the reserve may be re-estimated reflecting those changes resulting in loss reserve redundancies (original gross claims reserve was overstated) or deficiencies (original gross claims reserve was understated). AXA continually reviews the adequacy of the established claims reserves, including emerging claims development, and actual experience compared to the original assumptions used to estimate initial gross claims reserve. Based on current information available, AXA considers that these provisions are sufficient. These provisions are subject to audit on an annual basis by the auditors of AXA.

With respect to AXA's foreign property and casualty insurance operations, the claims reserves are established and monitored in the local currency in which the property and casualty entity operates. The claims reserves are translated into AXA's reporting currency (euro) at the year-end closing rates. The effect of foreign exchange on the claims reserves is presented in Note 12 to the Consolidated Financial Statements included in this Annual Report.

Since 1998, the information within this section has been presented for AXA's property and casualty insurance operations, and AXA Réassurance, separately. Prior to 1998, information relating to AXA Global Risks UK was also presented, however, its property and casualty loss reserves were approximately 2.2% of total 1998 gross unpaid claims and claims expenses reserves. Therefore, separate presentation was no longer warranted and the loss development for AXA Global Risks UK was incorporated within the Loss Development Table for the property and casualty insurance operations. AXA Réassurance is presented separately because (i) this business is insurance assumed from other insurers, (ii) the type of insurance and the nature of the risks and exposures covered is different compared to the insurance cover provided by AXA's property and casualty insurance operations, (iii) a portion of this business is retroceded to other reinsurers through retrocession programs which are monitored separately within the reinsurance operations, and (iv) the business is accounted for on an underwriting year basis covering a 24 month period rather than a 12 month accounting period basis.

SPECIFIC TO THE PROPERTY AND CASUALTY OPERATIONS (EXCLUDING AXA RÉASSURANCE)

AXA does not discount its reserves for claims and claims expenses except disability claims for which final settlement has been agreed and the payments are generally fixed over a period of time. The disability claims reserves have not been included in the Loss Reserve Development Table.

AXA's French property and casualty insurance operations write construction cover with a ten-year contract term. In accordance with the French regulations, a specific provision is added to the claims reserves based on methodology established by the French government. This reserve is in addition to each single notified claim. This construction reserve is excluded from the Loss Reserve Development table as it is no indication as to how claims have been reserved (initially) and the outcome upon settlement of such claims in future periods based on the underwriting and associated reserving methodologies adopted by AXA.

In addition, certain AXA property and casualty operations are required by local regulations, in the countries in which they operate, to establish catastrophe and equalization reserves, see "Additional Factors which may affect AXA's Business – Regulation" (within Item 1) for further details. The catastrophe and equalization reserves are included with the consolidated balance sheet caption "Insurance Claims and Claims Expenses'. However, the catastrophe and equalization reserves are excluded from the Loss Reserve Development Table as these reserves are no indication as to how claims have been reserved (initially) and the outcome upon settlement of such claims in future periods based on the underwriting and associated reserving methodologies adopted by AXA.

These reserves excluded from the Loss Reserve Development Table represent 11.5% of total gross reserves at December 31, 1999 (1998: 10.7%). These reserves are included as "Other Reserves" presented in the "Reconciliation of Loss Reserves to Consolidated Financial Statements" table following the Loss Reserve Development tables and in Note 12 to the Consolidated Financial Statements included in this Annual Report.

LOSS RESERVE DEVELOPMENT

A reconciliation of beginning to ending gross outstanding claims reserves including claim expenses for each of the three years ended December 31, 1999, is presented in Note 12 to the Consolidated Financial Statements included in this Annual Report. There have been no unusually large losses or gains reported during the year. The following information is provided in "Item 9: Management's Discussion & Analysis": (i) impact on AXA's claims reserves relating to the natural catastrophe events which occurred during the year, including the European storms late in December 1999, (ii) developments in the Holocaust review and AXA's Year 2000 exposure, and (iii) claims loss ratios and operating results arising from the property and casualty operations and other comments on trends and impact on operating results for the three years ending December 31, 1999.

The loss reserve development table presents the claims reserve development for calendar years 1990 through 1999. The top line entitled "gross reserves for unpaid claims and claims expenses" represents the original gross claims reserve liability reported at the balance sheet date for the year indicated. The upper portion of the table entitled "paid (cumulative)" represents the cumulative amount paid as of the end of each succeeding year with respect to the original gross claims reserve liability reported. The lower portion of the table entitled "Reserve re-estimated" represents the previously recorded liability as adjusted (that is, re-estimated) based on claims experience as of the end of each succeeding year. The estimate is increased or decreased as more information becomes known in future periods relating to unsettled claims. For example, the gross claims reserve as at December 31, 1994 was originally € 5,595 and adjusted to € 10,133 to reflect the UAP cumulative effect, and by the end of 1999, cumulative amounts paid was € 8,089 million and the original gross claims reserve has been re-estimated to be € 12,160 million at December 31, 1999. The "cumulative redundancy (deficiency)" for each year represents the aggregate amount by which the original gross claims reserve liability as of that year-end has changed in subsequent periods. The effect on income relating to changes in reserves for the three years ended December 31, 1999 is presented in Note 12 to the Consolidated Financial Statements included in this Annual Report under the caption "increase (decrease) in provision attributable to prior years".

PROPERTY AND CASUALTY INSURANCE OPERATIONS

Gross Loss Reserve Development Table

At December 31, (in euro millions except percentages)	Property and Casualty Insurance Segment (b) 1990	1991	1992	1993	1994	1995	1996	1997 (b)	1998	1999 (c)
Gross reserves for unpaid claims and claims expenses developed initially	**3,633**	**4,064**	**4,665**	**4,932**	**5,595**	**5,712**	**5,847**	**20,371**	**20,941**	**26,656**
Gross reserves for unpaid claims and claims expenses developed in 1999	**10,098**	**11,385**	**12,817**	**13,895**	**15,433**	**15,063**	**16,308**	**19,256**	**19,648**	**26,656**
Paid (cumulative) At:										
One years later	1,231	1,349	1,326	1,394	1,419	1,305	1,388	4,737	4,745	
Two years later	1,843	2,016	1,951	2,051	2,044	1,684	5,759	6,632		
Three years later	2,251	2,398	2,376	2,454	2,368	6,898	7,327			
Four years later	2,506	2,660	2,717	2,684	7,082	8,123				
Five years later	2,684	2,944	2,920	7,767	8,089					
Six years later	2,916	3,140	7,927	8,442						
Seven years later	3,106	8,095	8,753							
Eight years later	7,046	8,537								
Nine years later	8,149									
Reserve re-estimated At:										
One years later	3,860	4,207	4,626	4,835	5,303	5,607	5,537	19,425	19,040	
Two years later	3,919	4,197	4,555	4,680	5,177	5,477	13,881	17,510		
Three years later	3,886	4,140	4,501	4,810	5,278	13,376	13,864			
Four years later	3,838	4,060	4,574	4,803	12,353	13,303				
Five years later	3,741	4,250	4,673	11,801	12,160					
Six years later	3,954	4,321	11,379	11,699						
Seven years later	4,045	10,584	11,487							
Eight years later	9,381	10,662								
Nine years later	9,710									
Initial gross reserves in excess of re-estimated gross reserves: Amount (a)	**388**	**723**	**1,330**	**2,196**	**3,274**	**1,760**	**2,443**	**1,746**	**608**	
Percent (a)	**3.8%**	**6.3%**	**10.4%**	**15.8%**	**21.2%**	**11.7%**	**15.0%**	**9.1%**	**3.1%**	

(a) It is not appropriate to extrapolate future redundancies or future deficiencies based on the loss reserve development presented in the table as conditions and trends that have affected the development of the liability in prior periods may not necessarily occur in the future periods.

(b) AXA acquired Compagnie UAP ("UAP") on January 1, 1997. The operations of AXA and UAP were integrated in 1998. At the date of acquisition, UAP had net reserves of € 13.7 billion. The outstanding claims reserves and claim expenses of UAP's property and casualty operations are included in the year end reserves as at December, 31, 1999, 1998 and 1997. Cumulative payments and reserve development for the 1998 year and thereafter include the development of the integrated property and casualty liabilities of AXA, including UAP, as loss development data specific to UAP is not available and there is no reasonable basis of allocating cumulative payments and reserves re-estimated between AXA and UAP post-acquisition.

(c) Includes gross reserves of € 5.6 billion and net reserves of € 5.1 billion of Guardian Royal Exchange ("GRE") which AXA acquired on May 1, 1999.

The majority of the business of the property and casualty insurance operations is short tail and therefore losses develop and are paid relatively quickly. Approximately 40% of the claims reserves were paid in the year that the claim event occurs.

There have been no reportable changes in the claims payment patterns but there has been deterioration in claims reserves notably in automobile insurance due to an increase in frequency across our European property and casualty operations. Based on current information available, there is no immediate intention to change, significantly, the assumptions relating to this line of business. Overall, there have been no significant changes in assumptions during the current year or any material strengthening of existing claims reserves.

There have been no material reinsurance transactions or any significant changes to existing reinsurance arrangements during the current year. There have been neither material changes to the overall property and casualty insurance portfolio (other than that noted in the footnotes to the Loss Reserve Development table above) nor significant changes to the nature and/or type of property and casualty insurance written within AXA. The geographical concentration of the property and casualty insurance liabilities is as follows: France (29.1%), Germany (19.5%), Belgium (16.7%), the United Kingdom (15.1%), and other countries (19.6%).

AXA RÉASSURANCE

Loss Reserve Development Table At December 31, (in euro millions except percentages)	1990	1991	1992	AXA Re 1993	1994	1995 (d)	1996	1997 (c)	1998	1999
Gross reserves for claims and claims expenses in Balance sheet (b)	**721**	**853**	**941**	**1,184**	**1,496**	**2,451**	**2,644**	**2,880**	**3,060**	**3,396**
Initial retroceded reserves	(90)	(154)	(91)	(107)	(201)	(262)	(196)	(285)	(416)	(430)
Initial net claims reserves:	**631**	**700**	**851**	**1,077**	**1,296**	**2,189**	**2,448**	**2,595**	**2,644**	**2,967**
Paid (cumulative) of:										
One year later	213	270	366	293	374	602	615	583	956	
Two years later	387	420	529	473	566	1,008	965	1,094		
Three years later	503	511	634	593	737	1,221	1,230			
Four years later	572	576	720	706	849	1,410				
Five years later	621	635	806	784	935					
Six years later	661	703	862	851						
Seven years later	714	745	915							
Eight years later	745	788								
Nine years later	781									
Reserve re-estimated of:										
One year later	914	850	1,172	1,368	1,558	2,811	2,970	2,945	3,743	
Two years later	878	1,002	1,179	1,326	1,549	2,917	2,829	3,159		
Three years later	984	996	1,210	1,329	1,675	2,774	2,891			
Four years later	953	1,016	1,222	1,428	1,643	2,818				
Five years later	959	1,023	1,374	1,403	1,653					
Six years later	978	1,149	1,348	1,413						
Seven years later	1,085	1,135	1,366							
Eight years later	1,074	1,156								
Nine years later	1,090									
Initial gross claims reserves in excess of (less than) re-estimated gross claims reserves	(369)	(303)	(424)	(229)	(157)	(367)	(248)	(279)	(683)	
Re-estimated retroceded reserves	351	312	252	219	334	529	465	660	992	
Premium adjustment (c)	52	64	90	226	204	447	467	501	447	
Re-estimated net claims reserves:	687	781	1,023	968	1,114	1,841	1,959	1,998	2,303	
Initial net claims reserves in excess (less than) reestimated net claims reserves:										
Amount (a)	**(57)**	**(81)**	**(173)**	**109**	**181**	**348**	**489**	**597**	**341**	
Percent of original net reserve (a)	**(9.0%)**	**(11.6%)**	**(20.3%)**	**10.1%**	**14.0%**	**15.9%**	**20.0%**	**23.0%**	**12.9%**	

(a) It is not appropriate to extrapolate future redundancies or future deficiencies based on the loss reserve development presented in the table as conditions and trends that have affected the development of the liability in prior periods may not necessarily occur in the future periods.

(b) The loss reserve development table is presented on an underwriting year basis for AXA Re's property and casualty business. Accordingly reserves re-estimated and the excess of re-estimated reserves in excess of the original reserves include reserves for losses occurring up to twelve months subsequent to the original year-end. For example, if an underwriting year reinsurance contract term was from January 1 to December 31, 1998 it may cover underlying policies with terms beginning both on January 1, 1998 and December 31, 1998. Losses incurred on underlying policies beginning on January 1, 1998 could occur as early as January 1, 1998 while losses incurred on underlying policies beginning on December 31, 1998 could occur as late as December 31, 1999.

(c) Represents premium earned subsequent to the accounting year end and premium reinstatements / experience-rated premiums received and accrued from the ceding insurers as assumed losses were incurred.

(d) Includes the claims reserves of Abeille Re acquired in 1995.

There have been no reportable changes in the claims payment patterns. There have been no significant changes in assumptions during the current year or any material strengthening of existing claims reserves. There have been no material retrocession transactions or any significant changes to existing retrocession arrangements during the current year. There have been no reportable changes to the reinsurance risk portfolio.

RECONCILIATION OF LOSS RESERVES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles, as of the dates indicated, the gross claims reserves and claim expenses in the Loss Development Tables presented above to that presented in the Consolidated Financial Statements in accordance with French GAAP.

Reconciliation of Loss Reserves to Financial Statements	December 31,	
(in euro millions)	**1999**	**1998**
Total gross claims reserves developed		
Property and Casualty Insurance	26,656	20,941
AXA Réassurance	3,396	3,060
Total gross claims reserves developed	**30,052**	**24,001**
Gross claims reserves not developed		
Catastrophe equalization reserves	1,052	1,013
Other reserves (a)	3,900	2,714
Total gross claims reserves excluding Life Insurance	**35,005**	**27,728**
Life Insurance Segment (b)	8,215	7,208
Reinsurance ceded (c)	(5,517)	(3,929)
Reserves for claims and claims expenses net of reinsurance	**37,703**	**31,007**

(a) Represents disability claims and construction reserves.
(b) Claims outstandings and related claims expenses on life insurance business.
(c) Reinsurance ceded represents is not recognized separately as a debtor in the balance sheet but included with insurance provisions in accordance with French GAAP. Reinsurance ceded is subject to review for recoverability.

ENVIRONMENTAL, ASBESTOS AND OTHER EXPOSURES

Environmental, asbestos and other related exposures are not material to AXA. Further details are provided in Note 18 to the Consolidated Financial Statements. Additional uncertainties may exist in relation to Holocaust related claims. Resolution of these uncertainties may ultimately result in additional claim losses to reinsurers, including AXA. Refer to “Item 9: Management’s Discussion and Analysis” and Note 18 to the Consolidated Financial Statements included in this Annual Report for further details.

Additional factors which may affect AXA's business

REGULATION

AXA operates within the various global financial service marketplaces. Consequently, AXA is subject to detailed, comprehensive regulation and supervision in all the jurisdictions in which it transacts business, principally insurance regulations.

AXA being a French based group is affected by the European Union ("EU") directives which have had an impact on the regulation of the insurance industry in the EU as such directives are implemented through legislation adopted within each member state.

The 1992 EU insurance directives on life insurance and direct insurance other than life insurance, were implemented in France, the United Kingdom and certain other jurisdictions through legislation which became effective in July 1994. These directives are founded on the "home country control" principle according to which the ongoing regulation of insurance companies, including their non-home insurance operations (whether direct or through branches) is the responsibility of the home country insurance regulatory authority. The home country insurance regulatory authority monitors compliance with applicable regulations, the solvency of the insurer and its actuarial reserves as well as the assets of the insurer which support such reserves. As a result of the implementation of these directives, an insurance company that has been licensed to conduct insurance business in one jurisdiction of the EU may do business directly or through branches in all other jurisdictions of the EU without being subject to licensing requirements under the laws of the additional jurisdictions. Selling activities of non-home insurance operations, however, are regulated by the regulatory authorities in the country in which the sale of the insurance product takes place.

The extent of regulation and supervision varies by country across AXA's global operations. However, most jurisdictions have laws and regulations are based on the premise that (i) for life operations, the primary objective of the regulator is to ensure policyholders reasonable expectations, that is, to protect the interests of the policyholders against insurance company insolvency or other reason for failure to pay out claims when notified, and (ii) for property and casualty operations, contractual commitments must be fulfilled in respect of paying out claims to policyholders including other insurers and third parties. A summary of the more important regulatory requirements generally affecting AXA is set out below.

INSURANCE

- Authorization to carry on an insurance business in a jurisdiction through either a subsidiary or a branch operation after consideration of the applicant's capital resources, proposed business plan, underwriting policy and reinsurance arrangements and the qualifications of its directors and management.
- Restrictions on the type of business which the insurance company can undertake (such as, in France, by law a French insurance company can not conduct both life and property & casualty insurance operations except under certain circumstances), and on the type of non-insurance business that subsidiaries may conduct.
- Maintenance of a minimum solvency margin in addition to the maintenance of a guarantee fund and in certain jurisdictions maintenance of risk based capital requirements ("risk based capital" is separately discussed below) or other bases for measuring capital adequacy which are generally set at a level

higher than the minimum solvency states to ensure capital adequacy in accordance with the local regulations.

- *Standards of conduct relating to the methods of training and selling undertaken by life insurance companies and their agents and direct sales force, selling by intermediaries and independent financial advisors and the provision of insurance and investment products to the consumer and, specifically, limitations on the types of products which the insurer can sell based on the authorized classes granted by the regulator.*
- *Limits on the premium rates and commission rates which can be charged to customers, policy forms which can be used, information required to be disclosed to the customer at the time of sale in connection with the projection of surrender and maturity values based on the insurers own charges and expenses, and commission to be paid or commission plus benefits and services to be provided to the salesperson as a reward for the introduction of business.*
- *Limits on the level of guarantee which can be offered by the insurance company, such as French and German regulation imposes a maximum on the annual rate of return that may be guaranteed for most individual retirement and savings general account products.*
- *Administration of assets and liabilities and proper segregation of assets specifically assets supporting the general accounts and separate accounts life insurance business,*
- *Restrictions on the type of assets and investments (deemed admissible based on type and investment mix concentration) which can be used to support the insurance operations including basis for valuing the assets and related liabilities and matching and localization requirements in respect of foreign liabilities which may be required to be matched, within certain limits, with assets in the same foreign currency.*
- *Approval by the regulator, and in certain jurisdictions court approval, prior to an intragroup transfer of assets, loans or dividends in order to protect insurance policyholders,*
- *Control of actuarial and claims reserves of the regulated insurer which must be adequate to allow the regulated insurer to fulfill its contractual commitments to pay on receipt of claims,*
- *Establishment of certain insurance reserves based on socioeconomic or environmental-related developments, such as catastrophe equalization reserves ("catastrophe equalization reserves" are separately discussed below) which are required in certain countries, specifically in the United Kingdom, France and Germany,*
- *System of accounting and form and content of financial statements and other associated regulatory reports which must be filed with the local regulatory authority on a routine basis,*
- *Periodic examination performed by the local regulatory authorities relating to the operations and the financial accounts and reports issued by the registered companies,*
- *Allocation of profits to the policyholders on participating life policies (excluding separate account policies) where the allocation usually takes the form of an increase in guaranteed benefits but may also take the form of a reduction of future premiums:*

– ***France.*** *The percentage to be allocated to the policyholders may be set by either the regulator (as in France at least 85% of annual investment results on assets attributable to such policyholders plus at least 90% of other profits) or set by the company's charter.*

– ***Australia.*** *Under National Mutual Life's Memorandum of Demutualization, and in accordance with the Life Insurance Act in Australia, which governs the management of the life insurance business in*

Australia and New Zealand, National Mutual Life must credit 80% of the profit or loss attributable to participating policies and 100% of the investment profit or loss attributable to investment account contracts to such policyholders' retained earnings accounts.

- ***United Kingdom.*** *In accordance with AEL's current Articles of Association and Sun Life Assurance's Laws and Regulations, transfers of amounts to shareholders' funds (which hold amounts available for distribution to shareholders) from their respective long-term insurance business (life) funds may not exceed one-ninth of the current value of the bonuses credited to with-profits contracts and other participating policies. AXA Sun Life was formed with two underlying funds, a "with-profits" fund with a statute similar to the existing statutes in AEL and Sun Life Assurance with respect to transfers of amounts to shareholders and a "non-profits" fund which is available 100% to the shareholders. Separate account (unit linked) products of AXA Sun Life are written through the non-profits fund. The basis for which allocation is made to the with profit participating policies is discussed in detail in Item 1 "Description of Business – Segment Information – United Kingdom Life Insurance Group".*
- ***Germany.*** *Policyholders' bonus on new business after 1994 must be at least 90% of the investment result on policyholders' reserves plus a portion of the profits arising from other sources. The percentage of profits to be allocated on business sold before 1995 must be at least 90% of the profits generated by all sources. Due to strong competition in Germany, however, current policyholders' participation, for all business, is approximately 94% of the profits generated by all sources.*
- ***Belgium.*** *At least 80% of the total amounts allocated to policyholders in connection with profit sharing must be credited to the policy no later than the policy anniversary date following the fiscal year in which the profit arises or when the policy expires prior to the anniversary date.*

Restrictions on dividends paid by life insurance companies in the event that there are insufficient assets to support the policyholder liabilities or for other regulatory reasons, in particular, following its demutualization, Equitable Life is permitted to pay shareholder dividends only if it files notice of its intention to declare such a dividend and the amount thereof with the New York Superintendent of Insurance and if the New York Superintendent does not disapprove such dividend. In 1999, Equitable Life was permitted to pay a dividend to AXA Financial, Inc in the amount of US$ 150,000,000. In 2000, Equitable Life has begun to review with the New York Insurance Department the potential for paying additional shareholder dividends in 2000.

Further commentary on specific regulatory matters effecting the AXA operations is summarized below.

Equitable Life. *AXA's insurance operations in the United States are subject to both federal and state regulatory requirements. For example, Equitable Life is domiciled in New York and is primarily regulated by the New York Superintendent of Insurance. The extent of state regulation varies but most jurisdictions have laws and regulations governing standards of solvency, levels of reserves, permitted types and concentrations of investments, business conduct to be maintained by insurance companies as well as agent licensing, approval of policy forms and, for certain lines of insurance, approval or filing of rates.*

In January 1998 the Florida Attorney General and the Florida Department of Insurance issued subpoenas, and in December 1999 the Florida Attorney General issued an additional subpoena, in each case requesting, among other things, documents relating to various sales practices. Equitable Life has completed its response to the 1998 subpoenas and is in the process of responding to the 1999 subpoena.

Risk Based Capital. *Life insurers in the United States are subject to risk-based capital ("RBC") guidelines which provide a method to measure the adjusted capital (statutory capital and surplus plus asset valuation allowance and other adjustments) that a life insurance company should have for regulatory purposes taking into account the risk characteristics of the company's investments and products. The RBC requirements establish capital requirements for four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items.*

Levies specific to the United Kingdom. *Policyholder protection exists through two bodies the Motor Insurance Bureau (MIB) and the Policyholders Protection Board (PPB). The MIB provides cover for victims of automobile accidents where there is no (or inadequate) insurance cover. The MIB is funded by levies on all automobile insurers and the levies are payable each year in proportion to the level of automobile insurance premiums written by each insurer. The PPB provides policyholders with a level of protection against insurance company insolvency. The protection covers all types of property and casualty insurance. Levies are not payable on a regular basis and are only charged when the PPB decides additional funds are necessary.*

Catastrophe Equalization Reserves. *Equalization reserves are required in certain jurisdictions, such as in the United Kingdom, Germany and France, to protect the Profit and Loss Account against the impact of large claims and catastrophes. The basis for which these equalization reserves are established is set out in the local country regulations based on pre-established formulae applicable to certain lines of business and may be capped at a maximum level. For example, in the United-Kingdom the principal classes of insurance affected are property and marine and the reserve to be established is defined in relation to premiums written. In addition, it is required that reserves are increased in years when there are no catastrophes and large losses are low. In years of catastrophe or of heavy large losses reserves may be written down to smooth the Profit and Loss result.)*

INVESTMENT BANKING

■ *DLJ's business, and the securities industry in general, is subject to extensive regulation in the United States at both the Federal and state level. Various regulatory bodies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. DLJ's business may be materially affected not only by regulations applicable to it as a financial market intermediary, but also by regulations of general application. For example, the volume of DLJ's underwriting, merger and acquisition and merchant banking businesses in any year could be affected by, among other things, existing and proposed tax legislation, antitrust policy and other governmental regulations and policies (including the interest rate policies of the Federal Reserve Board) and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities. From time to time, various forms of anti-takeover legislation and legislation that could affect the benefits associated with financing leveraged transactions with high yield securities have been proposed that, if enacted, could adversely affect the volume of merger and acquisition and merchant banking business, which in turn could adversely affect DLJ's underwriting, advisory and related trading revenues. As broker-dealers registered with the U.S. Securities and Exchange Commission ("Commission") and member firms of the New York Stock Exchange ("NYSE"), it is subject to the capital requirements of the Commission* *and the NYSE. These capital requirements specify minimum levels of capital to be maintained by Broker-Dealers. Compliance with regulatory capital requirements can restrict the entity's ability to pay dividends, pay interest, repay debt and redeem or purchase shares of its outstanding common stock.*

REGULATORY DEVELOPMENTS

United States. *The recently enacted Financial Modernization Bill removed barriers preventing banks from engaging in the insurance business and mutual fund business. There are a number of other existing or recently proposed federal laws which may significantly affect the US Life Insurance Group, including employee benefits regulations, the taxation of insurance companies and the taxation of insurance products. These initiatives are generally in a preliminary stage and, consequently, management cannot assess their potential impact on the US Life Insurance Group at this time. The Administration's fiscal year 2001 revenue proposals announced in February 2000 contain provisions that, if enacted, could have a material adverse impact on sales of certain insurance products. In addition, certain provisions would adversely affect the taxation of insurance companies, including a requirement to capitalize increased percentages of their net premiums to approximate acquisitions costs for certain categories of insurance contracts. Management cannot predict what other proposals may be made, what legislation, if any, may be introduced or enacted or what the effect of any such legislation might be.*

United Kingdom. *In May 1997, the Labor Government was elected and it had plans for significant changes to the regulatory structure and pensions legislation. A new financial regulatory organization was created on October 28, 1997, when the Securities Investment Board ("SIB") formally changed its name to the Financial Services Authority ("FSA"). Currently there is a proposal, the Financial Services and Markets Bill, which would create a new statutory regime, under which the FSA will acquire regulatory and registration functions currently exercised by several regulatory bodies within the United-Kingdom.*

With regard to property and casualty insurance business, a number of recent legislative changes in the United Kingdom are expected to have a significant impact on personal injury claims costs. Some changes affect the timing of the payment of claims and other changes affect the amount paid in settlement. Given the changes are recent and the claims settlement period may take a period of time to complete, AXA is not yet able to assess the full impact of these changes, however, it is expected that the claims costs will increase in future periods for personal injury claims.

Item 2: Description of property

The Company's current office, an office building of 725 square meters located in Paris, is owned in fee. In addition to its registered office, the Company has staff in other locations around Paris including 21 and 23 avenue Matignon. The Company also has major operating subsidiaries with headquarters located in several countries including France, the United States, Australia, Germany, Belgium and the United Kingdom. The headquarters of these subsidiaries are held on either a leasehold or a freehold basis. For additional information, see Notes 2 and 3 of Notes to the Consolidated Financial Statements.

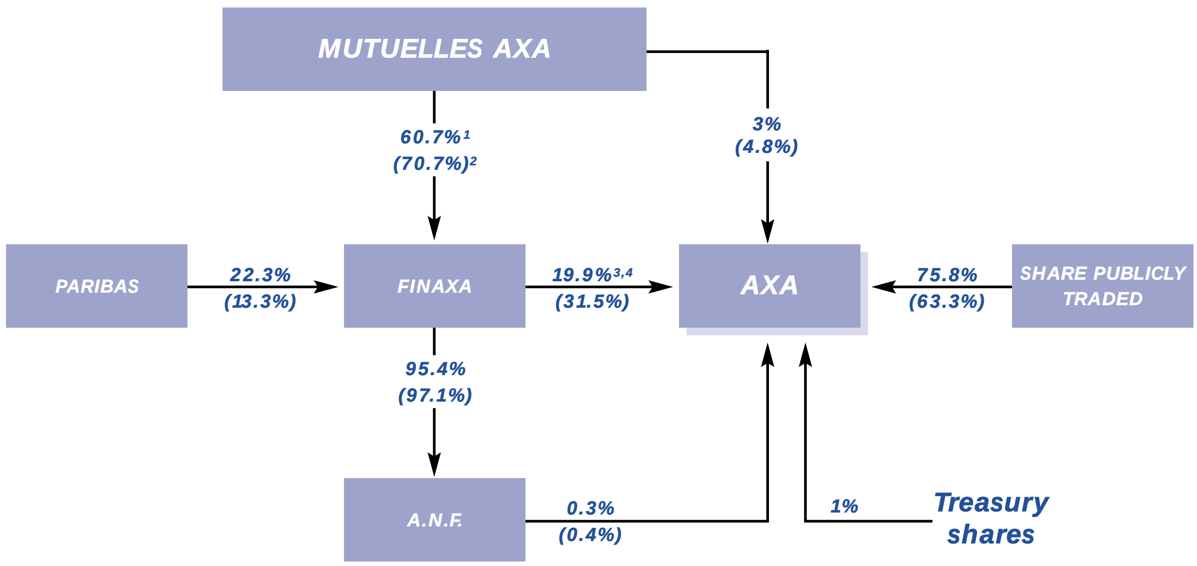
AXA also holds numerous investment properties in connection with its insurance and other financial services operations.

Item 3: Legal proceedings

The matters set forth in Note 18 of Notes to the Company's Consolidated Financial Statements as of December 31, 1999 (Item 17 of this Report) are incorporated herein by reference.

Item 4: Control of registrant

The following diagram sets forth the ownership structure of the Company as of March 1, 2000.



(1) Amounts in bold type represent the percentage of outstanding voting stock owned.
(2) Amounts in parentheses represent the percentage of total voting power represented by the voting stock owned.
(3) Finaxa is listed on the Paris Stock Exchange. The voting stock of Finaxa not owned by the Mutuelles AXA or Paribas is publicly traded.
(4) Directly and through holding companies.

The Mutuelles AXA are four mutual insurance companies engaged in the life insurance and property and casualty insurance business in France: AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle, and AXA Conseil Vie Assurance Mutuelle. The Mutuelles AXA do not have shares outstanding and the business of each Mutuelle is supervised by a board of directors elected by delegates representing policyholders. As of March 1, 2000, the Mutuelles AXA, acting as a group, owned, directly and indirectly through intermediate holding companies (including Finaxa), approximately 23.2% of the issued Shares representing approximately 36.7% of the voting power of the Company.

The Mutuelles AXA are parties to agreements pursuant to which they have stated their intention to collectively exercise majority control over Finaxa. These agreements affirm the intention of the Mutuelles AXA to utilize the synergies between the Mutuelles AXA and AXA's insurance subsidiaries so as to enhance their competitiveness while maintaining their separate identities. As part of these agreements, the Mutuelles AXA have also established a strategy committee (comité de coordination stratégique) composed of nine members appointed by the boards of directors of the Mutuelles AXA. The strategy committee elects a chairman from among its members who, at present, is Claude Bébéar. The strategy committee is generally consulted on all significant matters relating to Finaxa. Under these agreements, each of the Mutuelles AXA has also granted a right of first refusal to the other Mutuelles AXA in the event of any sale or other disposition of shares of Finaxa (or subscription or other rights or options relating thereto), and agreed not to purchase additional shares of Finaxa without the prior consent of the strategy committee.

RELATIONSHIPS WITH THE MUTUELLES AXA

■ The Mutuelles AXA are engaged directly in the life insurance and property and casualty insurance businesses in France. These insurance businesses, which are the Mutuelles AXA's only significant operating business activities, generated gross premiums of € 1.28 billion (FF 8.4 billion) in 1999.

The insurance businesses of the Mutuelles AXA and the insurance businesses of AXA's French insurance subsidiaries use similar distribution channels and are managed as single businesses subject to legal and management arrangements established to maintain the legal distinctions between their respective businesses. While the Company and each of the Mutuelles AXA has its own board of directors, they have in common certain members of management and certain board members. The Mutuelles AXA, which have no employees, also use employees located in AXA's French insurance subsidiaries pursuant to management agreements between the Mutuelles and those subsidiaries. There are no agreements between the Mutuelles AXA and the Company's insurance subsidiaries that restrict in any way their ability to compete with one another.

Most of the costs and expenses of operating these insurance businesses (other than commissions) are shared among the relevant insurance companies and allocated through GIEs which perform various services for their members. Other GIEs provide specific services to their members, such as asset management, management of real estate assets and development and utilization of computer systems. The partnership agreement for each GIE provides for the operating costs and expenses of the GIE to be allocated among the members of the GIE in accordance with each member's use of the services provided by the GIE. Such costs and expenses are allocated on the basis of actual use of the specific service to the extent practicable.

AXA Courtage IARD, a property and casualty insurance subsidiary of the Company, and AXA Courtage Assurance Mutuelle, a property and casualty insurance Mutuelle AXA, allocate between them the underwriting results of the property and casualty insurance business generated in France by insurance brokers. This allocation is achieved through a co-insurance agreement implemented through a GIE.

PRINCIPAL SHAREHOLDERS

■ The table below sets forth as of March 1, 2000 all persons known by the Company to own, directly or indirectly, more than 10% of the issued Shares and the total amount of shares owned by Executive Officers and Directors of the Company (as a group).

Identity of person or Group	Shares	Percent of Class	Percent of Voting Power
Mutuelles AXA as a Group (through controlling interests in Finaxa and directly)[1]	83,585,518	23.2%	36.7%
Executive Officers and Directors (as a group)	363,053	0.1%	0.08%

(1) See ownership structure diagram above.

Item 5: Nature of trading market

The principal trading market for the Shares is the premier marché of the Paris Stock Exchange. The Company's ADS are listed on the New York Stock Exchange. The Shares are also quoted on Stock Exchange Automatic Quotations International System ("SEAQ International") of the London Stock Exchange.

TRADING PRACTICES AND PROCEDURES ON THE PARIS STOCK EXCHANGE

Official trading of listed securities on the Paris Stock Exchange, including the Shares, is transacted through French stockbrokers (sociétés de bourse) and other authorized financial intermediaries, and takes place continuously on each business day from 9:00 a.m. to 5:05 p.m., with a pre-opening session from 7:45 a.m. to 9:00 a.m. during which transactions are recorded but not executed. The Paris Stock Exchange has introduced continuous trading by computer during exchange hours for most listed securities, including the Shares. Listed securities may generally be traded at any time outside the Paris Stock Exchange. Any trade effected after the close of a stock exchange session will be recorded on the next Paris Stock Exchange trading day at the closing price for the relevant security at the end of the previous trading day's session. The ParisBourse^{SBF} SA ("ParisBourse"), a self regulatory organization responsible for supervision of trading in listed securities on French stock exchanges, publishes a daily Official Price List which includes price information on each listed security.

Securities listed on the Paris Stock Exchange are traded on one of three markets. The securities of most large public companies, including the Company, are traded on the premier marché. Securities of small and medium sized companies are traded on the second marché. Shares of certain other companies are traded on the nouveau marché. Shares listed on the Paris Stock Exchange are placed in one of four categories depending on the volume of trading transactions. The Shares are listed in the category known as continu A, which includes the most actively traded shares (i.e., a minimum daily trading volume of 250,000 or twenty trades).

Trades of securities on the premier marché of the Paris Stock Exchange are settled in either of two ways, in the cash settlement market (marché au comptant) or the monthly settlement market (marché à réglement mensuel). Trades of the Shares are settled in the monthly settlement market. In the monthly settlement market, the purchaser may elect to settle on the third trading day following the trade (réglement immédiat or immediate settlement) or decide, on the determination date (date de liquidation), which is the fifth trading day prior to the last trading day of the month, either (i) to settle the trade no later than on the last trading day of such month or (ii) upon payment of an additional fee, to extend to the determination date of the following month the option either to settle no later than the last trading day of such month or to postpone further the selection of a settlement date until the next determination date (a procedure known as report). Such option may be maintained on each subsequent determination date upon payment of an additional fee. The transfer of ownership of equity securities traded on the monthly settlement market of the Paris Stock Exchange occurs at the time of registration of the securities in the appropriate shareholder's account. The majority of transactions in equity securities on the Paris Stock Exchange are settled on the monthly settlement market.

In accordance with French securities regulation, any sale of securities executed on the monthly settlement market during the month of, and prior to, a dividend payment date is deemed to occur after payment of the dividend, and the purchaser's account will be credited with an amount equal to the dividend paid the seller and the seller's account will be debited in the same amount.

If the purchaser has selected immediate settlement in the monthly settlement market, delivery of bearer or registered shares to the purchaser must occur on the third trading day following the trade. Registration with the company of transfer of registered shares may, however, take up to 19 business days thereafter. Payment for both bearer and registered shares takes place on the same business day as delivery. See "Description of Capital Stock – Holding and Transfer of Securities" for a further discussion of the holding and transfer of Shares in both bearer and registered form.

Trading in the listed securities of an issuer may be suspended by ParisBourse if quoted prices exceed certain price limits defined by regulations of the Conseil des Marchés Financiers ("CMF"), the self-regulatory organization that has general regulatory authority over the French stock exchanges and whose members include representatives of French stockbrokers. In particular, if the quoted price of a continu A security varies by more than 10% from the previous day's closing price, trading may be suspended for up to 15 minutes. Further suspensions for up to 15 minutes are also possible if the price again varies by more than 5%. ParisBourse may also suspend trading of a listed security in certain other limited circumstances, including, for example, the occurrence of unusual trading activity in such security.

The table below sets forth, for the periods indicated, the reported quarterly high and low sales prices per Share in euros and French francs and average monthly trading volume for the Shares on the Paris Stock Exchange.

AXA Ordinary Shares Prices and Trading Volume on Paris Stock Exchange

Calendar Period	High (€)	High (FF)	Low (€)	Low (FF)	Average[1] quarterly volume (shares in millions)
1998					
First quarter	100.46	659	67.68	444	64.030
Second quarter	113.42	744	94.97	623	63.151
Third quarter	130.65	857	77.74	510	68.905
Fourth quarter	123.48	810	63.92	417	77.814
1999					
First quarter	136.50	895	110.10	722	70.649
Second quarter	133.80	878	108.50	712	63.767
Third quarter	126.80	832	100.10	657	60.956
Fourth quarter	147.00	964	114.80	753	58.116
2000					
First quarter[2]	140.90	924	122.00	800	39.444

(1) The figures shown include only the trading volume of the Shares on the Paris Stock Exchange. The Shares are also quoted on SEAQ International in London.
(2) Through March 1, 2000.

Item 5

TRADING ON THE NEW YORK STOCK EXCHANGE

The Bank of New York serves as depositary (the "Depositary") with respect to the ADS's traded on the New York Stock Exchange. Each ADS represents one half an AXA Share. As of March 1, 2000, 13,162,620 ADS's were outstanding in the United States and were held by 165 registered holders of record.

The table below sets forth, for the periods indicated the reported quarterly high and low sales price per ADS and volumes traded on the New York Stock Exchange.

Calendar Period	High (US)	Low (US)	Total ADS traded (in thousands)
1998			
First quarter	56.56	36.18	4,770
Second quarter	65.62	51.81	2,637
Third quarter	71.25	44.06	4,160
Fourth quarter	72.50	38.25	3,185
1999			
First quarter	80.25	59.56	3,386
Second quarter	73.25	57.00	3,723
Third quarter	65.25	53.75	2,590
Fourth quarter	73.63	61.25	3,154
2000			
First quarter[1]	70.13	60.75	1,734

(1) Through March 1, 2000.

TRADING BY THE COMPANY IN ITS SHARES

Under French law, the purchase by a company of its own shares, either directly or indirectly, is generally prohibited. However, an extraordinary general meeting of shareholders may authorize a company to purchase a limited number of shares for cancellation in order to effect a capital reduction. A company may also purchase its own shares in connection with certain stock option and other employee benefit plans. In addition, upon the express authorization of the shareholders at an ordinary general meeting fixing the terms and conditions relative to any purchases and sales, listed companies, such as the Company, may purchase and sell their own shares for stabilization purposes.

Pursuant to authorization granted by the Company's shareholders at a general meeting on May 5, 1999, the Company is authorized to purchase at a price of not more than € 183 (FF1200.4) and to sell at a price of not less than € 92 (FF 603.5) up to 35,000,000 Shares. The authorization expires on the date of the Company's next annual general meeting. Pursuant to such authorization, the Company did not buy or sell any shares.

French law also requires a company to file a prospectus and a copy of the shareholders' resolution authorizing any purchases or sales for stabilization or for cancellation purposes with the Commission des Opérations de Bourse ("COB"), the independent commission responsible for overseeing the French securities markets, prior to engaging in such transactions, as well as a publicly available monthly report or, upon request by the COB, a more frequent report, of any purchases and sales thereafter. Purchases and sales by a company of shares may only be made to ensure the liquidity of the market and to reverse the trend reflected in the last quoted prices of the shares and may not account for more than 25% of the average total daily trading volume on the Paris Stock Exchange in shares of such company during a reference period of five stock exchange trading days immediately preceding such purchase or sale for shares traded in the monthly settlement market. Except during the issuance period of any new issue of shares, such transactions may be executed on behalf of a company by only one intermediary in each stock exchange session. In addition, the COB may require a company to provide additional information on, or justification for, such transactions.

A company may not own directly more than 10% of its total share capital or more than 10% of any class of its own shares. If a company purchases its own shares they must be held in registered form and be fully paid-up. Shares held by the Company are deemed outstanding under French law but are not entitled to dividends, voting rights or preferential subscription rights. See "Description of Capital Stock - Repurchase and Redemption of Shares".

Item 6: Exchange controls and other limitations affecting security holders

FOREIGN EXCHANGE CONTROLS

Under current French foreign exchange control regulations, there are no limitations on the amount of cash payments that may be remitted by the Company to residents of the United States. Laws and regulations concerning foreign exchange controls do require, however, that all payments or transfers of funds made by a French resident to a non-resident be handled by an accredited financial intermediary. In France, all registered banks and substantially all credit establishments are accredited financial intermediaries.

OWNERSHIP OF SHARES

Under current French companies law and the Company's statuts, there are no specific limitations on the right of non-resident or non-French persons to own or, where applicable, vote the Shares. Under current French foreign direct investment regulations, a notice (déclaration administrative) must be filed, however, with the French Ministry of the Economy for the acquisition of an interest in the Company by any person not residing in France or any group of non-French residents acting in concert or by any foreign controlled resident if such acquisition would result in (i) the acquisition of a controlling interest in the Company or (ii) the increase of a controlling interest in the Company unless such person not residing in France or group of non-French residents already controls more than two-thirds of the Company's share capital or voting rights prior to such increase. Under existing administrative rulings, ownership of 20% or more of a French listed company's share capital or voting rights is regarded as a controlling interest, but a lower percentage might be held to be a controlling interest in certain circumstances (depending upon such factors as the acquiring party's intentions, the ability of the acquiring party to elect directors or financial reliance by the company concerned on the acquiring party).

Under current French insurance regulations, any person (or group of persons acting in concert) who is not a resident of a member state of the European Economic Area must obtain authorization from the French Ministry of the Economy prior to entering into a transaction to acquire a direct or indirect interest, or to increase or decrease its direct or indirect interest, in the Company if such transaction would allow such person (or group of persons acting in concert) to (i) acquire control of, or cease to control, the Company or (ii) increase its interest to 10%, 20%, 33 1/3% or 50% of the Company's voting power (including through ADSs). Furthermore, any such transaction allowing such person (or group of persons acting in concert) to hold Shares representing in aggregate in excess of 5% of the Company's voting power requires such person to provide prior notice to the French Ministry of the Economy. No prior authorization or prior notice, as the case may be, is required for such a transaction entered into by a person (or group of persons acting in concert) who is a resident of a member state of the European Economic Area, although such person (or group of persons) is required to provide the French Ministry of the Economy with notice upon completion of the transaction.

Item 7: Taxation

General

The following generally summarizes the material US Federal income tax and French tax consequences to US Holders of owning and disposing of Shares or ADRs. The term "US Holder" means a beneficial owner of one or more Shares or ADRs that is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof (including the District of Columbia) or (iii) a person otherwise subject to US Federal income taxation on its worldwide income. In addition, this summary addresses some specific tax consequences pertaining to the ownership of Shares or ADRs by certain tax-exempt entities organized under the laws of the United States. This summary is based on US and French law and practice as of the date of this Annual Report, including the Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital dated August 31, 1994 (the "Treaty"). This summary is subject to any changes to US or French law or practice occurring after the date hereof, including any change in applicable tax treaty provisions. It is also based in part on representations by the Depositary and assumes that the obligations under the Deposit Agreement and any related agreements will be performed in accordance with their terms.

This discussion is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax consequences of the ownership or disposition of Shares or ADRs. Because this summary is not exhaustive of all possible tax considerations (especially those applicable to persons who are subject to special tax treatment, including tax-exempt institutions, financial institutions, US expatriates, non-US Holders, dealers in securities, persons which functional currency is not the US dollar, persons holding Shares or ADRs as part of a conversion transaction, persons owning more than 10 percent of the capital of the Company and persons carrying on a trade or business in France through a permanent establishment or fixed base for the purpose of which the Shares or ADRs have been acquired or held), prospective purchasers of Shares or ADRs should consult their own tax advisors regarding all the particular tax consequences to them of their ownership and disposition of Shares or ADRs.

For purposes of the Treaty, French tax law and the US Internal Revenue Code of 1986, as amended (the "Code"), US owners of ADRs will be treated as owners of the Shares underlying the ADS's represented by such ADRs.

French Taxes

TAXATION OF DIVIDENDS WITHHOLDING TAX

France normally imposes a 25 percent withholding tax on dividends distributed in cash or in the form of Shares by a French corporation (such as the Company) to shareholders who are not residents of France for French tax purposes. However, the Treaty generally reduces the withholding tax rate to 15 percent on dividends paid in cash or in the form of Shares to an "Eligible US Holder".

Under the Treaty, an "Eligible US Holder" is a US Holder whose ownership of Shares or ADRs is not effectively connected with a permanent establishment in France and who is (i) an individual or other non-corporate holder, or (ii) a corporation that does not own, directly or indirectly, 10 percent or more of the capital of the Company, provided in each case that such Holder is a resident of the United States under the Treaty, and is entitled to Treaty benefits under the limitation on benefits provisions in Article 30 thereof and such Holder complies with the procedural rules described below. If a US Holder is a corporation that owns, directly or indirectly, 10 percent or more of the capital of the Company, the withholding tax rate will be *reduced to 5%, provided that all other requirements set forth in the preceding sentence are met.*

Pursuant to an instruction published on June 7, 1994 (the "Instruction"), dividends paid in cash or in the form of Shares to an Eligible US Holder who is entitled to the "avoir fiscal" (as discussed below) will no longer be subject to the French withholding tax of 25% (with this tax reduced at a later date to 15%, subject to filing formalities), but will be immediately subject to the reduced rate of 15% provided that such Holder establishes before the date of payment that he is a resident of the United States under the Treaty.

TAXATION OF DIVIDENDS "AVOIR FISCAL"

Under French domestic tax law, a resident of France generally is entitled to the avoir fiscal (a tax credit) in respect of a dividend received in cash or in the form of Shares from a French Corporation in an amount equal to:

- *50 percent of the net dividend received if the beneficiary of the distribution is an Individual;*
- *40 percent of the net dividend received if the beneficiary of the distribution is not an Individual.*

Under the Treaty, an Eligible US Holder is generally entitled to a payment from the French Treasury that is the equivalent of the avoir fiscal. Such payment is made by the French Treasury not earlier than the January 15th following the close of the calendar year in which the related dividend is paid, and only after receipt by the French tax administration of a claim for such payment in accordance with the procedures described below. However, there are certain limitations to the availability of the avoir fiscal under the Treaty. First, the avoir fiscal is generally only granted if the Eligible US Holder is subject to US Federal income tax on both the dividend and the avoir fiscal. Second, a partnership or a trust (other than a pension trust, a real estate investment trust or a real estate mortgage investment conduit) in its capacity as an Eligible US Holder is entitled to the avoir fiscal only to the extent that its partners, beneficiaries or grantors, as applicable, are themselves Eligible US Holders (other than a regulated investment company) and are themselves subject to US Federal income tax on their respective shares of both the dividend and the avoir fiscal. Third, the Eligible US Holder, where required by the French tax administration, must show that he or she is the beneficial owner of the Shares or ADRs and that the holding of such Shares or ADRs does not have as one of its principal purposes the purpose of allowing another person to take advantage of the grant of the avoir fiscal under the Treaty.

Fourth, if the Eligible US Holder is a regulated investment company, it should not own, directly or indirectly, 10 percent or more of the capital of the Company (but only if less than 20 percent of its shares should be beneficially owned by persons who are neither citizens nor residents of the United States under the Treaty).

Under the Treaty, any payment of the avoir fiscal is subject to the 15 percent dividend withholding tax. Thus, for example, if a dividend of € 100 (FF 656) were payable by the Company to:

- *an Eligible US Individual Holder and the requirements are satisfied, such Holder would initially receive € 85 (FF 558, the € 100 dividend less a € 15 withholding tax). Such Holder also would receive an additional payment from the French Treasury of € 42.5 (FF 279), consisting of the avoir fiscal of € 50, less the 15 percent withholding tax on that amount. Thus, the total net payment to the Eligible US Individual Holder would be € 127.5 (FF 837, although, as discussed below, such Holder would recognize € 150 (FF 984) of income for US Federal income tax purposes.*
- *an Eligible US non Individual Holder and the requirements are satisfied, such Holder would initially receive € 85 (FF 558), (the € 100 dividend less a € 15 withholding tax). Such Holder also would*

receive an additional payment from the French Treasury of € 34,02 (FF 223), consisting of the avoir fiscal of € 40, less the 15 percent withholding tax on that amount. Thus, the total net payment to the Eligible US non Individual Holder would be € 119,02 (FF 780,7), (although, as discussed below, such Holder would recognize € 140 (FF 918,4) of income for US Federal income tax purposes.

If an Eligible US Holder sells Shares in a trade executed on the monthly settlement market during a month during which a dividend payment date with respect to the Shares occurs, generally the seller, rather than the purchaser, will be entitled to the avoir fiscal with respect to the dividend paid on such dividend payment date. See ''Nature of Trading Market" for a summary of certain information relating to trading of the Shares on the monthly settlement market.

Any amounts distributed as a dividend by the Company out of profits which have not been subject to French corporate income tax at the standard corporate income tax rate, which are distributed from the long-term capital gains reserve or which were earned and taxed more than five years before the distribution, would be subject to the ''précompte" (a French equalization tax). The précompte is a tax paid by the corporation at the time of a dividend distribution that is equal to 50% of the net dividend distributed, except that, when a dividend is distributed from the long-term capital gains reserve, the précompte is equal to the difference between a tax based on the regular corporate tax rate applied to the amount of the declared dividend and the taxes previously paid by the corporation on the income being distributed. The amount of any précompte would be charged to shareholders' equity as part of the dividend distribution.

The Company will pay a précompte in 1999. This précompte will be paid by means of offsetting French and/or foreign tax credits against the précomte liability. As a consequence, any eligible US Holders that are not entitled to the full avoir fiscal may not obtain from the French Treasury a refund of any précompte paid by the Company (or, in certain cases, by one of its direct subsidiaries).

TAXATION OF DIVIDENDS PROCEDURES TO OBTAIN TREATY BENEFITS

Eligible US Holders must follow certain procedures in order to be eligible for the 15 percent dividend withholding tax and to receive a refund of the avoir fiscal (less the 15 percent withholding tax on that amount) under the Treaty.

An Eligible US Holder entitled to the avoir fiscal who wishes to obtain a reduced withholding rate at source must (i) complete, (ii) have certified by the United States financial institution that is in charge of the administration of such Eligible US Holder's Shares or ADRs (the ''US Financial Institution"), and (iii) file with the Company or the French person in charge of the payment of dividends on the Shares (the ''French Paying Agent") in the case of Shares, or with the Depositary in the case of ADRs, a French form RF1 A EU nº 5052, entitled ''Application for Refund" (the ''Standard Form"), before the date of payment of the relevant dividend. An Eligible US Holder that is a regulated investment company must also be identified as such on a list provided annually by the Internal Revenue Service (''IRS") to the French tax administration. However, if an Eligible US Holder is not able to complete, have certified and file the Standard Form before the date of payment of the dividend, such Eligible US Holder may still benefit from the Treaty if the US Financial Institution provides the Company or the French Paying Agent in the case of Shares, or the Depositary in the case of ADRs, with certain information with respect to such Eligible US Holder and his or her holding of Shares or ADRs before the date of payment of such dividend. Whichever procedure is followed, the avoir fiscal is not paid by the French Treasury earlier than the January 15th following the close of the calendar year in which the related dividend is paid.

If either of the above-described procedures has not been followed before a dividend payment date (or is not available to an Eligible US Holder), the Company or the French Paying Agent will withhold tax from the dividend at the normal French rate of 25 percent, and the Eligible US Holder will be entitled to claim a refund of the excess withholding tax and the payment of the related avoir fiscal by filing the Standard Form with the Depositary or the French Paying Agent early enough to enable the Depositary or the French Paying Agent to forward such Standard Form to the French tax administration before December 31st of the year following the calendar year in which the related dividend was paid.

The Standard Form with instructions, is available from the US Internal Revenue Service. The Depositary will provide to all US Holders of ADRs the Forms or certificates, together with instructions, and will arrange for the filing with the French tax authorities of all Forms and certificates completed by US Holders of ADRs and returned to the Depositary in sufficient time. See "Description of Depositary Arrangement-Dividends, Other Distributions and Rights".

SPECIAL RULES FOR CERTAIN TAX-EXEMPT SHAREHOLDERS

Under the Treaty, special rules apply to (i) any "Eligible Pension Fund", which is a tax-exempt entity established in, and sponsored or established by a resident of, the United States, the exclusive purpose of which is to provide retirement or employee benefits and which does not own, directly or indirectly, 10 percent or more of the capital of the Company, (ii) any "Eligible Not-For-Profit Organization", which is a tax-exempt entity organized in the United States, the use of whose assets is limited under US Federal or state laws, both currently and upon liquidation, to the accomplishment of the purposes that serve as the basis of its exemption from income taxation in the United States and which does not own, directly or indirectly, 10 percent or more of the capital of the Company, and (iii) any "Individual Holding Shares in a Retirement Plan", meaning an individual who is a resident of the United States under the Treaty and who owns Shares or ADRs through an individual retirement account, a Keogh plan or any similar arrangement. ("Eligible Pension Funds", "Eligible Not-For-Profit Organizations" and "Individuals Holding Shares in a Retirement Plan" are referred to collectively as "Eligible Tax-Exempt Holders".)

Provided they are entitled to Treaty benefits under the limitation on benefits provisions in Article 30 thereof, Eligible Tax-Exempt Individual Holders are entitled to receive from the French Treasury a payment equal to 30/85ths of the avoir fiscal (the "partial avoir fiscal"), less a 15 percent dividend withholding tax on such amount, notwithstanding the general requirement described above that the Individual holder be subject to US tax on both the dividend and the avoir fiscal. Thus, for example, if a dividend of € 100 (FF 656) were payable by the Company to an Eligible Tax-Exempt Individual Holder and the requirements of the Instruction are satisfied, such Individual Holder would initially receive € 85 (FF 558) (the € 100 dividend less a € 15 withholding tax). The Eligible Tax-Exempt Individual Holder would be further entitled to an additional payment from the French Treasury of € 15, consisting of the partial avoir fiscal of 30/85ths of € 50 (FF 32.8), less the 15 percent withholding tax on that amount. When the avoir fiscal is equal to 40 percent of the net dividend (for instance for "Eligible Pension funds" and "Eligible Not-for-Profit Organizations"), Eligible Tax-Exempt Holders are entitled to receive from the French Treasury a payment equal to 30 1/3/85ths of the avoir fiscal, less a 15 percent withholding tax on such amount. Thus, the total net payment to the Eligible Tax-Exempt Individual Holder would be € 100. The Eligible Tax-Exempt Individual Holder, where required by the French tax administration, must show that it is the beneficial owner of the Shares or ADRs and that the holding of such Shares or ADRs does not have as one of its principal purposes the purpose of *allowing another person to take advantage of the grant of the partial avoir fiscal under the Treaty.*

Tax-Exempt Holders generally must follow the procedures set forth above under "Taxation of Dividends-Procedures to Obtain Treaty Benefits". Nevertheless, the existing French forms do not take into account the special tax treatment applicable to Eligible Tax-Exempt Holders with respect to the payment of the partial avoir fiscal and the refund of the précompte. Certain Eligible Tax-Exempt Holders may also be required to provide written evidence certified by the IRS of their status under US Federal income tax law. As a consequence, Eligible Tax-Exempt Holders are urged to contact their own tax advisors with respect to the procedures to be followed to obtain Treaty benefits.

TAX ON SALE OR REDEMPTION

Under the Treaty, no French tax is levied on any capital gain derived from the sale of Shares or ADRs by a US Holder who (i) is a resident of the United States under the Treaty, (ii) is entitled to Treaty benefits under the limitation on benefits provisions of Article 30 thereof, and (iii) does not have a permanent establishment in France to which the Shares or ADRs are effectively connected or, in the case of an individual, who does not maintain a fixed base in France to which the Shares or ADRs are effectively connected.

Under French domestic tax law, any gain realized by a shareholder on a redemption of Shares by the Company generally will be treated as a dividend and will be subject to French dividend withholding tax as described above under "Taxation of Dividends-Withholding Tax", unless all the Company's accumulated earnings and profits (as determined for French tax purposes) have been distributed to shareholders of the Company before such redemption. Any such redemption generally would entitle the shareholders to the avoir fiscal and may trigger the précompte, provided it is pro rata among all the shareholders of the Company. An Eligible US Holder generally would be entitled to Treaty benefits with respect to the avoir fiscal and the précompte related to his or her gain on a redemption of Shares that is treated as a dividend for French tax purposes.

FRENCH TRANSFER AND STAMP TAXES

Transfers of ADRs and Shares will not be subject to French transfer taxes unless the transfer is effected by means of a written agreement that is executed or enforced within France. Should such written agreement be executed or enforced in France, it would be subject to transfer taxes at the rate of 1 percent, up to a maximum of FF 20,000 per transaction.

In certain cases, a stock exchange stamp tax also may be payable.

FRENCH ESTATE, GIFT AND WEALTH TAXES

A transfer of Shares or ADRs by gift by, or by reason of death of, a US Holder that would be subject to French gift or inheritance tax under French domestic tax law will not be subject to such French tax by reason of the Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978 unless (i) the donor or decedent is domiciled in France within the meaning of that Convention at the time of making the gift, or the time of his or her death, or (ii) the ADRs or Shares were used in, or held for use in, the conduct of business through a permanent establishment or a fixed base in France.

Under French tax law and the Treaty, the French wealth tax generally does not apply to US Holders that are not individuals or in the case of natural persons, who own alone or with their parents, directly or indirectly, ADRs or Shares representing the right to less than 25 percent of the Company's profits.

United States Taxes

TAXATION OF DIVIDENDS

For US Federal income tax purposes, the gross amount of a distribution by the Company to US Holders (including any amounts of French tax withheld) will be treated as dividend income to the extent paid out of the Company's current or accumulated earnings and profits (as determined for US Federal income tax purposes). If a US Holder has the option to receive a distribution either in cash or in the form of Shares, and such US Holder chooses to receive Shares (a "Stock Distribution"), such US Holder will be treated for purposes of the preceding sentence as having received a distribution to the extent of the fair market value of these Shares. The gross amount of any related avoir fiscal or précompte payment also will be treated as dividend income. Such dividend income will not be eligible for the dividend received deduction generally allowed to corporations under Section 243 of the Code. To the extent that an amount received by a US Holder exceeds the US Holder's allocable share of the Company's current and accumulated earnings and profits, such excess will be applied first to reduce the Holder's basis in his or her Shares or ADRs, and then, any remaining such excess would constitute gain from the deemed sale or exchange of his or her Shares or ADRs. See "Tax on Sale" below.

For US Federal income tax purposes, dividends will be taxable to the US Holder of Shares or ADRs outstanding on the record date established by French law, which in the case of an annual dividend will be fixed by the shareholders at the shareholders' meeting approving the distribution of dividends, and in the case of an interim dividend will be fixed by the Board of Directors approving the distribution of interim dividends. Any payment of the avoir fiscal or the partial avoir fiscal, plus the withholding tax thereon, will be included in the dividend income of a US Holder in the year in which such payment or refund is received (except, possibly, if the US Holder unduly delays seeking such payment or refund). The amount recognized as dividend income by a US Holder will be equal to the US dollar value of the distributed French francs (or, in case of a Stock Distribution, the Shares) on the date of the recognition of such dividend for US Federal income tax purposes. Such French francs distributed will have a tax basis equal to their US dollar value at such time. Any gain or loss realized upon a subsequent conversion or other disposition of the French francs will be treated as ordinary income or loss from sources within the United States.

As discussed above, payments of dividends, the avoir fiscal, the partial avoir fiscal to a US Holder will be subject to French withholding tax. For US Federal income tax purposes, a US Holder may generally elect to treat such French withholding taxes as either a deduction from gross income or a credit against such US Holder's US Federal income tax liability. The maximum foreign tax credit allowable generally is equal to the US Holder's US Federal income tax liability for the taxable year multiplied by a fraction, the numerator of which is the US Holder's taxable income from sources without the United States and the denominator of which is the US Holder's taxable income from all sources for the taxable year. That foreign tax credit limitation is applied separately to different "baskets" of income. For purposes of applying the foreign tax credit limitation, dividends are generally included in the "passive income" basket or, if received by a financial services entity and certain other conditions are met, the "financial services income" basket.

In the case of an Eligible US Holder, if the full withholding tax rate of 25 percent is applied (because, for instance, the procedures described under "French Taxes-Taxation of Dividends-Procedures to Obtain Treaty Benefits" are not complied with by the dividend payment date), the refundable portion of the tax withheld by the Company or the French Paying Agent (representing the difference between the 25 percent and the 15 percent tax rates) would not be eligible for the foreign tax credit.

TAX ON SALE

■ For US Federal income tax purposes, a US Holder generally will recognize gain or loss on any sale, exchange or other disposition of Shares or ADRs (unless a specific nonrecognition provision applies). Such gain or loss will be measured by the difference between the amount of cash (and the fair market value of any other property) received and the holder's tax basis in the Shares or the ADRs. A US Holder's tax basis in the Shares or the ADRs will generally equal the amount paid by such US Holder for the Shares or the ADRs (or, in case of Shares acquired by way of Stock Distribution, the amount included in income at the time of the Stock Distribution). Gain or loss arising from a sale or exchange of Shares or ADRs will be capital gain or loss if such Shares or ADRs are held as capital assets by the US Holder, and will be short term or long term depending whether the holding period of the US Holder for such Shares or ADRs exceeds one year. In general, gain from a sale or exchange of Shares or ADRs by a US Holder will be treated as United States source income.

The Taxpayer Relief Axt of 1997 (the "Relief Act") has changed the US Federal income tax rates for capital gains of individuals, trusts and estates. Under the Relief Act, any gain realized by such taxpayers from the sale or other taxable disposition of Shares or ADRs that have been held for more than 18 months generally will be subject to a maximum tax rate of 20%, while the maximum tax rate for Shares or ADRs that have been held for more than

12 months but not more than 18 months generally will be 28%.

BACKUP WITHHOLDING

■ Under certain circumstances, a US Holder who is an individual may be subject to backup withholding at a 31% rate on dividends received on Shares or ADRs. This withholding generally applies only if such individual Holder (i) fails to furnish his or her taxpayer identification number ("TIN") to the US Financial Institution or any other person responsible for the payment of dividends on the Shares or ADRs, (ii) furnishes an incorrect TIN, (iii) is notified by the US Internal Revenue Service ("IRS") that he or she has failed to properly report payments of interest and dividends and the IRS has notified the Company that he or she is subject to backup withholding, or (iv) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that the TIN provided is his or her correct number and that he or she is not subject to backup withholding. Any amount withheld from a payment to a US Holder under the backup withholding rules will be allowable as a credit against such Holder's Federal income tax liability, provided that the required information is furnished to the IRS.

UNITED STATES STATE AND LOCAL TAXES

■ In addition to US Federal income taxes, US Holders may be subject to United States state and local taxes with respect to their Shares or ADRs. US Holders should consult their own tax advisors regarding such matters.

Item 8: Selected Financial Data

The selected consolidated financial data set out below for the years ended December 31, 1999, 1998 and 1997, and at December 31, 1999 and 1998 have been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to, the audited Consolidated Financial Statements and the notes thereto included in this Annual Report. Financial data set out below for the years ended December 1996 and 1995, and at December 31, 1997, 1996 and 1995 have been derived from the audited Consolidated Financial Statements for 1997, 1996 and 1995, respectively.

The Consolidated Financial Statements have been prepared in accordance with French GAAP which differs in certain material respects from US GAAP. For a summary of the material differences between French GAAP and US GAAP relevant to AXA, see "Item 9: Management's Discussion and Analysis -Reconciliation of French GAAP to US GAAP" and Notes 28 and 29 of the Notes to the Consolidated Financial Statements. See "Item 9: Management's Discussion and Analysis" and the Notes to the Consolidated Financial Statements included on this Annual Report for significant events affecting the comparability of current year results with 1998 and 1997 results.

AXA Asia Pacific Holdings and its subsidiaries use a fiscal year ending September 30 and are consolidated as of that date in AXA's Consolidated Financial Statements.

INTRODUCTION OF EURO

The AXA Consolidated Financial Statements for the three years ended December 31, 1999 and as at December 31, 1999 and 1998 and the notes thereto, included in this Annual Report, are presented in euros ("euros" or €). The financial data for the years ended or as at a date prior to January 1, 1999 have been translated from French francs to euros for purposes of this document at the legal conversion rate of FF 6.55957 = € 1.00, the applicable rate established on January 1, 1999. The euro did not exist during any of these periods, and the conversion rate used may not reflect the FF/euro exchange rate that would have applied if the euro had existed at such times. Further information on the euro is provided in the beginning of this Annual Report under the heading "Exchange Rate Information" and in Note 1 to the Consolidated Financial Statements included in this Annual Report.

Years ended December 31	1999 (i) (in US$ millions except per ordinary share and ADS amounts)	1999	1998	1997(k)	1996	1995 (j)
		(in euro millions except per ordinary share and ADS amounts)				
Income Statement Data:						
Approximate amounts in accordance with French GAAP:						
Gross premiums	54,309	53,792	47,169	46,885	19,946	15,278
Financial services revenue	12,858	12,736	9,529	8,702	5,544	4,629
Net investment results (a)	15,789	15,639	14,069	12,812	5,398	4,263
Total revenues	82,956	82,167	70,798	68,395	30,852	24,110
Income before income tax expense	4,222	4,182	3,717	3,153	1,352	893
Income tax expense	(1,304)	(1,292)	(1,222)	(1,189)	(442)	(307)
Minority interests in income of consolidated subsidiaries	(866)	(858)	(974)	(802)	(320)	(155)
Equity in loss income of unconsolidated entities	(10)	(10)	11	45	(9)	(14)
Net income	2,040	2,021	1,531	1,207	581	416
Net income per ordinary share (basic) (b)	5.78	5.73	4.52	3.71	3.10	2.57
Net income per ADS (basic) (d)	2.89	2.86	2.26	1.86	1.55	1.29
Dividends per ordinary share (e)	2.02	2.00	1.70	1.37	1.14	0.99
Dividends per ADS (d) (e)	1.01	1.00	0.85	0.69	0.57	0.50
Approximate amounts in accordance with US GAAP:						
Gross premiums (c)	31,953	31,649	29,203	26,276	8,155	8,384
Total revenues	56,884	56,343	44,657	39,719	15,140	14,161
Income before income tax expense	2,031	2,012	1,748	1,559	678	529
Net income	1,221	1,209	749	310	328	49
Per ordinary share (b):						
Net income per ordinary share (basic)	3.49	3.46	2.24	0.98	1.83	0.30
Net income per ordinary share (diluted)	3.35	3.32	2.11	0.90	1.73	0.26
Per ADS (d):						
Net income per ADS (basic)	1.75	1.73	1.12	0.49	0.91	0.15
Net income per ADS (diluted)	1.68	1.66	1.05	0.45	0.86	0.13
Approximate amounts in accordance with US GAAP, except for adjustment for unrealized investment gains on real estate allocated to United Kingdom with-profit contracts (f)						
Net income	2,260	2,239	1,457	1,263	493	378
Per ordinary share (b):						
Net income per ordinary share (basic)	6.47	6.41	4.36	3.99	2.75	2.28
Net income per ordinary share (diluted)	6.14	6.08	4.09	3.74	2.50	2.22
Per ADS (d):						
Net income per ADS (basic)	3.24	3.21	2.18	2.00	1.37	1.14
Net income per ADS (diluted)	3.07	3.04	2.04	1.87	1.25	1.11

(a) Includes investment income net of investment expenses and interest expense on short-term and long-term debt (other than interest expense on short-term trading instruments that is included in operating costs and expenses) and net realized investment gains or losses.

(b) All per ordinary share amounts calculated in accordance with French and US GAAP are based on the weighted average number of shares outstanding for each year presented. Shareholders' equity per ordinary share is calculated based on the number of ordinary shares outstanding at each year-end presented (the US GAAP figures take into account treasury shares). The US GAAP calculations deduct ordinary shares held by AXA (that is, treasury shares) in the calculation of ordinary shares outstanding. The calculation of basic and diluted net income per ordinary share for each of the three years ended December 31, 1999 is presented in Note 16 to the Consolidated Financial Statements.

(c) Gross premiums received from policyholders in respect of life insurance products which are classified as "investment contracts" (such as, separate account products), in accordance with US GAAP, are recorded as revenue under French GAAP. Under US GAAP, such amounts received are recorded as deposits, and only the policy-related fees charged to the policyholders, for cost of insurance, administration, investment management, etc, are recorded as revenue.

(d) Prior to June 25, 1996, no ADSs representing the Shares were outstanding. Solely for convenience, the historical per ordinary share amounts for periods prior to such date have been divided by two, the number of ADSs representing one ordinary share. This same calculation has also been performed for periods after such date.

(e) An annual dividend generally is paid each year in respect of the prior year after the annual general meeting of shareholders (customarily held in May or June) and before September of that year. Dividends are presented above in the year to which they relate, not the year in which they are declared and paid. At the ordinary general meeting of shareholders of the Company to be held on May 3, 2000, the shareholders are expected to declare a dividend in respect of 1999 of €2.00 per ordinary share. Dividends per ordinary share and per ADS do not include any French avoir fiscal which may be receivable from the French Treasury (See "Item 7: Taxation"). Dividends per ordinary share are based on the number of shares outstanding at the end of the year for each year presented.

Years ended December 31	1999 (i)	1999	1998	1997(k)	1996	1995 (j)
	(in US$ millions except per ordinary share and ADS amounts)	(in euro millions except per ordinary share and ADS amounts)				
Balance Sheet Data:						
Approximate amounts in accordance with French GAAP:						
Total investments (l)	295,882	293,069	235,158	231,598	105,147	86,257
Total assets	512,352	507,480	384,835	368,064	171,857	143,841
Insurance liabilities (g)	217,009	214,946	185,295	170,634	71,669	63,061
Long-term debt:						
Financing debt (h)	3,322	3,290	2,842	3,607	3,365	3,969
Operating debt (h)	4,867	4,821	3,299	2,292	1,170	928
Mandatorily convertible bonds and notes (h)	479	474	474	474	192	320
Subordinated debt (h)	4,878	4,832	2,706	2,315	1,294	708
Shareholders' equity	16,514	16,357	13,537	11,993	6,835	5,090
Shareholders' equity per ordinary share (b)	46.34	45.90	38.65	36.19	35.39	30.96
Shareholders' equity per ADS (d)	23.17	22.95	19.32	18.10	17.70	15.48
Approximate amounts in accordance with US GAAP:						
Total investments (l)	301,994	299,123	242,245	229,030	91,988	74,601
Total assets	538,169	533,052	407,702	380,913	160,582	133,810
Insurance liabilities	220,696	218,598	189,485	179,652	57,609	49,554
Long-term debt:						
Financing debt (h)	8,679	8,596	6,023	6,396	4,444	4,652
Operating debt (h)	4,867	4,821	3,299	2,292	1,170	928
Shareholders' equity	22,890	22,672	20,355	16,747	6,933	5,449
Shareholders' equity per ordinary share (b)	64.91	64.29	58.72	51.54	38.67	33.14
Shareholders' equity per ADS (d)	32.46	32.15	29.36	25.77	19.34	16.57
Approximate amounts in accordance with US GAAP except for adjustment for unrealized investment gains on real estates allocated to United Kingdom with-profit contracts (f)						
Shareholders' equity	23,106	22,886	20,545	16,922	7,105	5,598
Shareholders' equity per ordinary share (b)	65.51	64.89	59.27	52.08	39.63	34.04

(f) Under French GAAP, in accounting for UK with-profit contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to UK with-profit contracts and corresponding increases or reductions in the liability for UK with-profit contractholder benefits. US GAAP, which has developed in an environment that differs from the one in which the UK with-profit contract was developed, requires that the change in unrealized investment gains or assets allocated to UK with-profit contracts be excluded from net income,while requiring recognition of the corresponding change in the liability for with-profit contractholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not full reflect the economic effect of the UK with-profit contracts. A rise in the estimated fair value of these assets results in an increase in the liability for contractholder benefits and a reduction in AXA's consolidated US GAAP net income or shareholders' equity and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for contractholder benefits and an increase in AXA' s consolidated US GAAP net income. Set forth below is AXA's consolidated net income in accordance with US GAAP except for adjustment for the change in unrealized investment gains on assets allocated to UK with-profit contracts, which presentation AXA believes is more meaningful under the circumstances. See notes 28 and 29 to the Consolidated Financial Statements and, see "Item 1 – Description of Business-Life Insurance Segment-UK Life Insurance Group Products" for a description of UK with-profit contracts.

(g) Includes future policy benefits and other policy liabilities, insurance claims and claims expenses, UK with-profit contract liabilities and unearned premium reserve and excludes separate account (unit linked) liabilities.

(h) Operating debt includes debt, principally of AXA's financial services subsidiaries, to provide working capital. Financing debt includes debt of AXA other than operating debt. Subordinated debt and mandatorily convertible bonds and notes are considered mezzanine capital for French GAAP purposes.

(i) The financial data have been translated from euros to U.S. dollars ("US$") using the US$/euro rate at December 31, 1999 of € 0. 99 = US$1.00 (US$1.010= €1.00). These translations are solely for the convenience of the reader. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could have been (at the relevant date) converted into U.S. dollars at the rate indicated or at any other rate.

(j) AXA Asia Pacific Holdings (formerly National Mutual Holdings) and its subsidiaries have been consolidated in the Consolidated Financial Statements since the date of acquisition, September 1, 1995. Since AXA Asia Pacific Holdings and its subsidiaries use a fiscal year ending September 30 and are consolidated as of that date in AXA's Consolidated Financial Statements, only one month of AXA Asia Pacific Holdings consolidated operating results were included in AXA's consolidated operating results for the year ended December 31, 1995.

(k) Compagnie UAP and its subsidiaries were acquired in a public offer of exchange on January 1, 1997 and, accordingly UAP's operating results for the full year ended December 31, 1997 were included in AXA's consolidated operating results.

(l) Excluding separate account (unit linked) assets.

Consolidated gross premiums and investment banking and other financial services revenue by activity Years ended December 31, (in euro millions)	1999	1998	1997	1999/1998 % change	% change on a constant structural, methodological and exchange rate basis (a)
Life Insurance					
United States	10,777	9,181	7,871	17.4%	12.3%
France	10,555	9,547	9,839	10.6%	9.1%
United Kingdom	7,206	5,140	4,651	40.2%	24.7%
Asia/Pacific	2,859	2,975	3,332	(3.9%)	(4.4%)
Germany	2,757	2,408	2,517	14.5%	7.6%
Belgium	912	921	848	(1.1%)	(0.5%)
Other countries	2,025	2,275	2,297	(11.0%)	7.4%
Total Life Insurance	**37,091**	**32,446**	**31,354**	**14.3%**	**10.8%**
Property and Casualty Insurance (b)					
France	3,926	4,179	4,229	(6.0%)	(1.1%)
Germany	2,766	2,473	2,638	11.9%	(0.8%)
United Kingdom	2,008	905	878	121.9%	22.9%
Belgium	1,285	1,310	1,307	(1.9%)	(1.6%)
Other countries	3,607	3,023	3,037	19.3%	3.8%
Total Property and Casualty Insurance	**13,593**	**11,889**	**12,088**	**14.3%**	**2.0%**
International Insurance (b)					
AXA Re	1,385	1,359	1,388	1.9%	(13.7%)
AXA Global Risks	1,399	1,096	1,418	27.7%	9.5%
Other transnational activities	324	378	637	(14.2%)	1.3%
Total International Insurance	**3,109**	**2,833**	**3,443**	**9.7%**	**(2.7)%**
Asset Management					
Alliance Capital	1,674	1,132	902	47.9%	42.2%
AXA Investment Managers	227	133	80	70.2%	31.8%
National Mutual Funds Management	27	26	23	2.9%	11.4%
Total Asset Management	**1,928**	**1,291**	**1,005**	**49.3%**	**40.6%**
Other Financial Services					
Donaldson, Lufkin & Jenrette (DLJ)	9,671	7,486	6,674	29.2%	23.6%
Other financial and real estate companies	1,136	750	1,020	51.4%	(6.6%)
Total Other Financial Services	**10,806**	**8,236**	**7,694**	**31.2%**	**20.9%**
Holding Companies	**1**	**1**	**3**	**--**	**–**
TOTAL REVENUES	**66,528**	**56,697**	**55,587**	**17.3%**	**10.4%**

(a) Percentage calculated on a **constant exchange rate basis.** Therefore, for purposes of comparison the current year financial data is restated using the prevailing foreign currency exchange rates in the prior year. See "Exchange Rate Information" in the beginning of this Annual Report, " Exchange Rates" in this section of the Annual Report and Note 1 to the Consolidated Financial Statements for further information on exchange rates and translation rates used to prepare the Consolidated Financial Statements. A **constant structural basis** refers to the elimination of any impact on such percentage change caused by changes in the composition of a segment or group, by eliminating from both periods being compared the results of the acquired, transferred or disposed of operations. A **constant methodological basis** refers to the elimination of any impact on such percentage change caused by changes in accounting principles or methods by measuring results for both periods being compared using the new accounting principles or methods.

(b) In 1999, the segmentation of activities was revised to reflect certain changes during the period. The UK Property and Casualty Insurance Group was created subsequent to the acquisition of GRE in May 1999, and the International Insurance Segment is a newly-formed segment that includes the activities reported in the former Reinsurance Segment and the Transnational Property and Casualty Group (principally AXA Global Risks and AXA Assistance), formerly included in the Property and Casualty Insurance Segment. This segment includes notably AXA Reinsurance and AXA Global Risks, which underwrites large insurance exposures. Prior year financial information has been restated accordingly.

Consolidated Net Income by Activity (in euro millions except per ordinary share amounts)	Years ended December 31, 1999	1998	1997
Life Insurance			
United States	270	252	58
France	331	265	121
United Kingdom	194	211	198
Asia/Pacific	38	(66)	42
Germany	13	8	5
Belgium	186	234	94
Other countries	81	57	69
Total Life Insurance	**1,112**	**962**	**587**
Property and Casualty Insurance (a)			
France	244	163	152
Germany	48	70	37
United Kingdom	5	22	45
Belgium	239	136	93
Other countries	34	(3)	2
Total Property and Casualty Insurance	**571**	**389**	**329**
International Insurance (a)			
AXA Re	93	125	120
AXA Global Risks	(151)	(86)	13
Other transnational activities	6	4	(9)
Total International Insurance	**(51)**	**44**	**124**
Asset Management			
Alliance Capital	72	56	112
AXA Investment Managers	11	37	26
National Mutual Funds Management	1	1	3
Total Asset Management	**84**	**94**	**141**
Other Financial Services			
Donaldson, Lufkin & Jenrette (DLJ)	226	129	153
Other financial and real estate companies	(5)	29	67
Total other financial services	**221**	**158**	**220**
Holding Companies			
AXA	286	(193)	(160)
AXA France Assurance	61	74	(9)
AXA Financial, Inc.	51	(5)	5
AXA Asia Pacific Holdings	(17)	(15)	(11)
Sun Life & Provincial Holdings	(277)	(70)	(33)
Other Holding Companies	(20)	94	14
Total Holding Companies	**84**	**(115)**	**(194)**
TOTAL NET INCOME	**2,021**	**1,531**	**1,207**
Net income per ordinary share (basic)	5.73	4.52	3.71
Net income per ordinary share (diluted)	5.39	4.24	3.48

a) In 1999, the segmentation of activities was revised to reflect certain changes during the period. The UK Property and Casualty Insurance Group was created subsequent to the acquisition of GRE in May 1999, and the International Insurance Segment is a newly-formed segment that includes the activities reported in the former Reinsurance Segment and the Transnational Property and Casualty Group (principally AXA Global Risks and AXA Assistance), formerly included in the Property and Casualty Insurance Segment. This segment includes notably AXA Reinsurance and AXA Global Risks, which underwrites large insurance exposures. Prior year financial information has been restated accordingly.

Total per share consolidated shareholders' equity and net asset value		**At December 31,**	
(in euro millions, except share and per ordinary share amounts)	**1999**	**1998**	**1997**
Number of shares outstanding	*356,335,728*	*350,288,821*	*331,357,282*
Shareholders' equity plus minority interests	*23,812*	*18,774*	*19,083*
Net income for the year, before deducting minority interests	*2,879*	*2,505*	*2,010*
Shareholders' equity	*16,357*	*13,537*	*11,993*
Net income for the year	*2,021*	*1,531*	*1,207*
Return on equity (a)	*14.50%*	*12.80%*	*11.20%*
Net asset value			
– before tax (b)	*24,596*	*23,276*	*18,608*
– after tax (b)	*21,928*	*20,154*	*16,256*
Net asset value per ordinary share			
– before tax (b)	*69.0*	*66.5*	*56.1*
– after tax (b)	*61.5*	*57.5*	*49.1*

(a) Net income divided by average shareholders' equity in the year, after excluding the current year net income.
(b) Shareholders' equity adjusted to reflect the exchange listed market price for AXA's investment in Alliance Capital and DLJ at December 31, 1999 (US$ 29.94 and 48.38, respectively, at December 31, 1998 (US$ 25.75 and 41.00, respectively) and at December 31, 1997 (US$ 39.81 and 79.50, respectively).

Assets under management at estimated fair value	**At December 31, General accounts**			**Separate accounts**			**Third parties (b)**			**Total**		
(in euro billions)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Alliance Capital and other U.S.	*68*	*46*	*51*	*54*	*37*	*33*	*337*	*214*	*167*	*459*	*297*	*251*
National Mutual Funds Management	*9*	*8*	*10*	*3*	*3*	*3*	*6*	*5*	*7*	*18*	*16*	*20*
AXA Investment Managers and other Europe	*212*	*191*	*166*	*52*	*37*	*32*	*39*	*19*	*15*	*303*	*247*	*213*
TOTAL	**289**	**245**	**227**	**110**	**77**	**68**	**382**	**238**	**189**	**781**	**560**	**485**

(a) Consolidated assets under management, excluding assets managed for separate accounts.
(b) Non-consolidated assets under management.

Item 8

DIVIDENDS

Subsequent to the payment of the 1998 dividend in 1999, AXA will pay dividends in euros, including the 1999 dividend to be paid in 2000.

Dividends paid to holders of ordinary shares and ADSs will generally be subject to French withholding tax at a rate of 25% which, subject to certain procedures and exceptions, may be reduced to 15% for holders who are residents of the United States. Certain holders of ordinary shares and ADSs may be entitled to receive a subsequent payment equal to the French avoir fiscal (or tax credit) in an amount equal to 50% of any dividends paid by the Company, less applicable French withholding tax. See "Item 7: Taxation of Dividends Avoir Fiscal" for a summary of certain United States federal and French tax consequence to holders of ordinary shares and ADSs.

Dividend (a)	Years ended December 31,		
	1999 (c)	1998	1997
Gross dividend per ordinary share (euros) (b)	3.00	2.55	2.06
Net dividend per ordinary share (euros)	2.00	1.70	1.37
Number of shares eligible for dividend	356,335,728	350,288,821	331,357,282
Total net dividend distribution (euro millions)	713	595	455
Pay-Out Ratio (d)	35.3%	38.9%	37.6%

(a) Dividends are paid with respect to the prior year results. Dividends are shown under the year to which they relate.
(b) Including "avoir fiscal" tax credit.
(c) Subject to the approval of the ordinary general meeting of shareholders to be held on May 3, 2000.
(d) Total net dividend distribution as a percent of consolidated net income.

The following table sets forth the total dividends paid per ordinary share and per ADS with respect to each year indicated, with or without the French avoir fiscal, and before deduction of any French withholding tax. Dividends paid in each year are in respect of the prior year's results.

Year	Net Dividend per ordinary share		Net income per ordinary share		Gross dividend per ordinary share[1]		Net dividend per ADS[2,3]	Gross dividend per ADS[1,2,3]
	(euros)	(FF)	(euros)	(FF)	(euros)	(FF)	(US$)	(US$)
1995	0.99	6.50	2.57	16.86	1.49	9.75	0.63	0.94
1996	1.14	7.50	3.10	20.36	1.72	11.25	0.72	1.08
1997	1.37	9.00	3.71	24.34	2.06	13.50	0.75	1.13
1998	1.70	11.15	4.52	29.65	2.55	16.73	0.94	1.42
1999[4]	2.00	13.12	5.73	37.59	3.00	19.68	1.01	1.51

(1) Payment equivalent to the French avoir fiscal or tax credit, less applicable French withholding tax, will be made only following receipt of a claim for such payment, and, in any event, not until after the close of the calendar year in which the respective dividends are paid. Certain US tax exempt holders of ordinary shares or ADSs will not be entitled to full payments of avoir fiscal (see "Item 7: Taxation).

(2) ADSs were first issued on June 25, 1996.

(3) Translated solely for convenience into US dollars per ADS at the Noon Buying Rates on the respective payment dates. Because each ADS represents one-half of an ordinary share, amounts indicated in US$ per ADS equal one-half of the equivalent dividends per ordinary share. For convenience only, avoir fiscal amounts have been converted into US dollars at the Noon Buying Rate on such payment dates, although such amounts are paid subsequent to such payment dates. Also, the Noon Buying Rate may be different from the rate used by Depositary to convert euros to US dollars for purposes of making payments to holders of ADSs.

(4) At the ordinary general meeting of shareholders of the Company to be held on May 3, 2000, the shareholders are expected to declare a dividend in respect of 1999 of €2.00 (FF 13.12) per ordinary share (equivalent to US$ 1.01 per ADS, using the US$/euro rate at December 31, 1999 of € 0. 99 = US$1.00 [US$1.010 = €1.00]).

Share price highs and lows and market capitalization	1999	1998	1997
Number of shares outstanding at December	356,335,728	350,288,821	331,357,282
Prices at December 31 (euros)	138.40	123.48	71.00
High (euros)	143.00	126.53	71.73
Low (euros)	100.30	65.89	49.70
Market capitalization at December 31 (euro millions)	49,314	43,255	23,525

EXCHANGE RATES

The year end and average exchange rates which are the rates AXA used in the preparation of the Consolidated Financial Statements to translate the results of operations of its subsidiaries and affiliates, not denominated in euro, into euro are set out in the table below. Prior year exchange rates to euro were determined using the previously reported French Franc exchanges rates and translated to euro using the legal rate of conversion at January 1, 1999 of FF 6.55957 = € 1.00 as the euro did not exist prior to January 1, 1999.

Euro and French Franc Exchange Rates	Year End Exchange Rate						Average Exchange Rate (b)			
	1999		1998		1997		1999		1998	
	euro	FF	euro	FF	euro	FF	euro	FF	euro	FF
American Dollar	0.99	6.50	0.85	5.60	0.91	5.99	0.94	6.17	0.90	5.90
Australian Dollar (a)	0.61	4.02	0.51	3.32	0.65	4.28	0.58	3.80	0.59	3.87
British Pound	1.60	10.50	1.42	9.31	1.51	9.91	1.52	9.97	1.49	9.77

(a) At September 30th.
(b) In 1997, the year end exchange rates were used by AXA for the purposes of preparing the consolidated statement of income (see Note 1 and 2 to the Consolidated Financial Statements).

The following table sets forth, for the periods indicated, certain information concerning the Noon Buying Rate of French francs and euros for one US dollar in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") for the euro against the US dollar. Such rates, which are presented for the convenience of the reader, are not used by the Company in the preparation of the Company's Consolidated Financial Statements included elsewhere in this Annual Report on Form 20-F.

	At end of period[1]		Average rate[2]		High		Low	
Year	€	FF	€	FF	€	FF	€	FF
1995	**0.75**	4.91	**0.76**	4.96	**0.82**	5.39	**0.73**	4.76
1996	**0.80**	5.24	**0.78**	5.12	**0.80**	5.27	**0.75**	4.90
1997	**0.91**	5.99	**0.88**	5.79	**0.97**	6.35	**0.79**	5.20
1998	**0.85**	5.60	**0.90**	5.90	**0.95**	6.21	**0.82**	5.39
1999	**0.99**	6.51	**0.94**	6.20	**1.00**	6.55	**0.85**	5.55

(1) Noon Buying Rates of one euro for one US dollar in 1999 and of one French franc for one US dollar in 1995, 1996, 1997, 1998 and 1999.
(2) The average of the Noon Buying Rates on the last day of each full month during the relevant period.

Item 9: Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis should be read in conjunction with the AXA's Consolidated Financial Statements and the related notes to the Consolidated Financial Statements included in this Annual Report. The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in France ("French GAAP"), which differs in certain material respects from generally accepted accounting principles in the United States ("US GAAP"). A summary of the material differences between French GAAP and US GAAP relevant to AXA is included in Note 28 to the Consolidated Financial Statements. In addition, this section should be read in conjunction with information included under the heading "Cautionary Statements on Forward Looking Statements" provided in the beginning of this Annual Report.

Market conditions in 1999

FINANCIAL MARKETS

*The **stock (equity) markets** had growth of more than 30% in 1999 due to sustained economic growth supported by proactive monetary policy to maintain such growth.*

The US, Japanese and European stock markets increased by 25% (Dow Jones Industrials), 37% (Nikkei) and 37% (Dow Jones Stoxx 50), respectively. In Europe, the French stock market outperformed its European counterparts with growth of more than 40%. In addition, there was notable growth in the technology sector (135%) and in the telecommunication sector (105%) in the Euroland (defined in "Exchange Rate Information" in the beginning of this Annual Report).

Emerging stock markets also performed well, offering a global return in excess of 60 %. Individual emerging market performances were comparable: 62 % in Latin America, 67 % in the emerging European markets and 63 % in Asia.

*The performance in the **bond (fixed maturity) markets** was in direct contrast to the stock markets performance. Generally, the bond markets experienced their worst year since the crash of 1994. The worldwide improvement in business conditions led to higher long-term rates, particularly in the United States and in Europe. In addition, pressure to increase oil prices beginning in February further depressed bond returns worldwide.*

In the United States, the 10-year Treasury Bond rate increased to 6.43% as investors reacted to bond market performance trends in the first six months of 1999. The overall US bond return was a negative 3% in 1999. Similarly, since the introduction of the euro on January 1, 1999, the interest rates on government bonds in Euroland increased, leading to a 1.5% decrease in bond returns. This movement was the result of two factors: continued strong growth in the United States and an improved business outlook in Europe.

Conversely, Japanese long-term interest rates showed little change in 1999, and remained largely uncorrelated to trends observed generally in the international markets. The Japanese bond market underperformed compared to the Japanese stock market with only a 5% return.

*In the beginning of 1999, the **central banks** continued a flexible monetary policy with the objective to decrease interest rates. This policy changed during the second half of the year in order to tighten the money supply.*

The United States was the first country to raise its interest rates in June 1999. The Federal Funds rate increased to 5.5% by the end of the year. This shift in monetary policy was in response to continued growth in the economy and high consumer demand.

The European Central Bank began and ended the year with its refinancing rate at 3%. Behind this apparent stability, however, a monetary policy shift was also under way. In the face of moderate inflationary pressure, on April 8, 1999 the European Central Bank reduced the refinancing rate on public bids by 50 basis points, to 2.5%. This rate was subsequently increased back up to 3% on November 4, 1999 as the economic outlook in Euroland improved and bond returns increased.

In Japan, the monetary policy remained flexible throughout the year in order to maintain the level of liquidity needed to sustain the domestic economic recovery and the restructuring of the country's banking system.

*In the **foreign currency markets,** the initial appreciation of the euro following its introduction as a single currency on January 1, 1999 was short-lived. In annualized terms, the euro fell 14% against the US dollar and 22% against the yen. This decrease was primarily due to the interest-rate margin in the euro to US dollar exchange ratio. However, the decrease in the euro increased demand for exports from Euroland. In Japan, the general improvement in the country's economic outlook increased significantly the demand for the yen, particularly in the second half of the year. The Bank of Japan made several attempts to curb the currency demand by intervening in the market, but to no avail. Consequently, the yen appreciated at a greater rate than any other currency in 1999.*

INSURANCE AND INVESTMENT MANAGEMENT MARKETS

*Against a backdrop of rising interest rates, the world's **life insurance markets** experienced substantial growth in 1999, due to a strong performance in the global stock markets. Consequently, there was noted growth in the sale of separate account (unit-linked) products. This growth coincides with increasing demand for retirement and other savings-related products, due in particular to the aging of world populations.*

In 1998, tax reform measures in France had an adverse impact on the sale of life insurance products. In 1999, the French life and health protection product market increased by 15%. This growth is primarily attributable to the sale of separate account (unit-linked) products, which now account for 60% of new business. Unlike certain other European countries, French regulations do not yet offer incentives to group retirement savings-type products (such as pension funds).

In the United Kingdom, annualized new business (defined as recurring premiums plus one-tenth of single premiums) increased by nearly 11% in 1999. This increase is primarily attributable to the strong growth in the stock market resulting in a large volume of new business relating to single premium savings products. Generally, the larger insurers outperformed the market as a whole.

In Germany, the life insurance market expanded by approximately 8% in 1999 in response to a tax reform announcement issued by the government that would have impacted insurance policies. The government in December 1999 subsequently withdrew this announcement. This growth primarily related to the sale of separate account (unit-linked) products, which now account for 10% of new business.

In Belgium, the decrease in guaranteed rates reduced the volume of new business in traditional life insurance products. However, the market experienced net growth of approximately 25%, mainly due to the success of separate account (unit-linked) products sold primarily through bank distribution networks.

Growth in the life insurance markets of other European countries was attributable to growth in separate account (unit-linked) products and distribution through banking networks. The estimated growth for the Spanish, Italian and Portuguese life insurance markets in 1999 is more than 30%.

In the United States, separate account products performed well due to the stock market performance in 1999, unlike the traditional life products. Premiums on variable annuity (individual retirement) products increased by more than 21%. Premiums on variable life products increased by more than 14%. In addition, the reform of the Glass-Steagal Act in 1999 could lead to an alignment of insurance companies and financial institutions in the future.

Due to strong economic growth and government-sponsored measures (requiring employers to increase their contributions to pension funds by 1%), life and health insurance markets in Australia and New Zealand continued to expand in 1999. The level of premiums written in connection with traditional life insurance products increased by 14%, while funds under management in connection with pensions increased by 18%. However, competition intensified in these expanding markets with the entry of banks and other asset managers.

In contrast to 1998, an economic recovery was experienced throughout the Asia Pacific region, notably Hong Kong; in Hong Kong, the life insurance market expanded with the introduction of mandatory pension funds. However, conditions continued to deteriorate in the Japanese life insurance market, with gross premiums declining by approximately 4.5%: in 1999, the Japanese life insurance market experienced several significant mergers and restructurings involving foreign insurers, such as Artemis acquired Aoba Life, AXA acquired a controlling interest in Nippon Dantai Life, and GE Edison Life acquired Toho Mutual's run-off business portfolio.

After several years of intense competition, resulting in lower premium rates in key product lines with deteriorated claims experience, particularly in the automobile and commercial products lines, the ***property and casualty market,*** *showed signs of a modest recovery in some European countries in 1999. Despite these difficult conditions, European property and casualty insurers were able to maintain their underwriting profits due to the strong performance in the equity markets, and cost benefits / economic synergies arising from the series of corporate mergers and consolidations that have occurred during the past few years.*

In 1999, there were a significant number of natural catastrophes, such as Hurricane Floyd in the United States, earthquakes in Turkey and Taiwan, flooding in Southwest France and the violent storms that hit Western Europe in late December 1999. The cost of these natural disasters to insurers and reinsurers has been particularly high.

In France, property and casualty gross premiums rose by 1.2% in 1999, after two consecutive years of decline. However, given the decline in average premium rates in both personal and commercial lines of business, actual growth failed to meet industry expectations. These forecasts were based in part on the increase in the number of vehicles in circulation. The deterioration in the combined ratio for all insurance years (gross of reinsurance), estimated at close to 120% in 1999, was primarily due to the storms in Western Europe at the end of the year. It is estimated that these storms will cost insurers approximately €1 billion net of reinsurance.

Due to continued intense competition in the German market, growth in property and casualty gross premiums was flat. In addition, the claims experience deteriorated in 1999 due to the occurrence of several major commercial risk claims, higher claims frequency in automobile insurance and storm damage in late December 1999.

In the United Kingdom, gross premiums on automobile insurance increased due to an increase in premium rates. This increase is principally in response to deteriorating claims experience in automobile insurance attributable to higher costs associated with bod-

ily injury claims. Competition remains fierce in all other product lines. Mergers and consolidations continue to occur in the property and casualty sector. Recent examples include the acquisition of Guardian Royal Exchange ("GRE") by Sun Life & Provincial Holdings ("SLPH") and the recent CGU and Norwich Union announcement in 2000.

In Belgium, Italy, Spain and the Netherlands, the increase in claims frequency and in the average cost of claims in automobile insurance have led to deterioration in the claims experience and premium rate increases. This deterioration in claims has, consequently, resulted in growth in gross premiums. In Italy and Portugal, growth is expected to be approximately 7% in 1999. The Belgian market is expected to be in line with the 1998 growth rate of approximately 2%.

In 1999, the ***international insurance*** *market continued to be adversely affected by surplus capacity. The large insurance risk market continued its downward trend, particularly in property and marine insurance cover leading to further reductions in premium rates. Other lines of business, such as third-party liability and construction risk, appear to have stabilized. The current year loss ratio deteriorated compared with 1998, and several major claims, including the natural disasters mentioned previously, have adversely affected many international insurers. There is a general view that the market is expected to improve with the year 2000 renewal season for which favorable operating results will be realized in 2001. This expectation is based on higher premiums rates given the claims experience in 1999. However, the large insurance risk market is highly competitive. Brokers and insurance companies, in this section, have reduced in number in the past few years due to mergers and acquisitions.*

The high number of catastrophe claims in 1999 also affected the reinsurance business. Like the large insurance risk market, it is expected that there will be a reduction in insurance portfolios and an increase in premium rates across the marketplace. This is in contrast to the relative absence of catastrophic events since 1994, which brought new capacity to the market, consequently reducing premium rates by approximately 15% per year and exacerbating competitive pressures. This general trend continued throughout 1999, but appears to have changed with respect to the 2000 renewal season.

After a period of falling interest rates and the Asia Pacific crisis that impacted the world's financial markets in third quarter 1998, interest rates increased in 1999 and the stock markets experienced strong growth throughout the year. The ***asset management*** *sector benefited from these conditions. In Europe, individuals and small investors increased their equity market exposure in pension funds and separate account products, while large institutional investors turned to more sophisticated types of investments, such as investments which include derivative financial instruments. In the asset management sector, where size and international reach are critical factors, major mergers and acquisitions, including the Allianz's acquisition of Pimco once again marked 1999.*

Acquisitions and Investments

ACQUISITION OF GRE BY SLPH

SLPH acquired GRE on May 1, 1999 for a total consideration of £3,417 million (€ 5,110 million). This acquisition was partly financed by a £1,114 million (€1,666 million) stock issue by SLPH and proceeds from AXA's €1.5 billion 2.5% subordinated convertible notes issued in February 1999, which AXA granted as a loan to SLPH. As a result of this transaction, AXA's ownership interest in SLPH decreased to 56.3% compared to 71.6% at December 31, 1998 and AXA recorded a dilution gain of € 469 million.

In connection with this transaction, SLPH disposed of certain GRE operations not deemed strategic specifically in the United Kingdom and Ireland:

- sold GRE's US operations to Liberty Mutual for £896 million (€ 1,340 million) on May 1, 1999;
- sold GRE's operations, not based in the United Kingdom and Ireland, to the Company for £584 million (€ 873 million); and
- sold GRE's life operations in the United Kingdom (Guardian Life) and in Ireland for £ 759 million and £ 84 million, respectively (€ 1,139 million and € 128 million, respectively) in July 1999.

In addition, certain operations acquired by the Company (from SLPH) were sold externally or internally to other subsidiaries within AXA, as follows:

- the Company sold its 83.7% interest in Albingia to AXA Colonia in December 1999 for a total consideration of DM 1,279 million (€ 654 million). This intragroup transaction was partially financed by a loan AXA granted to AXA Colonia. Subsequent to this intragroup transaction, AXA Colonia increased its ownership interest in Albingia by 15.2%. At December 31, 1999, AXA Colonia had a 98.9% ownership interest in Albingia;
- the Company sold Guardian France to Continent (the Toro group) for € 73 million;
- GRE's operations in Portugal as well as its property and casualty operations in Hong Kong and Singapore were merged with AXA's existing operations in those countries;
- the Company sold GRE's equity interest in Le Foyer Finance (based in Luxembourg for € 156 million); and;
- the Company sold, under the condition that approval is obtained from the local regulators, GRE's equity interest in the South African company, Guardian National Insurance, for € 134 million.

At December 31, 1999, the GRE operations consolidated within AXA include, the healthcare and property insurance operations in the United Kingdom, the property and casualty operations in Ireland, and its insurance operations in Germany, the Netherlands, Hong Kong and its branch operations in Singapore and in Portugal.

As a consequence of this acquisition, SLPH is now ranked third in the UK property and casualty insurance market. In addition, SLPH became the second largest insurance company in the UK healthcare market and the leading property and casualty insurance company in Ireland. In addition, AXA Colonia has become the second largest property and casualty insurance company and the fifth largest life insurance company in the German market.

Goodwill of € 1,138 million (€ 764 million group share) was recorded in the opening balance sheet of the UK, Irish and German subsidiaries, of which € 739 million (€ 416 million group share) and € 364 million (€ 313 million group share) relates to the UK and Irish subsidiaries, and the German subsidiaries, respectively. This goodwill is being amortized over 30 years.

The goodwill relating to the property and casualty insurance operations in the UK, Ireland and Portugal principally relates to the significant deficiency in insurance claims reserves. The deficiency is mainly due to a different reserving basis used for local statutory purposes in these territories compared to the reserve basis used by AXA. Therefore an exceptional goodwill amortization charge of € 259 million (group share) in respect of the deficiency in reserves was recorded against the French GAAP earnings in 1999.

At December 31, 1999, total goodwill, net of the exceptional amortization charge, was € 485 million (group share).

OTHER ACQUISITIONS AND INVESTMENT

United States. In January 1999, AXA Investment Managers (AXA IM) acquired a majority interest in the Barr Rosenberg Group, a US asset management company. The Barr Rosenberg Group has since been renamed the AXA Rosenberg Group. This transaction included an up-front payment of US$ 125 million (€ 107 million) and an earn-out that is contingent on AXA Rosenberg's future performance. At December 31, 1999, the AXA Rosenberg Group had assets under management valued at nearly € 8.8 billion. This transaction gave rise to goodwill of € 104 million that is being amortized over 15 years.

In May 1999, DLJ completed its offering of 18.4 million shares of a new class of its common stock, priced at US $20 per share, representing a 17.9% interest in DLJdirect, DLJ's online brokerage unit. A realized gain of € 120 million (group share) was recorded in respect of this transaction.

As part of its capital stock repurchase program (30 million shares), AXA Financial, Inc. purchased 8.0 million shares of its own common stock in 1999 (approximately 1.8% of AXA Financial, Inc.'s 434 million capital stock outstanding at December 31, 1999) for US $244 million (€ 242 million). In 1998, US$ 247 million (€ 211 million) was paid in respect of its purchase of 9.1 million in respect of shares under this program. The 1999 capital stock repurchases resulted in goodwill of € 60 million at December 31, 1999 which is being amortized over 30 years.

AXA's investment in AXA Financial, Inc. will change from time to time due to the issuance of stock options and the issuance and/or repurchase of own shares by AXA Financial, Inc. AXA's interest in AXA Financial, Inc decreased slightly from 58.46% at December 31, 1998 to 58.43% at December 31, 1999 as a result of AXA Financial, Inc.'s capital stock repurchase program and the exercise of stock options in AXA Financial, Inc. and its subsidiaries.

Germany. AXA's ownership of AXA Colonia increased to 86% at December 31, 1999 compared to 73% and 69% at December 31, 1998 and 1997, respectively due to open market purchases of AXA Colonia's shares. Total consideration for the purchase of the shares in 1999 was € 342 million and resulted in goodwill of € 100 million. Consequently, at December 31, 1999 total goodwill relating to AXA Colonia is € 233 million.

Belgium. AXA acquired the remaining minority interests in Royale Belge and delisted the shares from public trading. In addition, the certificates of Contingent Guaranteed Value ("CGV") issued by the Company in connection with the buyout of Royale Belge's minority interests in 1998 were cancelled in 1999 with no cash payment in accordance with the terms and conditions of the CGVs[1].

Morocco. AXA Al Amane aligned its businesses with those of the insurance company Compagnie Africaine d'Assurance, formerly a wholly owned subsidiary of ONA, a Moroccan holding company. By combining their businesses, AXA Al Amane, 51% owned by AXA and 49% owned by ONA, has become Morocco's second largest insurer.

Turkey. The partnership agreement with Oyak was strengthened by the addition of AXA's local subsidiaries, acquired previously from AXA Colonia, to the holding company AXA Oyak Holding. AXA Oyak Holding is a joint venture between AXA and Oyak. Following their merger, these companies will together become the country's largest property and casualty insurer and its seventh largest life insurer. Goodwill of € 21 million was recorded on this acquisition, and will be amortized over 10 years.

China. AXA and its Chinese partner China National Metals and Minerals Import and Export Corporation obtained a license to start life insurance operations in Shanghai. The joint venture started to underwrite life insurance in June 1999.

Japan. AXA Direct Japan obtained a license to sell property and casualty insurance products and commenced operations in July 1999.

Luxembourg. In January 1999, AXA sold its 90% stake in PanEuroLife for € 96 million. AXA realized a net gain of € 22 million (group share) on this transaction.

France. Several acquisitions, investments and related activities that occurred in 1999 which are summarized below.

– in February 1999, the Company issued € 1.5 billion in 2.50% Subordinated Convertible Notes due January 1, 2014. Further information is provided in "Liquidity and Capital Resources" and in Note 10 to the Consolidated Financial Statements;

(1) In the event that the closing price on the Paris Bourse of the AXA share is above or equal to € 137,3 for five trading days within a ten days consecutive trading period, the CGVs will be cancelled. The ten day consecutive trading period, during which the closing price of the AXA Share was above € 137,3 for five trading days, began on December 3, 1999.

- after having thoroughly considered the financial terms and industrial rationale set forth in the public offer of exchange initiated by the Banque Nationale de Paris ('BNP') on Paribas, AXA tendered its Paribas stock in the BNP bid. On the basis of the stock prices during the three days before and after the first offering of Paribas shares, AXA realized a gain of € 333 million (group share). At December 31, 1999 AXA owns an 8.3% interest in BNP-Paribas;
- in connection with the privatization of Crédit Lyonnais, AXA acquired a 5.5% equity interest for € 482 million, thereby becoming one of the bank's key shareholders; and
- in connection with the acquisition of Compagnie UAP in 1997, AXA issued certificats de valeur garantie ("Certificates"). The Certificates[1] matured on July 1, 1999 with no cash payment required. A hedging program set up by AXA in 1998 was settled in the first six months of 1999 for a total cost of € 71 million. This cost was added to the acquisition cost of UAP.

RESTRUCTURING OF OPERATIONS

France. AXA has recently experienced operational success in the insurance markets, driven by rapid external growth, recognized underwriting expertise, a highly decentralized management philosophy and the its ability to capitalize on the strengths of various channels of distribution. In spite of this successful growth, analysis of changes in customer expectations and the competitive environment has revealed the need to review AXA's strategic objectives in France and the sources of its leadership over the medium term while maintaining the momentum of its operational success. In connection with this strategic change initiative, AXA France recorded a provision in 1999 of € 213 million (net of tax) to cover the costs of implementing this change initiative starting in 2000. The objectives of the program are:

- to build a customer-centric organization featuring a broader array of products and services and a one-to-one approach designed to develop long-term customer relationships based on support for personal projects;
- to set up a single sales and marketing structure for each market and overhaul existing exclusive distribution channels by setting up "Espaces AXA" and seeking partnerships;
- to reduce administrative costs through the development of after-sales contract servicing centers in partnership with distributors;
- to upgrade information systems by developing customer databases and e-commerce applications; and
- to re-engineer human resources management as a driver of organizational change through reorganizing internal business processes and shifting the focus to individual skills development and accountability.

United Kingdom. A reorganization of AXA's property and casualty operations commenced following the GRE acquisition. The reorganization is scheduled for completion in 2001 due to the size of the acquisition and the nature of operations. Its key aspects include the streamlining and rebranding of product lines under the global AXA brand name, the development of a single management information system platform, and the co-location of employees to a reduced number of geographical operating premises. Related costs are estimated at €174 million, of which € 114 million was recognized in the opening balance sheet and € 39 million charged to income for the 1999 fiscal period. The program is expected to produce economies of scale of around € 130 million by December 2001. As of December 31, 1999, expenditures totaled € 68 million, and the remaining provision for internal restructuring included was € 89 million.

Belgium. Following the legal merger of the principal life and property & casualty operations of AXA and the former UAP (and thereby creating AXA Royale Belge), the alignment of information systems was initiated. Product lines and distribution channels are gradually being unified. AXA Royale Belge's bank subsidiary was merged with that of Anhyp (a Belgium

(1) The Certificates issued in connection with the Public Exchange Offer entitled their Holders, for each Certificate held as of July 1, 1999, to an amount equal to the difference, if positive, between € 59,8 and the reference price for one ordinary AXA share. The reference price was equal to the average of the opening stock market prices for ordinary shares on the Paris Stock Exchange for the thirty trading days immediately preceding July 1, 1999. Throughout the months of May and June 1999, the stock price was well above € 59.8.

savings bank acquired by AXA Royale Belge in late 1998) effective January 1, 2000. The merged operation is known as AXA Bank Belgium.

United States. Alliance Capital Management's asset management business was legally reorganized for the purpose of optimizing the tax status of its Partnership Unit Holders. As part of this reorganization Alliance Capital Management Holding L.P. (Alliance Holding, a public traded limited partnership since 1988) transferred its business to Alliance Capital Management L.P. (an unlisted private partnership) and offered to exchange all Units tendered for Units in Alliance Capital Management L.P.

AXA Financial, Inc. and its subsidiaries tendered substantially all Units held in the exchange and will, therefore, save an estimated US $20 million as of 2000. This reorganization had no impact on the Alliance Capital's operations.

Other activities. As a consequence of the intense competition that prevails in the large risks and reinsurance markets, combined with the increasingly fine line distinguishing corporate insurance, reinsurance and financial reinsurance, AXA has decided to reorganize its operations in this sector. AXA Corporate Solutions has been created out of the alignment of AXA Global Risks and AXA Reinsurance. AXA Corporate Solutions will serve as a single international point of entry for AXA's large corporate clients, offering them a broad array of products and services that meet their full range of needs. AXA Corporate Solutions' objective is to maintain profitable business in its portfolio during periods of market distress and will also seek to develop business in niche markets as well as in areas of consulting and other related services. AXA Global Risks recorded a provision of €18 million in 1999 (gross of tax) for costs in connection with this alignment.

NATURAL CLIMATIC EVENTS

1999 was marked by a series of significant climatic events in all regions in which AXA operates, including Hurricane Floyd in the United States, earthquakes in Turkey and Taiwan, flooding in Southwest France and the December storms (Lothar and Martin) across western Europe. In total, these natural disasters have led to claims payments of € 1,140 million, of which € 675 million is covered by reinsurance contracts. In addition, AXA utilized € 142 million of its equalization provisions, which are established to cover these types of events. The impact of these natural climatic events on the AXA's consolidated net income for 1999 was € (199) million, of which € (106) million can be attributed to the storms in Europe in December 1999.

Events subsequent to December 31, 1999

ACQUISITIONS

Japan. In November 1999, AXA announced that it would acquire a majority interest in a Japanese life insurance company, Nippon Dantai. This acquisition is consistent with AXA's global strategy to become a significant player in the largest life insurance market in the world, being Japan. Nippon Dantai is Japan's thirteenth largest life insurance company with annual premium income of approximately € 5.7 billion in 1998 and assets under management exceed € 20 billion. It is also the second largest non-mutual company with a 2% market share. On a pro forma basis, Japan will represent 7% of AXA's consolidated total revenues.

AXA and Nippon Dantai will merge their Japanese life insurance operations and will create a new holding company called AXA Nichidan. AXA will contribute cash up to ¥ 200 billion (approximately € 2 billion): ¥ 135 billion before March 2000 and up to ¥ 65 billion before March 2001. Consequently, AXA will have an equity interest of approximately 95% in AXA Nichidan.

Australia. In November 1999, AXA Asia Pacific Holdings (formerly National Mutual Holdings) purchased the minority interests of AXA China Region for approximately HK$4.1 billion (approximately € 519 million). AXA China

Region is the second largest life insurer in Hong Kong. Before this transaction, AXA Asia Pacific Holdings had a 73.5% interest in AXA China Region. At the end of February 2000, AXA Asia Pacific Holdings had 100% interest in AXA China Region and has delisted this company from the Hong Kong Stock Exchange.

The transaction was financed through a medium-term loan of € 521 million (see "Financing Operations" below) granted by AXA to AXA Asia Pacific Holdings. Because the fiscal year-end reporting date for AXA Asia Pacific Holdings is September 30, the November 1999 transaction will not be presented in AXA's Consolidated Financial Statements until 2000. Goodwill recorded in respect of this acquisition is approximately € 300 million (€ 140 million, group share) which is to be amortized over 30 years.

CAPITAL AND FINANCING OPERATIONS

In January 2000, the € 282 million 6.0% mandatorily convertible notes issued by AXA in conjunction with the acquisition of UAP in 1997 were converted into 4.1 million ordinary shares in accordance with the terms and conditions of these notes.

In January 2000 the Company issued € 1.1 billion 3.75% subordinated convertible notes due January 1, 2017. In February 2000 the Company issued € 500 million 7.25% undated subordinated notes. The purposes of these borrowings is to finance the growth of the Company, or any of its subsidiaries, and to finance the buyout of AXA China Region's minority interests and the acquisition of Nippon Dantai.

Refer to "Liquidity and Capital Resources" within this section of the Annual Report for further details.

Basis of presentation

OPERATING SEGMENTS

As explained in 'Item 1: Description of Business – Segment Information', AXA has realigned its operating business segments and geographical groups within the segments (being the large geographical territories within each segment) over the course of the past three years. The prior years' amounts have been restated accordingly for consistency.

AXA has five operating business segments, Life Insurance, Property and Casualty Insurance, International Insurance, Asset Management and Other Financial Services. Each operating segment is further analyzed by geographical area of operation for those large operations within the segment. In addition, there are non-operating activities within the holding companies, including the Company. This basis is consistent with the basis used by management in establishing and assessing business strategies, performance targets and allocating resources across AXA. From time to time the operating segments and the geographical groups within the segments will change resulting from:

- *businesses acquisitions (such as the Compagnie UAP acquisition in 1997, Royale Belge in 1998 and GRE in 1999) which may result in increased operations in geographical territories which were previously not significant and thereby necessitate the need for a new geographical group or a change in overall segment presentation, or*
- *a change in operating strategies or objectives to improve AXA reporting and analysis, to more closely align the business segments with the basis used by management to evaluate performance and to allocate resources (such as the change from the former Reinsurance Segment to the International Insurance Segment in 1999).*

Further detailed segmental information is provided in Note 22 to the Consolidated Financial Statements included in this Annual Report.

CHANGES IN PRESENTATION IN THE CONSOLIDATED FINANCIAL STATEMENTS

■ *The principle changes in presentation of AXA's Consolidated Financial Statements for the year ended December 31, 1999 which do not affect AXA's con-*

solidated results for the three years ended December 31, 1999 are set out below.

- The AXA Consolidated Financial Statements for the three years ended December 31, 1999 and as at December 31, 1999 and 1998 and the notes thereto included in this Annual Report are presented in euros ("euros" or €). The financial data for the years ended or as at a date prior to January 1, 1999 have been translated from French francs to euros for purposes of this document at the rate of FF 6.55957 = € 1, the applicable rate established on January 1, 1999. The euro did not exist during any of these periods, and the conversion rate used may not reflect the FF/euro exchange rate that would have applied if the euro had existed at such times.
- For segment reporting purposes, the amortization of goodwill on acquired businesses is included as a charge against income of the acquired businesses and not of the acquiring company. Data for 1997 and 1998 have been restated for comparative purposes.
- The segmentation of activities has been revised to reflect certain changes during the period. The UK Property and Casualty Insurance Group was created subsequent to the acquisition of GRE in May 1999, and the International Insurance Segment is a newly-formed segment that includes the activities reported in the former Reinsurance Segment and the Transnational Property and Casualty Group, formerly included in the Property and Casualty Insurance Segment. This segment includes AXA Reinsurance as well as AXA Global Risks, which underwrites large insurance exposures.

In addition, Banque Worms (a banking operation acquired in connection with the UAP acquisition, in which AXA has a 100 % interest) was to be sold within one year of the acquisition date. Consequently, and according to French GAAP accounting policies, the operating results of Banque Worms were not consolidated. Banque Worms was recorded at original cost (fair value at date of acquisition) less estimated selling costs in the AXA Consolidated Financial Statements. However, Banque Worms has not yet been sold. Therefore, at December 31, 1999 and in accordance with French GAAP, it has been accounted for in AXA's Consolidated Financial using the equity method of accounting (based on 100% holding).

Since the 1998 year-end reporting date, the statements of income of companies outside of France are translated into euros (AXA's reporting currency) using the average foreign currency exchange rates for the reporting period. Previously the year-end foreign exchange rates were used.

OTHER CONSIDERATIONS

■ Except where otherwise stated, percentage changes set out in "Management's Discussion and Analyses of Financial Condition and results of Operations" are calculated on a constant exchange rate basis. Therefore, for purposes of comparison the current year financial data is restated using the prevailing foreign currency exchange rates in the prior year (applicable to non-French subsidiaries translating from the local currency to French francs. See "Exchange Rate Information" in the beginning of this Annual Report and "Item 8: – Selected Financial Data – Exchange Rates" for further information on exchange rates and translation rates used to prepare the Consolidated Financial Statements.

A constant structural basis refers to the elimination of any impact on such percentage change caused by changes in the composition of a segment or group, by eliminating from both periods being compared the results of acquisitions, business transfers or disposals.

A constant methodological basis refers to the elimination of any impact on such percentage change caused by changes in accounting principles or methods by measuring results for both periods being compared using the new accounting principles or methods.

Consolidated operating results

The tables below present AXA's consolidated revenues and net income for the years indicated.

Consolidated Gross Revenues	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Insurance			
Life	37,091	32,446	31,354
Property and Casualty	13,593	11,889	12,088
International	3,109	2,833	3,443
Total Insurance	53,792	47,169	46,886
Financial Services			
Asset Management	1,928	1,292	1,005
Other Financial Services	10,806	8,236	7,694
Total Financial Services	12,735	9,528	8,699
Holding companies	1	1	3
TOTAL	**66,528**	**56,697**	**55,588**

Consolidated Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in euro millions)	**1999**	**1998**	**1997**	**1999**	**1998**	**1997**
Insurance						
Life	1,521	1,423	926	1,112	962	587
Property and Casualty	640	569	457	571	389	329
International	(47)	62	131	(51)	44	124
Total Insurance	**2,114**	**2,054**	**1,515**	**1,632**	**1,394**	**1,040**
Financial Services						
Asset Management	338	257	275	84	95	141
Other Financial Services	543	355	454	221	158	220
Total Financial services	**882**	**611**	**729**	**305**	**253**	**361**
Holding companies	(117)	(161)	(234)	84	(116)	(194)
TOTAL	**2,879**	**2,505**	**2,010**	**2,021**	**1,531**	**1,207**
Impact of GRE Acquisition	(53)	–	–	156	–	–
TOTAL excluding GRE	**2,932**	**2,505**	**2,010**	**1,865**	**1,531**	**1,207**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

REVENUES

Total revenues comprise gross revenues, the change is unearned premium reserve (for the portion earned in the year) and net investment results (representing net investment income and realized gains and losses). Gross revenues comprise gross insurance premiums, revenues arising from asset management fees earned, other financial service operations (including investment banking) and revenues arising from the holding companies.

Gross revenues for 1999 totaled € 66,528 million, an increase of 17.3 % compared to 1998. On a constant exchange rate, methodological and structural basis, gross revenues grew by 10.4%. The positive impact of exchange rate fluctuations between 1998 and 1999 totaled € 1,334 million, primarily attributable to the appreciation of the US dollar (€ 1,079 million).

Insurance

Insurance activities represented 80.9% of AXA's gross revenues as opposed to 83.2% for 1998. On a constant exchange rate, methodological and structural basis, insurance revenues increased by 7.8% as set out below.

– The Life Insurance Segment (69.0% of insurance activity) increased by 10.8%, due to higher gross premiums earned mainly in the United Kingdom (24.7%) and the United States (12.3%).

– The Property and Casualty Insurance Segment (25.3% of insurance activity) increased by 2.0% despite slight declines in gross premiums earned in France, Germany and Belgium, which together account for nearly 60% of gross revenues in this segment.

– The International Insurance Segment (5.7% of total gross premiums) declined by 2.7%, with the increase in gross premiums earned by AXA Global Risks (9.5%) only partially offsetting the 13.7% decrease in gross premiums earned by AXA Reinsurance.

Financial Services

On a comparable basis, growth in consolidated financial services revenues was 23.5% in 1999 compared to 1998. The growth was primarily due to strong growth in the financial markets in 1999. The bulk of this business is conducted by the subsidiaries of AXA Financial, Inc. (Alliance Capital and DLJ), which accounted for nearly 90% of these revenues.

NET INCOME

AXA's consolidated net income totaled € 2,021 million in 1999, including a net non-recurring gain of € 156 million in connection with the acquisition of GRE. This gain includes mainly:

- a dilution gain realized by the Company due to the decrease in AXA's ownership of SLPH, net of future costs related to the exercise of stock options issued by SLPH to holders of GRE stock options (€ 469 million, group share);
- the exceptional amortization of goodwill relating to inadequacies in the technical reserves in connection with British, Irish and Portuguese activities (€ 259 million); and
- a realized foreign exchange loss of € 27 million.

Excluding the impact of this net non-recurring gain in connection with GRE, consolidated net income was € 1,865 million.

Based on AXA's consolidated net income and weighted average ordinary shares outstanding of 353.0 million shares in 1999 compared to 338.7 million in 1998, basic net income per ordinary share was € 5.73 compared to € 4.52 in 1998. The 1999 *diluted net income per ordinary share was € 5.39, compared to € 4.24 in 1998, or an increase of 27.1%. Diluted net income per ordinary share takes into account potential dilution attributable to subordinated convertible debt (if converted into ordinary shares) and outstanding share options at December 31, 1999. Excluding the net non-recurring gain related to the GRE acquisition, basic net income per ordinary share was € 5.28 and diluted net income per ordinary share was € 4.98, an increase of 17.5% in respect of the diluted net income per ordinary share.*

The 1999 return on average equity (based on net income relative to average consolidated shareholders' equity excluding the respective years' net income) increased to 14.5% compared to 12.8% in 1998. Excluding the non-recurring gain related to the GRE acquisition, return on average equity was 13.4% in 1999.

At constant exchange rates, the 1999 results would have been reduced by € 17 million.

In 1999, AXA's net income reflects the following other non-recurring events which represent a net gain of € 54, group share:

	In euro millions
– Non-recurring gain on securities tendered in the Paribas and Elf public offers of exchange (AXA France (life) of € 137 million AXA France (property and casualty) of € 299 million	*436*
– Insurance cost arising from the natural climatic events for property and casualty insurance (€ 97 million in France, € 13 million outside France) and international insurance (€ 89 million)	*(199)*
– Change in accounting treatment of Banque Worms	*(80)*
– Provision for the change program in France (€ 89 million for life insurance and € 124 million for property and casualty insurance) and for restructuring at AXA Global Risks (€11 million)	*(224)*
– Gain realized in connection with the Initial Public Offering of DLJdirect tracking stock recorded by AXA Financial, Inc. (€ 64 million), Equitable Life (€ 52 million) and AXA Belgium Holding (€ 4 million)	*120*
– Exceptional write-down of deferred acquisition costs by Equitable Life due to asset reallocation	*(47)*
– Gain on the sale of BNP equity securities by AXA France Assurance	*101*
– Exceptional realized gains in Belgium	*38*
– Gain on the disposal of PanEuroLife	*22*
– Reserve strengthening by the French Life Insurance Group mainly relating to its disability business relating to UAP	*(131)*
– Deferred tax asset recorded on a UAP life reinsurance financing treaty	*37*
– A valuation allowance recorded by AXA France Assurance on its Australian property and casualty subsidiary (run-off of the property and casualty portfolio of business in the second half of 1999)	*(19)*
Net impact	***54***

Excluding the impact of the GRE acquisition of € 156 million and the aforementioned other non-recurring events in 1999 which represent a net gain of € 54 million, AXA's consolidated net income (group share) would have been € 1,811 million. This result represents an increase of € 274 million (18.0%) compared to the previous year of € 1,535 million, net of minority interest and non-recurring events (loss of € 4 million). The increase is primarily due to:

- *AXA Royale Belge's insurance operations of € 200 million, due particularly to the increase of AXA's share of ownership in Royale Belge, and by AXA France's insurance operations of € 109 million;*
- *the significant increase in net income contributed by the subsidiaries of AXA Financial, Inc. € 125 million, particularly DLJ (€ 97 million), which was adversely affected in 1998 by the volatility of the world's financial markets; and*
- *the decline in net income recorded by the UK insurance operations of € 51 million, by AXA Investment Managers of € 26 million and by AXA Global Risks of € 79 million.*

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

REVENUES

■ Gross revenues for 1998 totaled € 56.7 billion, an increase of 2.0% compared to 1997. On a constant exchange rate, methodological and structural basis, gross revenues increased by 4.5%. In 1998 AXA used the average exchange rate for the year to translate gross premiums into French Francs for non-French subsidiaries rather than the year-end rate as was used in prior years. Had AXA applied the year-end rate in 1998, gross premiums would have been € 55.1 billion.

The negative impact of exchange rate fluctuations between 1997 and 1998 totaled approximately € 0.6 billion, primarily attributable to the decline in the US dollar (€ 0.3 billion), the pound sterling (€ 0.1 billion) and the Asia/Pacific currencies (€ 0.2 billion) relative to the French franc.

Insurance

Insurance activities represented 83.2% of AXA's gross revenues as opposed to 84.3% for 1997. On a constant exchange rate, methodological and structural basis, insurance revenues increased by 2.7% compared to 1997. This increase represents the combined effect of a 5.5% increase in the revenues of the Life Insurance Segment, a 1.5% decrease in the revenues of the Property and Casualty Insurance Segment, and a 9% decline in the revenues of the International Segment (after restating the prior year segment information for the reclassification of the Transnational Property into the International Insurance Segment). In the Life Insurance Segment, the United States and the United Kingdom led gross premium growth. In Europe, growth reached 2.2%, attributable to higher gross premiums earned in the United Kingdom (12.4%), Germany (4.0%), and Belgium (7.2%). In North America, AXA Financial, Inc.'s life insurance gross premiums increased by 18.5% over 1997 due to the ongoing success of a series of individual retirement savings products and the successful development of new distribution networks.

Financial services

The United States contributed € 8.6 billion to AXA's consolidated financial services revenues which accounted for 90.5% of such revenues. On a constant exchange rate basis, financial services revenues grew 14.9% over 1997 primarily as a result of generally strong financial markets in 1998, despite their sharp decline in the third quarter.

In Europe, the asset management revenues of AXA Investment Managers increased substantially (50.1% on a constant exchange rate and structural basis compared to 1997). At € 143.3 billion at December 31, 1998, total assets under management, including assets managed for third parties, an increased by 18.1% compared to 1997 on a constant exchange rate basis.

NET INCOME

AXA's consolidated income including minority interests totaled € 2,505 million as opposed to € 2,010 million, while net income, group share ("net income") reached € 1,531 million versus € 1,207 million in 1997. Based on weighted average ordinary shares outstanding in 1998 of 338.7 million compared to 325.3 million in 1997, basic net income per ordinary share was € 4.52 compared to € 3.71 in 1997, an increase of 21.8%. The 1998 diluted net income per ordinary share was € 4.24 compared to € 3.48 in 1997, an increase of 21.8%.

The 1998 return on average equity (based on net income relative to average consolidated shareholders' equity excluding the respective years' net income) increased to 12.8% compared to 11.2% in 1997.

Prior to 1998, AXA's consolidated net income included operating results of foreign subsidiaries translated using the year-end foreign currency exchange rate. This methodology was changed in 1998 whereby net income of AXA's foreign subsidiaries is calculated using the average exchange rate for the accounting year. This change increased net income by € 35 million.

In 1998, AXA's net income reflects the following non-recurring events, which represent a net loss of € 4 million:

	In euro millions
– The impact of the acquisition of Royale Belge minority interests which generated significant realized gains net of Value of Purchased Business Inforce ("VBI") amortization and restructuring provisions (excluding Bank IPPA)	187
– Gain on the sale of treasury stock by French holding companies (Colisée Excellence)	93
– Gain realized by French subsidiaries on the sale of shares of companies within the Albert Frère group (Belgian entity) (€ 44 million) and treasury shares (€ 51 million)	95
– A gain on the sale of BNP equity securities by AXA Assurance France	82
– Restructuring provisions in France (€ 11 million for life insurance and € 13 million for property and casualty insurance), the Netherlands (€ 9 million for life insurance and € 2 million for property and casualty insurance), the United-Kingdom (€ 5 million for life insurance) and Australia/New Zealand (€ 8 million for life insurance) and Bank IPPA (€ 8 million)	(56)
– Reserve strengthening by the French Life Insurance Group due to anticipated mortality table change (€ 39 million) and interest rate decline (€ 33 million)	(72)
– Tax paid upon transfers among consolidated entities. The transactions involved the transfer of AXA Belgium, AXA Luxembourg and UAP New Rotterdam, sold by the Company to Royale Belge, and AXA Leben, sold by the UK Life Insurance Group to AXA Netherlands	(99)
– Reserve strengthening by AXA Global Risks net of positive loss reserve development recorded not of the gain on the sale of GIE Réunion Aérienne	(78)
– Impact of the financial crisis in Asia and emerging markets losses (realized losses, unrealized losses on trading securities and asset impairments) in the following region: € 109 million in Asia Pacific, € 46 million in Europe, and € 1 million in North America (excluding DLJ). These amounts correspond to realized losses and do not consider the absence of gains that would normally be realized	(156)
Net impact	**(4)**

Based on insurance company invested assets of € 183 billion (excluding assets supporting separate account-type products), the invested assets in Asia (including Japan) and South America total € 3 billion. AXA's exposure to such countries is 1.5% of insurance company invested assets. Such exposure primarily concerns the Asia/Pacific Life Insurance Group.

In 1998, AXA deconsolidated several investment and real estate companies held by French insurance and reinsurance companies in order to improve financial statement presentation. Previously, the financial statement presentation of investment and real estate companies differed depending on whether assets were held directly by insurance companies or indirectly through the investment or real estate companies. The deconsolidation of such entities better reflects the insurance companies' economic purpose for holding such entities. If these companies had been consolidated in 1998, their combined contribution to net income would have been € 64 million, of which € 30 million related to exceptional items essentially relating to an unusually high level of gains realized by certain investment management entities. Had they been deconsolidated in 1997, net income would have decreased by € 31 million.

Excluding the aforementioned 1998 and 1997 events, the increase in income is primarily attributable to the strong growth in net income recorded by the Life Insurance Segment. This growth is attributable to (i) France, which is beginning to benefit from previous restructuring measures following the UAP acquisition in 1997, (ii) the United States, where Equitable Life benefited from improved underwriting margins and investment income; and (iii) in the United Kingdom, reflecting the positive trend in the financial markets in 1998.

The contribution from the Property and Casualty Insurance Segment includes the losses recorded by direct marketing insurance subsidiaries, which are still in the start-up phase, and by a general decline in gross premiums.

The International Insurance Segment, which includes the former Reinsurance Segment operations, remained profitable despite the losses incurred by AXA Global Risks due to the occurrence of significant claims. The contribution from the Other Financial Services Segment was affected by the lower contribution from DLJ, which was adversely affected by the volatility of the financial markets in the third quarter of 1998 that adversely affected fixed maturity investments.

CONSOLIDATED SHAREHOLDERS' EQUITY

At December 31, 1999, shareholders' equity including minority interest and the 1999 consolidated net income totaled € 23,815 million, of which the group share was € 16,358 million. The evolution of shareholders' equity since December 31, 1997 is presented in the table below.

CONSOLIDATED SHAREHOLDERS' EQUITY

At December 31, 1999, shareholders' equity including minority interest and the 1999 consolidated net income totaled € 23,815 million, of which the group share was € 16,358 million. The evolution of shareholders' equity since December 31, 1997 is presented in the table below.

	In euro millions
Shareholders' equity, December 31, 1997	11,993
– Stock issuance for acquisition of Royale Belge minority interests	985
– Bond conversion (4.5%, 1995-1999) and exercise of stock options1	401
– Impact of foreign currency fluctuations	(488)
– Payment of cash dividends	(425)
– Goodwill arising from the Royale Belge transaction	(388)
– Cumulative effect of change in accounting method for stock options	(67)
– Other (internal restructurings, UAP purchase accounting adjustments, etc.)	(4)
– Shareholders' equity, December 31, 1998 (before 1998 net income)	12,007
– 1998 Net Income	1,531
– Shareholders' equity, December 31, 1998	13,538
– Capital increase reserved for employees of the Company	113
– Bond conversion (1995-1999, 4.5%) and exercise of stock options1	175
– Impact of foreign currency fluctuations	954
– Payment of cash dividends	(582)
– Change in goodwill arising from UAP acquisition (due to AXA's dilution in SLPH dilution and an adjustment to goodwill from Royale Belge acquisition charged to shareholders' equity)	140
– Other	(2)
– Shareholders' Equity, December 31, 1999 (before 1999 net income)	14,336
– 1999 Net income	2,021
– Shareholders' Equity, December 31, 1999	16,358

(1) Shareholders' Equity increased by € 333 million due to the conversion of this bond.

In 1998, goodwill resulting from the buyout of Royale Belge minority interests totaled € 1,137 million. Pursuant to Article D 248-3 of the Decree of February 17, 1986, the goodwill associated with the issuance of new shares (€ 388 million) was charged directly to retained earnings and reserves. The remaining goodwill of € 748 million corresponding to the net assets acquired through the issuance of treasury shares, certificates of guaranteed value and cash was recorded as an asset and will be amortized over 30 years.

CREATION OF SHAREHOLDER VALUE

The Company's results over the last several years demonstrate the level of importance placed on the objective of creating value to its shareholders. Return on average equity has risen sharply, from 7.0% in 1994 to 13.4% in 1999 (excluding the impact of the GRE acquisition). This growth is in line with the Company's target of return on average equity of 15% in 2002.

Diluted EPS net income per ordinary share has increased steadily and significantly, to € 4.98 in 1999 (excluding the impact of the GRE acquisition) as compared to € 2.12 in 1994, an annualized growth rate of 18.6% over the five year period.

Dividends paid to shareholders have moved in a similar line, increasing from € 0.84 paid based on 1994 net income to € 2.00 recommended to be paid in 2000 based on 1999 net income. If the 1999 recommended dividend is declared, total dividends distributed in 2000 in respect of 1999 will be € 713 million, compared with € 135 million paid in 1995 in respect of 1994 net income. In fact, at the same time, the number of ordinary shares outstanding has more than doubled between 1994 and 1999, in line with the Company's growth.

Traditional financial statements fail to fully reflect shareholder value creation, particularly in life insurance companies. The Company is currently calculating indicators designed to improve the measurement and quantification of shareholder value creation, and expects to disclose these indicators for the first time in 2000.

For the period from 1994 to 1999, the AXA share price posted average annual growth of 30.5%, reaching € 138.4 on December 31, 1999 (including 12% in 1999). Including dividend reinvestment, the AXA share price increased by 34.1 %. Over the same five year period, average annual growth of the CAC 40 was 25.9%, while the Standard & Poor' Insurance 500 increased by 20.9%, the Dow Jones STOXX 50 by 29.6%, and the Dow Jones STOXX Insurance by 26.1%.

Results of operations by operating segment

LIFE INSURANCE SEGMENT

The tables below present the gross premiums and net income attributable to AXA's Life Insurance Segment for the years indicated.

Gross Premiums (in euro millions)	Year Ended December 31 1999		1998		1997	
United States	10,777	29.1%	9,181	28.3%	7,871	25.1%
France	10,555	28.5%	9,547	29.4%	9,839	31.4%
United Kingdom	7,205	19.4%	5,140	15.8%	4,651	14.8%
Asia/Pacific	2,859	7.7%	2,975	9.2%	3,332	10.6%
Germany (*)	2,757	7.4%	2,408	7.4%	2,517	8.0%
Belgium	912	2.5%	921	2.8%	848	2.7%
Other countries	2,025	5.5%	2,275	7.0%	2,297	7.3%
TOTAL	**37,091**	**100%**	**32,445**	**100%**	**31,354**	**100%**

(*) The Austrian and Hungarian subsidiaries, formerly included in the German Life Group, are now included in the Other Life Group. Prior periods have been restated accordingly.

Net Income	Year Ended December 31								
	Including Minority Interests			Group Share					
(in euro millions)	1999	1998	1997	1999		1998		1997	
United States	465	437	94	270	24.3%	252	26.2%	58	9.8%
France	332	265	122	331	29.7%	265	27.5%	121	20.6%
United Kingdom	317	297	253	194	17.4%	211	22.0%	198	33.7%
Asia/Pacific	120	(100)	181	38	3.4%	(66)	(6.9)%	42	7.2%
Germany	18	12	9	13	1.2%	8	0.9%	5	0.9%
Belgium	186	440	188	186	16.7%	34	24.3%	94	16.0%
Other countries	83	72	80	81	7.2%	57	6.0%	70	11.8%
TOTAL	**1,521**	**1,423**	**926**	**1,112**	**100%**	**962**	**100%**	**587**	**100%**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

In 1999, the Life Insurance Segment accounted for 69.0% of AXA's insurance related gross premiums (compared to 68.8% in 1998). On a constant exchange rate, structural and methodological basis, life insurance gross premiums increased 10.8%. The growth in life insurance gross premiums was primarily attributable to the UK, the US and the French Life Insurance Groups. In 1999, gross premiums included € 664 million earned by GRE's life and health insurance subsidiaries that are included in AXA's operating results for the eight-month period following the GRE acquisition in May 1999. The gross premiums in 1998 included € 455 million in gross premiums earned by PanEuroLife, which was sold in January 1999.

The Life Insurance Segment accounted for 59.6% of the net income (group share and after excluding the impact of GRE) compared to 62.8% in 1998. There was a notable increase in the contribution to net income by the Asia/Pacific Life Insurance Group in 1999 compared to 1998 of € 104 million. This change is attributable to the Asian financial crisis in 1998, which effected the 1998 contribution to net income.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

In 1998, the Life Insurance Segment accounted for 68.8% of AXA's insurance related gross premiums (versus 66.9% in 1997).

On a constant exchange rate, structural and methodological basis, life insurance gross premiums increased 5.5%. In 1997, € 198 million of gross premiums pertains to AXA Leben that was sold in 1998.

The contribution of life insurance operations to net income totaled € 990 million, accounting for 64.7% of net income in 1998, versus 49.6% in 1997.

Despite the 1998 financial crisis, the 1998 performance can be attributed to improved investment results made possible by acquisitions and the restructuring of business operations. Transactions affected in connection with the acquisition of the Royale Belge minority interests enabled Belgian subsidiaries to realize non-recurring gains, which increased net income by € 142 million, net of exceptional amortization of Value of Purchased Business Inforce ("VBI").

Analysis by life insurance group

US LIFE INSURANCE GROUP

The following table presents information regarding the US Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	1999	1998	1997
Gross premiums	10,777	9,181	7,871
Net investment results (a)	2,450	2,533	2,044
Total Revenues	**13,227**	**11,713**	**9,915**
Insurance benefits	(11,483)	(10,158)	(9,030)
Reinsurance ceded, net (b)	20	11	15
Acquisition expenses (c)	(636)	(532)	(477)
Other insurance company expenses	(450)	(369)	(374)
Total Benefits and Other Deductions	**(12,549)**	**(11,048)**	**(9,866)**
Income before income tax expense	679	666	49
Income tax (expense) benefit	(212)	(228)	45
Amortization of goodwill, net	(2)	(1)	–
Minority interests in income of consolidated subsidiaries	(195)	(184)	(36)
NET INCOME	**270**	**252**	**58**
Exchange rates (d)	0.94	0.90	0.91

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve, which is established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999, COMPARED TO YEAR ENDED DECEMBER 31, 1998

Goss premiums increased by 12.3% primarily due to higher sales of annuities sold by both the retail and wholesale distribution channels. These products accounted for approximately 66.1% of total earned premiums in the 1999 period as compared with 63% in 1998. Increased sales resulted from continuous expansion and penetration of the wholesale distribution network, increased productivity from the retail channel and the availability in 1999 of a complete line of annuities with more competitive product features and options. The sale of life insurance products increased by 1.3% due to the introduction of a new series of variable life insurance products beginning in the middle of 1999, for which the benefits through sales growth from this new series of product will not start to appear until first quarter of 2000.

Equitable Life was ranked number two in variable life sales for 1999 as reported in the Tillinghast Towers Perrin VALUE survey. Market share in 1999 was 6.87% down from 8.35% for all of 1998 due to the increased number of companies who now offer variable life products.

For variable annuities, Equitable Life improved its ranking in the industry to number four at the end of December 1999 as reported by VARDS. Equitable Life's market share, as reported by the Life Insurance Marketing Research Association (LIMRA) increased to 6.11% at the end of December 1999 compared to 5.71% at the end of 1998.

The net investment results decreased by € 83 million or 7.5%. This decrease is due primarily to net realized losses of € 32 million in the 1999 period as compared to net realized gains of € 86 million in 1998. Realized losses from writedowns and sales of U.S. domestic high yield and emerging market fixed maturities were partially offset by realized gains on publicly-traded common equities and Equitable Life's € 90 million share of the gain related to the sale of an approximately 18% interest in DLJ's financial performance through the sale of a new class of DLJ common stock in the second quarter 1999. Net investment income decreased moderately in the 1999 period as a result of lower income on real estate due to its real estate disposal program, partially offset by higher yields on mortgages and higher earnings on equity interests.

Insurance benefits increased 8.1% principally as a result of the increase in gross premiums partially offset by lower benefits due to lower traditional life insurance mortality and the decrease in interest credited on policyholder account balances due to lower crediting rates.

Reinsurance ceded increased € 8 million due to an increase in premiums ceded. However, this increase was more than offset by higher reserves and claims ceded and higher commissions and expense allowances received from reinsurers.

Acquisition expenses (excluding the change in DAC) increased by 8.8% primarily as a result of the increase in new business gross premiums offset by increases in fees on separate account balances and higher mutual fund sales. Acquisition costs capitalized increased substantially in line with the increase in acquisition expenses. The amortization of DAC totaled € 481 million, an increase of 46.1% from 1998. DAC amortization increased due to the € 124 million non-recurring DAC adjustment resulting from the revisions to estimated gross profits related to the investment asset reallocation in the second quarter 1999. Excluding this non-recurring adjustment, DAC amortization increased 8.5% due to the impact of higher separate account fees and higher margins.

Administrative expenses increased by € 81 million primarily due to higher strategic initiative and infrastructure expenses, inflation and higher compensation and benefits.

Income before income taxes and goodwill amortization of € 679 million increased €13 million over 1998 reflecting the above factors.

Income taxes decreased € 16 million or 11.0% reflecting the non-taxable nature of the € 90 million share of the gain related to the sale of an approximately 18% interest in DLJ's financial performance noted above.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

On a constant exchange rate basis, gross premiums increased by 18.5%. This increase is primarily due to the development of individual insurance and annuity products, which outpaced the market and brought Equitable Life's market share in this line of insurance from 3.6% in 1997 to 4.4% for the nine months ended September 30, 1998. Individual insurance and annuity products accounted for 59.2% of 1998 gross premiums, an increase of 33.0% on a constant exchange rate basis. Income Manager, a series of individual retirement products launched in 1995, accounted for 26.4% of gross premiums in 1998 as compared to 15.5% in 1997. This success is notably due to distribution agreements signed at the end of 1997 with several securities firms and increased productivity from agents. Gross premiums for other retirement products increased by 4.4% on a constant exchange rate basis. Gross premiums remained stable for other individual life insurance products on a constant exchange rate basis, with the 4.3% increase in variable and interest sensitive life gross premiums partially offset by a 3.0% decline in traditional life product gross premiums.

Net investment results increased 25.9% compared to 1997 on a constant exchange rate basis, to € 2,533 million. In 1997, in connection with a sales program initiated in 1997, Equitable Life reclassified € 1,287 million of equity real estate from "held for production of income" to "held for sale". Since held for sale properties are carried at the lower of depreciated cost or estimated fair value, less selling costs, the reclassification generated additions to valuation allowances of € 511 million. Excluding the impact of these valuation allowances, 1998 net investment income was relatively stable as compared to that of 1997. In 1998, an additional € 773 million of real estate was reclassified to "held for sale" leading to additional valuation allowances of € 78 million. In 1998, Equitable Life realized gains of € 149 million on the sale of real estate classified as "held for sale". The reclassification of equity real estate to "held for sale" led to a reduction in real estate depreciation expense of € 57 million. At December 31, 1998, equity real estate designated as "held for sale" totaled € 979 million. The gains realized on the sale of equity real estate were partially offset by losses of € 21 million realized on sales of debt securities as compared to gains of € 86 million realized in 1997.

On a constant exchange rate basis, insurance benefits increased 14.3%, principally as a result of the increase in gross premiums and, to a lesser extent, due to deteriorating mortality experience, which was particularly strong in 1997. These decreases were partially offset by the decrease in policyholder interest crediting rate.

On a constant exchange rate basis, acquisition costs excluding the change in DAC increased 21.6% primarily as a result of the 38.0% increase in new business gross premiums. Acquisition costs capitalized increased 20.1% on a constant exchange rate basis in line with the increase in acquisition costs excluding the change in DAC. The amortization of DAC totaled € 315 million, an increase of 6.3% on a constant exchange rate basis. In 1997, DAC amortization decreased by € 54 million due to the change in future estimated gross profit pattern related to income from equity real estate. Excluding the impact of this change, DAC amortization declined by 9.9% on a constant exchange rate basis due to favorable changes in estimates of persistency and interest spread for life and individual insurance and annuity products. Such changes reflect recent favorable experience.

On a constant exchange rate basis, administrative expenses remained relatively stable. Administrative expenses increased slightly in 1998 due to increases in marketing and information system costs. However, this increase was offset by the absence in 1998 of compensated by higher administrative expenses incurred in 1997 due to a € 38 million restructuring provision. The ratio of general costs (acquisition expenses, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums increased to 14.8% in 1998 from 12.4% in 1997 and the ratio of general costs to insurance reserves increased to 1.54% in 1998 from 1.48% in 1997.

Income tax expense totaled € 228 million in 1998 as compared to a income tax benefit of € 45 million in 1997 that reflected the release of € 69 million of tax reserves related to years prior to 1989.

AXA's economic interest in AXA Financial, Inc. increased from 57.5% at December 31, 1997 to 58.5% at December 31, 1998 primarily due to AXA Financial, Inc.'s capital stock repurchase program. This increase in ownership generated goodwill of € 68 million. Net income increased from € 58 million in 1997 to € 252 million in 1998. Foreign exchange fluctuations between the US dollar and French franc reduced net income € 4 million. As stated above, in 1997, additions to valuation allowances for equity real estate reduced net income by € 171 million, while the release of prior year tax provisions increased net income by € 40 million. Excluding the impact of these non-recurring items, net income increased by € 68 million primarily due to an increase in investment spread and the increase in fees received for variable annuity contracts.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ *The following table summarizes the net investment results of the US Life Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the US Life Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the US Life Insurance Group discussed above.*

US Life Insurance Group Net Investment Result by General Account Asset Category

(in euro millions except percentages)	Year Ended December 31, 1999 Yield (a) (b)	1999 Amount (a)	1998 Yield (a) (c)	1998 Amount (a)	1997 Yield (a) (d)	1997 Amount (a)
Fixed Maturities:						
Net investment income	8.09%	1,747	8.19%	1,662	8.65%	1,664
Net investment gains (losses)	(1.35%)	(291)	(0.10%)	(21)	0.45%	86
Net investment results	6.75%	1,456	8.09%	1,642	9.10%	1,750
Related Assets at year end		**23,638**		**19,530**		**21,043**
Real Estate (e):						
Net investment income	19.18%	278	8.88%	177	5.82%	153
Net investment gains (losses)	(2.20%)	(32)	3.99%	80	(20.27%)	(533)
Net investment results	16.98%	246	12.87%	257	(14.45%)	(380)
Related Assets at year end		**1,313**		**1,588**		**2,404**
Mortgage loans on real estate:						
Net investment income	8.79%	424	8.94%	379	9.97%	434
Net investment gains (losses)	(0.03%)	(2)	0.23%	10	(0.83%)	(36)
Net investment results	8.76%	422	9.17%	389	9.14%	398
Related Assets at year end		**5,377**		**4,265**		**4,211**
Equity Investments:						
Net investment income	10.95%	79	12.38%	111	24.53%	230
Net investment gains (losses)	28.37%	204	1.96%	18	1.54%	14
Net investment results	39.32%	282	14.34%	128	26.07%	245
Related Assets at year end		**757**		**678**		**1,113**
Policy loans:						
Net investment income	6.63%	232	6.46%	225	7.53%	261
Related Assets at year end		**3,815**		**3,181**		**3,767**
Cash & Short Term:						
Net investment income	6.35%	89	9.36%	77	1.66%	5
Related Assets at year end		**1,421**		**1,396**		**243**
Total:						
Net investment income	8.51%	2,849	8.30%	2,631	8.89%	2,747
Net investment gains (losses)	(0.36%)	(121)	0.27%	86	(1.52%)	(468)
Net investment results	8.15%	2,728	8.57%	2,717	7.37%	2,278
Related Assets at year end		**36,321**		**30,638**		**32,782**

(a) Yields are calculated on the basis of the average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.

(b) On a constant exchange rate basis, the yield for 1999 would have been 6.98% for fixed maturities, 17.3% for real estate, 9.08% for mortgage loans on real estate, 40.61% for equity investments, 6.86% for policy loans, 6.53% for cash and short term investments and 8.82% for all general account investments.

(c) On a constant exchange rate basis, the yields for 1998 would have been 8.14% for fixed maturities, 14.02% for real estate, 9.0% for mortgage loans on real estate, 14.19% for equity investments, 6.36% for policy loans, 9.3% for cash and short term investments and 8.61% for all general account investments.

(d) On a constant exchange rate basis, the yields for 1997 would have been 8.56% for fixed maturities, (13.39%) for real estate, 8.51% for mortgage loans on real estate, 24.62% for equity investments, 7.07% for policy loans, 1.53% for cash and short term investment and 6.90% for all general account investments.

(e) Real estate carrying values are shown, and real estate yields are calculated, net of third party debt and minority interests of € 350 million, of € 447 million, and € 863 million as of December 31, 1999, 1998 and 1997, respectively. Real estate investment income is shown net of operating expenses, depreciation, third party interest expense and minority interests. Third party interest expense and minority interests totaled € 26 million, € 44 million and € 55 million for 1999, 1998 and 1997, respectively.

FRENCH
LIFE INSURANCE GROUP

The following table presents information regarding the French Life Insurance Group for the years indicated.

(in euro millions)	Year Ended December 31, 1999	1998	1997
Gross premiums	10,555	9,547	9,839
Change in unearned premium reserve	(6)	–	5
Net investment results (a)	3,692	3,832	3,240
Total Revenues	**14,242**	**13,379**	**13,085**
Insurance benefits	(12,540)	(11,800)	(11,539)
Reinsurance ceded, net (b)	22	22	(152)
Acquisition expenses (c)	(804)	(808)	(785)
Amortization of value of business inforce	(14)	(23)	(17)
Other insurance company expenses	(564)	(405)	(411)
Total Benefits and Other Deductions	**(13,900)**	**(13,014)**	**(12,905)**
Income before income tax expense	342	364	180
Income tax expense	(6)	(96)	(55)
Minority interests in income of consolidated subsidiaries	(1)	(1)	–
Amortization of Goodwill, net	(4)	(2)	(3)
NET INCOME	**331**	**265**	**121**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve, which is established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ Gross premiums increased 10.6% from 1998 and increased 9.1% on a constant structural basis. This net growth is attributable to the 14.3% growth in retirement savings-type products, which accounted for 69% of total business activity. In respect of cumulative growth in 1998 and 1999 on savings-related retirement products, AXA had growth of 5% compared to a decline in the market of (4)%. Individual retirement savings-type products, representing 61% of this activity increased by 13.8% due to favorable results from the distribution network, the simplification of its range of products and no major changes in tax regulations. The growth attributable to its distribution network was associated with the agency distribution network (27.2% increase). In addition, due to the strong performance in the stock market, there was notable growth in separate account (unit linked) products, which represented 45% of gross premiums on individual retirement savings-type products compared to 37% in 1998. Group retirement business, which accounts for 8% of gross premiums, increased by 17.7% due to the underwriting of large corporate contracts.

The net investment result decreased by € 140 million primarily due to a reduction in net realized gains of and partially offset by a net increase in interest income of € 255 million. In 1999, net realized gains amounted to € 734 million, including € 413 million in connection with the tendering of Paribas and Elf equity securities. In addition there were capital losses of € 95 million on the sale of bonds in connection with a portfolio-restructuring program undertaken during a period of higher interest rates. Of the total increase in investment income, € 268 million relates mainly to the fixed maturity securities attributable to higher bond yields due to the pursuit of a policy favoring this type of long-term investment. In 1998, gains of approximately € 1,126 million were realized of which € 233 million was realized in connection with the buyout of AXA Royale Belge minority interests.

Insurance benefits and claims, which include costs relating to claims handling expenses and policyholder participation in the profits, increased by € 740 million (6.3%) in line with gross premiums. The increase in 1999 was partly due to (i) a strengthening of disability insurance reserves of € 66 million, (ii) a strengthening of the reserves for future risks on former UAP life contracts of € 75 million, and (iii) a reserve strengthening on former UAP disability contracts of € 76 million. This reserve strengthening is attributable to unfavorable trends in underwriting results from these contracts. Insurance liabilities for bodily injury annuities were estimated at December 31, 1999 using a discount rate of 3.25%, the rate used at December 31, 1998 following a rate reduction from 4.00% to 3.25% which increased the 1998 insurance liabilities by € 57 million in 1998.

Acquisition costs (net of DAC) remained stable year on year despite the growth in new business due to a cost realignment across the life insurance products and lower commissions rates. Administrative expenses increased by € 158 million in 1999. These expenses include € 142 million provision for charges associated with implementation of the strategic change project in AXA France. Excluding this provision, the ratio of acquisition and administrative expenses to gross premiums was 13.9 % compared to 15.1 % in 1998, and, 1.95% of the insurance reserves compared to 2.12% in 1998.

Amortization of VBI decreased by € 9 million due to lower net investment results realized in 1999 given that amortization is based on actual gross profits arising on business. VBI after accumulated amortization is € 405 million at December 31, 1999.

Income tax expense declined by € 91 million compared to 1998, while net income decreased by € 23 million. The tax base at the French common rate declined while the long-term base, which is the sub-

ject of a reduced tax, increased significantly mainly due to the realized gains on the Public Exchange Offers for Paribas and Elf. Overall, income tax expense was much lower in 1999 compared to 1998 due to the € 55 million impact arising from a deferred tax asset recorded relating to financial reinsurance arrangements associated with UAP.

The French life Insurance Group contributed € 331 million (group share) to AXA's consolidated net income, an increase of € 66 million from 1998. This result was affected primarily by the provision established in respect of AXA France's change program.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *Gross premiums declined by 3.0% compared to 1997 (3.5% on a constant methodological basis). However, this decline was smaller than the French market decline for the same period. The French life insurance market as a whole dropped 13% according to the Fédération Française des Sociétés d'Assurance. Gross premiums declined sharply in the first few months of 1998 after a new adverse tax regulation on individual retirement products went into effect on January 1, 1998. In anticipation of these tax changes, exceptionally high premium income was recorded in the last quarter of 1997 in order to avoid its effects. In addition, the insurance market was hurt by other adverse tax changes enacted in 1998. Despite the difficult environment in 1998, specialized distribution networks increased their gross premiums by 2.2%. In group retirement insurance, gross premiums increased due to several significant single premium policies sold at the end of the year. In addition, individual savings-type products benefited from strong growth in unit-linked policies, which account for 52.0% of new business gross premiums, as opposed to 32.0% in 1997.*

Net investment results totaled € 3,832 million, an increase of € 592 million over 1997, and included realized gains, net of changes in valuation allowances, of more than € 1.1 billion versus € 0.7 billion in 1997. This increase was primarily due to (i) gains (€ 233 million) realized on the sale of investments in various companies within the Albert Frère Group, and (ii) the Company's ordinary shares in connection with the acquisition of Royale Belge's minority interests. As in 1997, the French Life Insurance Group reduced its exposure to equity and debt markets by employing hedging strategies that reduced exposures to interest rate volatility and stock market drops. In addition, the group increased its investments in long-term fixed income securities.

Insurance benefits and claims, which include costs related to claims handling and policyholders' participation in gains, increased 2.2 %. The increase in net investment results increased policyholders' participation in gains by € 592 million which included a reserve strengthening of € 211 million as a result of the observations of the French Regulatory authority, the "Commission de Contrôle des Assurances" regarding primarily guaranteed interest rates prior to 1995. The participating policyholders' share in gains relative to net investment results was 79% in 1998 versus 76% in 1997. In group insurance, insurance benefits were impacted by adverse changes to the mortality tables in 1998 (€ 67 million). In addition, the interest rate for government obligations dropped leading to a decrease in the discount rate from 4.00% to 3.25% at December 31, 1998 used in the calculation insurance benefits on bodily injury annuity contracts. The change in the discount rate resulted in a charge of € 57 million to increase bodily injury insurance benefit. In addition the 1998 insurance liabilities further increased by € 67 million due to a change in assumption on mortality tables and a French Decree dated December 29, 1998 resulting in the establishment of a management reserve, which was not required in 1999. In 1997, insurance benefits were adversely affected by reserve strengthening on a savings contract, "Triplé" due to inadequate invest-

ment returns. In 1998, a new investment strategy has mitigated certain risks related to such contracts leading to a profit of € 26 million. Individual retirement products experienced an improvement in lapse rates leading to a reduction in insurance benefits of € 39 million as compared to an increase in insurance benefits of € 46 million in 1997. Such positive reserve development in 1998 was offset by increases in reserves on products with lower fee assessments.

Reinsurance ceded results improved considerably since 1997, when UAP Vie incurred losses of € 103 million on the cancellation of a reinsurance contract.

The ratio of general costs (acquisition costs, administrative expenses and claims handling expenses which are included as part of insurance benefits) to insurance reserves was 2.12% in 1998 compared to 2.31% in 1997. The ratio of general costs to gross premiums increased to 15.1% versus 14.7% in 1997. The development of new cost accounting systems and the reallocation of administrative costs between life and property casualty insurance operations makes the comparison difficult between the two periods. Other general costs increased by 1.0%. Excluding costs related to the merging of operations, a 0.2% tax on life insurance premiums recorded in general costs for the first time in 1998, and despite the costs related to harmonizing benefits for AXA and UAP personnel, general costs excluding commissions decreased 5%.

Acquisition costs increased by € 23 million and deferred acquisition costs decreased by € 22 million, primarily resulting from the decline in gross premiums on single premium products. Commissions declined by 4% in line with the drop in gross premiums. The increase in other acquisition costs of € 11 million is primarily due to the reclassification of certain overhead costs.

Amortization of VBI increased by € 7 million due to the particularly high level of realized gains in 1998. The VBI balance, net of accumulated amortization, at December 31, 1998 totaled € 419 million.

Income tax expense is increasing less rapidly than income before tax. The 1997 income tax expense reflected the increase in statutory tax rates, which increased the net deferred tax liability by € 10 million.

Net income (group share) increased sharply over 1997, climbing € 121 million to € 265 million. The 1997 result was affected adversely by the negative results for reinsurance ceded. However, the 1998 result reflected higher net investment results offset by additional reserves recorded due primarily to changes in mortality assumptions following changes in French regulations.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ The following table summarizes the net investment results of the French Life Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the French Life Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the French Life Insurance Group discussed above.

French Life Insurance Group Net Investment Result by General Account Asset Category

(in euro millions except percentages)	1999 Yield (a)	1999 Amount	1998 Yield (a)	1998 Amount	1997 Yield (a)	1997 Amount
	Year Ended December 31,					
Fixed Maturities:						
Net investment income	6.05%	2,306	5.59%	2,039	5.70%	1,933
Net investment gains (losses)	(0.25%)	(95)	0.17%	63	0.16%	53
Net investment results	5.80%	2,211	5.76%	2,102	5.86%	1,986
Related Assets at year end		**39,261**		**36,973**		**36,001**
Real Estate:						
Net investment income	2.61%	146	1.61%	95	3.93%	184
Net investment gains (losses)	(0.26%)	(14)	(1.19%)	(71)	(0.21%)	(10)
Net investment results	2.35%	131	0.42%	25	3.72%	174
Related Assets at year end		**5,337**		**5,843**		**4,685**
Equity Investments:						
Net investment income	2.80%	317	3.86%	373	3.42%	295
Net investment gains (losses)	7.23%	819	11.85%	1,145	7.64%	658
Net investment results	10.03%	1,136	15.71%	1,519	11.06%	952
Related Assets at year end		**11,922**		**10,728**		**8,465**
Policy loans:						
Net investment income	7.50%	46	6.16%	35	6.48%	33
Related Assets at year end		**637**		**594**		**530**
Cash & Short Term:						
Net investment income	5.49%	173	2.12%	61	3.52%	49
Related Assets at year end		**3,407**		**2,889**		**2,082**
Total:						
Net investment income	5.06%	2,997	4.73%	2,642	5.09%	2,510
Net investment gains (losses)	1.20%	708	2.04%	1,138	1.42%	701
Net investment results	6.26%	3,705	6.77%	3,780	6.51%	3,211
Related Assets at year end		**60,884**		**57,511**		**51,969**

(a) Yields are calculated on the basis of the average beginning and end of period asset carrying value for each asset category.
(b) Including investment income for loans that are not detailed in table above.

UK LIFE INSURANCE GROUP

The following table presents information regarding the UK Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	1999	1998	1997
Gross premiums	7,205	5,140	4,651
Change in unearned premium reserve	17	–	–
Net investment results (a)	2,334	2,013	1,750
Total Revenues	**9,557**	**7,153**	**6,401**
Insurance benefits	(8,310)	(6,099)	(5,489)
Reinsurance ceded, net (b)	(30)	(30)	(5)
Acquisition expenses (c)	(431)	(339)	(193)
Amortization of value of business inforce	(42)	(25)	(43)
Other insurance company expenses	(313)	(233)	(248)
Total Benefits and Other Deductions	**(9,126)**	**(6,726)**	**(5,978)**
Income before income tax expense	430	427	423
Income tax expense	(116)	(128)	(168)
Equity in income of unconsolidated subsidiary	5	–	–
Minority interests in income of consolidated subsidiaries	(123)	(85)	(55)
Amortization of goodwill, net	(3)	(2)	(2)
NET INCOME	**194**	**211**	**198**
Exchange rates (d)	1.52	1.49	1.51

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999
COMPARED TO
YEAR ENDED DECEMBER 31, 1998

■ *Gross premiums of € 7,205 million include eight months of activity relating to GRE's health and long term care operations of € 664 million. For the year ended December 31, 1999 (including the four month period before AXA's acquisition of GRE), health and long term care operations had gross premiums of € 1,046 million, growth of 8.0% due to premium rate increases on individual and group health contracts, as well as the transfer of health activity from Guardian Insurance to PPP Healthcare, which increased PPP Healthcare's portfolio.*

Gross premiums written by AXA Sun Life increased 24.7% as compared to 1998. The increase relates primarily to single premium investment contracts, which increased by 36.5% and represent 73% of the business written. The increase is attributable to the strong performance in the equity markets in 1999. Overall, savings-type contracts, of which 61% represents single premium investment contracts, increased 59%. The new business level was further supported by promotional campaigns on With-Profit contracts at the start of the year, and on separate account (unit-linked) contracts.Single premium retirement products increased by 10.8% primarily due to the launch of a new product directed at corporate management. Gross premiums on periodic premium paying contracts have grown slightly at 1.4% primarily due to the insurance market waiting for the launch of the new retirement product in the United Kingdom called the "Stakeholder pension". Further detail on this product is provided in "Item 1:Description of Business – UK Life Insurance Group".

AXA Sun Life's market share, calculated on the basis of the new business indicator used by the UK market (periodic premiums plus one-tenth of single premiums) was 6.2% in 1999 as compared to 5.5% in 1998.

The net investment result of € 2,334 million includes the net investment results of the GRE companies of € 53 million. On a constant structural basis, the growth in the net investment result of € 268 million (or up 11.1% at a constant exchange rate) relates to higher level of net investment income compared to 1998 (up 9%) and realized gains on the sale of investments (up 14%). The increase in net investment income comes notably from the equity portfolio (up 14%), partially offset by the decline in income earned on real estate (down 29%) due to divestments.

Net realized gains of € 1,003 million represent an increase of € 144 million principally due to realized gains on fixed maturity securities (up 116% and totaled € 529 million in 1999. In order to optimize the duration period between the assets and the related insurance liabilities, AXA Sun Life reallocated a portion of its fixed maturity portfolio (with a 30-year duration period). Based on the UK methodology for profit allocation to participating policyholders, nearly all of these profits are attributed to the policyholders and, therefore increase insurance benefits.

Of the total insurance benefits of € 8,310 million, € 560 million related to the GRE subsidiaries and € 7,750 million related to AXA Sun Life. Compared to the increase in AXA Sun Life's total revenues, its insurance benefits were slightly higher. AXA Sun Life's insurance benefits increased 24.5% compared to 20.9% in 1998. In 1999, AXA Sun Life reviewed the basis for measuring and deferring acquisition costs which resulted in an increase in technical charges of € 45 million. In addition, AXA Sun Life strengthened its reserve for "Pension Misselling" by € 107 million in 1999 compared to € 58 million in 1998. In addition, AXA Sun Life has strengthened reserves specific to certain annuity contracts, as a result of the decline in yields expected on the assets supported by these products (€ 15 million).

Acquisition costs amount to € 645 million of which € 47 million relates to GRE subsidiaries. The increase in acquisition costs for AXA Sun Life in 1999 compared to 1998(up 28.4%) is in line with the growth of annualized new business (up 25%). Acquisition costs, net of deferred acquisition costs, increased by 11.5 % primarily due to an exceptional amortization effected in 1998. This 1998 charge recorded following a review of the development of future profits on certain products. Administrative expenses of € 313 million include € 68 million relating to the GRE subsidiaries. This result represents an increase of 3.2% on a constant structural basis. Excluding restructuring costs of € 10 million borne in 1998 and the capitalization of software costs, which commenced in 1999 with the adoption of a new accounting principle, this represents an increase of 11.3%. The increase in administrative expenses is lower than the increase in premiums (up 24.7%) due to cost benefits arising from restructuring of operations which commenced in 1997 and was completed in 1998.

The ratio of general costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums was 12.9% in 1999 compared to 13.4% in 1998. The ratio of general costs to insurance reserves was 1.32% in 1999 compared to 1.31% in 1998.

On a constant structural basis, the income tax expense decreased by € 24 million primarily due to the decrease in the corporate tax rate from 31 % to 30%, effective in April 1999. AXA Sun Life's contribution to AXA's consolidated net income (group share) totaled €194 million, of which € 26 million relate to GRE subsidiaries. This contribution by AXA Sun Life represents a decrease of € 44 million notably due to the effects of the dilution of AXA's interest in SLPH following the acquisition of GRE (€ 25 million), as SLPH issued additional capital stock in connection with the acquisition thereby diluting AXA's interest in SLPH. On a constant exchange rate and structural basis, the AXA Sun Life contribution represented a € 23 million decrease compared to 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

- *Gross premiums increased by 12.4% on a constant exchange rate basis. This increase relates primarily to individual single premium investment products, which increased 29.4% in a favorable investment climate. These products represented 34.2% of gross premiums in 1998 as compared to 29.6% in 1997. In individual retirement insurance, gross premiums rose by 4.4%, with a 6.6% decline in new business on a constant exchange rate basis due to increased competition. In response to this decline, which reached 13.6% in individual life insurance, AXA Sun Life launched new, more competitive products in June 1998, that began to have a positive impact on new business in the fourth quarter. In addition, new business written in respect of group retirement products increased by 9.6% on a constant exchange rate basis.*

The net investment result increased by 16.7% on a constant exchange rate basis. The increase was due to the particularly high level of realized gains on the sale of equity securities in 1998 (€ 596 million compared to € 280 million in 1997), as AXA Sun Life restructured its equity security portfolio in order to better diversify its holdings. The change in net investment results compared to 1997 also reflected € 23 million in realized gains on real estate sales in 1998 compared to € 118 million in 1997.

On a constant exchange rate basis, insurance benefits and claims increased by 12.7% principally due to the 13.4% increase in total revenues. It should be *noted that nearly all of the investment results on investments allocated to insurance contracts are reflected in insurance reserves.*

In 1998, new accounting principles were adopted for the calculation of insurance reserves for certain unit-linked products. The application of the previous calculation methods for such contracts, which amortized certain profits over the life of the contracts, did not reflect the economic results of such contracts as such calculation methods reflected losses when financial markets increased and gains when financial markets declined. The new method of accounting better reflects the economics of these contracts. The reduction in the insurance benefits of € 100 million was partially offset by additional DAC amortization of € 51 million due to this change. The increase in net income for this change was € 27 million. If such principles had been applied in 1997, net income would have increased by € 11 million.

Excluding the effects of the change in accounting principle discussed above, acquisition costs net of the change in DAC increased by 51.7% on a constant exchange rate basis. Excluding the change in DAC, the increase was 1.3% primarily due to an increase in new business gross premiums (3.6% on a constant exchange rate basis). DAC increased 15.3% on a constant exchange rate basis primarily due to the growth in AXA Sun Life's DAC balance which was eliminated in the UAP purchase accounting. The growth in the DAC balance also led to an increase of 268% in DAC amortization.

On a constant exchange rate basis, other insurance company expenses, € 233 million, decreased by 4.9% compared to 1997. It should be noted the 1997 total included restructuring provisions related to the merger between Sun Life and AXA Equity and Law (€ 45 million). An additional € 10 million provision was recorded in 1998. Despite the effect of synergies resulting from the restructuring, administrative expenses increased 11.6% on a constant exchange rate basis. Such increase was principally due to the impact of certain non-recurring costs, such as year 2000 costs and publicity costs for the AXA trademark. The ratio of general costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums decreased from 15.3% in 1997 to 13.4% in 1998, while the ratio of general costs to insurance reserves declined from 1.48% in 1997 to 1.31% in 1998.

The 1998 amortization of VBI, recorded in connection with the acquisition of Sun Life, was € 25 million compared to € 43 million in 1997. This decrease is in line with previous estimates of future profit and also reflects a change in lapse assumptions made in 1998 on certain unit-linked contracts, which resulted in a decrease in amortization of approximately € 8 million.

The 1998 income tax expense totaled € 129 million. In the UK, life insurance companies are principally taxed based on investment income less certain deductible expenses. Accordingly, income tax expense does not vary directly with income before income tax expense.

Net income for the UK Life Insurance Group was € 211 million compared to € 198 million in 1997. The negative impact of the Pound Sterling French franc exchange rate was approximately € 3 million. The 1997 total reflected both the group share gain of € 18 million realized on the sale of AXA Equity & Law International (Isle of Man) and the € 11 million impact of the change in tax rates. Excluding these non-recurring events, net income increased € 45 million due to an increase in gains realized by AXA Equity & Law in connection with the restructuring of its equity security portfolio (€ 28 million, group share) and the adoption of new actuarial reserve accounting principles for unit-linked contracts (€ 27 million, group share).

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

The following table summarizes the net investment results of the UK Life Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the UK Life Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the UK Life Insurance Group discussed above.

UK Life Insurance Group Net Investment Result by General Account Asset Category

	Year Ended December 31,					
	1999		1998		1997	
(in euro millions except percentages)	Yield (a) (b)	Amount (a)	Yield (a) (c)	Amount (a)	Yield (a) (d)	Amount (a)
Fixed Maturities:						
Net investment income	6.66%	681	6.93%	632	8.05%	611
Net investment gains (losses)	5.18%	529	2.64%	240	1.26%	95
Net unrealized investment gains (losses) (e)	(1.96%)	(200)	4.79%	437	2.02%	153
Related Assets at year end		**10,832**		**9,622**		**8,609**
Real Estate:						
Net investment income	5.10%	111	7.19%	154	7.83%	158
Net investment gains (losses)	6.32%	138	1.09%	23	5.86%	118
Net unrealized investment gains (losses) (e)	93.68%	2,044	(0.11%)	(2)	0.81%	16
Related Assets at year end		**2,300**		**2,063**		**2,229**
Equity Investments:						
Net investment income	2.85%	512	3.00%	439	4.08%	508
Net investment gains (losses)	1.87%	336	4.08%	596	2.25%	280
Net unrealized investment gains (losses) (e)	20.78%	3,733	2.57%	375	13.53%	1,684
Related Assets at year end		**21,227**		**14,697**		**14,519**
Cash & Short Term:						
Net investment income	8.00%	46	5.65%	31	1.26%	1
Related Assets at year end		**120**		**1,020**		**70**
Total:						
Net investment income	4.15%	1,314	4.73%	1,262	5.83%	1,286
Net investment gains (losses)	3.17%	1,003	3.22%	859	2.22%	494
Net unrealized investment gains (losses) (e)	11.83%	3,741	3.03%	810	8.36%	1,853
Related Assets at year end		**35,395**		**27,873**		**25,520**

(a) Yields are calculated on a constant structural basis (i.e. excluding GRE investment result for 1999) and on the basis of average beginning and end of period asset carrying value for each asset category. Amounts relating to the fair value of assets allocated to with-profits contracts are included in each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.

(b) On a constant exchange rate basis, the yields for 1999 would have been 9.03% for fixed maturities, 17.5% for real estate, 27.98% for equity investments, 7.57% for cash and short term investments and 20.46% for all general account investments.

(c) On a constant exchange rate basis, the yields for 1998 would have been 14.5% for fixed maturities, 9.48% for real estate, 11.45% for equity investments, 5.42% for cash and short term investments and 12.14% for all general account investments.

(d) On a constant exchange rate basis, the yields for 1997 would have been 10.79% for fixed maturities, 13.78% for real estate, 18.97% for equity investments, 1.22% for cash and short term investments and 15.63% for all general account investments.

(e) Includes net unrealized investment gains (losses) on assets allocated to UK with-profits contracts.

ASIA/PACIFIC
LIFE INSURANCE GROUP

The following table presents information regarding the Asia/Pacific Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Gross premiums	2,859	2,975	3,332
Change in unearned premium reserve	(10)	–	–
Net investment results (a)	681	209	1,064
Total Revenues	**3,529**	**3,184**	**4,396**
Insurance benefits	(2,730)	(2,695)	(3,429)
Reinsurance ceded, net (b)	(11)	(14)	(21)
Acquisition expenses (c)	(170)	(144)	(131)
Amortization of value of business inforce	(89)	(77)	(67)
Other insurance company expenses	(326)	(321)	(312)
Total Benefits and Other Deductions	**(3,325)**	**(3,251)**	**(3,960)**
Income before income tax expense	204	(67)	436
Income tax expense	(98)	(18)	(267)
Equity in income of unconsolidated subsidiaries	22	8	27
Minority interests in income loss of consolidated subsidiaries	(82)	34	(139)
Amortization of Goodwill, net	(8)	(23)	(14)
NET INCOME (d)	**38**	**(66)**	**42**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operation whereas in 1997 the year-end exchange rate was used.

Gross Premiums (in euro millions)	Year Ended December 31, 1999	1998	1997
Australia / New Zealand	1,810	2,056	2,590
Hong Kong	742	715	586
South Korea	114	93	74
Singapore	59	44	43
Japan	133	66	38
China	1	–	–
TOTAL	**2,859**	**2,975**	**3,332**

Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in euro millions)	1999	1998	1997	1999	1998	1997
Australia / New Zealand	77	64	79	37	25	33
Hong Kong	64	(112)	129	19	(39)	36
South Korea	9	(21)	(8)	9	(21)	(8)
Singapore	3	(2)	7	3	(2)	7
Japan	(28)	(29)	(26)	(28)	(29)	(26)
China	(5)	–	–	(2)	–	–
TOTAL	**120**	**(100)**	**181**	**38**	**(66)**	**42**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

On a constant exchange rate basis, gross premiums decreased by 4.4%, primarily in Australia and New Zealand. Net investment results increased significantly (up 219%) due to favorable trends in 1999 in the financial markets after the financial crisis that occurred in 1998 in this region of the world. Net income also reflected this turnaround.

Net income from the Asia/Pacific region increased by € 105 million compared to 1998 on a constant exchange rate basis, due to strong growth in investment results, partially offset by an increase in tax expense.

Australia and New Zealand

Gross premiums decreased by 11.2% attributable to the transfer of activity on the short-term savings products to an external third party and due to policy terminations and a fall in policy renewals of 51.6% associated with a change in tax regulations on certain types of retirement contracts. Excluding these two factors, gross premiums increased by 2.9% primarily due to (i) the development of disability products (up 6.1%) and health products (up 7.5%) benefiting from tax incentives effective since January 1999, and (ii) partially offset by the stability of the retirement products (up 0.3%), which represented 40% of the business.

The rate of general costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums was 20.6% in 1999 compared to 18.5% in 1998. After excluding the two factors impacting the decrease in gross premiums, noted above, the ratio of general costs to gross premiums was 24.7% in 1999 compared to 25.6% in 1998.

Net investment results increased by € 246 million attributable to the favorable results arising from the financial markets in 1999 compared to 1998, which was affected adversely by the Asian financial market crisis. However, this improvement was partially offset by deterioration in claims on earlier periods relating to disability products. National Mutual Life uses a fiscal year ended September 30. As a result, National Mutual Life's 1999 results of operations presented above do not yet reflect the impact of the acquisition of the minority interest in AXA China Region which occurred in November 1999.

Hong Kong

On a constant exchange rate basis, gross premiums in AXA China Region increased 3.9 % primarily due to savings and individual health products, which increased by 5.6% and accounted for 75 % of the Hong Kong business. This increase is primarily the result of growth in the portfolio despite a lower volume of new business (down 13.9%) due to the economic crisis. Group retirement products, which accounted for 20% of the overall business, increased 1.8%. This growth is primarily due to the completion of a large corporate contract and the conversion of separate account (unit-linked) contracts into retirement insurance contracts. As the new regulations on pension funds are not yet in effect, individual retirement contracts are down by 10.6% compared to 1998. The ratio of general costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums was 20.9% in 1999 compared to 23.1% in 1998. This improvement arises from, notably, a decrease in acquisition costs.

AXA China Region's contribution to AXA's consolidated net income, group share, increased by € 58 million compared to 1998 principally due to the increase in net investment result in 1999 representing € 64 million, (group share). In 1998, taking into consideration the collapse of the financial markets, AXA China Region had proceeded to restructure its Asian real estate portfolio which had significant losses of

€ 162 million, or € 54 million, group share. In addition, operating results for the period include an increase in amortization of value of purchased business inforce of € 23 million due principally to the increase in net investment results in 1999.

South Korea

The operating results of Dongbu AXA Life are consolidated, on a proportional basis, into AXA's operating results as AXA has a 50% interest. On a constant exchange basis, gross premiums written by Dongbu AXA Life totaled € 114 million and remained stable given the reduction in agents in connection with the economic recession. In the context of the Korean markets, 1999 was more favorable than in 1998. AXA's share of Dongbu AXA Life's net income increased by € 30 million, due to significant realized gains associated with the turnaround in the Asian financial markets of € 7 million.

Singapore

Following the sale in 1999 of AXA Life Singapore to AXA Australia, the close of the 1999 financial period was pushed back to September 30, 1999. Therefore, only nine months of activity is included in the AXA consolidated operating results.

During the nine-month period, AXA Life Singapore had gross premiums of € 59 million, an increase of 28.0% compared to the twelve-month period in 1998 (up 93.4% using comparable data). The growth in new business (up 100.6%) is attributable to endowment insurance products (up 173.5%) and the benefits arising from a promotion campaign on single premium contracts distributed through the bank distribution channel.

AXA's share of AXA Life Singapore's net income increased € 5 million primarily due to the realization of profits of € 1 million in 1999 compared to losses of € 4 million in 1998 due to the Asian financial markets crisis in 1998.

Japan

Gross premiums increased by 65.9% principally due to regular premium paying policies. These policies represent 90% of the total business and increased 63.4% (on a constant exchange rate basis). In particular, the level of new business was 43% higher in 1999 compared to 1998 and relates to the life insurance products.

At a constant rate of exchange, net income increased by € 6 million attributable to favorable underwriting results. However, this was partially offset by large acquisition and administrative expenses incurred given that this entity is in the development stage of operations.

China

AXA Minmetals is a joint venture controlled by AXA China (51% interest). Its Chinese partner Minmetals holds the 49% interest. AXA Minmetals started operations in June 1999. In the first seven months of operation, 5,760 policies were sold, primarily employee benefits/personal protection contracts. The formation of the distribution network is under way with the recruitment of nearly 700 agents. AXA's share of the net loss in AXA Minmetals totaled € 2 million and relates primarily to the acquisition and administrative expenses incurred given that this entity is in the development stage of operations.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Total revenues decreased 23.4% on a constant exchange rate basis due to a 6.0% decrease in gross premiums and a 77.9% decrease in net investment results. The major restructuring of the equity securities portfolios of Asian subsidiaries resulted in significant realized losses due to the Asian financial market crisis in 1998. Income before income tax expense, a loss of € 67 million, declined by € 503 million as a result of the decline in 1998 total revenues.

On a constant exchange rate basis, income tax expense decreased 92.9% as a result of the decline in National Mutual Life's net investment results. In Australia and New Zealand, non-traditional insurance products are primarily taxed on investment results less certain deductible expenses. The significant decline in net income for the Asia/Pacific Life Insurance Group compared to 1997 is primarily due to the negative impact of the Asian financial market crisis, estimated at € 88 million (realized losses, unrealized losses on trading securities, and asset impairments). The financial crisis also prevented the group from realizing gains it would have otherwise realized. In addition, net income was affected by a National Mutual Life's provision for restructuring its operations in Australia and New Zealand (€ 5 million, group share).

Australia and New Zealand

Gross premiums declined 12.1% on a constant exchange rate basis after exclusion of € 106 million in additional gross premiums received in March 1997 from policyholders that opted to purchase insurance coverage with proceeds obtained in connection with the demutualization. Such decline was primarily as a result of a 66% decrease in short-term savings products' gross premiums due to their volatility and the transfer of part of this portfolio to a third party asset manager. Such products represent 8.2% of 1998's gross premiums. Partially offsetting this decline was a 22.3% increase in internal replacements (internal transfers among products). Excluding these three non-recurring events, gross premiums declined 0.2% on a constant exchange rate basis. There was also 7.3% growth in disability products, in line with market trends. Gross premiums attributable to the group retirement products increased 7.5% as a result of a 1% increase in mandatory employer contributions to pensions due to new regulation. These increases were offset by the decline in traditional life insurance and savings products.

Net income for 1998 decreased by € 8 million primarily as a result of the financial market crisis between September 30, 1997 and 1998. National Mutual Life uses a fiscal year ended September 30. As a result, National Mutual Life's 1998 results of operations presented above do not yet reflect the positive impacts of the recovery of financial market in the fourth quarter of 1998. Net investment results declined by 68.6% on a constant exchange rate basis, much of which is reflected in insurance benefits as most of the Australian products pass the investment risk and reward on to the policyholders. These events were partially offset by improved margins on term life and disability insurance products, an improvement in health insurance results due to an increase in premiums rates and an improvement in the administrative cost margin. The ratio of general costs (excluding the restructuring provision) to gross premiums increased from 15.3% in 1997 to 18.5% in 1998 principally due to a decrease in gross premiums for short term savings products which have lower general costs relative to their gross premiums. Excluding the impacts of the three non-recurring events on gross premiums discussed above, the ratio of general costs to gross premiums increased from 23% in 1997 to 23.4% in 1998. In addition, net income was reduced by € 5 million as a result of recording a restructuring provision.

Hong Kong

NM Asia, renamed AXA China Region in January 1999, increased gross premiums by 13.9% on a constant exchange rate basis compared to 1997 principally due to growth in individual savings and health products' gross premiums (14.2%) and group retirement products (22.8%). Despite the financial crisis, new business gross premiums for individual insurance products increased 3.6% due to the introduction of a new insurance product designed exclusively for women. This product accounted for 22.0% of new business gross premiums in 1998. However, gross premiums on new *business written decreased slightly principally due to a decline in group retirement products' new business. Such decline was as a result of the anticipation of the establishment of new government-mandated pension funds.*

Net income was down sharply due to the Asian financial markets crisis. In 1997, AXA China Region recorded significant realized gains in its equity securities portfolio of € 60 million (€ 20 million, group share). In 1998, in light of the downward trend in the financial markets that began in October 1997, AXA China Region sold most of its equity securities in connection with the restructuring of its investment portfolio, recording significant realized losses on Asian securities (€ 200 million, € 66 million, group share). Considering gains realized on other securities, the realized losses, net of gains, totaled € 162 million (€ 54 million, group share). In addition, due to a downward revision in investment yield assumptions, amortization of VBI increased by € 22 million (€ 7 million, group share). Finally, AXA China Region continued to reduce general costs, which represented 23.1% of gross premiums in 1998, compared 24.9% in 1997.

South Korea

The operating results of Dongbu AXA Life are consolidated, on a proportional basis, into AXA's operating results as AXA has a 50% interest. On a constant exchange basis, Dongbu AXA Life had contributed gross premiums of € 93 million. Despite the major economic slowdown in 1998 and the reduction of its agency force, gross premiums remained stable on a constant exchange rate basis.

Dongbu AXA Life recorded a net loss of € 21 million, compared with a net loss of € 8 million in 1997. In 1998, the operating results were adversely affected by (i) the crisis in the Asian financial markets and a realized losses in the amount of € 2 million, (ii) an exceptional amortization of the goodwill relating to Dongbu AXA Life of €14 million, as well as (iii) total amortization of the remaining balance of value of purchased inforce business of € 9 million.

Singapore

Gross premiums increased by 3.1% on a constant exchange rate basis to € 44 million primarily due to increases in whole-life insurance and group insurance gross premiums of 27.5% and 58.3%, respectively. Conversely, unit-linked savings products declined by 37.4%.

AXA Life recorded a loss of € 2 million, versus net income of € 8 million in 1997. The 1997 net income reflected the positive impact of actuarial assumption changes on insurance benefits and DAC amortization. The 1998 result includes realized losses in connection with the restructuring of AXA Life Singapore's equity securities portfolio to reduce its financial market exposure.

Japan

In 1998, gross premiums for AXA Life Japan totaled € 67 million, versus € 38 million in 1997. New business gross premiums increased by 38.3% on a constant exchange rate basis compared to 1997. The net losses are attributable to the high level of general costs for an insurance company that is still in the development phase.

GERMAN LIFE INSURANCE GROUP

The following table presents information regarding the German Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Gross premiums	2,757	2,408	2,517
Net investment results (a)	1,122	1,017	878
Total Revenues	**3,879**	**3,425**	**3,395**
Insurance benefits	(3,620)	(3,164)	(3,063)
Reinsurance ceded, net (b)	28	17	12
Acquisition expenses (c)	(148)	(148)	(189)
Amortization of value of business inforce	(8)	(9)	(9)
Other insurance company expenses	(104)	(89)	(111)
Total Benefits and Other Deductions	**(3,851)**	**(3,393)**	**(3,361)**
Income before income tax expense	28	32	34
Income tax expense	(4)	(20)	(25)
Minority interests in income of consolidated subsidiaries	(5)	(4)	(4)
Amortization of Goodwill, net	(5)	–	–
NET INCOME (d)	**13**	**8**	**5**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve, which is established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Gross premiums, on a constant structural basis (excluding Albingia, which was acquired in connection with the GRE acquisition), increased 7.6%. Total gross premiums of € 2,757 million included € 2,098 million for life insurance, € 494 million for health insurance, and € 165 million of gross premiums from Albingia for the eight-month period following the acquisition of GRE).

The increase in gross premiums related to growth in new business, particularly in the second half of 1999 in response to a German government announcement on tax reforms that would have reduced the tax advantages on certain insurance policies underwritten after January 1, 2000. These plans were withdrawn by the government in December 1999. Gross health insurance premiums increased by 10.1% as a result of an increase in premium rates that took effect on January 1, 1999.

The net investment result increased € 20 million primarily resulting from the restructuring of mutual funds ("special funds"), which generated significant interest income. This increase was partially offset by low interest rates in 1999.

On a constant structural basis, the increase in insurance benefits and claims technical charges of 6.6% was higher than the growth in operating revenue of 6.0%. The increase in insurance reserves related to an increase in the profit sharing rate associated with participating insurance policies (95.6% in 1999 compared to 95.2% in 1998), which remains at a high level because of the competitive market conditions.

General costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) totaled € 452 million, representing an increase of € 27 million compared to 1998. This increase is attributable to increased acquisition expenses net of DAC (4.6% on a constant structural basis), which is in line with the level of new business. The ratio of general costs to gross premiums decreased slightly to 17.4% in 1999 compared to 17.6% in 1998. The ratio of general costs to insurance reserves decreased slightly to 2.22% in 1999 compared to 2.26% in 1998. In addition, the ratio of general costs to gross premiums for Albingia was 20.7% in 1999.

Amortization on VBI was € 8 million in 1999. VBI net of accumulated amortization was € 188 million at December 31, 1999.

The 1999 income tax expense decreased € 16 million compared to 1998. This decrease is primarily due to (i) the decrease in the tax rate applied to deferred taxes, (ii) the realized gains on the sale of PanEuroLife (which are not subject to tax), and (iii) increased dividends, which are subject to a lower tax rate in Germany than unallocated income.

On a constant structural basis, given the German rules of distribution to policyholders and the strong competition in the life insurance market, the policyholder distribution rate was over 95%. AXA's share of AXA Colonia's net income was € 13 million (€ 6 million from the life operations and € 7 million from the health insurance operations) and Albingia broke even, with no contribution to net income.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

In 1997, gross premiums for the German Life Insurance Group included € 198 million for AXA Leben, which was sold in the first half of 1998.

AXA Colonia's 1998 gross premiums on a constant exchange rate and structural basis are as follows: life *insurance gross premiums (€ 1,959 million) increased by 2.5% while health insurance gross premiums (€ 449 million) grew by 8.7%. Due to the restructuring of its operations and distribution channels, AXA Colonia's life insurance gross premium growth was less than the German market and new business gross premiums declined. Health insurance operations, launched by AXA Colonia in 1996, outpaced the market due to Colonia Kranken's recent development of products, which provide limited guarantees.*

On a constant exchange rate and structural basis, net investment results in 1998 totaled € 1,017 million, an increase of € 165 million compared to 1997. Net investment results were comprised of investment income of € 964 million and realized gains of € 54 million. The strong increase in investment income was the result of gains realized to take advantage of the positive financial market climate. The relatively small amount of realized gains is due to the fact a large portion of the investment portfolios is actively managed within mutual funds ("special funds") and distributions are in the form of dividends, therefore the gains realized by these funds are included in net investment income. In 1997, provisions of € 29 million, before policyholder interests, were recorded on Asian investments impaired as a result of the Asian financial crisis; in 1998, these provisions were strengthened by € 3 million.

On a constant exchange rate and structural basis, insurance benefits and claims increased 9.6%. In life insurance, the 8.4% constant exchange rate basis increase in insurance benefits is in line with the rise in total revenues. In health insurance, despite the fact that paid claims rose in line with gross premiums, insurance benefits (€ 430 million) increased by 17.9% on a constant exchange rate basis due to the decrease in policy cancellations.

Acquisition expenses excluding the change in DAC decreased by 5.7% on a constant structural basis. The decline in new business gross premiums resulted in lower acquisition costs, which fell to 13.0% of gross premiums from 13.7% in 1997.

Administrative expenses declined by 8.2% on a constant structural basis due to a reduction in the workforce. On a constant structural basis, the 1998 ratio of general costs (acquisition costs, administrative expenses and claims handling expenses, which are included as part of insurance reserves) to gross premiums was 17.6% compared to 18.8% in 1997. The ratio of general costs to insurance reserves was 2.26% compared to 2.39% in 1997. After the amortization of VBI of € 9 million, the net VBI balance at December 31, 1998 was € 196 million.

Net income increased by € 3 million on a constant structural basis due to the increase in net investment results despite the increase in the participation by policyholders in statutory profits, from 95.0% in 1997 to 95.2% in 1998.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ The following table summarizes the net investment results of the German Life Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the German Life Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the German Life Insurance Group discussed above.

German Life Insurance Group Net Investment Result by General Account Asset Category

(in euro millions except percentages)	1999 Yield (a)	1999 Amount (a)	1998 Yield (a) (b)	1998 Amount (a)	1997 Yield (a) (c)	1997 Amount (a)
	Year Ended December 31,					
Fixed Maturities:						
Net investment income	5.65%	549	5.51%	471	5.55%	456
Net investment gains (losses)	0.15%	10	0.08%	7	--	–
Net investment results	5.80%	559	5.59%	477	5.55%	456
Related Assets at year end		**10,493**		**8,665**		**8,415**
Real Estate:						
Net investment income	2.98%	44	4.80%	50	4.75%	50
Net investment gains (losses)	0.39%	4	0.04%	--	(0.04%)	–
Net investment results	3.37%	48	4.84%	50	4.71%	50
Related Assets at year end		**1,086**		**1,038**		**1,055**
Mortgage Loans on Real Estate:						
Net investment income	6.00%	117	5.65%	100	5.73%	98
Related Assets at year end		**2,032**		**1,785**		**1,743**
Equity Investments:						
Net investment income	4.40%	306	6.56%	341	6.03%	258
Net investment gains (losses)	1.73%	105	0.68%	36	(0.34%)	(15)
Net investment results	6.13%	411	7.24%	376	5.69%	244
Related Assets at year end		**7,690**		**5,668**		**4,716**
Policy Loans:						
Net investment income	7.28%	16	7.30%	17	7.60%	19
Related Assets at year end		**223**		**213**		**253**
Cash & Short Term:						
Net investment income	2.42%	3	2.60%	3	1.74%	3
Related Assets at year end		**210**		**80**		**147**
Total:						
Net investment income	5.03%	1,089	5.67%	1,015	5.50%	930
Net investment gains (losses)	0.67%	120	0.24%	42	(0.09%)	(16)
Net investment results	5.70%	1,209	5.91%	1,057	5.41%	914
Related Assets at year end		**22,902**		**18,451**		**17,355**

(a) Yields are calculated on the basis of average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.
(b) On a constant exchange rate basis, the yields for 1998 would have been 5.70% for fixed maturities, 4.84% for real estate, 7.32% for equity investments, 5.65% for mortgage loans, 7.37% for policy loans, 2.95% for cash and short term investments and 5.97% for all general account investments.
(c) On a constant exchange rate basis, the yields for 1997 would have been 5.56% for fixed maturities, 4.71% for real estate, 5.70% for mortgage loans on real estate, 5.70% for equity investments, 7.70% for policy loans, 1.76% for cash and short term investments and 5.54% for all general account investments.

BELGIAN
LIFE INSURANCE GROUP

The following table presents information regarding the Belgian Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Gross premiums	912	921	848
Net investment results (a)	580	906	542
Total Revenues	**1,491**	**1,827**	**1,390**
Insurance benefits	(1,132)	(1,136)	(1,061)
Reinsurance ceded, net (b)	1	1	(11)
Acquisition expenses (c)	(98)	(85)	(74)
Amortization of value of business inforce	(14)	(67)	(3)
Other insurance company expenses	(29)	(92)	(45)
Total Benefits and Other Deductions	**(1,271)**	**(1,379)**	**(1,194)**
Income before income tax expense	220	449	196
Income tax expense	(28)	(7)	(8)
Minority interests in income of consolidated subsidiaries	–	(206)	(94)
Amortization of Goodwill, net	(6)	(2)	–
NET INCOME (d)	**186**	**234**	**94**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve established for fees charged to policyholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year- end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

On a constant structural basis, gross premiums remained level compared to 1998. Individual life insurance business, which represents 66% of gross premiums, increased specifically relating to savings-related products. This increase is principally attributable to the bank distribution network (in particular, ANHYP), mitigated by the loss of new business due to the drop in the minimum rate guaranteed to policyholders, which came into effect the beginning of the year.

1999 was marked by growth in individual separate account (unit-linked) products, which currently represents over 14% of all policies, compared to 5% in 1998. In group life insurance (representing 34% of the business), the increase in the level of new group policies written (with terms that allow individual policyholder exit conditions) was offset by a sharp decrease in separate account (unit-linked) products mainly due to the cancellation of a bank insurance agreement. Within the context of the corporate reorganization, the net investment income remained significant at € 580 million even though the net realized gains were € 314 million lower compared to 1998. 1998 was marked by high level of realized gains due to the sale of stock associated with purchase of the minority interests in Royale Belge.

Insurance benefits and claims remained stable compared to 1998 and in line with growth in gross operating revenue.The minimum guaranteed rate dropped from 4.75% to 3.25% as of January 1, 1999 due to a change in Belgian regulations. In addition, AXA Royale Belge reduced slightly the rate accruing to policyholders (guaranteed interest and profit sharing) within the context of the overall decline in interest rates. The policyholder profit sharing rate remained low in 1999 at 65%, as a result of the high level of net realized gains, as Belgian regulation does not require a minimum rate for policyholder participation in the profits of the company.

General costs (acquisition expenses, administrative expenses and claims handling costs, which are included as part of insurance reserves) decreased by € 56 million. After eliminating the reorganization provision of € 47 million, which was established in 1998, the ratio of general costs to gross premiums was 17.7% in 1999 compared to 18.5% in 1998. The ratio of general costs to insurance reserves was 1.96% in 1999 compared to 2.2% in 1998. The decrease in general costs corresponds to the reduced number of employees offset by expenses relating to the internal restructuring which was completed in 1999.

The income tax expense remained low, as in 1998, primarily because of the absence of tax on realized gains attributable to the disposal of equity securities in Belgium.

Due to the low level of realized gains in 1999, the amortization charge on VBI was € 14 million in 1999 compared to € 67 million in 1998, given that VBI is amortized in relation to the recognition of profits. The VBI net of accumulated amortization was € 95 million at December 31, 1999.

The 1998 operating result was affected by a high level of net realized gains on the sale of equity securities which was partially offset by provision for restructuring and an exceptional amortization on VBI, of € 142 million, group share. After eliminating these items, AXA Royale Belge's contribution increased in 1999 from 1998 because of AXA's greater percentage ownership interest in AXA Royale Belge (99.8% as of December 31, 1999, compared to 47.6% for the first seven months and 98.7% for the last five months of fiscal 1998).

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *On a constant exchange rate basis, 1998 gross premiums increased 7.2% compared to 1997. The increase is primarily due to sales growth in the fourth quarter in anticipation of a reduction of guaranteed interest rates announced for 1999. The growth is notably a result of the rapidly expanding market for separate account (unit-linked) products, which accounted for 4.8% of 1998 gross premiums compared to 1.2% in 1997. In addition, sales of group insurance products increased by 41.0%, due to the launch of a new series of flexible premium retirement products that also allow flexibility in their choice of guarantees. However, growth for the Belgian subsidiaries remains lower than the growth in the Belgian market mainly due to the strong development of banking distribution channels in Belgium. Beginning in 1999, the Belgian Life Insurance Group should benefit from the distribution network of Banque ANHYP, acquired at the end of 1998.*

Net investment results increased by € 364 million due to strong performance in the Belgian financial markets and the high level of gains realized in transactions associated with the acquisition of Royale Belge's minority interests. In 1997, Royale Belge benefited from the realization of € 86 million of non-taxable gains on the Banque Brussels Lambert (BBL) transaction. The 7.0% increase in insurance benefits and claims, on a constant exchange rate, is in line with the growth in gross premiums. The rate at which the policyholder participates in the life company's statutory profits decreased slightly as compared to 1997.

In 1998, general costs (acquisition expenses, administrative expenses and claims handling costs, which are included as part of insurance reserves) increased € 63 million compared to 1997. Excluding the impact of a restructuring provision of € 47 million, the ratio of general costs to gross premiums in 1998 was 18.5% (versus 18.2% in 1997), while the ratio of general costs to insurance reserves was 2.21% (versus 2.18% in 1997).

The increase in VBI amortization was primarily due to the increase in realized gains which accounted for € 61 million of the increase as VBI is amortized in relation to the recognition of profits. The balance of net VBI at December 31, 1998 was € 109 million.

The relatively insignificant amount of income tax expense relative to income before income tax expense is a result of the fact that realized gains on equity securities sales are not taxed. In addition, the non-deductibility of the restructuring provision resulted in a deferred tax asset of € 19 million.

Following the purchase of minority interests, AXA Royale Belge's net income in 1998 was calculated on the basis of AXA's economic interest of 98.7% over the last five months of the year versus 47.6% for the first seven months. In 1997, net income was marked by the realized gain on the Banque Bruxelles Lambert transaction (€ 41 million). Excluding these non-recurring events, the increase in the Belgium Life Insurance Group's 1998 net income reflects € 142 million of exceptional gains realized in connection with the Royale Belge minority interest acquisition, net of the impact on VBI amortization, and the establishment of a restructuring provision.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

The following table summarizes the net investment results of the Belgium Life Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the Belgium Life Insurance group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the Belgium Life Insurance Group discussed above.

Belgian Life Insurance Group Net Investment Result by General Account Asset Category

	Year Ended December 31,					
	1999		1998		1997	
(in euro millions except percentages)	Yield (a)	Amount (a)	Yield (a) (b)	Amount (a)	Yield (a) (c)	Amount (a)
Fixed Maturities:						
Net investment income	5.65%	266	5.86%	264	5.71%	232
Net investment gains (losses)	(0.27%)	(13)	0.38%	17	0.05%	2
Net investment results	5.38%	253	6.24%	281	5.76%	234
Related Assets at year end		**4,690**		**4,728**		**4,267**
Real Estate:						
Net investment income	5.51%	15	7.42%	18	6.21%	16
Net investment gains (losses)	0.11%	–	0.50%	1	(0.75%)	(2)
Net investment results	5.62%	15	7.92%	19	5.46%	14
Related Assets at year end		**310**		**238**		**247**
Mortgage Loans on Real Estate:						
Net investment income	6.30%	76	5.56%	71	6.60%	69
Related Assets at year end		**1,220**		**1,182**		**1,022**
Equity Investments:						
Net investment income	2.77%	42	3.54%	61	3.60%	68
Net investment gains (losses)	13.61%	207	28.49%	487	7.74%	145
Net investment results	16.38%	249	32.03%	548	11.34%	213
Related Assets at year end		**1,547**		**1,493**		**1,926**
Cash & Short Term:						
Net investment income	(3.11%)	(4)	14.53%	7	3.33%	4
Related Assets at year end		**184**		**42**		**43**
Total:						
Net investment income	5.05%	399	5.52%	425	5.24%	391
Net investment gains (losses)	2.11%	167	6.40%	493	2.08%	155
Net investment results	7.16%	566	11.92%	917	7.32%	547
Related Assets at year end		**8,025**		**7,790**		**7,601**

(a) Yields are calculated on the basis of average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.
(b) On a constant exchange rate basis, the yields for 1998 would have been 6.23% for fixed maturities, 7.90% for real estate, 32.0% for equity investments, 5.56% for mortgage loans, 14.52% for cash and short term investments and 11.89% for all general account investments.
(c) On a constant exchange rate basis, the yields for 1997 would have been 5.78% for fixed maturities, 5.48% for real estate, 5.91% for mortgage loans on real estate, 11.41% for equity investments, 3.36% for cash and short term investments and 7.00% for all general account investments.

OTHER LIFE INSURANCE GROUP

After eliminating the 1998 gross premiums of PanEuroLife (subsidiary sold in January 1999, which contributed approximately gross premiums of € 455 million in 1998, and AXA Oyak (Turkish subsidiary that was consolidated in 1999), gross premiums for the Other Life Insurance Group increased by 7.4%. On a constant structural basis, the increase in AXA's share of the Other Life Insurance Group's net income of € 27 million was attributable primarily to the Italian life operations.

The following table presents information regarding the Other Life Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Gross premiums	2,025	2,275	2,297
Change in unearned premium reserve	(2)	(2)	–
Net investment results (a)	807	761	747
Total Revenues	**2,829**	**3,033**	**3,044**
Insurance benefits	(2,411)	(2,582)	(2,692)
Reinsurance ceded, net (b)	5	(8)	5
Acquisition expenses (c)	(144)	(127)	(110)
Amortization of value of business inforce	(18)	(36)	(7)
Other insurance company expenses	(127)	(135)	(112)
Total Benefits and Other Deductions	**(2,695)**	**(2,888)**	**(2,917)**
Income before income tax expense	135	145	127
Income tax expense	(52)	(70)	(48)
Equity in income (loss) of unconsolidated subsidiaries	4	(2)	1
Minority interests in income of consolidated subsidiaries	(3)	(15)	(11)
Amortization of Goodwill, Net	(3)	(1)	–
NET INCOME (d)	**81**	**57**	**70**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) Acquisition expenses are net of changes in the unearned revenue reserve which is established for fees charged to policy that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods used for amortizing deferred acquisition costs.
(d) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year- end exchange rate was used.

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The following table sets forth certain summarized financial information for the Other Life Insurance Group by country for the periods indicated.

Gross Premiums (in euro millions)	Year Ended December 31, 1999	1998	1997
The Netherlands	875	835	870
Italy	343	276	352
Spain	333	315	315
Luxembourg	104	548	483
Other countries	371	301	277
TOTAL	**2,025**	**2,275**	**2,297**

Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in euro millions)	1999	1998	1997	1999	1998	1997
The Netherlands	40	48	26	40	38	22
Italy	25	(3)	16	25	(3)	16
Spain	1	9	21	1	7	17
Luxembourg	2	8	5	2	6	4
Other countries	15	11	12	13	9	11
TOTAL	**120**	**72**	**80**	**81**	**57**	**70**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ ***The Netherlands.*** *On a constant exchange rate basis, gross premiums for the life and health insurance operations in the Netherlands increased 1.5%. Life insurance gross premiums totaled € 634 million and health insurance gross premiums totaled € 241 million. The level of activity in the life insurance operations declined by 3.9% as a result of the termination of certain products offered to customers at January 1, 1999. This decision led to a decline in new business (18% on single premium products and 13% on regular premium products) which was unable to be offset by the growth of separate account (unit-linked) products. The separate account (unit linked) products represented 40% of gross premiums and 87% of new business. On a comparable basis, gross premiums on health insurance products increased by 14.1% due to an increase in premium rates in line with market trends as a consequence of the poor underwriting results. After eliminating disability income posted in 1998 under property and casualty insurance and taking into account AXA's increase in share of ownership, the contribution to AXA's consolidated net income of € 40 million represented a small decrease of € 5 million compared to 1998. The life insurance business contribution to net income, € 49 million, was reduced by € 4 million in particular due to the realization of capital losses on fixed maturity investments, unlike in 1998 which resulted in capital gains. The health insurance business contribution had a net loss of € 9 million, because of continued underwriting losses despite the increase in premium rates which were effective since the beginning of 1999.*

Italy. *The 24.2% growth in gross premiums is primarily a result of new distribution networks (financial advisors and bank distribution arrangements). This growth principally relates to the separate account (unit-linked) products, which in 1999 represented 41% of gross premiums compared to 19% in 1998. The contribution to AXA's consolidated net income by the Italian subsidiaries represented an increase of € 28 million. This increase is primarily due to a partial recovery of € 7 million impairment provision established in 1998 on South American government bonds. The contribution to AXA's consolidated net income was € 21 million, group share.*

Spain. *The 6.0% increase in gross premiums by AXA Aurora Vida was the result of the success of a new separate account (unit-linked) product launched in June 1999. Separate Account products accounted for 16.5% of gross premiums in 1999. The contribution to AXA's consolidated net income decreased by € 6 million (group share) compared to 1998. This decrease relates to an increase in insurance reserves due to the use of new mortality tables, which decreased net income by € 13 million (group share).*

Luxembourg. *After eliminating the sale of PanEuroLife in January 1999, which contributed some € 455 million to gross premiums in 1998, activity increased by 12.1% due to the sale of cross-border insurance products by AXA Luxembourg. After excluding PanEuroLife, the contribution to net income remained stable at € 2 million (group share).*

Other countries. *At a constant exchange rate compared to 1998, gross premiums from the Portuguese, Austrian, Hungarian, Swiss, Canadian and Moroccan subsidiaries totaled € 347 million (up 7.9%). The Turkish subsidiary was consolidated for the first time in 1999. Gross premiums attributable to this subsidiary totaled € 24 million. Activity increased in all these countries.*

The contribution to net income totaled € 12 million in 1999 compared to € 9 million in 1998. This contribution was broken down as follows: approximately € 7 million from Portugal, € 1 million from Austria and Hungary, € 2 million from Switzerland, € 1 million from Canada and Morocco, and € 1 million from Turkey.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Total revenues decreased by € 11 million versus 1997; however, gross premiums were up 3.4% on a constant methodological and exchange rate basis.

Income before income tax expense increased by € 17 million. Insurance reserves decreased, particularly in the Netherlands due to a decrease in gross premiums and an improvement in underwriting estimates. General costs increased slightly primarily due to restructuring provisions recorded in the Netherlands. The increase in amortization of VBI (€ 36 million in 1998 compared to € 7 million in 1997) was due to large amount of realized gains in the Netherlands as VBI is amortized in relation to the recognition of profits.

Net income decreased € 13 million primarily due to the declining contribution from the Italian and Spanish subsidiaries, partially offset by the growth in the Netherlands' contribution.

The Netherlands. *Gross premiums for the life and health insurance operations in the Netherlands decreased by 2.1% on a constant exchange rate and methodological basis, to € 835 million. Life insurance gross premiums totaled € 662 million and health insurance gross premiums totaled € 172 million. Life insurance gross premiums decreased by 0.6% on a constant exchange rate and methodological basis due to the lower level of single premium life and retirement product gross premiums recorded in 1998 as compared to 1997. Partially offsetting this decrease was the 7.0% growth on a constant methodological and structural basis in individual savings products, which represent approximately 51% of gross premiums, due to the continuing success of AXA Leben's Universal Life product. Gross health insurance premiums declined by 7.5% on a constant exchange rate basis. The 6% price increase in premium rates initiated at the beginning of 1998, which was higher than the market as a whole, resulted in a decrease in new business and higher surrenders, as compared to 1997. Net income totaled € 38 million, a € 16 million increase over 1997. After the acquisition of Royale Belge's and AXA Nederland's minority interests, and subsequent to the internal legal entity restructuring, AXA's economic interest in UAP New Rotterdam and its subsidiary AXA Leben was 98.6%, compared to 67.3% and 71.6%, respectively, in 1997. The increase in net income is principally a result of the improvement in underwriting results and gains realized on sales of bonds despite its impact of increasing VBI amortization.*

Luxembourg. *Gross premiums increased to € 548 million, of which € 455 million was earned by PanEuroLife, and € 83 million by AXA Luxembourg Vie. Gross premium growth in Luxembourg of 13.3% on a constant exchange rate basis was principally due to sales of separate account (unit-linked) products, which benefited from strong financial markets in 1998. Net income increased € 2 million over 1997 primarily due to the increase in AXA's economic interest in PanEuroLife following the acquisition of Royale Belge's minority interests. In January 1999, AXA sold PanEuroLife.*

Spain. *Gross premiums for AXA Aurora Vida increased by 0.1% on a constant exchange rate basis, totaling € 315 million. In 1997, gross premiums were impacted by strong sales of single premium products, particularly savings-type retirement products. In 1998, the launch of a new individual savings indexed-linked contract positively affected gross premiums. Net income declined by € 10 million versus 1997, to € 7 million. Until December 31, 1997, AXA's economic interest was 50% in AXA Aurora and 100% in UAP Iberica. Following the contribution of UAP Iberica securities to AXA Aurora, AXA's interest in its Spanish subsidiaries was brought to 70%. The decline was € 8 million on a constant structural basis after giving effect to these changes in ownership percentages. The write-off of the entire VBI balance for entities acquired in connection with the UAP acquisition reduced net income by € 4 million.*

Italy. *Eurovita, proportionately consolidated until 1997, is 30% owned by AXA Assicurazioni. Beginning in 1998, the entity is accounted for using the equity method. Eurovita's gross premiums totaled € 75 million in 1997. Gross premiums decreased by 0.1% on a constant exchange rate and structural basis over 1997, to € 276 million. In 1997, AXA Assicurazioni assumed certain risks underwritten by Eurovita. Excluding the impact of this item, gross premiums increased 5.3% compared to 1997 due to an increase in the productivity of general agents and initiation of distribution through financial advisors. The decline in net income from € 16 million in 1997 to a net loss of € 3 million in 1998 was principally due to impairment of Latin American government bonds (€ 21 million) and a reserve strengthening recorded for pre-1998 issue years.*

Other Countries. *Gross premiums earned by life insurance subsidiaries in Portugal, Switzerland, Morocco, Austria and Hungary, and Canada totaled € 301 million, an increase of 9.8% on a constant exchange rate basis compared to 1997. Gross premiums increased in all countries. Net income was € 9 million compared to € 11 million in 1997, of which € 6 million was earned by the Portuguese subsidiary, € 2 million in Canada, € 1 million in Morocco and Switzerland, Austria and Hungary were € nil.*

Property and Casualty Insurance Segment

As previously stated, AXA from time to time may change its segment presentation. In 1999, the following changes were made to the Property and Casualty Insurance Segment.

- *The former Reinsurance Segment was combined with the Transnational Property and Casualty Insurance Group activities, which was previously reported as a group within the Property and Casualty Insurance Segment. The new segment is named "International Insurance Segment" covering all aspects of global insurance and reinsurance risk coverage.*
- *UK Property and Casualty Insurance Group was created as a separate group during 1999 due to the increase in related operations following the 1999 GRE acquisition. Previously the UK Property and Casualty operations were included within the Other Property and Casualty Insurance Group.*

Prior year financial information has been restated accordingly.

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The tables below present the gross premiums and net income attributable to AXA's Property and Casualty Insurance Segment for the years indicated.

Gross Premiums (in euro millions)	Year Ended December 31, 1999		1998		1997	
France	3,926	28.9%	4,179	35.1%	4,229	35.0%
Germany (*)	2,766	20.3%	2,473	20.8%	2,638	21.8%
United Kingdom	2,008	14.8%	905	7.6%	878	7.3%
Belgium	1,285	9.5%	1,310	11.0%	1,307	10.8%
Other countries	3,607	26.5%	3,023	25.4%	3,036	25.1%
TOTAL	**13,593**	**100%**	**11,889**	**100%**	**12,088**	**100%**

(*) The Austrian and Hungarian subsidiaries, formerly included in the German Property and Casualty Group, are now included in the Other Property and Casualty Group. Prior year financial information has been restated accordingly.

Net Income	Year Ended December 31, Including Minority Interests			Group Share					
(in euro millions)	1999	1998	1997	1999		1998		1997	
France	244	163	152	244	42.7%	163	41.9%	152	46.2%
Germany	73	112	68	48	8.5%	70	18.1%	37	11.4%
United Kingdom	7	32	63	5	0.9%	22	5.7%	45	13.7%
Belgium	240	249	164	239	41.9%	136	35.1%	93	28.2%
Other countries	76	13	10	34	6.0%	(3)	(0.7)%	2	0.5%
TOTAL	**640**	**569**	**457**	**571**	**100%**	**389**	**100%**	**329**	**100%**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

In 1999, gross property and casualty insurance premiums represented 25.3% of AXA's insurance-related revenues compared to 25.2% in 1998. On a constant exchange rate and structural basis, gross property and casualty insurance premiums increased by 2.0% in an environment marked by intense competition on premium rates in the property and casualty insurance sector.

In 1999, 94.4% of the property and casualty operating results are derived from AXA's European operations. France, Germany, the UK, and Belgium contributed 30.6%, 21.6%, 15.6%, and 10.0%, respectively, to total gross premiums written in Europe.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

On a constant exchange rate and structural basis, consolidated gross premiums decreased 1.5% primarily as result of the more stringent underwriting standards employed in 1998 with the objective of increasing profitability. The € 389 million contribution of the Property and Casualty Insurance Segment represented 25.4% of the AXA's 1998 consolidated net income. The 1998 contribution of the Property and Casualty Insurance Segment increased by € 60 million compared to 1997. The increase is primarily due to the strong increase in the Belgian Property and Casualty Insurance Group.

Analysis by Property and Casualty Insurance Group

FRENCH PROPERTY AND CASUALTY INSURANCE GROUP

The following table presents information regarding the French Property and Casualty Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	1999	1998	1997
Gross premiums	3,926	4,179	4,229
Change in unearned premium reserve	38	9	35
Net investment results (a)	775	478	474
Total Revenues	**4,739**	**4,666**	**4,738**
Insurance benefits and claims	(3,582)	(3,225)	(3,244)
Reinsurance ceded, net (b)	415	(28)	(67)
Acquisition expenses	(521)	(585)	(596)
Other insurance company expenses	(703)	(546)	(543)
Total Benefits and Other Deductions	**(4,390)**	**(4,384)**	**(4,450)**
Income before income tax expense	350	282	288
Income tax expense benefit	(96)	(112)	(120)
Minority interests in income of consolidated subsidiaries	–	–	–
Amortization of goodwill, net	(9)	(7)	(16)
NET INCOME	**244**	**163**	**152**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

On a constant structural basis, 1999 gross premiums decreased by 1.1%. Automobile insurance gross premiums, which account for 45% of gross property and casualty insurance premiums, decreased by 1.7% due to intense premium rate competition affecting both new business and renewal business. Gross premiums earned by Direct Assurance in 1999 totaled € 109 million, an increase of 18.2% compared to 1998 on a constant methodological basis, with the number of contracts in the portfolio of automobile business increasing by 37,000. In property insurance (32% of total gross property and casualty insurance premiums), gross premiums decreased by 3.1% due to the more stringent underwriting standards adopted in 1998 with the objective of increasing profitability rather than business volume.

The net investment result increased by € 296 million, largely due to the € 279 million increase in realized gains in 1999, including gains totaling € 386 million on Paribas and Elf securities tendered in connection with public offers of exchange. As a result of these gains, the level of realized gains on the rest of the equity security portfolio was voluntarily reduced. These transactions, combined with the general increase in the financial markets, significantly increased the year-end level of unrealized gains. The increase in realized gains was partly offset by realized losses of € 12 million on the sale of fixed maturity securities in 1999, compared to realized gains of € 43 million in 1998. In order to improve the overall yield on the fixed maturity portfolio in light of rate increases, the property and casualty insurance companies acquired units in mutual funds (OPCVM) invested in corporate bonds and reduced their exposure to government bonds.

With regard to insurance claims, the 2.1% deterioration in the claims ratio, net of reinsurance, to 79.5%, can be attributed primarily to the occurrence of severe storms in France at the end of 1999. These storms cost a total of € 591 million (net of reinsurance) after the utilization of € 87 million from the equalization reserve. At December 31, 1999, the total equalization reserve was € 88 million. Excluding the year-end storms, the 1999 claims ratio would have been 75.7%, representing a 1.7% improvement largely due to a reduction in the reserve for claims handling expense after more refined methods were adopted for calculating the reserve, and to operating cost efficiencies of € 65 million.

The net reinsurance ceded result improved by € 443 million, primarily due to the recoveries related to natural catastrophes at year-end 1999.

The decrease in acquisition expenses can be attributed to the change in gross premiums and the application of a new commission rate schedule.

Administrative costs decreased by € 43 million, not including the € 199 million provision relating to the strategic change program being conducted by AXA France. Excluding this provision, the expense ratio was 26.5% in 1999, a 1% improvement compared to 1998. In 1998, the expense ratio was adversely affected by additional costs in relation to the mergers of property and casualty operations. The combined ratio, net of reinsurance, was 111.3% in 1999 compared to 104.8% in 1998. Excluding the aforementioned provision for change project costs, the combined ratio was 106.0%, primarily due to the year-end weather-related events.

Income tax expense decreased by € 15 million as a result of the decrease in the effective tax rate, from 39.7% in 1998 to 27.5% in 1999, due to the higher percentage of income from capital gains, which is taxed at a lower rate.

Net income increased by € 82 million, primarily due to the increase in net investment results attributable to realized gains on securities tendered in the Paribas and Elf Public Offers of Exchange. This increase was offset partly by the establishment of a provision to cover costs connected with the strategic plan and by the occurrence of storms at the end of the year.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ For the French Property and Casualty Group, 1998 was marked by several restructurings that resulted in the following insurance portfolio transfers:

- AXA Global Risks transferred to AXA Courtage its commercial risks portfolio for French companies with less than 1,000 employees. Gross premiums and net income in 1997 for this operation totaled € 148 million and € 9 million, respectively.
- Alpha Conseil Vie Mutuelle transferred to AXA Conseil IARD its bodily injury portfolio. Gross premiums and net income in 1997 for this portfolio totaled € 35 million and € 2 million, respectively.
- Transfers to other AXA subsidiaries, the deconsolidation of certain entities and the former UAP IARD's sales of its foreign branch offices. Gross premiums in 1997 for these businesses totaled approximately € 168 million.

On a constant structural basis, 1998 gross premiums decreased by 0.7% to € 4,179 million. Automobile insurance gross premiums represented 43% of the French Property and Casualty Insurance Group's gross premiums. Despite an increase of more than 50,000 contracts, personal automobile insurance gross premiums decreased primarily due to competitive pressure. In property insurance, gross premiums declined by 1.4% due to a reduction in premium rates, particularly for commercial risks, as a result of competitive market pressures. General liability and construction gross premiums declined despite the rise in premium rates due to the adoption of more stringent underwriting standards in 1998. Direct marketing gross premiums increased 28.3% to € 91 million.

The net investment result in 1998 was relatively unchanged compared to 1997. Net realized gains decreased by € 38 million in 1998 primarily a result of 1997 investment sales in connection with the restructuring of the historical UAP portfolio which generated significant realized gains. Net investment income increased € 44 million primarily as a result of an increase in fixed income security investments.

Insurance claims reflect an improvement of 0.7 points to 68.4% in the claims ratio excluding claims handling expenses for all accident years (68.0% in 1998 from 68.9% in 1997 excluding direct marketing insurance). Prior accident years' negative loss reserve development for catastrophe insurance increased by € 35 million, net of reinsurance. In addition, reserve strengthening was recorded for foreign insurance originating from UAP IARD which was restructured in 1998. The claims ratio for the current accident year improved by 0.6 points in both individual and commercial insurance. In individual insurance, the strong results for the current accident year were the result of more stringent underwriting and claim cost control. In commercial insurance, 1998 was marked by less serious claims events.

The reinsurance ceded result improved by € 38 million primarily due to the transfer to Saint Georges Ré the loss incurred by UAP IARD's foreign business (€ 29 million) and the reinsurance recoveries on natural catastrophe claims, principally droughts. In addition, the policy regarding reinsurance has shifted toward non-proportional reinsurance.

The expense ratio (including direct marketing expenses) increased to 36.4% as compared to 35.7% in 1997. As is the case for the French Life Insurance Group, the development of new cost accounting systems and changes in the allocation of administrative costs between life and property and casualty insurance has made it difficult to compare costs between 1998 and 1997. Excluding the impact of costs related to merging operations, general costs decreased by 2.0%. The reduction in commission rates, excluding reinsurance assumed, is due to the continuing impact of an agreement reached with general agents at the end of 1996 to gradually decrease their commission rates. The combined ratio remained stable at 104.8% in 1998. Excluding the impacts of costs related to merging the operations and direct marketing operations, the ratio improved to 103.8% relative to 104.3% in 1997 (103.9% in 1998 excluding direct marketing operations).

Net income was € 163 million of which direct marketing insurance recorded a net loss of € 19 million while the other distribution channels recorded net income of € 182 million. The contribution of the latter remained stable from 1997 to 1998, with underwriting results that remained solid. The loss in direct marketing insurance is in line with its business plan that forecasts losses until 2000.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ The following table summarizes the net investment results of the French Property and Casualty Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the French Property and Casualty Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the French Property and Casualty Insurance Group discussed above.

French Property and Casualty Insurance Group - Net Investment Results by General Account Asset Category

(in euro millions except percentages)	Year Ended December 31, 1999 Yield (a)	1999 Amount	1998 Yield (a) (b)	1998 Amount	1997 Yield (a) (c)	1997 Amount
Fixed Maturities:						
Net investment income	5.77%	224	6.39%	253	7.16%	245
Net investment gains (losses)	(0.32%)	(12)	1.09%	43	0.24%	8
Net investment results	5.45%	211	7.48%	296	7.40%	253
Related Assets at year end		**3,785**		**3,964**		**3,686**
Real Estate:						
Net investment income	1.75%	21	(0.33%)	(3)	(5.28%)	(34)
Net investment gains (losses)	(2.83%)	(33)	0.12%	1	(0.26%)	(2)
Net investment results	(1.08%)	(13)	(0.21%)	(2)	(5.54%)	(35)
Related Assets at year end		**1,194**		**1,157**		**604**
Equity Investments:						
Net investment income	2.31%	57	2.34%	46	2.76%	43
Net investment gains (losses)	19.31%	473	7.08%	138	12.22%	192
Net investment results	21.62%	529	9.42%	184	14.98%	235
Related Assets at year end		**2,673**		**2,222**		**1,572**
Cash & Short Term:						
Net investment income	4.84%	29	1.55%	9	2.99%	14
Related Assets at year end		**1,014**		**171**		**694**
Total:						
Net investment income (c)	4.04%	338	4.07%	315	4.69%	294
Net investment gains (losses)	5.08%	425	2.33%	181	3.10%	193
Net investment results	9.12%	763	6.40%	495	7.79%	487
Related Assets at year end		**8,998**		**7,740**		**6,726**

(a) Yields are calculated on the basis of the average beginning and end of period asset carrying value for each asset category.
(b) Direct Insurance has been included in the Property & Casualty French Group in 1998. 1997 yields have not been restated as Direct Insurance net investment result and assets represented € 7 million and € 90 million, respectively.
(c) Including investment income for loans that are not detailed in table above.

GERMAN PROPERTY AND CASUALTY INSURANCE GROUP

The following table presents information regarding the German Property and Casualty Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Gross premiums	2,766	2,473	2,638
Change in unearned premium reserve	137	20	11
Net investment results (a)	471	348	273
Total Revenues	**3,375**	**2,841**	**2,922**
Insurance benefits and claims	(2,321)	(1,953)	(1,957)
Reinsurance ceded, net (b)	38	29	(67)
Acquisition expenses	(436)	(346)	(359)
Other insurance company expenses	(441)	(372)	(386)
Total Benefits and Other Deductions	**(3,160)**	**(2,642)**	**(2,769)**
Income before income tax expense	215	199	152
Income tax expense	(123)	(87)	(86)
Equity in income loss of unconsolidated entities	2	1	5
Minority interests in income of consolidated subsidiaries	(25)	(41)	(31)
Amortization of Goodwill, Net	(21)	(2)	(2)
NET INCOME (c)	**48**	**70**	**37**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

The 1999 gross premiums for the German Property and Casualty Group include € 352 million in gross premiums earned by Albingia, consolidated as of May 1999 following the GRE acquisition. Excluding Albingia, gross premiums decreased by 0.8% on a comparable basis. Intense competitive pressures, particularly in automobile and commercial risk insurance (which account for 27 % and 5% of gross premiums, respectively), combined with a difficult economic market, continued to exert downward pressure on premium rates. Gross premiums earned by the direct marketing insurance subsidiary Sicher Direct totaled € 80 million, up 33.4%, with an increase of 31,000 contracts.

Excluding Albingia, net investment results increased by € 71 million to € 419 million, compared to 1998. This increase is due to the increase in investment income related to the restructuring of AXA Colonia's mutual funds.

Insurance claims, which totaled € 1,971 million, were adversely affected by the occurrence of significant claims in commercial risk insurance and by the increase in claims frequency in automobile insurance during the period. Including direct marketing insurance, and on a constant structural basis, the claims ratio for all accident years (net of reinsurance) was 79.6%, a 2.4% increase. This deterioration was due to the 3.6% increase in the claims ratio for the current accident year, the 0.4% decline in positive prior year loss development and a 1.6% decline to a lower basis of provisioning for the equalization reserve, which was strengthened by € 2 million, bringing the total equalization reserve to € 491 million at December 31, 1999. The claims ratio for all accident years, net of reinsurance for Albingia, was 73.0% in 1999.

Excluding Albingia, the € 15 million improvement in net reinsurance ceded is primarily attributable to coverage for AXA Colonia of a significant marine claim which occurred at the end of the year.

Acquisition expenses and administrative expenses increased by € 21 million. The expense ratio went from 29.8% in 1998 to 32.2% in 1999 (including direct marketing insurance), primarily due to the decline in average premiums. The combined ratio was 111.8% in 1999 compared to 106.9% in 1998.

Excluding Albingia, income tax expense remained constant in 1999 compared to 1998, after the exclusion of non-recurring items which reduced income tax expense by € 23 million in 1998. This stability is due to tax impact on a € 10 million decline in pre-tax income and the impact of new tax regulations effective in 1999 (€ 13 million).

After amortization of goodwill on Albingia of € 8 million, goodwill net of accumulated amortization was € 21 million at December 31, 1999.

Net income for the German Property and Casualty Group totaled € 48 million, including a loss of € 35 million provided by direct marketing insurance operations, which are still in the development phase, and a loss of € 3 million provided by Albingia, which includes the amortization of goodwill. The net income is still affected adversely by the underwriting results.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Gross premiums totaled € 2,412 million in Germany (excluding direct marketing insurance), a decline of 6.8% on a constant exchange rate basis. In a market marked by intense competitive pressures and more selective underwriting, gross premium declined for all lines of business but the decreases were sharpest in automobile and commercial risk *insurance: gross premiums down 10% and 14%, respectively. Gross premiums for the direct marketing insurance subsidiary Sicher Direct were € 60 million, up 13.1% on a constant exchange rate basis, with an increase of almost 60,000 contracts.*

Net investment results rose by € 73 million over 1997, to € 348 million. Net investment income and net realized gains totaled € 333 million and € 39 million, respectively. The relatively small amount of realized gains is due to the fact a large portion of the investment portfolios is actively managed within mutual funds ("special funds") and distributions are in the form of dividends, therefore the gains realized by these funds are included in net investment income. Realized gains, net of provisions, increased by € 33 million principally due to sales of equity securities not held in such funds.

Despite the decline in gross premiums, insurance claims increased slightly compared to 1997 due to the occurrence of significant claims during the period. Excluding direct marketing insurance, the claims ratio for the current accident year went from 87.6% in 1997 to 89.2% in 1998. Positive prior year loss reserve development remained constant as compared to 1997: € 261 million in 1998 versus € 248 million in 1997. The deterioration in the claims ratio for all accident years, from 75.8% in 1997 to 76.5% in 1998 (both ratios excluding direct marketing insurance) was primarily due to the decrease in the average premium. The equalization reserve was strengthened by € 38 million in 1998 versus € 46 million in51997, bringing the total equalization reserve to € 487 million at December 31, 1998.

The € 96 million improvement in reinsurance ceded is attributable to reinsurance coverage of certain significant claims that occurred in the third quarter 1998. In addition, AXA Colonia is gradually reorienting its reinsurance coverage policy toward the less expensive non-proportional treaties.

Acquisition expenses and other insurance company expenses, € 718 million, decreased by € 27 million compared to 1997. The cost-cutting plan that has been in effect for several years continued to produce an impact, as reflected in lower personnel costs. However, excluding direct marketing insurance, the expense ratio increased from 27.1% in 1997 to 28.3% in 1998 due to higher fixed costs incurred in 1998. The combined ratio excluding direct marketing insurance increased from 103.0% in 1997 to 104.8% in 1998 while the ratio including Sicher Direct went from 105.2% to 106.9%.

Net income for AXA Colonia increased by € 24 million as compared to 1997 primarily due to the strong net investment results in 1998. The € 9 million reduction of Sicher Direct's net loss was due to improved net investment results and declining administrative costs.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

The following table summarizes the net investment results of the German Property and Casualty Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the German Property and Casualty Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the German Property and Casualty Insurance Group discussed above.

German Property and Casualty Insurance Group - Net Investment Result by General Account Asset Category

(in euro millions except percentages)	1999 Yield (a)	1999 Amount (a)	1998 Yield (a) (b)	1998 Amount (a)	1997 Yield (a) (c)	1997 Amount (a)
	Year Ended December 31,					
Fixed Maturities:						
Net investment income	5.60%	136	5.66%	118	5.87%	114
Net investment gains (losses)	(0.05%)	(5)	0.48%	10	0.28%	5
Net investment results	5.55%	132	6.14%	128	6.15%	119
Related Assets at year end		**2,772**		**2,130**		**2,044**
Real Estate:						
Net investment income	3.12%	31	5.17%	25	4.63%	26
Net investment gains (losses)	0.44%	4	3.04%	15	0.39%	2
Net investment results	3.55%	35	8.21%	39	5.02%	28
Related Assets at year end		**529**		**413**		**547**
Equity Investments:						
Net investment income	10.40%	298	6.70%	159	5.55%	122
Net investment gains (losses)	1.02%	28	0.33%	8	(0.12)%	(3)
Net investment results	11.42%	326	7.03%	167	5.43%	120
Related Assets at year end		**3,480**		**2,561**		**2,195**
Cash & Short Term:						
Net investment income	2.61%	8	4.07%	9	3.71%	6
Related Assets at year end		**367**		**253**		**192**
Total:						
Net investment income	7.15%	483	5.99%	334	5.02%	271
Net investment gains (losses)	0.60%	27	0.67%	37	0.07%	4
Net investment results	7.75%	511	6.66%	371	5.09%	275
Related Assets at year end		**7,296**		**5,750**		**5,402**

(a) Yields are calculated on the basis of average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.
(b) On a constant exchange rate basis, the yields for 1998 would have been 6.21% for fixed maturities, 8.57% for real estate, 7.02% for equity investments, 4.24% for cash and short term investments and 6.71% for all general account investments.
(c) On a constant exchange rate basis, the yields for 1997 would have been 6.20% for fixed maturities, 5.14% for real estate, 5.50% for equity investments, 5.39% for cash and short term investments and 5.74% for all general account investments. Sicher Direct has been included in the Property & Casualty German Group in 1998. 1997 yields have not been restated as Sicher Direct net investment result and assets represented € 1 million and € 22 million, respectively.
(d) Including investment income for loans that are not detailed in table above.

UK PROPERTY AND CASUALTY INSURANCE GROUP

The following table presents information regarding the UK Property and Casualty Insurance Group for the years indicated.

(in euro millions)	*1999*	*Year Ended December 31, 1998*	*1997*
Gross premiums	2,008	905	878
Change in unearned premium reserve	57	(20)	(24)
Net investment results (a)	200	102	96
Total Revenues	**2,265**	**987**	**949**
Insurance benefits and claims	(1,564)	(650)	(595)
Reinsurance ceded, net (b)	(53)	(34)	(6)
Acquisition expenses	(516)	(135)	(157)
Other insurance company expenses	(142)	(120)	(100)
Total Benefits and Other Deductions	**(2,275)**	**(938)**	**(859)**
Income before income tax expense	(10)	50	91
Income tax benefit (expense)	21	(18)	(28)
Minority interests in income of consolidated subsidiaries	(1)	(10)	(18)
Amortization of Goodwill, Net	(4)	–	–
NET INCOME (c)	**5**	**22**	**45**
Exchange rates (c)	1.52	1.49	1.51

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year- end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

The 1999 gross premiums include € 874 million written by the GRE subsidiaries in the eight-month period following the acquisition in May 1999. There was an 18% decrease in gross premiums written over a twelve month period due to the adoption of a more stringent risk underwriting policy in automobile insurance and the decision to cease underwriting and to run off unprofitable business from GRE (Guardian Insurance) units (particularly the marine portfolio).

Gross premiums earned by AXA Insurance totaled € 1,134 million, an increase of 22.9% on a constant exchange rate basis. After taking account of the impact of the Thomas Cook travel insurance contract written in 1999 of € 91 million, the increase in gross premiums was 12.9%, with a total of 230,000 new contracts added to the portfolio of business. The increase was mainly attributable to sales of automobile insurance products sold through the broker network, up 33.2% despite the adoption of higher automobile insurance rates to improve profitability, and higher sales via direct marketing insurance operations. The relatively modest 0.3% increase in gross premiums from other lines of business (which account for 47% of all gross premiums) was due to the decision to cease selling unprofitable products, and to the decrease in premiums from the business portfolio put into run-off during the period.

Net investment results included a € 45 million contribution from GRE subsidiaries realized in the eight-month period to December 31, 1999 following the acquisition by AXA. The amount contributed by GRE was affected by the increase in interest rates in 1999. Excluding the impact of GRE, AXA Insurance reported a strong increase in net investment results of € 53 million. This includes an increase in realized gains of € 67 million, primarily due to the sale of equity securities under favorable market conditions, and a slight decline in investment income (down 5%, principally on fixed maturity securities). Net investment results for the prior year were adversely affected by the 1999 Asian financial market crisis (negative impact of € 27 million).

Insurance claims include € 799 million from GRE subsidiaries, whose claims ratio for all accident years, net of reinsurance, was 80.8%, primarily due to negative underwriting results on automobile insurance policies sold through automobile dealerships. In 1999, Guardian Insurance ceased underwriting new business from this source and substantially increased premium rates on renewals.

The AXA Insurance claims ratio for all accident years, net of reinsurance, was 74.1%, a 1.8% improvement compared to 1998. The low claims ratio in respect of Thomas Cook business offset the deterioration in the automobile claims ratio for all accident years due to the higher average cost of bodily injury claims. Excluding the Thomas Cook contract, the claims ratio for all accident years, net of reinsurance, rose by 0.6% to 76.5%. A provision of € 5 million was made to the equalization reserve (€ 4.5 million in respect of AXA Insurance), bringing the total equalization reserve to € 28 million at December 31, 1999 (€ 23 million in respect of AXA Insurance).

The net reinsurance ceded represented a charge of € 40 million for GRE subsidiaries and a charge of € 13 million for AXA Insurance. This can be compared to AXA Insurance's charge of € 34 million in 1998. This improvement can be primarily attributed to the negotiation of more favorable terms in 1999 and higher retention on excess of loss treaties. Acquisition expenses and administrative expenses were € 363 million for AXA Insurance and € 295 million for GRE subsidiaries. They include restructuring costs incurred in connection with the operational integration of GRE subsidiaries (€ 38 million, of which € 35 million was charged to AXA Insurance). Excluding these restructuring costs, the expense ratio for AXA Insurance rose by 1.6%, to 32.2%, primarily due to high commissions paid on the Thomas Cook contract. Excluding the impact of this contract, the general expense ratio declined by 0.7%, to 29.9%. Excluding restructuring costs, the combined ratio of AXA Insurance and the GRE subsidiaries was 106.3% and 111.6%, respectively.

Net income totaled € 5 million, with AXA Insurance contributing € 26 million and the GRE subsidiaries providing a loss of € 21 million. The loss provided by the latter was primarily the result of realized losses (impact of € 4 million on net income, group share) and a high claims experience. Excluding the impact of dilution related to the GRE acquisition, and on a constant exchange rate basis, AXA Insurance increased net income by € 10 million due to an increase in realized gains on the sale of assets (€ 32 million net of minority interests), partially offset by the establishment of a restructuring reserve (€ 13 million net of minority interests).

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ Gross premiums increased 4.9% on a constant exchange rate and structural basis, to € 905 million. Growth in the automobile insurance line of business, which represents 45.5% of gross premiums, was 13.9% on a constant exchange rate basis. This growth was led by a 44.8% constant exchange rate basis increase in direct marketing automobile insurance, which accounted 8.8% of 1998 gross premiums. This growth was offset by 20.5% declines in professional liability and construction insurance in a highly competitive market.

Net income for AXA Insurance UK was € 22 million, a decrease of 50.1% on a constant exchange rate basis. This decline was primarily due to deterioration in the combined ratio for all accident years, which rose to 106.5% in 1998 versus 100.6% in 1997. The 1997 claims ratio was unusually low as it reflected positive loss reserve development for years prior to 1997. Poor claims experience in 1998 was noted in automobile insurance. The expense ratio decreased slightly from 30.7% in 1997 to 30.6% in 1998. Net investment results increased 8.0% on a constant exchange rate basis.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ The following table summarizes the net investment results of the UK Property and Casualty Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the UK Property and Casualty Insurance Group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the UK Property and Casualty Insurance Group discussed above.

UK Property and Casualty Insurance Group
Net Investment Result by General Account Asset Category

	Year Ended December 31,					
	1999		1998		1997	
(in euro millions except percentages)	Yield (a) (b)	Amount (a)	Yield (a) (c)	Amount (a)	Yield (a) (d)	Amount (a)
Fixed Maturities:						
Net investment income	6.99%	55	8.80%	58	7.01%	38
Net investment gains (losses)	0.91%	7	1.97%	13	(0.40%)	(2)
Net investment results	7.90%	62	10.77%	71	6.61%	36
Related Assets at year end		**829**		**737**		**576**
Real Estate:						
Net investment income	18.87%	1	30.40%	1	3.15%	–
Net investment gains (losses)	(3.77)%	–	–	–	–	–
Net investment results	15.10%	1	30.40%	1	3.15%	–
Related Assets at year end		**4**		**4**		**4**
Equity Investments:						
Net investment income	4.36%	23	3.88%	20	3.70%	20
Net investment gains (losses)	14.98%	80	0.67%	4	1.10%	6
Net investment results	19.34%	103	4.55%	24	4.80%	26
Related Assets at year end		**530**		**533**		**513**
Cash & Short Term:						
Net investment income	6.53%	4	6.80%	6	9.10%	8
Related Assets at year end		**54**		**77**		**93**
Total (e):						
Net investment income	5.99%	83	6.70%	85	6.12%	64
Net investment gains (losses)	6.03%	84	1.30%	16	0.47%	6
Net investment results	12.02%	167	8.00%	101	6.59%	70
Related Assets at year end		**1,422**		**1,353**		**1,187**

(a) Yields are calculated on a constant structural basis (i.e. excluding GRE investment result for 1999) and on the basis of average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.
(b) On a constant exchange rate basis, the yields for 1999 would have been 8.24% for fixed maturities, 17.62% for real estate, 20.08% for equity investments, 6.63% for cash and short term investments and 12.74% for all general account investments.
(c) On a constant exchange rate basis, the yields for 1998 would have been 11.09% for fixed maturities, 31.32% for real estate, 4.66% for equity investments, 6.99% for cash and short term investments and 8.23% for all general account investments.
(d) On a constant exchange rate basis, the yields for 1997 would have been 6.29% for fixed maturities, 3.24% for real estate, 4.53% for equity investments, 8.63% for cash and short term investments and 6.23% for all general account investments.
(e) Including investment income for loans that are not detailed in table above.

BELGIAN PROPERTY AND CASUALTY INSURANCE GROUP

The following table presents information regarding the Belgian Property and Casualty Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	1999	1998	1997
Gross premiums	1,285	1,310	1,307
Change in unearned premium reserve	26	14	8
Net investment results (a)	446	568	425
Total Revenues	**1,757**	**1,892**	**1,740**
Insurance benefits and claims	(1,082)	(1,138)	(1,155)
Reinsurance ceded, net (b)	(14)	(3)	(9)
Acquisition expenses	(291)	(215)	(215)
Other insurance company expenses	(118)	(310)	(181)
Total Benefits and Other Deductions	**(1,505)**	**(1,666)**	**(1,560)**
Income before income tax expense	253	226	180
Income tax benefit (expense)	6	31	(10)
Minority interests in income of consolidated subsidiaries	(1)	(113)	(71)
Amortization of Goodwill, Net	(18)	(7)	(7)
NET INCOME (c)	**239**	**136**	**93**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) In 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ *On a constant structural basis (after the exclusion of Royale Belge Re which has been in run-off with gross premiums of € 122 million in 1999), gross premiums decreased by 1.6% compared to 1998. Gross premiums on individual household insurance premiums (17% of all gross premiums) remained constant, with a 2% loss of contracts inforce offset by higher average premiums. Gross automobile insurance premiums (43% of gross premiums) increased by 1.2% due to higher premium rates. Gross workers' compensation insurance premiums (19% gross premiums) increased slightly by 0.5%, with the loss of several large contracts offset by an increase in temporary employment agency customers and by a significant increase in coverage targeting small- and medium-sized businesses. The decrease in premiums is primarily attributable to a decrease in gross premiums from commercial fire insurance, and the loss of several large contracts in a highly competitive market.*

The net investment result decreased by € 122 million due to an exceptionally high level of net realized gains in 1998. Investment income decreased by € 20 million, primarily due to the sale of assets to fund the dividends paid.

On a constant structural basis, the claims ratio for all accident years, net of reinsurance, was 83.7%, a 2.6% improvement compared to 1998. In 1998, the claims ratio was affected by the strengthening of annuity reserves in connection with changes to mortality tables for workers' compensation benefits (€ 14 million), and the strengthening of the claims reserves attributable to legal protection cover associated with automobile insurance of € 22 million. Despite the increase in claims frequency in personal automobile cover, the claims experience improved by approximately 1% due to a decline in large workers' compensation claims and the reduction in claims frequency in the personal household insurance.

Acquisition expenses and administrative expenses of € 409 million, decreased by € 116 million compared to 1998. In 1998, a provision of € 127 million was recorded to cover the cost of restructuring property and casualty operations in Belgium. Excluding this provision, the expense ratio was 31.6% in 1999, compared with 31.4% in 1998.

In 1999, the Belgian subsidiaries recorded an income tax benefit of € 6 million, compared to an income tax benefit of € 31 million in 1998. This decrease is due to significant level of gains realized on sales of equity securities in 1998 as realized gains are not taxed in Belgium.

Goodwill relates to the acquisition of Royale Belge minority interests at the end of July 1998. The amortization charge in 1999 of € 11 million relates to a twelve-month period. The 1998 amortization charge was recorded for a five-month period given that the minority interests were acquired at the end of July 1998.

The increase in net income is attributable to the increase in AXA's ownership of AXA Royale Belge (99.8% at December 31, 1999, compared to 47.6% through July 1998 and 98.7% at December 31, 1998. On a constant structural basis, the improvement in net income versus 1998 was due to the restructuring reserve recorded in 1998, and to the improvement in the claims experience, partly offset by the decline in realized gains.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *In a market that grew slightly, gross premiums declined by 0.1% on a constant exchange rate and structural basis, to € 1,310 million principally due to more selective underwriting. In addition, gross premi-*

ums were affected by the decrease in average premium rates in workers compensation insurance and commercial risks in a particularly competitive market. In automobile insurance, gross premiums remained stable.

Net investment results increased € 143 million compared to 1997, to € 568 million. In 1998, Royale Belge and AXA Belgium realized net gains of € 285 million versus € 125 million in 1997. The level of realized gains in 1998 was partly due to investment sales made in connection with the acquisition of Royale Belge's minority interests whereby the Albert Frère Group agreed to reacquire certain of its shares held by Royale Belge. In 1997, the sale of Banque Bruxelles Lambert resulted in a realized gain of € 87 million.

The decrease in insurance claims was due to the 2.6 point improvement in the claims ratio for all accident years, which went from 88.9% in 1997 to 86.3% in 1998. In 1997, the claims ratio was impacted by the strengthening of claims reserves in connection with the run-off of reinsurance assumed on third party liability contracts in the United States. In 1998, annuity provisions were strengthened € 14 million in connection with changes to mortality tables for workers' compensation liabilities and claims reserves were strengthened by € 22 million for attributable to legal protection cover associated with automobile insurance. Excluding workers' compensation and reinsurance assumed, the claims ratio for all accident years deteriorated from 79.5% in 1997 to 81.7% in 1998 principally due to poor claims experience in automobile insurance which experienced an increase in claims frequency and severity, a trend noted throughout the market.

Acquisition expenses and administrative expenses increased by € 129 million, to € 525 million as a result of the recording of a € 127 million provision related to the restructuring of property and casualty operations in Belgium. Excluding this provision, the expense ratio was 31.4% versus 30.0% in 1997. Such decline is due to information system costs incurred in preparation for the euro and costs incurred preparing the restructuring plan.

In 1998, the Belgian subsidiaries recorded an income tax benefit of € 31 million versus income tax expense of € 10 million in 1997. The income tax benefit was due to the non-deductibility of the restructuring provision, which resulted in the recording of a deferred tax asset of € 51 million and the fact that gains realized on sales of equity securities are not taxed in Belgium.

Excluding the realized gain in 1997 on the Banque Bruxelles Lambert transaction of € 42 million, the € 84 million increase in net income (group share) is primarily attributable to the high level of realized gains on the sale of equity securities in 1998 partly offset by the establishment of a restructuring provision, accounting for an increase in net income of € 45 million. In addition, the buyout of Royale Belge minority interests brought AXA's economic interest in Royale Belge in the last five months of 1998 to 98.7% versus 47.6% previously.

ANALYSIS OF INSURANCE GENERAL ACCOUNT INVESTMENT RESULTS

■ The following table summarizes the net investment results of the Belgium Property and Casualty Insurance Group for the principal categories of general account assets for the periods indicated. Certain investment assets of the Belgium Property and Casualty Insurance group and associated net investment results are not included, and net investment income is not reduced for investment expenses or interest expense on short-term and long-term debt. Accordingly, the net investment results summarized in the following table are not directly comparable to the net investment results of the Belgium Property and Casualty Insurance Group discussed above.

Belgian Property and Casualty Insurance Group
Net Investment Result by General Account Asset Category

(in euro millions except percentages)	1999 Yield (a)	1999 Amount (a)	1998 Yield (a) (b)	1998 Amount (a)	1997 Yield (a) (c)	1997 Amount (a)
	Year Ended December 31,					
Fixed Maturities:						
Net investment income	6.93%	217	7.27%	221	7.35%	214
Net investment gains (losses)	(0.04)%	(1)	0.49%	15	0.22%	6
Net investment results	6.89%	215	7.76%	236	7.57%	221
Related Assets at year end		**3,134**		**3,122**		**2,956**
Real Estate:						
Net investment income	6.71%	24	7.63%	23	8.09%	26
Net investment gains (losses)	(0.13)%	-	0.25%	1	(2.54)%	(8)
Net investment results	6.58%	24	7.88%	24	5.55%	18
Related Assets at year end		**413**		**301**		**315**
Equity Investments:						
Net investment income	2.07%	15	3.29%	30	4.03%	38
Net investment gains (losses)	26.52%	197	30.99%	282	11.70%	110
Net investment results	28.59%	213	34.28%	311	15.73%	148
Related Assets at year end		**664**		**824**		**994**
Cash & Short Term:						
Net investment income	(7.73%)	(4)	7.60%	4	3.16%	3
Related Assets at year end		**79**		**36**		**55**
Total (d):						
Net investment income	5.89%	270	6.29%	291	6.61%	304
Net investment gains (losses)	4.13%	189	6.18%	286	2.72%	125
Net investment results	10.02%	460	12.47%	576	9.33%	429
Related Assets at year end		**4,563**		**4,612**		**4,630**

(a) Yields are calculated on the basis of average beginning and end of period asset carrying value for each asset category. All amounts are converted into French francs from local currency at year-end exchange rates.
(b) On a constant exchange rate basis, the yields for 1998 would have been 7.76% for fixed maturities, 7.87% for real estate, 34.27% for equity investments, 7.60% for cash and short term investments and 12.47% for all general account investments.
(c) On a constant exchange rate basis, the yields for 1997 would have been 7.61% for fixed maturities, 5.58% for real estate, 5.70% for mortgage loans on real estate, 15.81% for equity investments, 3.19% for cash and short term investments and 8.91% for all general account investments.
(d) Including investment income for loans that are not detailed in table above.

OTHER PROPERTY AND CASUALTY INSURANCE GROUP

The Other Property and Casualty Insurance Group includes principally AXA's insurance operations in Italy, Spain, Canada, Ireland, the Netherlands, and Morocco, as well as the developing operations in Portugal, Austria, Hungary, Luxembourg, Switzerland, Turkey, and countries in the Asia/Pacific region.

The following table presents information regarding the Other Property and Casualty Insurance Group for the years indicated.

	Year Ended December 31,		
(in euro millions)	1999	1998	1997
Gross premiums	3,607	3,023	3,036
Change in unearned premium reserve	(51)	(13)	(18)
Net investment results (a)	499	363	294
Total Revenues	**4,055**	**3,373**	**3,312**
Insurance benefits and claims	(2,859)	(2,430)	(2,347)
Reinsurance ceded, net (b)	51	66	(25)
Acquisition expenses	(687)	(630)	(561)
Other insurance company expenses	(397)	(328)	(356)
Total Benefits and Other Deductions	**(3,892)**	**(3,322)**	**(3,289)**
Income before income tax expense	163	51	23
Income tax expense	(71)	(23)	(5)
Equity in income of unconsolidated entities	2	1	2
Minority interests in income of consolidated subsidiaries	(42)	(16)	(9)
Amortization of Goodwill, Net	(17)	(16)	(9)
NET INCOME (c)	**34**	**(3)**	**2**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

The following table sets forth certain summarized financial information for the Other Property and Casualty Insurance Group by country for the periods indicated.

Gross Premiums (in euro millions)	Year Ended December 31, 1999	1998	1997
Italy	903	882	885
Spain	729	666	681
Canada	580	542	571
Ireland	257	–	–
The Netherlands	248	301	314
Morocco	88	60	59
Other countries	802	572	525
TOTAL	**3,607**	**3,023**	**3,036**

Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in euro millions)	1999	1998	1997	1999	1998	1997
Italy	–	(29)	(34)	–	(29)	(34)
Spain	(9)	(7)	(8)	(3)	(3)	(1)
Canada	11	22	21	11	21	21
Ireland	7	–	–	4	–	–
The Netherlands	2	(15)	8	2	(12)	5
Morocco	69	33	11	35	20	6
Other countries	(3)	10	13	(14)	(1)	4
TOTAL	**76**	**13**	**10**	**34**	**(3)**	**2**

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ Gross premiums increased by 3.8% on a constant structural and exchange rate basis. Subsidiaries operating in Ireland (gross premiums of € 257 million), Turkey (gross premiums of € 139 million), Morocco (gross premiums of € 88 million) and the GRE subsidiaries in Hong Kong, Singapore, the Netherlands and Portugal (gross premiums of € 71 million results for the eight month period following the acquisition of GRE in May 1999) were included in AXA's consolidated operating. They contributed a net loss of € 2 million to net income.

Italy. The 2.5% increase in gross premiums was primarily due to a 4.9% increase in automobile insurance, which represents 63% of gross premiums. The average premium rate increased by 7% largely offset by the reduction in the portfolio due to the closure of unprofitable agencies and the impact of new automobile sales, which were lower in volume terms compared to 1998. This was due to expiration of incentives designed to support the automobile market. Gross premiums for other lines of business decreased by 1.8%.

Net income was break-even in 1999, principally due to an improvement in net investment results, including several significant realized gains (€ 19 million net of minority interests), and in the combined ratio, which declined by 7.4% to 108.2% as a result of (i) a selective underwriting policy implemented in 1997, (ii) reserve strengthening effected in 1998, and (iii) the 2.5% reduction in the expense ratio (to 26.3%) due to operating cost efficiencies following the integration of operations. At the same time, income tax expense increased by € 18 million due to changes in tax regulations regarding the deductibility of certain claims reserves.

Spain. AXA Aurora Iberica recorded gross premiums totaling € 690 million in 1999, while Direct Seguros, which began operations in 1997, recorded gross premiums of € 39 million. The 7.4% increase in gross premiums recorded by AXA Aurora Iberica was primarily due to an increase in automobile insurance (which accounts for 60% of gross premiums) attributable to premium rate increases implemented since 1998 by anticipating a general market trend, before other property and casualty insurers, in a market that remains extremely competitive. Gross premiums for Direct Seguros, which sells automobile insurance, increased by 71.1%, and 41,000 new contracts were added to the portfolio.

Excluding direct marketing insurance, net income of € 4 million increased by € 1 million compared to 1998, due to realized gains of € 30 million, offset by the deterioration in the claims ratio for all accident years that affected the market as a whole. The claims ratio for all accident years, net of reinsurance, was 86.5% in 1999, a 7.1% increase, due to exceptional loss development for prior accident years in 1998. However, the claims ratio for the current accident year was stable overall, and improved significantly in automobile insurance due to the implementation of a more selective underwriting policy which significantly raised the average premium. The net loss recorded by Direct Seguros (€ 7 million) increased by € 2 million due to a claims ratio that remains high in a difficult market in which the company continues to build its portfolio of business.

Canada. Gross premiums increased 2.7% on a constant exchange rate basis due partly to partnership agreements initiated by AXA Canada with new brokers. In automobile insurance, which accounts for more than 50% of total gross premiums, gross premiums increased by 2.6% despite a decline in premium rates. Gross commercial insurance premiums increased by 3.4%.

Net income decreased by € 10 million due to a reduction in the level of gains realized on the sale of equity securities, which was high in 1998, and to a 2% deterioration in the claims ratio for all accident years, net of reinsurance. The deterioration in the claims ratio reflects the impact of the occurrence of significant commercial risk claims and bad weather conditions in Quebec in June and July of 1999. Excluding the impact of the freezing rainstorms in 1998, the claims ratio for all accident years, net of reinsurance, deteriorated by 4.4%. In addition, the expense ratio increased by 0.7% due to higher IT costs and the payment of commissions on the transfer of broker portfolios, partly offset by the release of a € 6 million tax provision that was deemed no longer necessary.

Ireland. *Gross premiums recorded by AXA Ireland totaled € 257 million (for the eight months following the acquisition of GRE in May 1999). Over the full year, gross premiums increased by 10%, principally in the automobile insurance product line, which accounts for 81% of gross premiums. The automobile insurance business benefits currently from a positive economic environment. Net income totaled € 4 million, including realized losses of € 6 million on disposals and goodwill amortization of € 2 million. The combined ratio was 103.1%.*

The Netherlands. *Effective January 1, 1999, AXA Schade sold its German branch outside the Company and transferred its disability portfolio to AXA Zorg (classified under life insurance business). Their gross premium contribution for the year ended December 1998 was € 41 million and € 26 million, respectively. Gross premiums for the year ended December 31, 1999 included gross premiums earned by the GRE subsidiary since May 1, 1999 totaling € 14 million. On a comparable structural basis, gross premiums decreased by 1.1%. This decrease represents the impact of a 2.2% increase in gross automobile insurance premiums (39% of gross premiums) offset by the 4.8% decrease in gross premiums on fire insurance cover (32% of gross premiums). The decrease in gross premiums on fire insurance cover is the result of a decision by some brokers to follow the Year 2000 recommendations of the National Insurers' Federation. This decision taken by some brokers led to the transfer of their business portfolios to companies (generally American) that did not exclude Year 2000-related risks from their coverage and were not members of the Millennium pool.*

On a constant structural basis (including the restatement of the ownership percentage related to the buyout of AXA Royale Belge minority interests at the end of 1998), the € 10 million improvement in net income was primarily due to provisions totaling € 23 million (group share) established in 1998, partly offset by realized gains. The 1998 provisions included € 19 million (group share) for membership in a Dutch insurance pool for commercial risks related to Year 2000 and € 4 million for risks underwritten in the London market.

In 1999, the claims ratio for all accident years, net of reinsurance, and the combined ratio (excluding broker-related business) were 70.7% and 112.7%, respectively (versus 87.4% and 129.1% in 1998). Excluding non-recurring items recorded in 1998 and on a constant structural basis, the combined ratio net of reinsurance deteriorated by 1.5% due to an increase in claims frequency in the current accident year and a deterioration in loss development on liability business from prior insurance years.

Morocco. *In 1999, gross premiums for Morocco included € 31 million in gross premiums recorded by the Compagnie Africaine d'Assurances, consolidated as of July 1, 1999, when acquired. On a constant exchange rate and structural basis, gross premiums for AXA Al Amane decreased by 6.9%, primarily due* to the cancellation of large contracts, particularly in the automobile, fire, illness/accident and transport lines of business.

The € 7 million increase in net income from AXA Al Amane can be attributed primarily to the increase in net investment results (up by € 25 million), partially offset by the 45.2% deterioration in the claims ratio for all accident years, net of reinsurance, to 108.4% in 1999. The deterioration in claims is essentially due to the strengthening of claims reserves which, in compliance with regulations, are calculated on the rate of settlements, which increased significantly in 1999. In addition, a mandatory change in estimates used to calculate workers' compensation benefits in 1998 led to significant positive loss development. Excluding these non-recurring items, the claims ratio for the current accident year was stable.

Other countries. Gross premiums increased in most other countries, particularly in Austria, Hungary and Switzerland (up 9.6% and 6.4%, respectively). In Portugal, excluding gross premiums recorded by GRE's Portuguese branch (€ 29 million in 1999), gross premiums were up 4.7%, outperforming the market as a whole. On a constant exchange rate and structural basis, and amidst a general economic slowdown, gross property and casualty insurance premiums recorded in the Asia/Pacific region decreased by 10.6% due to a more restrictive underwriting policy. Turkey, consolidated for the first time in 1999, contributed €139 million to gross premiums.

Other countries provided a net loss of € 14 million in 1999, versus a net loss of € 1 million in 1998, broken down as follows: Portugal, € 8 million (as opposed to € 4 million in 1998); Austria and Hungary, € 8 million (versus € 11 million in 1998); Luxembourg, € 4 million (compared to € 2 million in 1998); Switzerland, € 2 million (versus € 2 million in 1998); Turkey, € 4 million; and the Asian subsidiaries, a loss of € 40 million (compared to a loss of € 20 million in 1998), including a loss of € 30 million from the direct marketing insurance company that was established in Japan in 1998 and began operating in 1999.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ Despite the 1.0% decrease in gross premiums on a constant exchange rate basis, total revenues increased by € 61 million due higher net investment results primarily related to the positive climate in the financial markets in 1998.

The € 21 million increase in income before income tax expense was mainly due to an increase in total revenues. The Other Property and Casualty Group contributed net loss of € 3 million in 1998 versus € 2 million in 1997. This decrease was due to losses recorded by direct marketing operations in Japan and reduction in the Netherlands' contribution to net income partially compensated by the contribution from Morocco

Italy. AXA Assicurazioni gross premiums remained relatively stable at € 882 million. In automobile liability insurance, which represents approximately 61% of gross premiums, despite a market-wide premium rate increase of approximately 10%, gross premiums declined slightly due to a contraction in the portfolio due to the closure of unprofitable agencies. Gross premiums for other lines of business increased by 0.5%. Net loss totaled € 29 million versus € 34 million in 1997. The combined ratio for all accident years remained high although it improved from 118.8% in 1997 to 115.6% in 1998. Current year claims experience improved due to the implementation of selective underwriting policies in 1997; however, the ratio for all accident years suffered from *certain loss reserve strengthening recorded for prior accident years on automobile liability and general liability insurance due to an unexpected increase in mandated settlement amounts. The improvement in the expense ratio from 29.3% in 1997 to 28.8% in 1998 was as a result of a decrease in the workforce.*

Spain. *On a constant exchange rate basis, gross premiums decreased 2.2%, totaling € 666 million, of which € 643 million was recorded by AXA Aurora Iberica and € 23 million by Direct Seguros which began operations in 1997. Gross premiums for AXA Aurora Iberica declined 4.3% on a constant exchange rate basis due to a decline in automobile insurance which was affected by increased price competition and the implementation of more stringent underwriting standards. Regarding other matters, the restructuring of historical AXA and historical UAP businesses completed in 1998 did not have a negative impact on gross premiums and new automobile insurance products were launched in October 1998. On a constant structural basis, AXA Aurora Iberica contributed € 3 million, an increase of € 2 million over 1997. Despite the increase in claim frequency and severity, the claims ratio for all exercise years improved from 81.3% in 1997 to 79.4% in 1998 principally due to the increase in the results of reinsurance ceded, net. The increase in the combined ratio from 110.5% in 1997 to 111.7% in 1998 is primarily due to a decrease in gross premiums and a reallocation of general costs from life insurance to property and casualty insurance. This deterioration was offset by significant realized gains on the sale of equity securities and real estate investments.*

The net loss recorded by Direct Seguros, 50% owned by Banco Bilbao Vizcaya, was € 5 million in 1998 as compared to € 4 million in 1997. The loss declined due to the favorable impact of the recognition of a deferred tax asset of € 5 million related to tax loss carryforwards. Such poor results were directly related to the incidence of business development costs.

Canada. *On a constant exchange rate basis, gross premiums declined 0.4% in 1998. In a market that experienced rapidly declining gross premiums, AXA Canada was able to limit its decline due to the initiation of partnership agreements with new brokers. Without such agreements, the loss of its business would have been 4.3% on a constant exchange rate basis. In personal insurance, which accounts for 58% of the portfolio, gross premiums declined by 1.0% representing a decline of 1.3% in homeowner insurance partly offset by a 0.7% increase in automobile insurance gross premiums, both on a constant exchange rate basis. In commercial insurance, gross premiums increased by 1.8 %. At € 21 million, net income was stable in 1998 compared to 1997. The claims ratio for all accident years improved from 68.8% in 1997 to 67.4% in 1998 despite the occurrence of claims related to frozen rainstorms in Canada which decreased net income by € 7 million. The automobile insurance claims ratio improved markedly since the enactment of standardized claims settlement amounts in Ontario in November, 1996 which greatly reduced claims settlement periods. In addition, AXA Canada experienced significant positive loss reserve development in 1998 for prior accident years. The expense ratio remained constant at 35.1% while the combined ratio improved from 103.9% in 1997 to 102.5% in 1998.*

The Netherlands. *On a constant exchange rate basis, gross premiums declined by 4.3% on a constant exchange rate basis, to € 301 million, primarily due to the movement in the maturity date of certain professional disability contracts from December 31, 1998 to January 1, 1999. Excluding the impact of this item, gross premiums declined by 1.3% on a constant exchange rate basis. Automobile insur-*

ance, which represents approximately 30% of gross premiums, increased 0.8% despite increased competitive pressures. Fire insurance gross premiums, which represent approximately 25% of total gross premiums, decreased by 7.6% due to the reduction in coinsurance gross premiums. Net loss was € 12 million in 1998 versus a profit of € 5 million in 1997. As a result of the acquisition of Royale Belge minority interests, AXA's economic interest in this subsidiary increased to 98.6% as of July 31, 1998 compared to 67.3% previously. Assessments of a guaranty fund established for potential Year 2000 claims reduced net income by € 19 million. In addition, the strengthening of IBNR reserves in disability insurance reduced net income by € 3 million and the establishment of certain reserves for policies written in the London market decreased net income by € 4 million. As a result of these events, excluding brokerage business the claims ratio for all accident years increased from 68.4% in 1997 to 87.4% in 1998, while the combined ratio rose to 129.1% in 1998 versus 106.5% in 1997. Excluding the reserve strengthening recorded in 1998, the claims ratio (excluding brokerage business) for all accident years and the combined ratio increased to 69.5% and 111.2%, respectively. These losses were partially offset by increases in the gains realized on the sale of equity securities and a € 4 million gain realized upon the sale of a German branch by UAP New Rotterdam.

Morocco. Gross premiums for Al Amane increased 1.2% on a constant exchange rate basis, to € 60 million. This growth is principally the result of a large increase in fire insurance gross premiums and the development of bank distribution networks. In automobile insurance, the loss of several large contracts caused a loss in this line of business. The € 14 million increase in the contribution to net income is principally due to the increase in net investment results and an improvement in the claims ratio for all exercise years from 90.7% in 1997 to 63.2% in 1998. This increase was a result of a mandatory change in estimates used in calculating workers compensation insurance reserves. The combined ratio improved to 88.5% in 1998 from 115.0% in 1997.

Other Countries. Gross premiums remained stable in 1998 on a constant exchange rate basis at € 572 million. Gross premiums were up in Austria and Hungary, in Portugal and in Luxembourg and declined in Switzerland and in Asia. In Switzerland, the reduction in premiums is primarily a result of risk assumed on certain business underwritten by AXA Global Risks that was ultimately sold outside of the Group. Excluding this item, the Swiss gross premiums increased 3.2%. In Asia, the activity in Singapore and Hong Kong was affected by the financial market crisis. The net loss recorded in 1998 totaled € 1 million in 1998 compared to € 4 million in 1997. Austria and Hungary earned € 11 million in 1998 compared to € 9 million in 1997. Luxembourg earned € 1 million versus € 2 million in 1997. Portugal earned € 4 million versus € 3 million in 1997; and Switzerland earned € 2 million versus € 2 million in 1997, and losses of € 20 million were recorded by the Asian subsidiaries versus € 12 million in 1997. A net loss of € 9 million was recorded by direct marketing operations in Japan, the direct marketing insurance established in 1998 and expected to begin selling products in early 1999. The net loss of € 11 million recorded by the other Asian subsidiaries as compared to a net loss of € 12 million in 1997 was due to the impact of the financial crisis: significant losses were realized, particularly in connection with the restructuring of their equity security portfolios.

International Insurance Segment

As previously stated, from time to time AXA may change its segment presentation. In 1999, the former Reinsurance Segment was combined with the Transnational Property and Casualty Insurance Group activities, which was previously reported as a group within the Property and Casualty Insurance Segment. The new segment is named "International Insurance Segment" covering all aspects of global insurance and reinsurance risk coverage. Prior year financial information has been restated accordingly.

The International Insurance Segment principally includes AXA Re, AXA Global Risks, AXA Assistance, AXA Cessions and certain operations in run-off such as English & Scottish and St Georges Re. In 1999, the International Insurance Segment accounted for 5.8% of AXA's insurance related gross premiums (compared to 6.0% in 1998).

The following table sets forth certain summarized financial information for the International Insurance Segment for the years indicated.

Gross Premiums	Year Ended December 31,		
(in euro millions)	1999	1998	1997
AXA Reinsurance	1,385	1,359	1,388
AXA Global Risks	1,400	1,096	1,664
Other transnational activities	324	378	391
TOTAL	**3,109**	**2,833**	**3,443**

Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in euro millions)	1999	1998	1997	1999	1998	1997
AXA Reinsurance	100	131	123	93	125	120
AXA Global Risks	(153)	(87)	13	(151)	(86)	13
Other transnational activities	7	19	(5)	6	4	(9)
TOTAL	**(47)**	**62**	**131**	**(51)**	**44**	**124**

AXA REINSURANCE ("AXA RE")

The following tables presents information regarding AXA Reinsurance for the years indicated.

AXA Re (in euro millions)	Year Ended December 31, 1999	1998	1997
Gross premiums	1,385	1,359	1,388
Change in unearned premium reserve	(126)	(90)	(33)
Net investment results (a)	335	308	282
Total Revenues	**1,594**	**1,577**	**1,637**
Insurance benefits and claims	(1,114)	(1,102)	(953)
Reinsurance ceded, net (b)	65	153	(100)
Acquisition expenses	(349)	(402)	(328)
Other insurance company expenses	(56)	(59)	(61)
Total Benefits and Other Deductions	**(1,453)**	**(1,410)**	**(1,442)**
Income before income tax expense	141	167	195
Income tax expense	(36)	(31)	(62)
Minority interests in income of consolidated subsidiaries	(6)	(6)	(3)
Amortization of Goodwill, Net	(5)	(5)	(10)
NET INCOME (c)	**93**	**125**	**120**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts with unrelated third parties.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ In an international reinsurance market that remains highly competitive, gross premiums earned by AXA Re decreased by 13.7%, on a constant exchange rate basis. Gross property reinsurance premiums (89% of total gross premiums) decreased by 13%, with the increase relating to the underwriting and renewal of several large treaties in the US being more than offset by the unacceptably low premium rates on certain contracts and the impact of the decision made by AXA Re not to offer coverage for Year 2000-related risks.

On a constant structural basis, gross life reinsurance premiums of € 68 million decreased by 23%. The reduction in the life reinsurance portfolio is partially offset by new business, as AXA Re began to revise its underwriting policy for life reinsurance business. In 1999, gross financial risk reinsurance premiums remained in line with the trend observed in 1998, a year marked by intensive commercial activity on US contracts.

The € 36 million increase in the unearned premium reserve was due to the growth in proportional treaty business. Net investment results increased by € 27 million, attributable to stable investment income and a *sustained level of realized gains (€ 202 million in 1999, compared to € 185 million in 1998) against a backdrop of strong financial market performance. Insurance claims remained stable in 1999 compared to 1998. Insurance costs related to natural catastrophes declined (€ 99 million, versus € 267 million in 1998), but the claims ratio for the current accident year deteriorated sharply as the downward cycle in the world reinsurance market continued. Hurricane Floyd resulted in insurance costs before retrocessions of € 70 million. Negative loss development in respect of prior accident years was € 10 million in 1999, primarily due to reserve strengthening mainly in connection with Hurricane George. Positive loss development in respect of prior accident years was € 36 million in 1998.*

The net result on retrocessions declined by € 87 million, as insurance benefits retroceded in 1998 (€ 133 million) was particularly high due to the large number of significant claims that occurred during the period. As in 1998, AXA Re took advantage of favorable conditions to set up excess of loss cover at attractive rates and also benefited from a profit-sharing clause that generated € 116 million on this cover (compared with € 99 million in 1998). Excluding the effect of exchange rates, particularly against the US dollar, which is the currency of choice in retrocession cover programs, the cost of such programs remained unchanged. The claims ratio for all accident years, net of reinsurance, was 92.5%, versus 85.5% in 1998.

The 13% decline in acquisition expenses was due to the decrease in the change in unearned commissions related to the growth in proportional treaties during 1999 and lower commissions paid as a consequence of deteriorating underwriting results. General administrative expenses remained stable in 1999 compared to 1998. Net income declined by € 31 million due to low reinsurance premium rates worldwide.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *On a constant exchange rate basis, gross premiums rose by 1.6% to € 1,359 million. In property and casualty reinsurance, which accounts for nearly 88% of total reinsurance gross premiums, increases in proportional reinsurance gross premiums offset the reductions in non-proportional reinsurance gross premiums due to a decline in premium rates. Excluding proportional retrocessions and on a constant exchange rate basis, gross premiums for property casualty reinsurance remained stable. In life reinsurance, gross premiums totaled € 89 million, a 62.0% decline due to the termination in early 1998 of unprofitable US health reinsurance treaties. The increase of € 56 million in unearned premium reserves is principally due to the receipt of large proportional treaties at the end of 1998.*

Net investment results, which rose by 9.0%, reflected a decrease in net investment income of € 20 million due to the decrease in bond revenue caused by the drop in the US dollar to French franc exchange rate. Realized gains net of investment provisions increased to € 121 million versus € 74 million in 1997. Insurance benefits and claims increased by 16.0%. Unlike 1997, AXA Re recorded several major claims in 1998, including Hurricane Georges in the Caribbean and frozen rainstorms in Canada, the cost of which totaled € 0.3 billion before retrocessions. This deterioration in property and casualty insurance benefits and claims was partially offset by the absence of life reinsurance reserve strengthening in 1998 which totaled € 37 million in 1997 and a reduction in the equalization reserve in 1998 of € 40 million as compared to an increase of € 7 million in 1998. In addition, there was positive loss reserve development and a favorable impact for foreign exchange rates in 1998.

The net result on retrocessions increased from € 100 million in 1997 to € 153 in 1998. In a competitive retrocession market, AXA Re increased catastrophe coverage in 1998, as it was able to retrocede certain risks at advantageous rates. Such increase allowed AXA Re to recover approximately € 133 million related to retrocessions of risks associated with Hurricane Georges and the frozen rainstorms in Canada. In addition, AXA Re benefited from retrospectively rated contracts allowing them to recover losses on coverages greater than € 99 million. The claims ratio for all accident years rose from 74.9% in 1997 to 85.5% in 1998.

General costs (acquisition expenses, administrative expenses and claims handling expenses, which are included as part of insurance reserves) increased € 73 million to € 478 million. This increase was the result of the increase in commissions on proportional reinsurance, which has been growing since 1997. Proportional reinsurance has higher commission rates than other types of reinsurance. In addition, information system costs and personnel costs increased. Nevertheless, the expense ratio improved to 30.6% from 34.4% in 1997. The improvement was due to the recovery of commissions on the retrospectively-rated contracts discussed above.

The reduction of the income tax expense is due to the increase in net income for countries with low income tax rates. Net income increased by € 5 million due to the results of reinsurance ceded, net and the increase in net investment results. AXA Re, with a ratio of reserves to gross premiums of 334% and 337% in 1997 and 1998 (gross of retrocessions) maintained its conservative claims reserving policy.

AXA GLOBAL RISKS

AXA Global Risks is principally comprised of operations in the UK and France. The following tables presents information regarding AXA Global Risks for the years indicated.

AXA Global Risks (in euro millions)	Year Ended December 31, 1999	1998	1997
Gross premiums	1,400	1,096	1,664
Change in unearned premium reserve	(75)	102	13
Net investment results (a)	210	119	144
Total Revenues	**1,535**	**1,317**	**1,821**
Insurance benefits and claims	(1,606)	(1,247)	(1,384)
Reinsurance ceded, net (b)	199	67	(92)
Acquisition expenses	(167)	(123)	(195)
Other insurance company expenses	(145)	(149)	(135)
Total Benefits and Other Deductions	**(1,719)**	**(1,453)**	**(1,806)**
Income before income tax expense	(184)	(136)	15
Income tax (expense) benefit	31	49	1
Minority interests in income of consolidated subsidiaries	2	2	–
Amortization of Goodwill, Net	–	–	–
NET INCOME (c)	**(151)**	**(86)**	**16**

(a) Includes investment income, net to investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.
(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Gross premiums recorded by AXA Global Risks in 1999 include € 33 million in large risks contracts originating from GRE that have been re-underwritten by AXA Global Risks UK as of July 1999. On a constant structural basis, gross premiums recorded by AXA Global Risks increased by 9.5%, primarily due to the increase in business underwritten through AXA subsidiaries and recorded by AXA Global Risks, the sharp rise in international program business underwritten and to growth in financial reinsurance business.

Against the backdrop of strong financial markets, net investment results increased by € 90 million to € 210 million. The increase is due to € 116 million in realized gains on the sale of equity securities, compared to € 39 million of realized gains in 1998.

The claims ratio for all accident years, net of reinsurance, increased from 105.5% in 1998 to 118.5% in 1999. The increase is attributable to a deterioration in the claims ratio for the current accident year caused by the high frequency of large commercial risks claims at a cost (net of reinsurance) of € 70 million, and the occurrence of several natural catastrophes (earthquakes in Taiwan, Turkey and Greece, Hurricane Floyd and severe storms in France) at a cost of € 80 million. Claims experience for prior accident years improved by € 87 million as a result of a lower level of reserve strengthening required in 1999 compared to 1998. In 1998, AXA Global Risks (US) strengthened claims reserves for prior period claims, and AXA Global Risks SA strengthened reserves for construction and legal liability lines of business (€ (112) million net of favorable loss development on property and casualty reinsurance due to the sale of GIE Réunion Aérienne). The reserve strengthening was attributable to overall deterioration in claims experience.

Acquisition expenses and administrative expenses increased by € 40 million, primarily due to the establishment of a restructuring provision (€ 18 million) to cover the costs of aligning AXA Global Risks with AXA Re, scheduled to be completed in 2000. Excluding this provision, the expense ratio improved, from 29.2% in 1998 to 26.0% in 1999, principally due to the increase in premiums.

AXA Global Risks recorded a net loss of € 151 million, attributable to the sharp deterioration in the claims ratio for the current accident year due in particular to the occurrence of several natural catastrophes.

YEAR ENDED 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

In 1998, financial results were affected by several portfolio transfers, in particular the transfer by AXA Global Risks to AXA Courtage of commercial risks for French companies with less than 1,000 employees and the sale of GIE Réunion Aérienne and Réunion Spatiale. The 1997 gross premiums for these businesses totaled € 357 million. On a constant exchange rate and structural basis, gross premiums declined 21.3% due to the world-wide decline in premium rates in all AXA Global Risks lines (particularly, aviation, marine, transport and large risk), the restructuring of treaties with other AXA companies, and more selective underwriting.

The net investment results, which included € 44 million of realized gains, totaled € 119 million versus € 144 million in 1997.

In 1998, AXA Global Risks recorded a net loss of € 86 million versus a profit of € 16 million in 1997. AXA Global Risks SA in France recorded a net loss of € 32 million, versus net income of € 13 million in 1997, € 9 million of which was transferred to AXA Courtage in 1998. Net income was reduced by € 44 million and

€ 9 million for reserve strengthening recorded in the construction and legal liability lines of business, respectively. These events were partly offset by positive loss reserve development on property and casualty reinsurance due to the sale of GIE Réunion Aérienne (€ 12 million after tax) and other positive loss reserve development of € 9 million. As a result of such events, the increase in the combined ratio to 124.6% in 1998 from 114.8% in 1997. Excluding reserve strengthening and the sale of GIE Réunion Aérienne, the combined ratio increased to 113.1% in 1998.

Due to losses recorded in its marine and fire business, AXA Global Risks UK posted a net loss of € 9 million in 1998, versus net income of € 4 million in 1997.

The net loss recorded by AXA Global Risks US of € 45 million as compared to a net loss of € 0.4 million in 1997 resulted from € 58 million of claims reserve strengthening for claims years prior to 1997 (€ 37 million group share). The availability of net loss carryforwards gave rise to a deferred tax asset of € 20 million. In addition, € 13 million of losses were due to poor results in the transport line of business.

OTHER TRANSNATIONAL ACTIVITIES

YEAR ENDED 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ Gross premiums recorded by AXA Assistance increased by 1.2% compared to € 278 million in 1998. The growth in international business was offset by a decrease in gross premiums earned in France due to the cancellation of significant, but unprofitable, contracts. Net income totaled € 11 million, an increase of € 1 million over 1998. This increase relates primarily to a 0.7% decrease in the expense ratio to 26.9%, partly offset by a decrease in the net investment results, attributable to the lower level of realized gains on the sale of equity securities and real estate assets compared to 1998.

AXA Cessions had a net loss of € 7 million, largely attributable to an adverse impact of certain natural catastrophes (€ 20 million after tax, particularly in Australia and Taiwan). Conversely, AXA Cessions was covered by a group protection treaty that resulted in an after-tax profit of € 17 million in connection with the year-end storms in 1999.

English & Scottish and Saint-George Re provided net loss of € 6 million and net income of € 1 million, respectively, versus net loss of € 10 million for each in 1998.

YEAR ENDED 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ On a constant exchange rate basis, AXA Assistance's premiums increased by 8.7%, to € 310 million in 1998 due to growth in international sales. Gross premiums increased 5.8% on a constant exchange rate basis to € 278 million on a group share basis. Net income totaled € 10 million, an increase of € 14 million compared to 1997. This increase was primarily due to an increase in total revenues of € 5 million, the recording of an increase in a provision for restructuring in 1997 and an increase in net investment

AXA Cession, English & Scottish and St Georges Ré recorded 1998 net losses of € 3 million, € 10 million and € 10 million, respectively. AXA Cessions' net income declined by € 5 million versus 1997 primarily due to freezing rain claims in Canada which decreased net income by € 9 million. English & Scottish reduced its net loss due to the decline in the reserve strengthening recorded for pre-1992 business received from AXA Global Risk UK from € 14 million in 1997 to € 13 million in 1998.

Asset Management Segment

In 1998, AXA changed its segmentation in financial service operations to align its segmentation with the basis used by management to evaluate group performance and to allocate resources. Previously, the Financial Services Segment was comprised of the US Financial Services Group and the International Financial Services Group. Since asset management has become increasingly more important to AXA both from a strategic and profitability perspective, AXA created the Asset Management Segment along with the Other Financial Services Segment. Prior years' amounts have been restated to reflect the changes in segmentation.

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 net income for the Asset Management Segment for the periods indicated.

Asset Management Revenues (in euro millions)	Year Ended December 31, 1999	1998	1997
Alliance Capital (a)	1,674	1,132	902
AXA Investment Managers	227	133	80
National Mutual Funds Management (b)	27	26	23
TOTAL	**1,928**	**1,292**	**1,005**

(a) Includes asset management revenues from Equitable Real Estate of € 115 million in 1997.
(b) For National Mutual Funds Management, fiscal year end is September 30th.

Net Income	Total			Group Share		
(in euro millions)	1999	1998	1997	1999	1998	1997
Alliance Capital (a) (b)	313	211	238	72	56	112
AXA Investment Managers	22	43	32	11	37	26
National Mutual Funds Management	3	3	6	1	1	3
TOTAL	**338**	**257**	**275**	**84**	**95**	**141**

(a) Includes net income from Equitable Real Estate of €15 million in 1997.
(b) Include trading investment income, net of investment expenses and interest expense on short-term and long-term debt (other than interest expense on short-term trading instrument, which is included in financial services companies expenses), and net realized trading investment gains or losses.

In 1999, the Asset Management Segment accounted for 2.9% of AXA's total revenues (compared to 2.3% in 1998). The net income from the Asset Management Segment represented 4.5% of AXA's consolidated net income (group share) and Alliance Capital Management generated 86% of this net income.

ALLIANCE CAPITAL

Alliance Capital (in Euro millions)	1999	1998	1997
Financial services revenues	1,674	1,132	902
Net investment results (a)	63	84	289
Total revenues	**1,738**	**1,216**	**1,190**
Financial company expenses (b)	(1,305)	(911)	(749)
Income before income tax expense	**432**	**305**	**441**
Income tax expense	(115)	(91)	(85)
Minority interests in income of consolidated subsidiaries	(241)	(154)	(126)
Amortization of goodwill	(4)	(4)	(118)
NET INCOME	**72**	**56**	**112**
Exchange Rates (c)	0.92	0.90	0.91

(a) Includes investment income, net of investment expenses, interest expense on short-term and long-term debt (other than interest expense on short-term trading instruments which is included in operating costs and other deductions), and net realized investment gains or losses.
(b) Includes interest expense on short-term trading instruments.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Alliance Capital Management's 1999 asset management revenue increased by 42.2% on a constant exchange rate basis. This increase is primarily due to 28.5% growth in assets under management compared with 1998 and the change in asset mix, which impacts the fees earned. Mutual fund assets under management relating to individual investors increased by 43% compared with 18% growth in institutional accounts. In addition, the percentage of products invested in equities, on which asset management fees are higher, continued to grow. The growth in assets under management (€ 80 billion at December 31, 1999) of 35.9% resulted from the addition of new accounts, while 64.1% was due to financial market appreciation.

Net income of Alliance Capital Management operating companies was € 143 million in 1999, an increase of € 55 million compared to 1998. Excluding the impact of appreciation of the US dollar (€ 6 million), net income increased by 55.6% (on a constant exchange rate basis), due to (i) growth in the factors described above impacting revenues, (ii) strong growth in performance-based fees (€ 152 million in 1999 compared to € 48 million in 1998), and (iii) general improvement in the ratio of general operating costs to revenue, which decreased from 65.9% in 1998 to 63.0% in 1999.

The intermediate holding companies had a net loss of € 71 million in 1999, compared to € 31 million in 1998. This adverse change is largely attributable to costs relating to the legal restructuring of Alliance Capital Holding (€ 8 million group share). In addition, net income in 1999 included a dilution gain of € 2 million attributable to the exercise of stock options in 1999, compared to € 11 million in 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

The financial results presented above are comprised of the asset management company, Alliance L.P., and its holding companies. Equitable Real Estate was also held by such holding companies until it was sold in 1997.

Alliance Capital Management's 1998 asset management revenue was € 1,132 million, an increase of 34.6% on a constant exchange rate and structural basis. This increase was the result of continuing growth in assets under management (31.1% since December 31, 1997) and a change in the character of assets under management. The proportion of mutual fund assets under management, which generate higher asset management fees than institutional accounts, increased 39.5% as compared to a 25.7% increase for institutional accounts in 1997. On a constant structural basis, 61.3% of the increase in assets under management is attributable to investment appreciation while 38.7% is a result of the addition of new accounts.

Net income of Alliance LP totaled € 88 million, an increase of € 49 million as compared to 1997. Net income in 1997 was impacted by the € 38 million reduction in the recorded value of Cursitor Eaton. (The impact on net income of the reduction in the recorded value of Cursitor Eaton was € 33 million. The € 38 million reduction in recorded value recorded by Alliance LP was partially offset by a tax credit of € 6 million recorded by its holding companies.) In 1998, the contribution from Alliance Capital was reduced by € 9 million due to changes in tax laws. Under prior tax law, Alliance, as a partnership, was generally not subject to federal income tax. Because Alliance units are publicly traded, Alliance would have been treated as a corporation for federal income tax purposes commencing January 1, 1998. Alliance utilized an option in 1998 whereby it maintained its partnership tax status while paying a 3.5% tax on partnership gross income. The decline of the US dollar reduced net income by € 2 million. Excluding the impact of these items, net income rose by € 21 million, 28.9% on a constant exchange rate and structural basis, principally due to the strong financial markets in 1998, despite their drop in the third quarter.

Net loss of other entities included in the group totaled € 32 million as compared to a gain of € 69 million in 1997. Net income in 1997 included the € 6 million contribution of Equitable Real Estate until its sale and the € 90 million gain realized on its sale in June 1997. In 1998, net income includes a € 11 million dilution gain related to the exercise of stock-options. Excluding the impact of these items, net income decreased by € 16 million principally due to the increase in 1998 of income tax expense resulting from the increase in Alliance LP's net income, the 1997 release of tax reserves, and the 1997 reduction of the recorded value of Cursitor Eaton.

AXA INVESTMENT MANAGERS

AXA Investment Managers (in Euro millions)	1999	1998	1997
Financial services revenues	227	133	80
Net investment results (a)	131	75	36
Total revenues	**358**	**208**	**116**
Financial company expenses (b)	(286)	(145)	(65)
Income before income tax expense	**72**	**63**	**51**
Income tax expense	(37)	(20)	(19)
Minority interests in income of consolidated subsidiaries	(11)	(6)	(6)
Amortization of goodwill	(13)	–	–
NET INCOME (c)	**11**	**37**	**26**

(a) Includes investment income, net of investment expenses, interest expense on short-term and long-term debt (other than interest expense on short-term trading instruments which is included in operating costs and other deductions), and net realized investment gains or losses.
(b) Includes interest expense on short-term trading instruments.
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997 the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ Including revenue earned from AXA insurance companies, eliminated upon consolidation, AXA IM's revenues totaled € 430 million, an increase of 37% on a constant structural and exchange rate basis. This increase is attributable to growth in assets under management of € 33 billion (14.7% on a constant structural and exchange rate basis, of which 39% is due to the addition of new accounts, and 61% is due to growth in the financial markets), and a change in asset mix which impacts the fees earned. Assets under management on behalf of third parties, which generate higher asset management fees, increased 34.5% on a constant structural and exchange rate basis. In addition, performance-based fees increased significantly, from € 2 million in 1998 to € 30 million in 1999 as a result of the good performance recorded by AXA IM and the receipt in 1999 of performance-related commissions relating to the three previous years. Excluding inter-group transactions, consolidated revenues of € 227 million were up by 36% on a constant structural and exchange rate basis.

AXA Rosenberg recorded asset management revenue of € 51 million. This entity was consolidated from date of acquisition in January 1999.

An amortization charge for goodwill of € 13 million mainly relates to the acquisition of AXA Rosenberg. General operating expenses increased by € 141 million, principally from the significant growth of the holding company that will coordinate AXA IM growth in the new markets by centralizing certain functions such as strategy, equity research, interest rate research, marketing and information technology systems.

AXA IM's contribution to AXA's consolidated net income decreased by € 26 million in 1999 (41% on a constant exchange rate and structural basis). This decrease was primarily a result of goodwill amortization on the newly acquired companies and an increase in net losses of € 22 million (group share) attributable to the holding company relating to an increase in administrative costs, compared to € 4 million in 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *Including revenues from AXA insurance companies eliminated upon consolidation, the asset management revenues of AXA IM totaled € 199 million, an increase of 27.0% on a constant exchange rate and structural basis. Such growth was due to the 18.1% constant exchange rate growth of in assets under management of € 19 billion and the more rapid growth of assets under management with higher fee rates. The latter was principally the result of the appreciation of assets managed for third parties, which grew by 37.7% on a constant exchange rate basis. The overall growth in assets under management is attributable to appreciation of asset values and the addition of new accounts, which accounted for 40.2% and 59.8% of the growth, respectively.*

Excluding revenues from AXA insurance companies eliminated upon consolidation, AXA IM asset management revenues totaled € 133 million, a 50.1% increase on a constant exchange rate basis.

In 1998, net income increased by 44.4% on a constant exchange rate basis to € 37 million compared to € 26 million in 1997. This increase comes principally from the operational subsidiaries, which increased their contribution to net income by 50.7% on a constant exchange rate basis to € 14 million. These subsidiaries experienced growth in their asset management revenues of 25.5% on a constant exchange rate basis that outpaced the growth in their financial company expenses. This operational growth was partially offset by the AXA IM's holding company loss of € 4 million, group share, which increased by € 3 million as compared to 1997. This deterioration is due to AXA IM's policy to increase its financial company expenses to ensure global coordination of certain key functions such as strategic direction, equity and debt security analysis, and information systems.

Other Financial Services Segment

As previously stated under "Asset Management Segment", the Other Financial Services Segment was created as a separate operating segment in 1998.

These operations were previously reported in the Financial Services Segment, along with the asset management operating activities. Due to creation of two operating segments from one previous segment, prior year financial information has been restated accordingly for comparative purposes.

The tables below present the revenues and net income for the Other Financial Services Segment for the years indicated.

Other Financial Services Revenues (in euro millions)	1999	1998	1997
Donaldson, Lufkin & Jenrette (DLJ)	9,671	7,486	6,674
Financial and real estate companies	1,136	750	1,020
TOTAL	**10,806**	**8,236**	**7,694**

Net Income (in euro millions)	Total			Group Share		
	1999	1998	1997	1999	1998	1997
Donaldson, Lufkin & Jenrette (DLJ)	541	313	361	226	129	153
Financialand real estate companies	2	42	93	(5)	29	67
TOTAL	**543**	**355**	**454**	**221**	**158**	**220**

In 1999, the Other Financial Services Segment accounted for 15.7% of AXA's revenues compared to 14.5% in 1998. In both 1999 and 1998, DLJ accounted for nearly 90% of the total revenue for this segment; its revenues increased 20.9% in 1999 from 1998 (on a constant exchange rate and structural basis).

Revenues in the real estate subsidiaries declined by € 14 million, principally because of a decrease in management fees earned by Soffim, Sofinad and Sofapi. Other finance company revenues grew by € 399 millions, following the integration of the Banque ANHYP, a Belgian savings bank, acquired at the end of 1998 (€ 455 million).

The net income generated by the Other Financial Services Segment represented 11.8% of AXA's consolidated net income (group share) compared to 11.2% in 1998. The contribution principally relates to DLJ.

DONALDSON, LUFKIN & JENRETTE (DLJ)

DLJ (in euro millions)	1999	1998	1997
Financial services revenues	9,671	7,486	6,674
Net investment results (a)	98	109	178
Total revenues	**9,768**	**7,595**	**6,852**
Financial company expenses (b)	(8,944)	(7,103)	(6,296)
Income before income tax expense	**825**	**493**	**556**
Income tax expense	(276)	(174)	(188)
Minority interests in income of consolidated subsidiaries	(315)	(183)	(207)
Amortization of goodwill	(8)	(6)	(7)
NET INCOME	**226**	**129**	**153**
Exchange Rates (c)	0.92	0.90	0.91

(a) Includes investment income, net of investment expenses, interest expense on short-term and long-term debt (other than interest expense on short-term trading instruments which is included in operating costs and other deductions), and net realized investment gains or losses.
(b) Includes interest expense on short-term trading instruments
(c) In 1999 and 1998, AXA used the weighted average exchange rate to translate the results of operations whereas in 1997, the year-end exchange rate was used.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ *Revenue increased 23.6% as a result of a 27% increase in stock market transactions, which for the second year running set a new record in the financial market, and an increase in fees on mergers and acquisitions and revenues earned on equity portfolio transactions. This is in contrast to the second-half of 1998 which was marked by volatility in the financial markets and, therefore, affected revenues from equity portfolio transactions and stock issues.*

Within a favorable market context, all of DLJ's activities recorded good results as set out below.

The Mergers and Acquisition advisory business increased by 169% in 1999. DLJ expanded its market share, in terms of completed transactions on the US market, moving from twelfth to fourth place. Financial services operations, whose main activities are stock market settlement using Pershing, a division within DLJ, and online brokerage through DLJdirect, benefited significantly from the market's rapid expansion. The financial services operations had increases in both the number of transactions and the number of clients.

Syndicated stock and bond issuing activities also expanded significantly. In addition, DLJ continued its international development and now operates in 16 countries around the world. In 1999, the revenues from these activities virtually doubled to reach € 735 million.

Management expenses were up by 20.4%, which must be evaluated in light of the total revenues generated by DLJ in 1999. The expenses include staff costs and development costs associated with DLJ's development activities in Europe and Japan.

The contribution to net income, group share, in 1999 was up by € 97 million (€ 87 million at constant exchange rates). This increase was attributable to the strong operating performances by each operational area within DLJ while managing general operating expense levels. This compares to 1998, which was affected by the crisis in the emerging financial markets.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ *On a constant exchange rate basis, revenue growth was 14.0% principally due to strong growth in the mergers and acquisitions market and to the growth in trading volume, which reached record levels in 1998.*

These positive trends were partly offset by the decline in revenues from private capital raising and investment banking activities caused by the increased volatility of equity markets in third quarter 1998 which affected trading security income and private placement activities. Financial company expenses increased by 14.7% on a constant exchange rate basis, to € 7,104 million in 1998. This increase was largely due to fixed compensation costs related to the increase in personnel costs and rental and start-up costs linked to the development of business, principally in Europe. The increase in variable costs was 12.0% on a constant exchange rate basis as compared to 1997.

Net income was € 130 million, a decrease of € 23 million compared to 1997. The decline in DLJ's net income was primarily due to markdowns on DLJ's fixed maturities and to losses incurred in emerging markets and the decline in income from fixed income security activity, and costs related to international development.

FINANCIAL AND REAL ESTATE COMPANIES

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ Net income from the other financial and real estate companies decreased in 1999 compared to 1998. The results include AXA Bank Belgium of € 33 million and the losses from Banque Worms of € 80 million. A change in accounting treatment for Banque Worms was made in 1999 and its results have been included in operating results given that this operation has not yet been sold following its acquisition via the UAP transaction in 1997.

On a constant structural basis, the Belgian banks reported net income, which is similar to that reported in the prior year. Margins on credit transactions dropped as a result of strong competition but were offset by favorable European interest rates in 1999.

The net loss from Banque Worms includes, principally (i) integration of 1997 and 1998 operating losses of € 12 million; (ii) amortization of the goodwill in the opening balance sheet on acquisition of the UAP group of € 35 million, as the operations are currently loss making, and (iii) a charge of € 69 million (€ 43 million group share) recorded by the various shareholders of the bank (being AXA subsidiaries) in relation to the costs of providing guarantees to the bank relating to doubtful debts.

There are a number of activities within Banque Worms, which have been affected by political and economic crisis, changes in regulation and significant competition in this marketplace. In order to improve the operating results, a reorganization is underway. This reorganization includes the closing of certain sites, curtailment of certain activities, linking the different businesses and subsidiaries in the most cost effective matter with an improved organizational structure.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ The investment and real estate companies held by French insurance and reinsurance companies were excluded from consolidation, effective January 1, 1998. The net income contribution for these entities in 1997 was € 31 million. If the investment and real estate companies had been consolidated in 1998, they would have contributed € 190 million to AXA's consolidated total revenues. From 1998 these entities are accounted on a cost basis and their contribution to AXA's consolidated results will be from dividends paid and any gains or loss from any disposals of these companies. In addition, both UIF and Foncière Vendôme were sold in the first half of 1998. Foncière Vendôme contributed € 17 million to revenues in 1997.

Net income provided by the European subsidiaries was € 42 million. On a constant structural basis, the contribution to net income increased € 17 million. This increase was primarily due to an improvement in the net income of Sofapi, Holding Soffim, and Sofinad of € 12 million due to the favorable resolution of a contentious case and a decrease in expenses related to outstanding balances.

Excluding the deconsolidated of the investment companies, the contribution of other companies decreased by € 1 million to € 34 million, of which Compagnie Financière de Paris earned € 17 million, Banque IPPA earned € 5 million, Colonia Bausprkasse earned € 5 million, and Royale Belge Investissement earned € 8 million.

Holding Company activities

The Holding Company activities consist of AXA's non-operating companies, including the Company, AXA Financial, Inc. (formerly Equitable Holding Companies Incorporated), AXA Asia Pacific Holdings (formerly National Mutual Holdings), and Sun Life and Provincial Holdings ("Sun Life Holdings").

Net Income	Year Ended December 31,					
	Including Minority Interests			Group Share		
(in Euro millions)	1999	1998	1997	1999	1998	1997
The Company	286	(193)	(160)	286	(193)	(160)
AXA France Assurance	61	74	(9)	61	74	(9)
Other French holding companies	12	96	23	12	96	22
Holdings - AXA Financial Inc.	87	(9)	(13)	51	(5)	5
Holdings - AXA Asia Pacific	(36)	(31)	(25)	(17)	(15)	(11)
Holdings - Sun Life & Provincial	(490)	(98)	(48)	(277)	(70)	(33)
Other foreign holding companies	(36)	1	(1)	(31)	(3)	(8)
TOTAL	**(117)**	**(161)**	**(234)**	**84**	**(116)**	**(194)**

The Company

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

■ The Company's contribution for the year ended December 31, 1999 includes the dilution gain relating to SLPH in connection with the GRE transaction. Excluding this dilution gain of € 486 million, losses recorded by the Company increased by € 7 million. Results in 1999 were favorably impacted by the significant net realized gains on the sale of equity securities of € 37 million after tax. These realized gains were partially offset by the amortization of goodwill of € 16 million relating to GRE's Portuguese branch, higher general expenses linked to the significant advertising campaign of the AXA trademark of € 11 million after tax, and by a foreign currency exchange loss of € 27 million (after tax) following the acquisition of GRE.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

■ The Company recorded a net loss of € 193 million as compared to € 160 million in 1997. The 1998 net loss was principally comprised of the following items:

- Negative net investment results after tax of € 80 million, principally due to interest expense incurred by the Company in financing certain external growth, principally, the short-term financing of the acquisition of Royale Belge minority interests. In addition, such investment results include a € 18 million (after tax) impairment provision for recording the office building at 25 avenue Matignon at its fair value. General costs, after tax, increased € 12 million compared to 1997, primarily due to increased costs related to the promotion of the AXA trademark worldwide.
- Amortization of goodwill of € 55 million increased 47 million over 1997. In 1997, The Company amortized into net income the remaining negative goodwill related to the acquisition of AXA Financial, Inc. (€ 31 million). In 1998, the Company began amortizing goodwill related to the acquisition of Royale Belge (€ 11 million) and wrote off all goodwill related to Dongbu AXA Life in Korea (€ 14 million).
- Income tax expense of € 31 million, mainly comprised of the of tax paid on the intercompany sale of consolidated subsidiaries AXA Belgium, AXA Luxembourg Vie and AXA Assurance Luxembourg to Royale Belge (€ 46 million).

In 1997, net income included realized gains on the sale of equity securities held in Schneider and BNP, and a dilution gain recorded by the Company when AXA Financial, Inc. redeemed for shares of common stock subordinated debentures and preferred stock. These gains were partially offset by realized losses and impairments on real estate.

OTHER HOLDING COMPANIES

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Other holding companies recorded a net loss of € 202 million in 1999 compared to net income of € 77 million in 1998. This change resulted principally from the following:

- A significant realized gain of € 101 million (after tax) on the sale of equity securities in BNP was recorded in 1999 (compared to € 82 million in 1998) by AXA France Assurance (holding company). This was partially offset by a provision of € 19 million (after tax) for the write-down of shares in the property and casualty insurance subsidiary in Australia which is not consolidated.
- The group share of net income of the other French holding companies in 1998 included a capital gain of € 93 million (after tax) on the sale by Colisée Excellence of stock held in treasury, which did not exist in 1999.
- A gain recorded in 1999 by AXA Financial, Inc. relating to the offering of tracking stock in DLJdirect of € 64 million net income (group share).

The exceptional amortization in 1999 by SLPH of goodwill on the UK and Irish property and casualty insurance subsidiaries of GRE, of € 242 million net income (group share), resulting from adjustments to the opening balance sheet provisions. In 1998, the results of SLPH included a tax charge of € 54 million (group share) on the sale of AXA Leven to AXA Nederland.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

The contribution of other holding companies to net income in 1998 was € 65 million versus a net loss of € 77 million in 1997. This significant change is attributable to the following variations:

- An increase in income from AXA France Assurance, which realized a gain on the sale of equity securities held in BNP in 1998 (€ 82 million).
- AXA Financial, Inc., which in 1998 recorded a € 12 million dilution gain on the exercise of DLJ stock options. In addition, interest expense decreased as a result of the redemption of its subordinated debentures and preferred stock in August 1997.

* The decline in income from Sun Life & Provincial Holdings primarily due to an income tax charge of € 54 million, group share, related to the sale of AXA Leven to AXA Nederland partially offset by the increase in investment results resulting from the investment of proceeds received on the sale of New Ireland Holdings.
* Colisée Excellence, included in the Other French Holding Companies, which realized a gain in 1999 on the sale of ordinary shares of the Company (€ 94 million).

Other Matters

HOLOCAUST

In 1999, AXA continued its research efforts to identify the life insurance policies subscribed by Holocaust victims in various European countries, which may not have been paid. On August 25, 1998, AXA, along with five major European insurance groups, signed an agreement with certain American state insurance regulatory authorities and Jewish organizations. The International Commission, established pursuant to this agreement, has determined the payment principles of unpaid policies, and the first payments have been made accordingly.

The companies within AXA involved in this process are companies operating in Germany (5% of the market in 1938 for AXA), Belgium (22% of the market), and France (31% of the market). Investigations undertaken to date have made it possible to identify approximately 200 unpaid policies in Germany and less than 100 in France that may be related to the Holocaust based on criteria established by the relevant regulatory authorities. In addition, as of January 31, 2000, AXA had received a total of 23 claims through the International Commission, all of which related to AXA Colonia.

As of December 31, 1999, AXA had spent € 17 million (of which € 10 million in 1999, primarily representing the cost of internal research and an audit carried out within AXA and also AXA's share of the operating expenses of the International Commission. The Company is not in a position, at this time, to reasonably estimate AXA's ultimate exposure in this matter and, therefore, is unable to determine whether such amounts will be material to AXA's consolidated results of operations, liquidity or financial condition.

YEAR 2000

Since 1995, the AXA Group has been heavily involved in Year 2000 compliance work and in conducting the tests necessary to ensure adequate preparation for January 1, 2000. This work was completed in accordance with the established timetable, and AXA Group systems and technology were generally compliant by June 30, 1999, with final testing completed by September 30, 1999.

At the end of December, a centralized command center was established linking all of the Group's companies to each other and to Company Management. This command center allowed AXA to monitor each stage of the rollover to Year 2000 from December 31, 1999 to January 4, 2000. No disruption of activity was experienced during this period, and business resumed normally on January 3, 2000. The overall cost (internal and external) of completing the Year 2000 project was approximately € 410 million.

With regard to its insurance and reinsurance operations, since 1997 AXA has been particularly restrictive in the provision of insurance coverage on Year 2000 risks, by excluding or limiting the most risk-sensitive guarantees.

To the best of the Company's knowledge, no material Year 2000-related damage has been noted to date. Since the Group's insurance and reinsurance companies have not been notified thus far of any material damage related to the Year 2000, there appears to be limited exposure to Year 2000 insurance risk for AXA.

Liquidity and Capital Resources

The Company and each of its major operating subsidiaries are responsible for financing their operations. The Company, as the holding company for AXA, will from time to time, however, arrange for and participate in financing the operations of subsidiaries.

AXA has obligations that are not characterized or classified in the consolidated balance sheet as debt or equity capital. These funds, referred to as mezzanine capital, include subordinated debt and mandatorily convertible bonds and notes. On a consolidated basis at December 31, 1999 and 1998, AXA's subordinated debt and mandatorily convertible bonds and notes was € 4.8 billion and € 2.7 billion respectively. Further information is provided in Note 10 to the Consolidated Financial Statements.

On a consolidated basis at December 31, 1999 and 1998, AXA's financing debt was € 5.4 billion and € 4.2 billion, respectively, and AXA's operating debt was € 11.7 billion and € 6.1 billion, respectively. Financing debt is primarily comprised of long-term debt and convertible debt of the Company or one of its subsidiaries. Of the total financing debt and operating debt, the amount of short term debt was € 9.0 billion and € 4.2 billion at December 31, 1999 and 1998, respectively. Operating debt is comprised of borrowings, principally used by the financial services subsidiaries to provide working capital. Further information is provided in Notes 7 and 8 to the Consolidated Financial Statements.

At December 31, 1999, € 2.0 billion in convertible debt issued by the Company that has the potential to be converted into 20.4 million ordinary shares in accordance with the terms and conditions of the debt.

At December 31, 1999, the aggregate principal payments required to be made on maturing operating and financing debt and mezzanine capital (other than mandatorily convertible bonds and notes) for 2000 and the four years thereafter are € 0.5 billion, € 1.8 billion, € 1.6 billion, € 0.3 billion and € 0.7 billion, respectively. Off-balance sheet commitments are discussed in Note 17 to the Consolidated Financial Statements.

THE COMPANY

As a holding company, the Company's principal sources of funds are dividends from subsidiaries and funds that may be raised through the issuance of debt or equity securities and bank or other borrowings. The Company has expanded its insurance operations through a combination of acquisitions, joint ventures, direct investments and internal growth. This expansion is funded primarily through a combination of (i) proceeds from the sale of non-core businesses and assets, (ii) dividends received from operating subsidiaries, (iii) proceeds from the issuance of convertible debt securities, as well as borrowings (including from affiliates), and the issuance of new ordinary shares.

In February 2000, the Company issued € 500 million of 7.25 % undated subordinated notes. These notes may be redeemed at any time at the option of the Company in accordance with the defined terms and conditions set out in the offering circular. The redemption price is equal to the original price per note of € 25.

Concomitantly, the Company issued € 1,100 million in 3.75% subordinated convertible notes due January 1, 2017. These notes may be redeemed at any time starting from January 1, 2007 at the option of the Company in accordance with the terms and conditions set out in the offering circular. The redemption price at the earliest redemption date of January 1, 2007 is € 196 per note, or 118.4 % of the original principal amount. The conversion into shares of all the notes issued would result in the issuance of 6.6 million AXA ordinary shares.

The purpose of the additional debt is to finance the growth of the Company or any of its subsidiaries and to strengthen the Company's consolidated financial structure. In particular, the proceeds of these issues could be used to finance the buyout of AXA China Region minority interests and the acquisition of Nippon Dantai.

In February 1999, the Company issued 2.5 % subordinated convertible notes due 2014 for € 1,524 million. The proceeds were primarily used to finance the acquisition of GRE by AXA Sun Life. The conversion into shares of all the notes issued would result in the issuance of AXA ordinary shares of 9,239,333. In addition, the Company has the right to redeem these notes starting in 2005 at a price of € 186.12 per note. The issuance price per note was € 165.

In June and July 1998, the Company acquired the minority interests of Royale Belge for € 2,882 million. This acquisition was funded by the issuance of 9.6 million new ordinary shares valued at € 985 million, the exchange of the Company's treasury stock valued at € 419 million, a cash payment of € 1,478 million and the issuance of 2.7 million Certificates of Guaranteed Value, which were cancelled in December 1999 (see "Significant 1999 Events" within this section of the Annual Report).

In addition in 1998, the Company also obtained € 183 million on an existing line of credit and raised € 381 million through the issuance of commercial paper and obtained syndicated credit facility of € 762 million, representing € 1,326 million in total. At September 15, 1999, the € 1,326 million of borrowings was repaid.

The Company acquired Compagnie UAP in 1997. In connection with the acquisition, the Company increased its capital by € 4,574 million through the issuance of 111.1 million new ordinary shares in exchange for the Compagnie UAP shares tendered by the former shareholders. The Company also issued 128 million AXA-UAP Certificates of Guaranteed Value that matured on July 1, 1999 to the former shareholders of Compagnie UAP. These Certificates of Guaranteed Value did not give rise to payment. (see "Significant 1999 Events" within this section of the Annual Report)

The Company anticipates that cash dividends received from operating subsidiaries will continue to cover its operating expenses including planned capital investment in existing operations, interest payments on its outstanding debt and mezzanine capital, and dividend payments during each of the next three years. The Company expects that anticipated investment in subsidiaries and existing operations, future acquisitions and strategic investments will be funded from available cash flow remaining after payments of dividends, debt service and operating expenses, proceeds from the sale of non-strategic assets and businesses and future issues of debt and equity securities.

SOURCES OF LIQUIDITY

- *At December 31, 1999 and 1998, the Company had € 183 million and € 88 million, respectively, of cash and cash equivalents.*

In 1999, the Company received € 1,438 million in cash dividends compared to € 1,036 million and € 482 million in 1998 and 1997, respectively. These dividends principally are received from the Company's French and other European insurance subsidiaries. Cash dividends received by the Company in currencies other than the euro were approximately € 264 million and € 163 million in 1999 and 1998, respectively. The increase in dividends received in 1999 compared to 1998 is primarily due to the payment of large dividends by the Belgian subsidiaries. Certain of the Company's direct and indirect subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to the Company and its affiliates (see Note 19 to the Consolidated Financial Statements). The Company does not believe that such restrictions constitute a material limitation on its ability to meet its obligations or pay dividends.

The Company maintains standby committed credit facilities in aggregate amount of € 2.3 billion, of which € 758 million was drawn as of December 31, 1999 (compared to € 2.1 billion, of which € 191 million was drawn as of December 31, 1998). At December 31, 1999, such credit facilities had an average remaining expiration period of approximately 2.1 years, with renewal periods equal to the original term of the facility at the Company's option.

The Company also maintains a € 1.5 billion French commercial paper program and a € 1.5 billion French medium-term paper note program (compared to € 1.2 billion for each at December 31, 1998). At December 31, 1999, approximately € 373 million of commercial paper was outstanding with an average maturity of 15 days and approximately € 202 million of medium term notes were outstanding with an average maturity of 5.7 years.

In addition, the Company set up a committed bank facility to finance the acquisition of GRE, for a total original amount of £1,000 million (€ 1,600 million), of which £450 million (€ 720 million) was drawn down as of December 31, 1999.

Other sources of financing appear in the balance sheet under "Mezzanine Capital" and include subordinated debt and mandatorily convertible bonds and notes (see Note 10 to the Consolidated Financial Statements). The Company's mezzanine capital is comprised of certain subordinated debt and other debt convertible into ordinary shares of AXA. The 4.5% bonds are mandatorily convertible into ordinary shares ("Mandatorily Convertible Bonds") and were issued in 1995 in connection with the acquisition of Abeille Re. Such amount includes € 128 million of aggregate principal amount of the Mandatorily Convertible Bonds repurchased by subsidiaries of the Company in December 1996 and € 24 million by AXA Mutuelles. These bonds matured on January 1, 1999 and were converted into 1.6 million of AXA ordinary shares at a total value of € 63 million. In addition in 1997, in exchange for outstanding UAP 6.0% convertible debt, AXA issued convertible debt with similar characteristics for € 282 million and 4.1 million Certificates of Guaranteed Value.

The Company's level of subordinated debt increased to € 2,998 million at December 31, 1999 compared to € 1,125 million at December 31, 1998. The increase is primarily attributable to the issue of € 1.524 billion of 2.5% subordinated convertible debt (due 2014) in February 1999 (previously addressed) and € 234 million perpetual borrowing to finance internal growth.

In 1998, the Company issued subordinated debt in Japanese yen of ¥ 27 billion (€ 0.2 billion) to finance start-up costs in connection with the establishment of its direct marketing insurance subsidiary in Japan as well as to raise capital for AXA Japan Life, its Japanese life insurance subsidiary. This borrowing is redeemable at the Company's option from July 31, 2028.

USES OF FUNDS

■ The Company's principal uses of funds are (i) payment of operating expenses, (ii) servicing of its debt obligations, (iii) payment of dividends to shareholders, and (iv) investment in strategic activities.

Interest expense of the Company for 1999, 1998 and 1997 was € 214 million, € 157 million and € 134 million, respectively. Annual interest expense of the Company is expected to be approximately € 250 million during each of the next three years, assuming no additional repurchases or early redemptions of outstanding borrowings or mezzanine capital.

At the ordinary general meeting of shareholders of the Company to be held on May 3, 2000, the shareholders are expected to declare a cash dividend of approximately € 713 million (€ 2.00 or FF 13.12 per ordinary share) in respect of 1999. This dividend compares with dividends paid to shareholders in 1999 of € 595 million (€ 1.70 ordinary share) in respect of 1998, and in 1998 € 455 million (€ 1.37 ordinary share) in respect of 1997. All dividends in respect of 1998 and 1997 were paid in cash.

The cumulative investment made by the Company in the direct insurance operations in France, Germany, Spain and Japan since their creation totaled € 393 million as follows:

- *€ 190 million in respect of Direct Assurance (France) since 1993 of which € 42 million was invested in 1999;*
- *€ 106 million in respect of Sicher Direct (Germany) since 1997 of which € 18 million was invested in 1999;*
- *€ 50 million in respect of Direct Seguros (Spain) a 50 % / 50 % joint venture between AXA and Banco Bilbao Viscaya since 1986 of which € 14 million was invested in 1999;*
- *€ 47 million in respect of Direct Japan since 1995 of which € 29 million was invested in 1999;*

Over the next three years, the Company plans to invest additional amounts of approximately € 240 million in direct marketing insurance operations (approximately € 50 million, € 40 million and € 150 million in France, Germany and Japan, respectively).

In addition, in connection with the acquisition of Nippon Dantai and the integration of Company's subsidiary, AXA Life Japan, with Nippon Dantai, the Company plans to invest a total of approximately ¥ 200 billion (approximately € 2 billion) in 2000 and 2001.

AXA FINANCIAL, INC.

At December 31, 1999 and 1998, AXA Financial, Inc. held cash and short-term investments and US Treasury securities of approximately € 148 million and € 157 million, respectively.

In addition to income from these liquid assets, AXA Financial Inc.'s primary sources of liquidity include (i) dividends on the DLJ common stock held by AXA Financial, Inc., (ii) dividends, distributions and sales proceeds from less liquid investment assets, and (iii) reimbursements from subsidiaries in respect of management expenses incurred by AXA Financial, Inc, such as personnel costs. Other potential sources of liquidity for AXA Financial, Inc. include the sale of DLJ common stock, the issuance of debt or additional ordinary shares of AXA Financial, Inc., and dividends received from its subsidiary, Equitable Life. Until 1998, Equitable Life was subject to restrictions on dividends that were set by the New York Superintendent of Insurance. In 1999, Equitable Life was permitted to pay a dividend to AXA Financial, Inc. of € 140 million (US$150 million), and is currently in negotiations to obtain permission to distribute additional dividends in 2000.

In April 1998, AXA Financial Holding issued € 213 million (US$ 250 million) of 6.50% Senior Notes due in 2008 and € 290 million (US$ 350 million) of 7% Senior Notes due 2028.

In 1998, AXA Financial, Inc. began a capital stock repurchase program, which was increased from 16 million to 30 million shares of capital stock following a stock split in September 1998. During the year ended December 31, 1999 and 1998, AXA Financial, Inc. repurchased 8.0 million of capital stock for € 242 million and 9.1 million shares of common stock for € 211 million, respectively. These repurchases represented approximately 1.8% and 2.0% of its total capital stock at December 31, 1999 and at December 31, 1998, respectively.

Dividends paid by DLJ to AXA Financial, Inc in 1999, 1998 and 1997 were € 12 million, € 11 million and € 11 million, respectively. In July 1998, DLJ sold an aggregate of 5 million newly issued shares, of which 1.8 million were acquired by AXA Financial, Inc. for US$ 110 million (approximately € 95 million)[1].

AXA ASIA PACIFIC HOLDINGS

At December 31, 1999 and 1998, AXA Asia Pacific Holdings held cash and short-term investments of € 5 million and € 16 million, respectively. In addition to these amounts, AXA Asia Pacific Holdings' primary

(1) This capital increase has also been subscribed by AXA Holdings Belgium and Equitable Life for US $ 100 and US $ 90 million (85 and 76 million) respectively.

source of liquidity is dividends from its subsidiaries. In 1999, AXA Asia Pacific Holdings received € 146 million (A$ 249 million) in dividends from its subsidiaries. In 1998, it received € 363 million in respect of such dividends, of which € 162 million (A$ 320 million) was a non-recurring dividend from its subsidiary National Mutual Life Association paid in connection with the internal restructuring of its subsidiaries, including AXA China Region in January 1999.

It also has a credit line of € 291 million (A$ 475 million) of which € 219 million (A$ 357 million) had been drawn as of December 31, 1999. AXA Asia Pacific Holdings' primary use of funds is the payment of dividends to its shareholders, interest expense on its debt and general operating expenses of the holding company.

SUN LIFE & PROVINCIAL HOLDINGS

At December 31, 1999, SLPH held cash and short-term investments of € 31 million, compared to € 263 million at December 31, 1998. At December 31, 1998, SLPH had outstanding financing debt of £300 million (€ 480 million), which is due in December 2001.

SLPH's acquisition of GRE in 1999 for a total consideration of £3,417 million (€ 5,110 million) was financed through the issuance of new SLPH shares valued at £1,114 million (€ 1,666 million), with the remainder (€ 3,444 million) financed in cash. To finance the cash portion of the offer, SLPH was granted a loan by the Company, of which € 192 million remained outstanding at December 31, 1999. This loan granted by the Company was financed mainly by the proceeds of the subordinated convertible note (2.5% due 2014) issued in February 1999 and from available lines of credit.

INSURANCE

The principal sources of funds for AXA's insurance operations are premiums, investment income and proceeds from sales of invested assets and repayments or maturities of debt security principal. The major uses of these funds are to pay policyholder benefits, claims and claims expenses, policy surrenders and other operating expenses and to purchase investments.

The liquidity of insurance operations is affected by, among other things, the overall quality of AXA's investments and the ability of AXA to realize the carrying value of its investments in accordance with contractual maturities. For an analysis of AXA's General Account Insurance Portfolio, see "Item 1: Description of Business-Insurance-related invested assets". The liquidity needs of the Life Insurance Segment can also be affected by fluctuations in the level of surrenders and withdrawals (see "Item 1: Description of Business-Life Insurance Segment-Surrenders and Withdrawals"). The liquidity needs of the Property and Casualty Insurance Segment and the International Insurance Segment can be affected by actual claims experience. See "Item 1: Description of Business- Property and Casualty Reserves."

LIFE INSURANCE

■ *AXA's investment strategy is designed to match the net investment results (the investment yield) and the estimated duration of its investments with expected payments on the insurance contracts. AXA regularly monitors the valuation and duration of its assets, market conditions that might affect the level of surrenders and withdrawals on its life insurance policies, and changes in projected immediate and long-term cash needs. AXA adjusts its investment portfolios to reflect such considerations (further information on risk management in connection with market risk is provided in "Item 9A: Qualitative and Quantitative Disclosure about Market Risk".*

United Kingdom

The level of benefits paid on AXA Sun Life's with-profits contracts is determined based in part on unreal-

ized investment gains. If benefit payments and operating expenses with respect to with-profit contracts and other general account products exceed cash flows from premiums and investment assets in the general account, AXA Sun Life would have to sell additional assets or otherwise fund the shortfall. Historically, cash flows from premiums and investment assets in the general account have exceeded benefit payments and operating expenses. Therefore, it has not been necessary to sell additional assets in order to meet obligations with respect to with-profit contracts. However, should the cash flow trends reverse, the majority of AXA Sun Life's investment assets are readily marketable.

United States

■ *One source of liquidity for Equitable Life is dividends from Alliance Capital. Such dividends amounted to € 202 million, € 102 million and € 115 million for the years ended 1999, 1998 and 1997, respectively.*

In 1997, Equitable Life began a program of divesting from real estate that continued in 1998 and in 1999. In connection this program, Equitable Life received proceeds of € 623 million on the sale of real estate in 1999 compared to € 1,147 million in 1998. The remaining balance of real estate classified as "held for sale" was € 564 million at December 31, 1999, compared to € 979 million at December 31, 1998.

PROPERTY AND CASUALTY INSURANCE AND INTERNATIONAL INSURANCE

■ *AXA's property and casualty insurance and international insurance operations have generated positive cash flows from operating activities in each of the past five years. These positive cash flows, along with that portion of the investment portfolio that is held in cash and highly liquid securities, have historically been sufficient to meet the liquidity requirements of AXA's property and casualty insurance and international insurance operations. In the event of large catastrophic or other losses, AXA property and casualty operations would be able to liquidate their investment portfolio, a large portion of which is invested in listed securities, if necessary to pay claims.*

SOLVENCY MARGINS AND RISK BASED CAPITAL

■ *EU regulations, French law and the laws in other European countries in which the Company's principal European subsidiaries operate require life and property and casualty insurance companies to maintain a minimum solvency margin. The primary objective of the solvency margin is to protect policyholders. Each of AXA's French and other European subsidiaries is in compliance with its applicable solvency requirements.*

In addition, a European Directive dated October 27, 1998, requires beginning for the year ended December 31, 2001, a consolidated solvency calculation. Each member state has until June 5, 2000 to adopt specific procedures that will comply with this directive. US life insurers, including Equitable Life, are subject to certain risk based capital ("RBC") guidelines. These guidelines provide a method to measure the adjusted statutory capital (as defined) a life insurance company should have for regulatory purposes (see "Item 1: Description of Business – Additional Factors which may affect AXA – Regulation" for further information on RBC). Equitable Life was above its target RBC ratios at December 31, 1999.

Australian insurers, including National Mutual Life, are subject to capital adequacy and solvency margin requirements. Under the standards, the assets of the statutory fund are required at all times to exceed the aggregate of the fund's best estimate of policy liabilities, the solvency or capital adequacy margin and any liabilities attributable to the fund. The solvency and capital adequacy margins are calculated based on a formula which contains variables for expenses, infla-

tion, investment earnings, death, disability claims, surrenders, premium dormancy and policyholder options, distribution of assets among investment categories, and the matching of specific categories of assets and liabilities. National Mutual Life met its capital adequacy and solvency margin requirements at September 30, 1999.

ASSET MANAGEMENT

ALLIANCE CAPITAL

Alliance Capital's principal sources of liquidity are cash flows from operations, proceeds from the issuance of capital stock, lines of credit and other borrowings from credit institutions.

Alliance Capital has a new three-year floating rate revolving credit facility of € 198 million (US$ 200 million), which brings its total credit line program to € 718 million (US$ 725 million). In addition, Alliance Capital has a € 421 million (US$ 425 million) commercial paper program. At December 31, 1999, Alliance Capital had € 381 million (US$ 385 million) in commercial paper outstanding, and there were no borrowings outstanding under the revolving credit facility.

Alliance Capital's financing needs arise from continued growth in its operations and the selling of products for which payments of commissions paid to Alliance Capital can be deferred.

OTHER FINANCIAL SERVICES

DONALDSON, LUFKIN & JENRETTE ("DLJ")

The principle sources of funds for DLJ are (i) issuance of capital (including long-term debt), (ii) internally generated funds, (iii) lines of credit lines and other borrowings, (iv) deposit balances in customer accounts, (v) master notes, and (vi) collateralized borrowings consisting primarily of bank loans, repurchase agreements and securities loaned. Most of the assets held by DLJ are highly liquid. A relatively small percentage of total assets are held for a period longer than one year.

DLJ has a € 2.5 billion (US$2.5 billion) revolving credit facility, with no amount outstanding under this agreement at December 31, 1999.

DLJ's overall capital needs are continually reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses and meet the regulatory capital requirements of its subsidiaries. In May 1999, DLJ issued 18.4 million shares of DLJdirect tracking stock for a unit price of $20, representing 17.9% of the capital stock of DLJdirect, its online brokerage service. The proceeds of this issue totaled US$ 347 million, of which US$ 234 million was recorded by DLJdirect.

In March 1999, DLJ obtained authorization from the SEC to commence a senior and subordinated debt securities and preferred stock program for a total amount of € 2 billion (US$ 2 billion). In connection with this program, DLJ has issued € 1,273 million (US$1,285 million) in Medium Term Notes, and € 644 million (US$650 million) in Senior Notes (5.875% due 2002).

At December 31, 1999, DLJ had utilized € 1,149 million (US$1,160 million) of its commercial paper program totaling approximately € 1,980 million (US$2 billion).

In January 1998, DLJ issued an initial 3.5 million shares of fixed/adjustable rate cumulative preferred stock, Series B, with a liquidation preference of US$50 per share, a US$175 million (€ 149 million) aggregate liquidation value. At December 31, 1998, this debt, classified as subordinated, totaled € 491 million (US$ 575 million). In addition, DLJ issued four senior notes for a total principal amount of € 1,146 million (US$ 1,350 million) in 1998 and repaid the outstanding balance of its subordinated revolving credit line of US$325 million (€ 277 million) and terminated this credit line.

OTHER FINANCIAL SERVICES IN EUROPE

AXA's European financial services subsidiaries must comply with various French and European regulations that require each to maintain, depending on its area of activity (bank, credit establishment or other), a minimum liquidity ratio or a minimum risk ratio. At December 31, 1999, each of AXA's financial services subsidiaries was in compliance with its applicable requirements.

Consolidated Cash Flows

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

- Net cash provided by operating activities was € 33,776 million for the year ended December 31, 1999 as compared to € 12,947 million for the year ended December 31, 1998. The increase in net cash provided by operations was mainly attributable to the increase in cash flows resulting from operating activities carried by AXA's Financial Services segment.

Net cash used in investing activities in 1999 was € 36,703 million compared to net cash used of € 10,687 million in 1998. The increase in cash used in investing activities primarily stems from the increase in the invested assets of the insurance activities: increase in equity securities and loans partially offset by a decrease in fixed maturities.

Net cash received from financing activities amounted to € 2,193 million in 1999 compared to € 111 million in 1998. The increase in net cash provided by financing activities in 1999 is primarily attributable to the absence of repayments of long-term debt in 1999.

The net impact of foreign exchange was a € 837 million increase in net cash in 1999 compared to a decrease € 150 million in 1998. The net addition to cash due to changes in the scope of consolidation increased to € 3,548 million in 1999 from a negative € 25 million in 1998.

The operating, investing and financing activities described above, as well as the impact of foreign exchange and change in scope of consolidation, resulted in an increase in cash and equivalents of € 3,709 million in 1999 as compared to an increase of € 2,214 million in 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

- Net cash provided by operating activities was € 12,947 million for the year ended December 31, 1998 as compared to € 12,413 million for the year ended December 31, 1997. The increase in net cash provided by operations was mainly attributable to the increase in insurance cash flows and cash flows from broker-dealer activities in the financial services operations.

Net cash used by investing activities in 1998 was € 10,687 million compared to net cash used of € 10,352 million in 1997. The increase in cash used by investing activities primarily stems from the increase in the invested assets of the insurance activities.

Net cash received by financing activities amounted to € 111 million in 1998 compared to net cash used of € 27 million in 1997. In 1998, there was a € 187 million net addition to short-term financing, compared to € 284 million net addition in 1997. Cash provided by additions to long-term debt increased to € 2,747 million in 1998 from € 1,741 million in 1996 and repayments of debt increased to € 1998 from € 1,420 million in 1997.

In 1998, additions to the long-term debt included the € 1,146 million of senior debt issued by DLJ and approximately € 509 million issued by Equitable. The new funds were used primarily to reimburse maturing debt, to finance business growth, notably at DLJ, and to finance the AXA Financial, Inc.'s capital stock repurchase program.

The net impact of foreign exchange was a € 150 million decrease in net cash in 1998 compared to € 149 million increase in 1997. In 1998, changes in scope of consolidation reduced cash by € 25 million while in 1997 such changes increased cash by € 2,081 million (primarily from inclusion of UAP).

The operating, investing and financing activities described above, as well as the impact of foreign exchange and change in scope of consolidation, resulted in an increase in cash and equivalents of € 2,214 million in 1998 as compared to an increase of € 4,527 million in 1997.

Reconciliation of French GAAP to US GAAP

There are several differences between French and US generally accepted accounting principles which can result in material adjustments for US GAAP purposes, although the net effect of such differences may not result in a material difference between French GAAP and US GAAP consolidated net income. For a discussion of the differences between French GAAP and US GAAP which materially affect the determination of AXA's net income and shareholders' equity, see Notes 28 and 29 of Notes to the Consolidated Financial Statements. Included therein is also a condensed balance sheet and income statement prepared in accordance with US GAAP. All the differences between French GAAP and US GAAP described in this discussion are net of income tax expense.

Net income in accordance with US GAAP, by segment, in 1999 and 1998 was as follows:

Consolidated 1999 Net Income (in euro millions)	US GAAP	Adjusted (a)	French GAAP
Life Insurance	150	1,223	1,112
Property and Casualty Insurance	630	630	571
International Insurance	(57)	(57)	(52)
Total Insurance	**723**	**1,797**	**1,632**
Total Financial Services	**278**	**278**	**305**
Holdings companies	207	165	84
TOTAL	**1,209**	**2,239**	**2,021**
Impact of GRE acquisition	(353)	(310)	(156)
TOTAL (GRE acquisition impact excluded)	**856**	**1,929**	**1,865**

(a) US GAAP except for adjustments for the increase in net unrealized gains on assets allocated to UK with-profit contracts.

Consolidated 1998 Net Income (in euro millions)	US GAAP	Adjusted (a)	French GAAP
Life Insurance	154	863	962
Property and Casualty Insurance	444	444	389
International Insurance	33	33	44
Total Insurance	**631**	**1,339**	**1,394**
Total Financial Services	**256**	**256**	**253**
Holdings	(138)	(138)	(116)
TOTAL	**749**	**1,457**	**1,531**

(a) US GAAP except for adjustments for the increase in net unrealized gains on assets allocated to UK with-profit contracts.

YEAR ENDED DECEMBER 31, 1999

■ In US GAAP terms, consolidated net income totaled €1,209 million, compared to € 2,021 million in accordance with French GAAP. The € 811 million difference is attributable primarily to (i) the accounting treatment of the unrealized gains recorded in the year in respect of the UK with-profits contracts (€ 1,030 million), (ii) changes in scope of consolidation which includes the mutual funds and real estate companies which experienced favorable market trends, (iii) the increase in catastrophe equalization reserves which are not recognized under US GAAP, and (iv) the exclusion of the exceptional amortization of goodwill in connection with the acquisition of GRE which is accounted for under French GAAP.

This exceptional amortization charge relates mainly to a significant deficiency in insurance reserves established for UK, Irish and Portuguese businesses (€ 259 million net of minority interests), it was not included in the calculation of net income under US GAAP. Such deficiency relates mainly to the difference between the basis for measuring claims reserves on a local statutory basis in these countries compared to the claims reserves which should be recognized in accordance with AXA's accounting policies.

In adjusted US GAAP terms, net income from the Life Insurance Segment is € 111 million higher than that calculated according to French GAAP, primarily due to the consolidation of mutual funds (€ 204 million). However, the impact of this item was partly offset by the amortization of goodwill related to the UAP acquisition that is charged to shareholders' equity under French GAAP (€ 40 million).

In adjusted US GAAP terms, net income from the Property and Casualty Segment is € 59 million higher than that calculated according to French GAAP, due to (i) the inclusion of the income contribution of mutual funds and other real estate and investment portfolio management companies that are consolidated only under US GAAP (€ 211 million), and (ii) the elimination of catastrophe equalization reserves which are not recognized under US GAAP.

The difference in net income from the Holding Company activities calculated on the basis of US GAAP compared to French GAAP (€ 81 million) is primarily due to the impact of a number of non-recurring items related to the GRE acquisition and the recognition of the amortization of a redemption premium on the subordinated convertible note issued by the Company in February 1999 (€ 195 million). This premium is spread over the period up to the earliest redemption date in January 2005. The amount amortized in 1999 under US GAAP was € 32 million. This amortization is not accounted for under French GAAP.

YEAR ENDED DECEMBER 31, 1998

■ Consolidated net income determined under French GAAP was € 1,531 million compared to € 749 million under US GAAP for the year ended December 31, 1998. Consolidated net income under US GAAP was less than consolidated net income determined in accordance with French GAAP primarily due to the negative impact under US GAAP from the difference between the two bases of accounting for assets allocated to UK with-profits contracts. The increase in French GAAP net income relative to US GAAP adjusted net income is explained as follows:

The Life Insurance Segment's net income is higher under French GAAP than US GAAP principally due to the elimination under US GAAP of € 56 million of gains realized on treasury share sales by life insurance entities and the impact of a higher US GAAP carrying value for AXA Leben which reduced the gain realized its sale by € 59 million.

The Property and Casualty Insurance Segment's net income under US GAAP is slightly higher than French GAAP principally due to the elimination under US GAAP of € 17 million increase in equalization reserves.

The Holding Segment loss is lower under US GAAP due to the mark-to-market gain realized on the Royale Belge Certificates of € 33 million.

On an overall basis, other items caused significant impacts, although partially offsetting, on the US and French GAAP net income. Certain restructuring provisions recorded under French GAAP do not qualify under US GAAP leading to an increase in US GAAP net income of € 100 million. This impact was partially offset by € 68 million of additional amortization expense recorded under US GAAP principally due to the fact a large majority of goodwill from the UAP acquisition was charged directly to retained earnings and reserves and is not amortized through a charge to net income. Other purchase accounting adjustments, principally for the UAP acquisition, reduced US GAAP net income by an additional € 72 million.

YEAR ENDED DECEMBER 31, 1997

- *Consolidated net income determined under French GAAP was € 1207 million compared to € 310 million under US GAAP for the year ended December 31, 1997. Consolidated net income under US GAAP was € 898 million less than consolidated net income determined in accordance with French GAAP primarily due to the negative impact on consolidated net income under US GAAP from the difference between the two bases of accounting for assets allocated to UK with-profits contracts (approximately € 953 million). Net income under US GAAP except for the adjustment related to UK with-profits contracts amounted to € 1,263 million. This increase in adjusted US GAAP net income of € 56 million when compared to French GAAP net income is due to the positive impacts arising from the differences in the scope of consolidation (€ 170 million) which principally correspond to the consolidation of mutual funds controlled by AXA and the elimination of catastrophe equalization reserves (€ 81 million). These positive impacts were offset by the difference in accounting for business combinations which resulted in an additional charge under US GAAP of € 109 million (€ 68 million of which was related to the amortization of goodwill from the acquisition of UAP), the elimination of intercompany realized gains and gains realized on the sale of Treasury Shares amounting to € 59 million and an additional charge for stock-option plans of € 63 million.*

Item 9A: Qualitative and Quantitative Disclosures About Market Risk

The following information should be read in conjunction with (i) "Item 9: Management's Discussion and Analysis of Financial Condition and Results of Operations", (ii) AXA's Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in this Annual Report, and (iii) information under the heading 'Cautionary Statements on Forward Looking Statements' at the beginning of this Annual Report.

Market risk represents the potential loss as a result of absolute and relative price movements in financial instruments due to changes in interest rates, equity prices, foreign currency exchange rates, and other factors. AXA's exposure to market risk varies by nature across its operations.

Risk Management

INSURANCE OPERATIONS

In an effort to protect and enhance shareholder value, AXA actively manages its exposures to market risks. Risk exposures are reduced through effective asset-liability management and prudent and diversified underwriting and investing. Primary responsibility for risk management rests with the local subsidiaries who know best their respective products, clients and risk profile. This approach allows subsidiaries to react in a timely manner to changes in financial markets, insurance cycles, and economic and political environments.

AXA's exposure to market risk is greatly minimized as a result of the nature of its operations. By virtue of AXA's geographic diversification, the impact of local economic and insurance cycles is reduced. Furthermore, a large proportion of AXA's insurance operations consist of products where the majority of the investment risk is borne by the policyholders. Such products provide AXA shareholders with predictable income and reduced risk. Risks attributable to policyholders are also actively managed to ensure that such risks are prudent and satisfy policyholders' risk and reward objectives. In addition, AXA's insurance operations worldwide are subject to local regulatory requirements in most jurisdictions in which AXA operates. The local regulations :

- prescribe the type, quality and concentration (counterparty, geographical and type of securities held) of investments, and
- level of assets to be maintained in the local currency to meet the insurance liabilities in that local currency.

Life Insurance. At December 31, 1999, approximately 39% of the total net life insurance liabilities represented separate account contracts, whereby all investment risk and reward is transferred to the policyholders. Amounts due to policyholders are based on the fair value of the investments supporting such products.

At December 31, 1999, approximately 34% of the total net life insurance liabilities represented contracts with policyholder participating benefits (including 9% of total net life insurance liabilities relating to UK with-profit contracts). In respect of these contracts, the policyholder participates in the earnings or surplus of the insurance company (in the case of UK with-profit contracts, the amount due to policyholders are generally based on the fair value of the investments supporting such products) through the distribution of policyholder dividends. Therefore, AXA's exposure to market risk is reduced as generally 85% or more of the earnings are attributed to the policyholders.

At December 31, 1999, interest-sensitive products and policies with long-term fixed payout patterns represented 27% of the total net life insurance liabilities. Interest-sensitive products earn income primarily from *the spread between investment income, largely earned on investment grade fixed-income securities, and interest credited to policyholder account values. AXA strives to maintain this spread by adjusting interest credited rates at contractually-specified intervals. AXA's ability to adjust interest crediting rates may be constrained by competitive forces and minimum guaranteed crediting rates, if any. Interest rate risk is further reduced by managing the duration and maturity structure of each investment portfolio in relation to the estimated duration of the liabilities it supports. Proceeds from policies with long-term fixed payout patterns, such as guaranteed income contracts, annuities in the payout phase, and disability income policies, are predominately invested in highly-rated fixed-income securities with the objective of matching their durations to the underlying liabilities.*

As a result of the diversity of insurance products and the regulatory environments in which AXA operates, different methods of asset-liability management are utilized by different subsidiaries. Most of these methods fall into two major categories as set out below:

- ***Duration analysis** is primarily used for interest sensitive products and policies with long-term fixed payout patterns. AXA uses duration analysis to create a portfolio of predominately fixed income securities that minimizes the risk of changes in interest rates to AXA.*

- ***Sensitivity analyses** are primarily used for participating products and simulate the impact of certain market fluctuation scenarios on future cash flows, fair values, or forecasted earnings. Many of these sensitivity analyses are performed for local regulatory purposes. The goal of such analyses is to ensure AXA is able to provide policyholders adequate returns while complying with regulatory requirements.*

Property Casualty Insurance and Reinsurance. *Generally, management of market risk is less critical for property and casualty insurance and reinsurance as the amounts and timing of claims do not vary significantly with interest rates or other market changes that affect the underlying investments. The premiums received and the return on investments (net investment income and realized gains and losses) provides substantial liquidity to meet claims payments and associated expenses as they arise. Consequently, there is greater flexibility in investment strategies while managing investments to ensure sufficient liquidity to meet the claims as they become due based on actuarial assessment.*

FINANCIAL SERVICES

AXA's financial services activities are conducted primarily by DLJ. DLJ monitors its market and counterparty risk on a daily basis through a number of control procedures designed to identify and evaluate the various risks to which DLJ is exposed.

At December 31, 1999, the principal risks to DLJ are interest rate risk, credit risk (potential changes in an issuer's credit rating that affect the value of financial instruments) and equity price risk. To cover its exposure to interest rate risk and equity price risk, DLJ enters into transactions in US government securities, options, swaps and futures and forward contracts designed to reduce DLJ's risk profile.

DLJ actively manages its exposures to these risks. It has an independent risk oversight function to principally oversee risk policies and risk monitoring. This department is assisted by a Risk Committee comprised of senior professionals from each of the operating and key administrative groups. The Risk Committee's objective is to update risk policies as appropriate and improve monitoring capabilities throughout DLJ.

For each of DLJ's significant operations, there are formal procedures and committees to determine and manage investment strategies and to determine and monitor risk policies, including the basis for using derivatives and monitoring exposures.

DLJ's trading activities generally result in the creation of inventory positions. Position and exposure reports are prepared daily by each of its business groups engaged in trading activities. In addition, there is a consolidated summarized position report indicating both long and short exposure, along with approved limits, which enables senior management to control inventory levels and monitor results of the trading groups. DLJ also produces a daily revenue report for each of its business groups. The daily revenue reports, together with the position and exposure reports, enable senior management to monitor and control the overall activity of the trading groups.

DERIVATIVES

AXA uses derivatives in its insurance and financial services operations to manage customer and shareholder exposures to interest rates, currency exchanges rates, security and other price risks. See Note 1, 4 and 17 to the Consolidated Financial Statements for information regarding AXA's use of derivatives, including a discussion of DLJ's primary market and credit risk exposures and their methods of managing such risks.

Sensitivity Analyses

NON-TRADING ACTIVITIES

AXA performs sensitivity analyses to quantify the exposure of certain instruments to interest rate risk, equity price risk and foreign currency exchange risk. Such sensitivity analyses quantify the potential loss in terms of estimated fair value or future earnings under certain scenarios of reasonably possible adverse changes in financial markets. The sensitivity analyses estimate risk exposure and, therefore, potential net gains are ignored. Instruments within the scope of the analyses include fixed maturity and equity securities, mortgage loans, policy and other loans, debt and other borrowings, on- and off-balance sheet derivatives, and life insurance, property and casualty insurance, and reinsurance contracts. In accordance with SEC regulations, real estate is not included within the scope of the analyses.

Such analyses include AXA's material insurance operations, and holding companies in France, the United States, the United Kingdom, Belgium, Germany, Australia, and Hong Kong. Such subsidiaries account for approximately 76 % of the total AXA investment assets within the scope this analysis and approximately 93% of AXA's total life, property and casualty, and reinsurance liabilities.

For purposes of interest rate sensitivity analyses, yield curve shifts were made relative to the yield curves prevailing in the country in which the subsidiary operates.

For purposes of the sensitivity analyses, fair values were estimated in accordance with the valuation methods described in Note 1 to the Consolidated Financial Statements. However, the financial statement disclosures relating to fair values on financial instruments (note 4) includes only insurance contracts defined as "investment" insurance contracts, i.e., those with insignificant mortality and morbidity risk, while the sensitivity analyses include all insurance contracts.

- For life insurance contracts with mortality and morbidity provisions, the portion of estimated fair value attributed to such provisions is considered to be unaffected by changes in interest rates or equity prices.

- For participating life insurance contracts, the fair value was considered to be the greater of 1.) the fair value of the assets designated to support such policies or 2.) the future cash flows discounted using the guaranteed minimum interest rate, if any. For interest-sensitive life insurance contracts, a discounted cash flow approach was used. As is the case with most variable rate liabilities, interest sensitive life insurance contracts' fair values were not significantly affected by market changes as future crediting rates can be adjusted, subject to guaranteed minimum interest rates, if any, to reflect market changes.
- The fair values of property and casualty, reinsurance and non-participating life insurance contracts were estimated using a discounted cash flow approach. Such fair values, which vary with changes in the estimated discount rate, were considered to be sensitive to interest rate changes but unaffected by equity price changes. For property and casualty and reinsurance contracts, no changes were made in the estimates of claims' amounts and timing as a result of changes in interest rates or stock market prices for equity securities.

Interest Rate Risk. The estimated potential exposure due to a 100 basis point parallel shift upward in the December 31, 1999 and 1998 yield curves would result in an estimated net fair value loss for all items within the scope of the analyses of approximately € 1.1 billion and € 0.2 billion, respectively, before minority interest allocations and tax effects. The variation is predominantly attributable to the change in the investment portfolio mix and average asset duration period during 1999, specifically in France, the United States and Belgium.

Equity Price Risk. The estimated potential exposure to a 10 % decline in the value of December 31, 1999 and 1998 stock markets would result in an estimated fair value loss for all items within the scope of the analyses of approximately € 1.8 billion and € 1.2 billion, respectively, before minority interest allocations and tax effects. A 20 % decline would result in fair value losses of approximately € 3.5 billion and € 2.4 billion at December 31, 1999 and 1998, respectively. This potential exposure is much less than the gross unrealized gains on equity investments of € 12 billion at December 31, 1999 as a large proportion of these gains are allocated to participating policyholders as an increase to insurance benefits and, therefore, do not impact AXA's consolidated net income. The variation is predominantly attributable to the strong performance in the stock markets in 1999 and in part due to an increase in equity security investments specifically in France, the United-Kingdom and Germany. The increase in these countries results from inclusion of the GRE companies which had a higher ratio of equity security investments to total investment holdings compared to the existing AXA operations in these countries.

In both 1999 and 1998, the potential loss from stock market fluctuations was larger than the loss resulting from interest rate changes. The impact of interest rate fluctuations on interest-sensitive investments was partially offset by fair value changes in the related insurance liabilities. The impact of stock market declines on equity securities was accompanied by smaller changes in the estimated fair value of insurance liabilities. The insurance liabilities are largely unaffected by equity price fluctuations given that approximately 89 % of the total net insurance liabilities reported in the consolidated financial statements are attributable to the life insurance business. After excluding separate account liabilities (representing 34 % total net insurance liabilities, for which fair value changes in assets result in an equal and opposite change in related liabilities), the remaining life insurance liabilities are supported largely by fixed maturity securities and the fair value of these liabilities are generally estimated using discounted cash flows.

__Foreign Exchange Rate Risk.__ The potential exposure to a 10% adverse fluctuation of December 31, 1999 and 1998 foreign exchange rates would be a French GAAP earnings loss of € 69 million and € 83 million, respectively, before minority interest allocations and tax effects. In order to calculate the largest potential exposure to foreign currency fluctuations, all material combinations of foreign currency fluctuations were analyzed.The analyses revealed the most adverse scenario for AXA in terms of French GAAP earnings would be a decline in all currencies relative to the Euro currencies. The potential 1999 French GAAP earnings impact includes both:

(i) the potential transaction losses on all the balance sheet instruments within the scope of the analyses, and,

(ii) potential impact of translating foreign subsidiary earnings into euros at a lower rate. For simplicity purposes, it was assumed that 2000 foreign subsidiary earnings were identical to their 1999 earnings. The positive impacts of currency fluctuations on foreign subsidiaries generating losses was not considered.

__Limitations.__ The above analyses do not consider that assets and liabilities are actively managed and that there are strategies in place to minimize the exposure to market fluctuations.

For example, as market indices fluctuate, management could take certain actions including selling investments, changing investment portfolio allocation, and adjusting bonuses credited to policyholders. In addition, such sensitivity analyses do not consider the affect of market changes on new business generated in the future, primarily insurance premiums, which are a critical and integral component of future profitability. AXA, and its competitors, would likely reflect adverse market changes in the pricing of new business. Therefore, management believes actual losses as a result of financial market fluctuations of the magnitudes analyzed would be less than these potential estimated losses.

Other limitations on the sensitivity analyses include: the use of hypothetical (but reasonably possible) market movements which do not represent management's view of expected future market changes; the assumption that interest rates in all countries move identically; the assumption that all global currencies move in tandem against the euro; and the lack of correlation of interest rates, equity prices and foreign currency exchange rates. In addition, the analyses do not include certain significant items such as real estate, deferred acquisition costs and value of purchased business in-force. These factors limit the ability of these analyses to accurately predict the impact of future market movements on fair values and future earnings.

TRADING ACTIVITIES

In 1997, DLJ developed a company-wide Value-at-Risk ("VAR") model. This model used a variance-covariance approach with a confidence interval of 95% and a one-day holding period, based on historical data for one year. DLJ has made changes to the model in the course of 1998. In response to the volatile and illiquid markets of the third quarter of 1998, which departed markedly from the normal statistical distributions that underlie the variance-covariance approach, DLJ estimated VAR by using an historical simulation model based on two years of weekly historical data, a 95% confidence interval, and a one-day holding period. The effect of this change in approach was not material. The VAR number is the statistically expected maximum loss on the fair value of DLJ's market sensitive instruments for 19 of 20 trading days. In other words, in 1 out of every 20 trading days, the loss is expected to be statistically greater than the VAR number. However, the model, does not indicate how much greater.

VAR models are designed to assist in risk management and to provide senior management with one probabilistic indicator of risk at the firm level. VAR numbers should not be interpreted as a predictor of actual results. DLJ's VAR model has been specifically tailored for its risk management needs and to its risk profile.

DLJ's VAR model includes the following limitations: (i) a daily VAR does not capture the risk inherent in trading positions that cannot be liquidated or hedged in one day, (ii) VAR is based on historical market data and assumes the past trading patterns will predict the future, (iii) all inherent market risks cannot be perfectly modeled, and (iv) correlations between market movements can vary, particularly in times of market stress.

Because a VAR model is not a sufficient tool to measure and monitor market risk (given there are limitations inherent in any statistical analysis), DLJ will continue to use other risk management measures such as stress testing, independent review of position and trading limits and daily revenue reports.

Total company-wide VAR was approximately € 17 million and € 19 million at December 31, 1999 and 1998, respectively. The company-wide VAR is less than the sum of the individual components below due to the benefit of diversification. The VAR for the two main components of market risk, expressed in terms of theoretical fair values had the following VAR:

In euro millions :	***At December 31***	
	1999	***1998***
Interest rate risk	*10*	*14*
Equity price risk	*14*	*9*

Credit risk is the potential for loss resulting from a counterparty defaulting on its obligations. Exposure to credit risk is generated by securities and currency settlements, contracting derivative and forward transactions with customers and dealers, and the holding in inventory of fixed maturities (bonds) and/or loans. DLJ uses various means to manage its credit risk. The creditworthiness of all counterparties is analyzed at the outset of a credit relationship and subsequently renewed on a periodic basis. DLJ also sets a maximum exposure limit for each counterparty as well as groups or classes of counterparties.

Item 10: Directors and Officers of Registrant

Management Board

The Company's business is managed by a Management Board (Directoire) currently consisting of six members.

The table below sets forth the names of the members of the Management Board, the dates of their initial appointment as members, the expiration dates of their current terms and their current principal occupation or employment.

Name	Initially Appointed	Term Expires	Principal Occupation or Employment
Claude Bébéar	1997	2003	Chairman of the Management Board
Henri de Castries	2000	2003	Vice Chairman of the Management Board
Gérard de La Martinière	1997	2003	Group Executive President, Finance, Control and Strategy
Françoise Colloc'h	2000	2003	Group Executive President, Human Resources, Communication and Synergies
Edward Miller	2000	2003	Chief Executive Officer of AXA Financial Inc.
Claude Tendil	2000	2003	Chief Executive Officer of French Insurance Companies

The members of the Management Board are appointed by the Supervisory Board for a period of three years. The members of the Management Board need not be shareholders; however, they must be individuals. The Supervisory Board must appoint one of the members of the Management Board as Chairman.

Under French law, the Management Board has management responsibility for the Company and broad authority to take actions in the name of the Company, within the scope of the corporate purpose, and subject to the authority expressly reserved by law to the shareholders and the Supervisory Board.

Supervisory Board

The Supervisory Board supervises management of the Company by the Management Board and has the responsibility of making whatever ongoing checks and inspections it deems appropriate and of reviewing such documents as it deems necessary or appropriate for the performance of its duties.

The Supervisory Board consists of the following 18 members:

Name	Initially Appointed	Term Expires	Principal Occupation or Employment
Jacques Friedmann	1997	2003	Chairman of the Supervisory Board of the Company
Antoine Bernheim	1997	2001	General Partner of Lazard
Jacques Calvet	1997	2003	Vice-Chairman of the Supervisory Board of Galeries Lafayette
Henri de Clermont-Tonnerre	1997	2001	Chairman and Chief Executive Officer of Ersa Société Industrielle et Financière
David Dautresme	1997	2003	General Partner of Lazard Frères
Jean-René Fourtou	1997	2003	Vice-Chairman of the Management Board of Aventis
Michel François-Poncet	1997	2003	Chairman of the Supervisory Board of Paribas
Patrice Garnier	1997	2001	Director of Finaxa
Anthony J. Hamilton	1997	2001	General Partner of Fox-Pitt, Kelton Ltd
Henri Hottinguer	1997	2003	Chairman of the Supervisory Board of Credit Suisse Hottinguer Paris
Richard Jenrette	1997	2001	Senior advisor of Donaldson Lufkin & Jenrette
Henri Lachmann	1997	2001	Chairman and Chief Executive Officer of Schneider Electric
Gérard Mestrallet	1997	2003	Chairman of the Management Board of Suez Lyonnaise des Eaux
Friedel Neuber	1997	2001	Chairman of the Supervisory Board of Preussag AG
Alfred von Oppenheim	1997	2003	Chairman of the Supervisory Board of SAL Oppenheim Jr & Cie
Michel Pébereau	1997	2001	Chairman and Chief Executive Officer of Banque Nationale de Paris
Didier Pineau-Valencienne	1997	2001	Honorary Chairman of Schneider Electric
Bruno Roger	1997	2001	Senior Manager of Lazard Frères

Executive Officers

The table below sets forth the names of the executive officers of the Company, their current principal position within AXA and the years of their initial designation as executive officers of the Company.

Name	Current positions	Executive Officer since
Claude Bébéar	Chairman of the Management Board	1989
Jean-Luc Bertozzi	Executive Officer of AXA France Assurances	1998
Alfred Bouckaert	Chief Executive Officer of AXA Royale Belge	1999
Donald Brydon	Chief Executive of AXA Investment Managers Europe	1997
Claude Cargou	Chief Information Officer	2000
Henri de Castries	Vice Chairman of the Management Board	1991
Françoise Colloc'h	Member of the Management Board, Group Executive President, Human Resources, Communication and Synergies	1991
Claus Michael Dill	Chairman of the Management Board of AXA Colonia Konzern AG	1999
Denis Duverne	Group Executive Vice President, Finance, Control and Strategy	2000
Robert Gogel	Group Executive Vice President, Human Resources and Synergies	2000
Michael Hegarty	Vice Chairman and Chief Operating Officer of AXA Financial Inc.	1998
Gérard de La Martinière	Member of the Management Board, Group Executive President, Finance, Control and Strategy	1991
Edward Miller	Member of the Management Board and Chief Executive Officer of AXA Financial Inc.	1997
Jean-Marie Nessi	Chairman and Chief Executive Officer of AXA Réassurance	1998
Les Owen	Managing Director of AXA Asia Pacific Holdings	1999
Michel Pinault	Head of Asia-Pacific Business Unit	1997
Claude Tendil	Member of the Management Board and Chairman and Chief Executive Officer of the Insurance Companies in France	1989
Patrick Thourot	Chief of the Central Actuarial Department	2000
Mark Wood	Managing Director of Sun Life & Provincial Holdings	1997

Supervisory Board Committees

The Supervisory Board has established four sub-committees: the Audit Committee, the Finance Committee, the Compensation Committee and the Selection Committee.

Each committee issues recommendations, proposals and opinions on matters falling within its mandate, and each is empowered to undertake such reviews as it deems necessary to shed light on Supervisory Board proceedings. Outside participants may be invited to meetings at the discretion of the members of these Committees.

Reports on committee findings are delivered by Committee Chairmen at the ensuing Supervisory Board meeting.

***The Audit Committee** is composed of seven members: Patrice Garnier, Chairman - Jacques Calvet - Henri de Clermont-Tonnerre - David Dautresme - Didier Pineau-Valencienne - Bruno Roger - Alfred von Oppenheim.*

The role of the Audit Committee is to examine the Company's interim and annual financial statements before they are presented to the Supervisory Board, as well as other financial documents of the Company in connection with the accounts for each reporting period. The Committee is also consulted on the selection of the Company's Independent Auditors and reviews the independent auditors' audit plan, the results of their audits, their recommendations and planned follow-up steps. Events that may expose AXA to material risks are referred to the Audit Committee by the Management Board or the independent auditors. The Audit Committee is also informed of accounting practices in force at AXA, and it reviews projected changes in accounting policy or method.

The Audit Committee also reviews the program and aims of the AXA's Central Audit Department and reports produced by this department or by firms the latter may mandate. It may, at its discretion, request that internal and external audits be carried out.

The Audit Committee may also examine any and all matters it deems appropriate and report to the Supervisory Board.

The Audit Committee held five meetings in 1999.

The Finance Committee *is composed of seven members: Jacques Friedmann, Chairman - Antoine Bernheim - Michel François-Poncet - Gérard Mestrallet Alfred von Oppenheim - Michel Pebereau - Didier Pineau-Valencienne.*

The Finance Committee reviews proposed sales of securities, assets or real estate when the sale price exceeds the authority delegated to the Management Board by the Supervisory Board.

In addition, the Finance Committee examines all proposed material financial transactions involving AXA that are proposed by the Management Board, as well as the broad outlines governing AXA's asset management policy and, more generally, all issues that pertain to AXA's investment management policy.

The Finance Committee held five meetings in 1999.

The Compensation Committee *is composed of four members: Henri Hottinguer, Chairman - Antoine Bernheim - Patrice Garnier - Anthony J. Hamilton.*

The Compensation Committee recommends compensation levels for the Chairman of the Supervisory Board and the members of the Management Board, the amount of directors' fees to be submitted to the approval of the Annual General Meeting of the Shareholders, as well as Company stock subscription and purchase options granted to members of the Management Board.

The Compensation Committee reviews all Management Board recommendations pertaining to the principles and procedures governing the compensation of AXA executives and on all Company stock subscription and purchase options granted to AXA employees.

The Committee is informed by the Management Board of compensation levels set by the Boards of the Company's subsidiaries.

The Compensation Committee met twice in 1999.

The Selection Committee is composed of six members: Henri de Clermont Tonnerre, Chairman - Jacques Calvet - Jean-René Fourtou – Richard Jenrette - Gérard Mestrallet - Michel Pebereau.

The Selection Committee *recommends nominees to the Supervisory Board and the Management Board, nominates their respective Chairman and Vice Chairman and other members as well as Chairmen of all Sub-Committees of the Supervisory Board. The Committee examines proposals by the Chairman of the Management Board to prepare for the succession of members of said Board.*

The Selection Committee is kept informed of appointments of AXA's principal executives and officers, in particular the Executive Officers.

The Selection Committee met twice in 1999.

Item 11: Compensation of Directors and Officers

The aggregate compensation paid or accrued in 1999 by the company or its subsidiaries (including pension contributions) of the members of the Management Board of the Company and the executive officers of AXA (21 persons, three persons who are no more serving) who served during 1999 was € 40,857,675 (FF 268,008,779).

The aggregate compensation of the members of the Supervisory Board of the Company as directors' fees paid or accrued in 1999 by the Company (totaling 21 persons, including three persons who are no more serving) was € 660,000 (FF 4,329,316).

The broad outlines of AXA's executive compensation policy have been submitted to the Compensation Committee of the AXA Supervisory Board, and the Supervisory Board is regularly informed of implementation status. This policy applies to all executive officers of the Company. Under the supervision of the subsidiaries Boards of Directors, the policy is adapted to local regulations and practices.

Executive compensation consists of both a fixed and a variable component. The fixed component is based on local market conditions, situated within the top quartile range. The variable component is linked to the global financial performance of AXA, local company performance, and individual performance, weighted to take into account individual levels of responsibility. The portion of the variable component tied to AXA's global financial performance is based on net earnings per share and share price trends. The portion of the variable component tied to individual performance objectives is adjusted to comprise the principal component of annual compensation, in such a way that compensation levels of Group executives are situated within the upper range of the going market rate.

Shares

The Management Board members of AXA hold AXA and FINAXA shares, listed holding companies, which the assets mainly include AXA shares.

Shares held by the Management Board members[1]

Companies	AXA	FINAXA
Holders		
C. Bébéar	194,773	150,023
H. de Castries	63,625	71,001
F. Colloc'h	14,270	22,655
G. de La Martinière	2,575	50,000
E. Miller	–	–
C. Tendil	38,748	553

(1) As of March 1st, 2000, excluding AXA Actionnariat share fund.

Compensation of Executive Officers received in 1999[1]

Executive Officers / Type of compensation (gross amount)	Salary (in euros) Fixed salary[3]	Bonus[4]	Director's Fees[2] (in euros)	Total (salaries and fees) (in euros)
Members of the Management Board				
C. BEBEAR	657,573	2,317,771	155,832	3,131,176
H. de CASTRIES	427,063	1,154,679	179,482	1,761,224
F. COLLOC'H	247,499	868,862	–	1,116,361
G. de la MARTINIERE	305,000	678,589	48,982	1,032,571
E. MILLER (United States)	749,901	4,622,879	–	5,372,780
C. TENDIL	396,500	1,032,024	118,246	1,546,770
Other Executive Officers				
J.-L. BERTOZZI	153,263	407,877	36,347	597,487
A. BOUCKAERT (Belgium)[5]	396,800	–	404	397,204
D. BRYDON (United Kingdom)	379,960	1,086,686	60,794	1,527,440
C. CARGOU	161,665	475,366	2,127	639,158
C. M. DILL (Germany)[6]	459,900	459,900	2,055	921,855
D. DUVERNE (France)	219,828	295,439	52,591	567,858
R. GOGEL[7]	–	–	–	–
M. HEGARTY (United States)	538,991	2,515,924	–	3,054,915
J.-M. NESSI	221,884	539,299	60,892	822,075
L. OWEN (Australia)[8]	461,913	1,149,150	–	1,611,063
M. PINAULT	177,353	399,070	544	576,967
P. THOUROT[9]	244,000	–	1,859	245,859
M. WOOD (United Kingdom)[10]	455,952	1,065,846	–	1,521,798

(1) Current Executive Officers; compensation received in 1999 from AXA Group affiliates; exchange rate as of December 31, 1999.
(2) Fees received as Board members of AXA Group companies and outside AXA Group as a representative of AXA Group.
(3) As of December 31, 1999.
(4) Paid in 1999 for 1998.
(5) A. Bouckaert joined AXA Group in April 1999.
(6) C.M. Dill joined AXA Group in April 1999.
(7) R. Gogel joined AXA Group in January 2000. His fixed salary is € 550,174 for 2000.
(8) L. Owen joined AXA Australia in November 1999. His compensation includes its bonus quota invested in the Sun Life Executive Deferred Incentive Plan (€ 845,182).
(9) P. Thourot joined AXA Group in January 1999.
(10) The bonus include the quota invested in the Sun Life Executive Deferred Incentive Plan (€ 856,868).

Because of the different tax systems according to the countries where Executive Committee members are located, the comparison of the compensations is difficult. For information, the taxation marginal rate for the following countries are: Germany: 55.925%*; Australia: 48.50%; Belgium: 60%; United States: 46.43%; France: 54% plus 10% (social tax); United Kingdom: 40%.

* Excluding Church tax.

Item 12: Options to Purchase Securities from Registrant or Subsidiaries

At March 1, 2000, options to purchase a total of 7,428,862 shares from the Company were outstanding representing 2.06% of the share capital. The number of Shares subject to outstanding options together with the exercise prices and expiration dates of such options were as follows:

Number of Shares Subject to Options	Exercise Price per Share (€)	Exercise Price per Share (FF)	Expiration Date
0	17.40	114.15	January 10, 1999
0	21.53	141.21	June 28, 1999
3,862	24.95	163.69	October 23, 2001
33,880	45.73	300.00	November 3, 2001
77,116	22.77	149.36	January 28, 2002
3,218	19.57	128.35	October 26, 2002
237,062	40.02	262.50	May 13, 2003
351,576	35.88	235.34	April 12, 2004
623,752	33.52	219.90	March 28, 2005
690,797	40.86	268.00	July 9, 2006
1,130,000	49.09	322.00	January 21, 2007
50,000	60.08	394.11	September 29, 2007
2,306,000	95.95	629.40	April 19, 2008
1,810,100	114.63	751.92	June 8, 2009
111,499	130.99	859.24	November 17, 2009

At December 31, 1999, outstanding options to purchase 1,930,001 Shares from the Company were held by the members of the Management Board and the executive officers of the Company as a group (19 persons). Outstanding options to purchase 40,000 Shares were held at such date by the members of the Supervisory Board of the Company (18 persons).

Options[1] held by Executive Officers in certain of AXA Group's Companies

Beneficiaries \ Companies	AXA	AXA Financial Inc.	Sun Life & Provincial Holdings	Mofipar	Finaxa
C. BEBEAR	228,250	180,000	–	100,000	850,000
J.-L. BERTOZZI	94,437	–	–	30,000	–
A. BOUCKAERT	15,000	–	–	–	–
D. BRYDON[2]	37,000	–	–	–	–
C. CARGOU	42,939	–	–	30,000	–
H. de CASTRIES	282,875	180,000	–	50,000	35,000
F. COLLOC'H	251,200	100,000	–	50,000	50,000
C.M. DILL	15,000	–	–	–	–
D. DUVERNE[3]	65,000	100,000	–	30,000	–
R. GOGEL	–	–	–	–	–
M. HEGARTY	30,000	599,636	–	–	–
G. de la MARTINIERE	258,925	–	–	50,000	50,000
E. MILLER	105,000	1,641,070	–	–	–
J.-M. NESSI[4]	32,500	–	–	–	–
L. OWEN	50,000	–	297,694	–	–
M. PINAULT	73,000	–	–	–	–
C. TENDIL	297,875	–	–	50,000	70,000
P. THOUROT	9,000	–	–	–	–
M. WOOD	42,000	–	309,908	–	–

(1) Outstanding options as of December 31, 1999.
(2) Beneficiary of options of non listed companies (AXA Investment Managers).
(3) Beneficiary of options of non listed companies (Lor Finance).
(4) Beneficiary of options of non listed companies (AXA Réassurances).

Item 13: Interest of Management in certain transactions

For a description of certain transactions between AXA and the Mutuelles AXA, see Item "Relationships with the Mutuelles AXA" and Note 20 of Notes to the Consolidated Financial Statements.

The name "AXA" and the AXA trademark are owned by FINAXA, which in the second quarter of 1996 granted AXA a non-exclusive license in all the countries in which AXA and its subsidiaries operate. The annual cost to AXA for this license was FF 5 million (approximately € 0.8 million). At March 1, 2000, AXA granted 14 sublicenses.

Items 14, 15, 16, 17

Part II

Item 14: Description of Securities to be Registered

Not applicable

Part III

Item 15: Defaults upon Senior Securities

None

Item 16: Changes in Securities and Changes in Security for Registered Securities

None

Items 17, 18, 19

Part IV

Item 17: Financial Statements

The following financial statements and schedules are filed as part of this Annual Report, together with the report of the independent accountants.

Schedules:

Report of Independent Accountants	*Incorporated by reference to Exhibit 27a*
Parent Company Condensed Financial Statements	*Incorporated by reference to Exhibit 27b*

Item 18: Financial Statements

Not applicable

Item 19: Financial Statements and Exhibits

(a) The Consolidated Financial Statements appear on pages F-2 to F-.

(b) Exhibits*

By-Laws of the Company	*Exhibit 1a*
Consent of Independent Accountants	*Exhibit 23a*
Report of Independent Accountants	*Exhibit 27a*
Parent Company Condensed Financial Statements	*Exhibit 27b*

** Exhibits are incorporated by reference.*

Report of Independent Accountants

To the shareholders of AXA:

We have audited the accompanying consolidated balance sheets of AXA ("the Company") and its subsidiaries as of December 31, 1999 and 1998 and the related consolidated statements of income, of shareholders' equity, and of cash flows for each of the three years in the period ended December 31, 1999, all expressed in euros. These consolidated financial statements have been translated into English from those published in French and include additional disclosures required by the United States Securities and Exchange Commission, but in all other respects follow accounting principles generally accepted in France. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in France, which are substantially similar to those in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of the Company and its subsidiaries at December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in France.

As described in Note 2 of the Notes to the Consolidated Financial Statements, the Company changed its methods of accounting for certain items as discussed therein.

Accounting principles generally accepted in France vary in certain material respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income for each of the three years in the period ended December 31, 1999 and determination of consolidated shareholders' equity and consolidated financial position at December 31, 1999 and 1998 to the extent summarized in Notes 28 and 29 of Notes to the Consolidated Financial Statements.

Paris, France

March 15, 2000

Befec – Price Waterhouse

(Member of PricewaterhouseCoopers)

Gérard Dantheny

Item 17: Consolidated Financial Statements

AXA - Consolidated Balance Sheets (in euro millions)	At December 31, 1999	 1998 (a)
Assets		
Investments **(Note 3)**		
Fixed maturities	125,137	113,362
Equity investments	40,779	31,457
Mortgage, policy and other loans	23,921	22,584
Real estate	12,864	13,426
Assets allocated to UK with-profit contracts	25,332	18,713
Trading account securities	31,285	14,039
Securities purchased under resale agreements	32,345	20,383
Investments in companies accounted for by the equity method	1,408	1,193
Total Investments	**293,069**	**235,158**
Cash and equivalents	14,130	10,421
Broker-dealer related receivables	44,689	29,519
Deferred acquisition costs **(Note 5)**	7,782	5,917
Value of purchased business inforce **(Note 6)**	2,438	2,426
Goodwill **(Note 6)**	2,789	1,782
Accrued investment income	3,245	2,770
Other assets	29,692	20,422
Separate Account assets	109,647	76,420
TOTAL ASSETS	**507,480**	**384,835**

(a) The euro amounts were converted using the previously reported financial information in French francs and the French franc to euro legal conversion rate established on January 1, 1999 of FF 6.55957 = € 1.00. See Note 1.

The notes on pages F-7 to F-103 form an integral part of these Consolidated Financial Statements.

AXA - Consolidated Balance Sheets (continued) *(in euro millions)*	**At December 31, 1999**	**1998 (a)**
Liabilities		
Future policy benefits and other policy liabilities	145,648	131,272
UK with-profit contract liabilities	25,332	18,713
Insurance claims and claims expenses	37,703	31,007
Unearned premium reserve	6,263	4,303
Securities sold under repurchase agreements	56,199	34,423
Broker-dealer related payables	37,055	22,626
Short-term and long-term debt:		
Financing debt **(Note 7)**	5,419	4,150
Operating debt **(Note 8)**	11,684	6,148
Accrued expenses and other liabilities **(Note 23)**	44,057	33,817
Separate Account liabilities	109,001	76,422
Total Liabilities	**478,361**	**362,880**
Commitments and contingencies **(Notes 17 and 18)**		
Minority interests **(Note 9)**	7,454	5,237
Subordinated debt **(Note 10)**	4,832	2,706
Mandatorily convertible bonds and notes (**Note 10)**	474	474
Shareholders' Equity		
Ordinary shares, € 9.15 nominal value, 465.62 million authorized shares and 356.34 million issued and outstanding shares at December 31, 1999 (1998: 400.29 million authorized shares and 350.29 million issued and outstanding shares)	3,260	3,204
Capital in excess of nominal value	5,350	5,118
Retained earnings and reserves **(Note 19)**	7,747	5,215
Total Shareholders' Equity	**16,358**	**13,537**
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBTS MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	**507,480**	**384,835**

(a) The euro amounts were converted using the previously reported financial information in French francs and the French franc to euro legal conversion rate established on January 1, 1999 of FF 6.55957 = € 1.00. See Note 1.

The notes on pages F-7 to F-103 form an integral part of these Consolidated Financial Statements.

AXA - Consolidated Statements of Income (in euro millions except per ordinary share amounts)	1999	Year ended December 31, 1998 (a)	1997 (a)
Revenues			
Gross premiums and financial services revenues **(Note 22)**	66,528	56,697	55,587
Change in unearned premium reserve	9	32	(1)
Net investment results **(Note 13)**	15,630	14,069	12,812
Total Revenues	**82,167**	**70,798**	**68,398**
Benefits, claims and other deductions			
Insurance benefits and claims	(56,681)	(49,819)	(48,273)
Reinsurance ceded, net **(Note 14)**	808	381	(536)
Acquisition expenses **(Note 22)**	(5,616)	(4,921)	(4,589)
Other insurance company expenses **(Note 22)**	(3,962)	(3,579)	(3,430)
Financial and holding company expenses **(Note 22)**	(11,901)	(9,050)	(8,258)
Amortization of goodwill, net **(Note 6)**	(634)	(93)	(160)
Total Benefits, Claims and Other Deductions	**(77,986)**	**(67,081)**	**(65,246)**
Income before income tax expense	4,182	3,717	3,152
Income tax expense **(Note 15)**	(1,292)	(1,222)	(1,189)
Minority interests in income of consolidated subsidiaries	(858)	(974)	(802)
Equity in (loss) income from unconsolidated entities	(10)	11	45
NET INCOME	**2,021**	**1,532**	**1,207**
Net Income Per Ordinary Share (Note 16):			
Basic	5.73	4.52	3.71
Diluted	5.39	4.24	3.48

(a) The euro amounts were converted using the previously reported financial information in French francs and the French franc to euro legal conversion rate established on January 1, 1999 of FF 6.55957 = € 1.00. See Note 1.

The notes on pages F-7 to F-103 form an integral part of these Consolidated Financial Statements.

AXA - Consolidated Statements of Shareholders' Equity

	Ordinary Shares		Capital in	Retained	
	Number in millions	Nominal value	excess of nominal value	earnings and reserves	Total
Balance at January 1, 1997 (a)	193.13	1,767	1,789	3,280	6,835
Issuance of Ordinary Shares for UAP acquisition	122.70	1,122	1,694	2,235	5,051
Cash dividends	–	–	–	(382)	(382)
Exercise of stock options	1.55	14	20	–	34
Conversion of bonds	13.97	128	404	–	531
Goodwill from UAP acquisition	–	–	–	(1,641)	(1,641)
Transition allowance	–	–	–	3	3
Effect of restructurings	–	–	–	(65)	(65)
Effect of intercompany sales of consolidated subsidiaries	–	–	–	8	8
Impact of foreign currency fluctuations	–	–	–	411	411
Net income	–	–	–	1,207	1,207
Balance at December 31, 1997 (a)	**331.36**	**3,031**	**3,906**	**5,056**	**11,993**
Cumulative effect of change in accounting principle stock-options	–	–	–	(67)	(67)
Issuance of Ordinary Shares for Royale Belge acquisition	9.56	87	897	–	985
Cash dividend	–	–	–	(425)	(425)
Exercise of Stock Options	1.05	10	59	–	68
Conversion of bonds	8.32	76	256	–	333
Goodwill from Royale Belge acquisition	–	–	–	(388)	(388)
Impact of foreign currency fluctuations	–	–	–	(488)	(488)
Effect of restructurings	–	–	–	81	81
Purchase accounting adjustments	–	–	–	(85)	(85)
Net income	–	–	–	1,531	1,531
Balance at December 31, 1998 (a)	**350.29**	**3,204**	**5,118**	**5,215**	**13,537**
Adjustment on opening balance	–	–	–	(16)	(16)
Issuance of Ordinary Shares	1.16	11	102	–	113
Cash dividend	–	–	–	(582)	(582)
Exercice of Stock Options	3.30	30	82	–	112
Conversion of bonds	1.58	14	49	–	63
Adjustement to goodwill from Royale Belge acquisition charged to shareholders' equity	–	–	–	52	52
Impact of foreign currency fluctuations	–	–	–	954	954
Change in goodwill arising from UAP acquisition	–	–	–	88	88
Effect of restructurings	–	–	–	8	8
Transition allowance	–	–	–	7	7
Net income	–	–	–	2,021	2,021
Balance at December 31, 1999	**356.33**	**3,259**	**5,351**	**7,746**	**16,357**

(a) The euro amounts were converted using the previously reported financial information in French francs and the French franc to euro legal conversion rate established on January 1, 1999 of FF 6.55957 = € 1.00. See Note 1.

The notes on pages F-7 to F-103 form an integral part of these Consolidated Financial Statements.

AXA - Consolidated Statements of Cash Flows

(in euro millions)	Years Ended December 31, 1999	1998 (a)	1997 (a)
Net income	**2,021**	**1,531**	**1,207**
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized investment gains	(3,669)	(3,605)	(2,454)
Minority interests in income	858	974	802
Depreciation and amortization expense	1,999	396	835
Change in insurance liabilities	14,863	10,331	9,815
Net change in trading activities and broker-dealer receivables & payables	(494)	(4,953)	(4,404)
Net change in repurchase agreements	9,817	1,011	4,223
Other (b)	8,381	7,262	2,651
Net cash provided by operating activities	**33,776**	**12,947**	**12,676**
Cash flows from investing activities:			
Maturities and sales:			
Fixed maturities	42,110	42,147	46,867
Equity investments	20,388	20,543	22,889
Real estate	1,692	1,606	1,584
Loans and other	3,138	2,862	3,479
Purchases:			
Fixed maturities	(38,666)	(51,570)	(60,363)
Equity investments	(50,517)	(22,433)	(21,691)
Real estate	(668)	(697)	(717)
Loans and other (c)	(14,046)	(2,732)	(1,998)
Net purchases of property and equipment	(133)	(413)	(404)
Net cash used in investing activities	**(36,703)**	**(10,687)**	**(10,352)**
Cash flows from financing activities:			
Long term debt	818	430	(340)
Mezzanine capital	2,126	391	945
Issuance of ordinary shares	222	(92)	53
Dividends	(974)	(618)	(684)
Net cash provided by (used in) financing activities	**2,192**	**111**	**(26)**
Net impact of foreign exchange fluctuations	837	(150)	149
Change in cash due to change in scope of consolidation	3,548	(25)	2,081
Change in cash due to reclassifications	58	18	–
Cash and equivalents beginning of year	10,421	8,207	3,680
Cash and Equivalents End of Year	**14,130**	**10,421**	**8,207**
Supplemental cash flow information:			
Interest Paid	5,307	4,505	4,418
Income Taxes Paid	1,294	719	1,250

(a) The euro amounts were converted using the previously reported financial information in French francs and the French franc to euro legal conversion rate established on January 1, 1999 of FF 6.55957 = € 1.00. See Note 1.
(b) Other debtors and creditors including reinsurance deposits.
(c) Includes net movement in Separate Account assets in 1999 of € 8,640 million, in 1998 and 1997, such movements were included in the separate lines by category of security under “maturities and sales” and “purchases” above. The total movement in separate account assets in 1998 and 1997 included in those line items was € 4,794 million and € 3,687 million, respectively.

The notes on pages F-7 to F-103 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1-Financial Statement Presentation

AXA, a French société anonyme (the "Company" and, together with its consolidated subsidiaries, "AXA"), is the holding company for an international group of financial services companies, principally focused on insurance and asset management. AXA's most significant non-French operations are conducted through (i) AXA Financial, Inc. (formerly The Equitable Companies Incorporated) together with its consolidated subsidiaries including Equitable Life, Alliance Capital Management and Donaldson, Lufkin & Jenrette (United States), (ii) AXA Asia Pacific Holdings (formerly National Mutual Holdings Limited) together with its consolidated subsidiaries including National Mutual Life (Australia and other countries in the Asia/Pacific region), (iii) Sun Life & Provincial Holdings ("SLPH" together with its consolidated subsidiaries, AXA Sun Life and AXA Insurance (United Kingdom), (iv) AXA Colonia Konzern AG ("AXA Colonia Holdings" and its consolidated subsidiaries, "AXA Colonia" (principally in Germany and Austria), and (v) AXA Royale Belge and its insurance subsidiaries and AXA Banque Belgium (principally in Belgium). Refer to Note 26 for further information on the entities included within AXA.

The Company's Consolidated Financial Statements are as at December 31. Subsidiaries that have a fiscal year that does not coincide with the calendar year prepare financial statements for a twelve-month period as of December 31. However, in cases where the difference between the subsidiary's fiscal year end and the Company's fiscal year end is not greater than three months, the financial statements used in consolidation are those as of such subsidiaries' fiscal year end. This is the case for AXA Asia Pacific Holdings and its subsidiaries, which are consolidated on the basis of their financial statements for the fiscal year ended September 30. The Consolidated Financial Statements of AXA have been translated into English from those published in French and include additional disclosures required by the United States Securities and Exchange Commission ("SEC"). In all other respects the Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in France ("French GAAP"). French GAAP is based on the French Law of January 3, 1985 and its Décret of application regarding consolidation; French insurance regulatory Décrets Nos. 94-481 and 94-482 of June 8, 1994, and the related Order (Arrêté) of June 20, 1994, implementing European Union Directive No. 91/674 (Third Insurance Directive) of December 19, 1991, (collectively, the "New Regulation"); Décret No. 95-153 of February 7, 1995 and its related Arrêté of April 19, 1995, modifying certain claims reserves calculations, and French Banking Regulation Rule 91-02. A description of the significant differences between French GAAP and US GAAP and a reconciliation of AXA's consolidated net income and shareholders' equity to US GAAP for each of the three years ended December 31, 1999 and at December 31, 1999 and 1998 are included in Notes 28 and 29.

USE OF ESTIMATES

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements as well as the reported amounts of revenues and expenses for the accounting period. Changes in such estimates and assumptions may affect the amounts reported and disclosed in future periods.

INTRODUCTION OF THE EURO

Amounts presented in euro for the years ended December 31, 1998 and 1997 and at December 31, *1998 included in these Consolidated Financial Statements were previously reported in French francs and have been converted to euro using the FF/euro conversion rate of FF 6.55957 = € 1.00 established on January 1, 1999 (the legal conversion rate). In order to depict the same trends and relationships among AXA's financial amounts as would have been presented if AXA continued to present the Consolidated Financial Statements in French francs, AXA's reported consolidated financial statement amounts expressed in French francs, which include the effects of translating the financial statements of companies outside of France into French francs, were translated from the French franc to the euro. An alternative approach would have been to translate the financial statements of each respective country directly into euro using the exchange rate applicable for that particular currency; however, such approach would have altered reported trends. AXA's amounts reported in euro for the years ended December 31, 1998 and 1997 and at December 31, 1998 may not be comparable to euro amounts reported by other companies, both French and non-French.*

2 - Significant Accounting Policies

ACCOUNTING AND DISCLOSURE CHANGES

FOREIGN EXCHANGE TRANSLATION

■ *Assets and liabilities of subsidiaries denominated in foreign currencies, being the functional currency of the local subsidiary, are translated into the French franc (and subsequently into the euro) at exchange rates prevailing at the year-end (and into euro using the legal conversion rate of FF 6.55957 to € 1.00). Prior to 1998, revenues and expenses reported in the income statements of the subsidiaries denominated in foreign currencies were translated into French franc (and subsequently into the euro) using the exchange rates prevailing at the year end (and into euro using the legal conversion rate of FF 6.55957 to € 1.00). In 1998, AXA changed its accounting policy on foreign exchange translations relating to revenues and expenses whereby the revenues and expenses reported in the income statements of the subsidiaries denominated in foreign currencies were translated into French franc (and subsequently into the euro) using the average exchange rate for the accounting period (and into euro using the legal conversion rate of FF 6.55957 to € 1.00). As a result of this change, 1998 net income increased by € 35 million. If the average foreign currency exchange rates were used in 1997, net income would have decreased by € 20 million.*

The foreign exchange transition allowance recorded in equity for subsidiaries operating in euro member-state countries was € 34 million. Such amounts will continue to be recorded as a reduction of equity until such subsidiaries are sold.

CHANGES IN ACCOUNTING METHODOLOGIES

■ *There were no changes in accounting methodologies in 1999.*

In 1998, as a result of a recommendation made by the Commission des Opérations de Bourse ("COB"), the French stock exchange authority, AXA changed its method of accounting for certain stock option plans. Under the new method of accounting, compensation expense is recorded over the vesting period based on the excess of the market value of the underlying stock over the exercise price of the options. The cumulative effect of this change in accounting principle was € 67 million, which represents associated goodwill at December 31, 1997 and compensation expense that should have been recorded in 1997 and prior years. Such amount was recorded as a reduction of shareholders' equity as of January 1, 1998. Total expense recorded in 1998 was €19 million.

Effective January 1, 1998, AXA began accounting for investment and real estate companies owned directly or indirectly by French life insurance subsidiaries using the cost method in order to improve financial statement presentation. Previously, the financial statement presentation differed depending on whether assets were held directly by insurance companies or indirectly through investment or real estate companies. If held indirectly, the assets of such entities and the related income would appear in the financial services segments rather than the insurance segments. The change in accounting method better reflects the insurance companies' economic purpose for holding such entities. If such companies were consolidated in 1998, the impact on total revenues and on consolidated net income would have been € 190 million (€ 30 million of which were realized gains) and € 64 million, respectively. Net income for such entities was € 31 million in 1997.

CHANGES IN PRESENTATION

■ The principal changes in presentation for the period ended December 31, 1999 include the following and, unless otherwise stated below, the prior year financial information has been restated accordingly for comparative purposes:

– The amortization of goodwill on acquired businesses is included as a charge against the income of the acquired businesses and not of the acquiring company. This presentation is only for segmental reporting purposes and, therefore, there is no impact arising from foreign currency exchange differences.

– The segmentation of activities has been revised to reflect certain changes during the period as follows:

• A UK Property and Casualty Insurance Group was created subsequent to the acquisition of GRE in May 1999, and the International Insurance Segment is a newly-formed segment that includes the activities reported in the former Reinsurance Segment and the Transnational Property and Casualty Group, formerly included in the Property and Casualty Insurance Segment. This segment includes notably AXA Reinsurance and AXA Global Risks, which underwrites large insurance exposures.

• Since the 1999 merger with AXA Royale Belge, gross premiums and net income earned by Royale Belge Ré, a Belgian reinsurance company that has been in run-off since 1998, are included under the Belgian Life Insurance and Belgian Property and Casualty Insurance Groups. Previously, Royale Belge Ré was included under the Transnational Insurance Segment. Since this subsidiary's business activity has no material impact, 1997 and 1998 financial information has not been restated to reflect this change.

NEW ACCOUNTING PRONOUNCEMENTS WHICH HAVE BEEN ADOPTED

■ In December 1997, the American Institute of Certified Public Accounts ("AICPA") issued Statement of Position No. 97-3 ("SOP 97-3"), "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments". SOP 97-3 provides guidance for determining when a liability for a guaranty-fund and other insurance-related assessments should be recognized and the basis for measuring that liability. SOP 97-3 is effective for financial statements issued for periods beginning after December 31, 1998. Restatement of previously issued financial statements is not required. The adoption of SOP 97-3 did not have a material impact on AXA's Consolidated Financial Statements.

In March 1998, the AICPA issued Statement of Position No. 98-1 ("SOP 98-1"). SOP 98-1 requires capitalization of external and certain internal costs incurred to obtain or develop internal-use computer software during the application development stage. All other costs including costs associated with preliminary project assessments, data conversion and post-implementation training and maintenance costs must be expensed when incurred. AXA adopted SOP 98-1 prospectively for both French GAAP and US GAAP effective from January 1, 1999. Capitalized internal-use computer software costs are is amortized on a straight line basis over the estimated useful life of the software and will be assessed for impairment as events or circumstances arise that indicate that the carrying amount is not recoverable.

The adoption of SOP 98-1 did not have a material impact on AXA's Consolidated Financial Statements.

In October 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 134 ("FAS 134"), "Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise", which amends existing accounting and reporting standards for certain activities of mortgage banking enterprises and other enterprises that conduct operations that are substantially similar to the primary operations of a mortgage banking enterprise. This statement is effective for the first fiscal quarter beginning after December 15, 1998. This statement did not have a material impact on AXA's Consolidated Financial Statements.

In 1998, AXA adopted the Statement of Financial Accounting Standards No. 132 ("FAS 132"), "Employers' Disclosures about Pension and Other Postretirement Benefits". FAS 132 revised disclosure requirements for employer's pension and other retiree post retirement and did not change the measurement or recognition basis of these plans. No change in pension and other postretirement benefits accounting principles was made as a result of the adoption of FAS 132.

In 1998, AXA adopted Statement of Financial Accounting Standards No. 131 ("FAS 131"), , "Disclosures about Segments of an Enterprise and Related Information". This statement established disclosure standards regarding information about AXA's operating segments in financial statements issued to shareholders. It also established standards for disclosures about products and services, geographic areas and major customers. Generally, financial information is required to be reported on the basis used by management for evaluating segment performance and deciding how to allocate resources to segments. In 1998, AXA changed certain of its segmentation in order to more closely align its segmentation with the basis used by management to evaluate group performance and to allocate resources. Previously, the Financial Services Segment was comprised of the US Financial Services Group and the International Financial Services Group. Since asset management has become increasingly important to AXA both from a strategic and profitability perspective, AXA created the Asset Management Segment along with the Other Financial Services Segment. Prior years' amounts have been restated to reflect the changes in segmentation. Over time the basis of reporting operating segment information may change, partly due to acquisitions and partly due to objectives to improve AXA reporting and analysis including, evaluating operational performance and allocating resources. Changes in segment will affect previously reported amounts, which will be restated accordingly for comparative purposes.

In 1998, AXA adopted Statement of Financial Accounting Standards No. 130 ("FAS 130"), "Reporting Comprehensive Income". This statement established standards for reporting and displaying comprehensive income and its components in a full set of general-purpose financial statements. This statement required that an enterprise classify items of other comprehensive income (i.e. other than net income) by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and reserves in the equity section of the balance sheet.

BASIS OF CONSOLIDATION

AXA's principles of consolidation are generally as follows:

- *Companies in which AXA exercises controlling influence are fully consolidated. Controlling influence is generally presumed when AXA directly or indirectly holds at least 40% of the voting rights and no other shareholder directly or indirectly holds a percentage greater than AXA.*
- *Companies in which AXA directly or indirectly holds at least 20% of the voting rights and for which AXA and other shareholders have agreed to exercise joint controlling influence are proportionately consolidated.*

– Companies in which AXA exercises significant long term influence are accounted for by the equity method. Significant influence is presumed when AXA directly or indirectly holds at least 20% of the voting rights or when significant influence is exercised through an agreement with other shareholders.

Investment, real estate, mutual fund and portfolio management companies (owned by French life insurance companies) are not consolidated. Investments in shares of such companies are accounted for using the cost method.

Subsidiaries and equity interests are not consolidated if:

– from the date of acquisition, the corresponding equity securities are held for sale,

– the subsidiary does not have a material impact on the Company's consolidated financial condition,

– the information required to prepare the Consolidated Financial Statements cannot be readily obtained, either for reasons of cost or reporting deadlines.

Assets of consolidated companies linked with separate account (unit-linked) contracts are included in the calculation of the Company's controlling interest but excluded from the calculation of the percentage of this interest.

In preparing the Consolidated Financial Statements, the effect of transactions among consolidated companies is generally eliminated. In accordance with French insurance regulations, realized gains or losses on sales of assets, other than shares of subsidiaries, from or to a consolidated insurance company are not eliminated if the assets were supporting or are intended to support insurance reserves. The acquiring subsidiary will record the asset at the lower of current market value or carrying amount as reported previously by the selling subsidiary. The selling subsidiary will record a loss, if the market value is less than the net book value. The portion of intercompany gains or losses realized on the sale of a subsidiary's shares, which are included in the calculation of policyholder dividends, is not eliminated.

The total or partial transfer of securities between two AXA consolidated subsidiaries (for which AXA has a level of interest less than 100% in either entity) will effect the value of that security as reported in AXA's Consolidated Financial Statements, after the transfer. This difference does not impact operating results as it is reported as change within shareholders' equity (and presented separately in the Statement of Shareholders' Equity as "effect of restructurings")

Changes in scope of consolidation are detailed in Note 25 of the Consolidated Financial Statements.

BUSINESS COMBINATIONS: PURCHASE ACCOUNTING AND GOODWILL

Business combinations generally are accounted for as purchases. For insurance company acquisitions after December 31, 1992, assets other than certain fixed maturities and non-insurance liabilities of the acquired company are generally recorded at their estimated fair value. Insurance liabilities are maintained at historical value if the basis for measuring such value is consistent with French accounting principles. Fixed maturities for which the acquired company (property and casualty only) has the positive intent and ability to hold until maturity are maintained at historical amortized cost and amortized over their remaining life. For non-insurance company acquisitions, assets and liabilities are maintained at their historical cost, except for real estate that is recorded at estimated fair value. If information becomes available that necessitates an adjustment to purchased assets or liabilities such adjustment can be made before the end of the fiscal year that follows the year of the acquisition. Any such adjustments to purchase accounting values will increase or decrease goodwill. If the related goodwill was charged directly to retained earnings and reserves, such purchase accounting adjustments will correspondingly increase or decrease retained earnings and reserves.

Certificates of guaranteed value ("Certificates") are not recorded as part of acquisition purchase prices and are *off-balance sheet liabilities until the earlier of the maturity date or when cancelled. Cash payments at maturity, if any, to the Certificate holders and any amounts paid to purchase and retire Certificates prior to their maturity will increase the existing goodwill asset, net of accumulated amortization as if such goodwill has been recorded at the date of acquisition. The accumulated amortization is recorded through an immediate charge to earnings.*

Acquisitions of minority interests are accounted for using the purchase method of accounting with the exception that the acquired portion of assets and liabilities are not recorded at their estimated fair value at the minority interest acquisition date. Rather, the carrying values used for the acquired portion of assets and liabilities are the same as those used before the minority interest acquisition.

VALUE OF PURCHASED INSURANCE BUSINESS INFORCE

■ *In conjunction with purchase accounting, relating to acquired life insurance operations, an identifiable intangible asset is recorded, in certain cases, for the present value of future profits of purchased insurance business inforce. The value of purchased business inforce represents the value of estimated future profits from insurance contracts existing at the date of acquisition. The future profits are estimated using actuarial assumptions based on anticipated experience determined as of the purchase date, discounted at rates that range from 12% to 15%. The value of purchased business inforce is amortized over the remaining lives of the underlying contracts in proportion to the earnings on the contracts, generally between 10 and 25 years. The value of purchased business inforce is subject to recoverability testing at the end of each accounting period, based on actual experience and expected trends with respect to the principal assumptions used to calculate the value of purchase insurance business inforce.*

GOODWILL

■ *Goodwill is measured as the difference between the purchase price and the net carrying value of the acquired company, as adjusted. If the adjusted net carrying value of the acquired company is greater than the purchase price, the estimated fair value adjustment for real estate is decreased to the extent necessary to eliminate such excess. Any excess remaining after full elimination of the adjustment is recorded as a negative goodwill liability. Currently, negative goodwill is amortized over a maximum of five years.*

In accordance with Article D 248-3 Decree of February 17, 1986 and the recommendation of the COB, the French stock exchange authority, and Bulletin No 210 in June 1988, when new shares are issued by the Company to partly finance an acquisition, a portion or all of the goodwill can be charged directly to retained earnings and reserves (in proportion to the value of shares issued to total purchase price). Any remaining goodwill will be recorded as an asset and will be amortized over a period not to exceed 30 years. The value in retained earnings and reserves will remain unchanged unless there is a dilution of ownership interest in the acquired company.

IMPAIRMENT

■ *Goodwill and value of purchased business in-force will be evaluated based on circumstances and events that may arise and indicate the carrying value is no longer recoverable resulting in a change in estimated useful life or a writedown of the carrying amount. In the event that certain facts or circumstances arise (that is, "triggering events"), an evaluation will be performed to determine whether the carrying value of goodwill and value of purchased business in-force is supportable based on the future operating cash flows and profits (before amortization of goodwill and value of purchased business in-force). The operating cash flows used in this assessment are those of the* *entity acquired, if separately identifiable, or the business segment that acquired the entity, or at the level of AXA as a whole in the event that such an acquired company has activities fall in more than one business segment of AXA.*

VALUATION OF INVESTMENTS

GENERAL POLICIES

■ ***Fixed maturity securities*** *are stated at amortized cost, less valuation allowances. Purchase premium or discount is amortized over the life of the security. Generally, valuation allowances are recorded for declines in the value of a specific fixed maturity security that are deemed to be permanent. In the case of AXA's non-European subsidiaries, the amortized cost of fixed maturity securities is written down for impairments in value deemed to be other than temporary.*

Equity securities *are stated at cost. For a decline in the estimated fair value of a specific equity investment that is deemed to be other than temporary, AXA's European subsidiaries record a valuation allowance and AXA's non-European subsidiaries directly write down the equity investment. Mutual fund investments are included in equity securities.*

Policy loans *are stated at unpaid principal balances.*

Mortgage loans *on real estate are stated at principal balances, net of unamortized discounts and valuation allowances. Impairment measurement is based on the present value of expected future cash flows, discounted at the loan's effective interest rate, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent.*

Real estate, *including real estate acquired in satisfaction of debt, is stated at depreciated cost, less valuation allowances. Real estate acquired in satisfaction of debt is valued at estimated fair value at the date of foreclosure. For AXA's European subsidiaries, valuation allowances on all classifications of real estate are recorded for a decline in the value of a property that is deemed to be other than temporary. In determining whether or not a decline in the estimated fair value is other than temporary, AXA considers the length of time and extent to which the estimated fair value has declined, the market conditions and the ability of AXA to retain the asset for a period sufficient to recover any such decline. For AXA's non-European subsidiaries, valuation allowances are recorded only for real estate held for sale and are computed using the lower of current estimated fair value, net of disposition costs, or depreciated cost. AXA considers current fair value to be equal to the anticipated sales price for those cases where a sale is in negotiation. Impaired real estate held and used by AXA's non-European subsidiaries is written down to fair value with the impairment loss included in net investment results.*

Trading account securities *are stated at estimated fair value based principally on quoted market prices or on quoted market prices of comparable securities. Unrealized investment gains and losses are included in net investment results. This treatment is also used in respect of capital development activity, principally private equity investments of AXA's US brokerage subsidiary held through Donaldson Lufkin & Jenrette Inc. ("DLJ").*

Assets allocated to UK with-profit contracts, *for which the policyholder participates in the investment return under the contract terms (refer to "Liabilities for insurance benefits and claims"), are reported at estimated fair value, with the change in estimated fair value of such assets included as an adjustment to the related insurance reserves.*

Separate Account Assets *relate to certain life insurance contracts which, when issued, are linked with specific pools of assets (France: assurance à capital variable ("ACAV") and assurance à capital variable immo-*

bilier ("ACAVI"), US: Separate Accounts and UK and Australia: unit-linked funds). The policyholder bears the investment risks and receives the rewards of the associated assets. The assets supporting these contracts are generally segregated and not subject to claims of creditors which may arise out of the companies' other business.

Securities sold under agreements to repurchase and securities purchased under agreements to resale principally relate to DLJ and are treated as financing arrangements and carried at the contract amounts that reflect the amounts at which the securities will be subsequently reacquired or resold as specified in the respective agreements. Interest is accrued on such contract amounts and is included in broker-dealer-related receivables or payables in the consolidated balance sheets. DLJ generally takes possession of the underlying assets purchased under agreements to resell and obtains additional collateral when the estimated fair value falls below the contract value. Repurchase and resale agreements with the same counterparty and same maturity date that settle through the US Federal reserve system and which are subject to master netting agreements are presented net in the Consolidated Financial Statements. The weighted average interest rates on securities sold under repurchase agreements were 4.38% and 4.89% at December 31, 1999 and 1998, respectively.

DETERMINING FAIR VALUE OF INVESTMENTS

■ The basis for determining the fair value of investments is as follows: (i) listed equity and fixed maturity securities are based on the quoted market price at date of valuation, (ii) the fair value of real estate held for investment purposes is determined by qualified appraisers and are reviewed with reference to current market conditions and no depreciation is recorded, and (iii) the fair value of loans is based on estimated future cash flows utilizing interest rates that reflect current market conditions, and non-performing loans are valued based on the lower of the guaranteed value or future cash flows.

The method of determining fair value may not correspond to the actual price realized when the investment is sold either in a block (with other similar investments rather than individually) or due to the actual tax impact on the realization of unrealized gains and losses when the investment is sold.

The difference between the carrying amount (original cost or amortized cost) and the fair value represents unrealized gains and losses and will be reflected in AXA's operating results after taking account of tax, attribution to participating policyholder contracts (as an adjustment to insurance reserves) and allocation to minority interests.

DEFERRED ACQUISITION COSTS

LIFE INSURANCE

■ The costs of acquiring new and renewal business that vary with and are primarily related to the production of new business are specifically identified and deferred by establishing an asset which is amortized in subsequent years. The acquisition costs are subject to recoverability testing at the time of policy issue and loss recognition testing at the end of each accounting period. For traditional life and annuity policies with life contingencies (except for certain participating policies) deferred acquisition costs are amortized in proportion to anticipated premiums. For universal life and investment-type contracts, and certain participating policies, deferred acquisition costs are amortized over the expected average life of the contracts as a constant percentage of estimated gross profits emerging from the contracts over the term of the contract. Estimates of gross profits are reviewed at the end of each accounting period and the cumulative effect of any changes in estimated gross profits impacting the amortization of deferred acquisition costs is recognized immediately in income.

Fees charged to policyholders for future services that are not fully earned in the period assessed are reported as a reduction of deferred acquisition costs. These unearned revenue amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

PROPERTY AND CASUALTY INSURANCE AND REINSURANCE

■ The costs of acquiring new business are generally specifically identified and an asset is recorded for such amounts and amortized over the life of the related contracts (generally one year). In cases where acquisition costs are not specifically identified, the asset is calculated based on various percentages established by regulation in the countries in which AXA operates to reflect the costs incurred to acquire the business, principally commissions. The amount of deferred acquisition costs estimated not to be recoverable is charged to expense and the asset is reduced. AXA does not anticipate future investment results in determining whether deferred acquisition costs are recoverable.

OTHER ASSETS

Real estate (property) owned and occupied by AXA is recorded in the Balance Sheet under "Other Assets" and depreciated on a straight-line basis over the estimated useful life of the buildings, ranging from 20 to 50 years.

Computer hardware is amortized on a straight-line basis over the estimated useful lives of such assets. Capitalized computer software as determined in accordance with SOP 98-1 is amortized over a period not to exceed five years.

REINSURANCE RECOVERABLES

Amounts receivable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. These receivables are evaluated and monitored for recoverability to minimize exposure to significant losses from reinsurer insolvencies. The reinsurers' share in insurance reserves are presented net of insurance reserves in accordance with French GAAP and presented separately in the condensed balance sheet under US GAAP.

LIABILITY FOR INSURANCE BENEFITS AND CLAIMS

INSURANCE RESERVES (LIFE INSURANCE)

■ For **traditional life insurance contracts** (i.e., those with significant mortality risk), the liability for future policy benefits is calculated in accordance with the applicable regulatory and accounting rules on the basis of actuarial assumptions as to investment yields, mortality, morbidity and expenses. In general, for AXA's European subsidiaries, except the UK and the Netherlands, the actuarial assumption for mortality is specified by legislation, the assumption for interest is the rate guaranteed in the contract, and contracts are assumed to remain inforce until their contractual maturity date or the death of the insured. For the UK, the Netherlands and the companies outside of the European Union, the reserves are based on a best estimate that takes account of estimated terminations/ surrenders. If the contract provides for a minimum interest rate guarantee and the investment results are insufficient to meet that guarantee, an additional provision will be established for that shortfall.

The liability for **universal life and investment-type contracts,** contracts that have a small portion of insurance risk, is the balance that accrues to the benefit of the policyholders. This balance represents an accumulation of gross premium payments plus credited *interest less expenses and mortality charges and withdrawals.*

Separate account (unit linked) contracts *are linked to a specific pool of investment funds/assets and are written by AXA's life insurance companies. The insured bears the investment risks and rewards. For these contracts the liability represents the fair value of the investment funds/assets linked to those contracts at the balance sheet date.*

AXA also writes ***participating life insurance contracts*** *whereby the policyholder has the right to participate/ share in the investment returns/profits earned by the insurance company. Participation rights of participating contracts issued by AXA vary by contract and by the country in which the contract is issued. Liabilities are established for participation rights whether or not such amounts have been credited to the policyholders.*

UK with-profit contracts *are participating life insurance contracts that provide for the sharing of investment performance and other company experience with policyholders. Benefit amounts paid for UK with-profit contracts reflect, in part, the estimated fair value of assets allocated to the contracts. Accordingly, the liability for these contracts (including terminal bonuses) fluctuates with the estimated fair value of assets, as well as management's assessment of the future level of benefits to be paid. Terminal bonuses are the principal way UK with-profit contracts fulfil the objective of providing for the policyholders' reasonable expectations.*

The balance sheet in a UK insurance company will include not only the policyholder insurance benefits (insurance reserves) but also the "Fund for Future Appropriations" ("FFA") which represents the excess of assets over liabilities in the long term business fund, and in general is used to fund the future terminal bonuses to be attributed to participating policyholders in accordance with the terms of the insurance contract. In the Consolidated Financial Statements, the portion of the FFA attributable to future terminal bonuses is included in insurance reserves with the remaining portion included in retained earnings and reserves.

INSURANCE CLAIMS AND CLAIMS EXPENSES

A liability for insurance claims and claims expenses is recorded for claims which have been incurred in the accounting period, for reported claims, claims incurred but not reported ("IBNR") and associated claims expenses.

The liability for insurance claims and claims expenses is based upon estimates of the expected losses and unexpired risks for all lines of business and takes into consideration management's judgement on the anticipated level of inflation, regulatory risks and the trends in claims. Estimates of expected losses are developed using historical claims experience, actual against estimated claims experience, other known trends and development and local regulatory requirements. The liability is undiscounted except for disability annuities for which the payments are fixed and determinable.

Claims reserves also include:

– ***Unexpired risk provision.*** *A reserve for unexpired risks is established (in addition to the unearned premium reserve) for contracts for which the premiums collected are expected to be insufficient to cover future claims and claims expenses. Such liability is recorded net of acquisition costs as part of the claim and claim expense liability.*

– ***Catastrophe Equalization Reserves.*** *As permitted by regulation in certain of the countries in which AXA operates, AXA establishes "catastrophe equalization reserves" in its property and casualty insurance and reinsurance operations. Catastrophe equalization reserves are established by line of business in accordance with the local regulation and defer a portion of income to future periods to be earned when future catastrophic* *losses, such as nuclear incidents, storms, floods and pollution liability occur. Subject to regulatory limitations, management determines amounts added to or subtracted from the catastrophe equalization reserves.*

UNEARNED PREMIUM RESERVE

In property and casualty insurance and reinsurance, the unearned premium reserve represents premiums, which have been collected with respect to future insurance coverage.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments designated to hedge a specific asset, liability or net investment and deemed highly effective in offsetting the hedged item's changes in estimated fair value or cash flows are recorded on the accrual method. Under such method, gains and losses of effective hedges are deferred and recognized in net investment results generally over the life of the hedged asset or liability with amounts recorded in the category corresponding to the hedged item.

Gains and losses, realized and unrealized, on hedges of foreign currency risk of net investments in certain foreign subsidiaries are recorded in shareholders' equity along with the related foreign currency translation adjustments.

Derivative financial instruments used for trading activities and derivatives not effective as or not designated as a hedge are generally presented as receivables or payables from broker-dealers in the consolidated balance sheets and stated at estimated fair value with the changes in fair value recorded currently in net investment results.

The estimated fair value is determined based on quoted market prices, dealer quotes, pricing models or others methods determined by management based on amounts estimated to be realized on settlement, assuming current market conditions and an orderly and reasonable disposition. Fair value of option contracts includes unamortized premiums which are deferred and amortized over the life of the option contracts on a straight-line basis or are recognized through the change in the fair value of the option in net investment income. The notional amount of equity swap contracts, and forward and futures contracts are treated as off-balance sheet items.

INCOME TAXES

AXA's French insurance subsidiaries, AXA Financial, Inc. and, where permitted, other subsidiaries each file individually consolidated income tax returns; other companies file separate income tax returns. Current income tax expense is charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income tax assets and liabilities are recorded based on the differences between financial statement carrying amounts and income tax bases of assets and liabilities and for net operating loss carryforwards, if any, using enacted income tax rates and laws expected to be applicable when such differences reverse. Valuation allowances are recorded for deferred tax assets that are not expected to be realized.

RECOGNITION OF REVENUE AND RELATED EXPENSES

GROSS PREMIUMS

■ *Gross premiums from all types of life insurance are generally recognized as revenue when due. When premiums are recognized, liabilities for future policy benefits are recorded, with the result that benefits and expenses are matched with such revenue and profits are recognized over the life of the contracts. The revenues include the premiums received on separate account contracts and contracts with insignificant mortality or morbidity risk, which are accounted for as deposits under US GAAP, whereby only policy charges* *related to acquisition, administration, investment management and mortality charges are included as revenue.*

Property and casualty insurance and reinsurance gross premiums, including estimates of premiums written but not reported, are generally recognized as revenue over the terms of the related contracts.

An unearned premium reserve is established to cover the unexpired portion of written premiums. The unearned premium reserve generally is calculated by pro rata methods, based on the proportion of insurance still inforce at year-end. The change in the unearned premium reserve in the period represents earned premium and is included to total premiums earned in the period.

FINANCIAL SERVICES REVENUES

■ *Asset management and other financial services revenues include fees earned from asset management, investment banking and brokerage income, and gross rental income from real estate companies.*

NET INVESTMENT RESULTS

Net investment results represent investment income, net of investment expenses, and realized investment gains and losses, net of valuation allowances. Net investment results exclude the net investment results derived from the separate account (unit linked) assets and certain participating insurance contracts for which are reflected as a change in the separate account (unit linked) liabilities or future policy benefits on participating insurance contracts, respectively. For insurance and reinsurance operations, depreciation expense on real estate is recorded as a reduction of related investment income. For non-insurance operations (financial services operations and holding companies), depreciation expense on real estate is recorded in operating expenses. Realized investment gains and losses are determined principally on a specific identification basis. Intercompany transactions eliminated in consolidation are reallocated in the presentation of segment investment results. The intercompany transactions relate primarily to internal reinsurance and to intercompany loans and commissions paid and received for asset management.

Subsidiaries, which are not 100% owned by AXA, may issue additional capital, which thereby dilutes AXA's ownership interest in that subsidiary. When additional capital is issued, the change in AXA's ownership is recorded in the net investment result.

Valuation allowances are netted against the asset categories to which they apply. Changes in valuation allowances are included in realized investment gains or losses except those related to the operational activity of certain European financial services subsidiaries which are included in financial and holding company expenses and those related to a Transition Allowance recorded in January 1995 relating to new French insurance regulations on consolidated financial statements. Amounts recorded in the Transition Allowance are released from retained earnings and reserves upon full or partial sale of the asset, recoveries in value of the asset or periodic depreciation of the asset. If releases of the Transition Allowance result in a gain, such gain is excluded from the income and credited directly to retained earnings and reserves. Any gain or loss in excess of the Transition Allowance is immediately recognized in net income.

OTHER

RESTRUCTURING COSTS

■ *Pursuant to a defined plan, provisions for restructuring operations related to an acquired company are established for costs such as severance payments and other staff reduction expenses, costs associated with closing office sites and other associated exit activity. This provision will be included in the opening balance sheet of the acquired company with no impact on post acquisition operating results of the acquirer. Restructuring provisions not associated with acquisitions but rather related to changes in existing operations, termination of employees and exiting operational activities, will be established and recorded as* *a charge against income in the year that the defined plan is approved by appropriate levels of management.*

PENSIONS AND OTHER POST-RETIREMENT BENEFITS

■ *AXA administers defined benefit plans and defined contribution plans and provides other post-retirement related benefits to its employees worldwide. The pension cost is charged against income. The pension cost and the related provision is based on the advice of qualified actuaries, calculated using actuarial valuation methods which give a substantially even charge over the expected service lives of employees on a going concern basis. The total pension cost for the Company and its subsidiaries is recorded in other liabilities (for pension plans not administered within AXA) or insurance reserves (for pension plans administered by insurance companies within AXA).*

For the large employee benefit plans, a liability is established generally in accordance with Statement of Financial Accounting Standards No. 87 ("FAS 87"), Employers' Accounting for Pensions, Statement of Financial Accounting Standards No. 106 ("FAS 106"), Employers' Accounting for Postretirement Benefits Other Than Pensions, and Statement of Financial Accounting Standards No. 112 ("FAS 112"), Employers' Accounting for Postemployment Benefits.

Other postretirement plans are accounted for according to local statutory accounting principles.

TREASURY SHARES

■ *The investment holding of a parent company's shares by the Company or its subsidiaries ("treasury shares") is accounted for as an investment in equity securities if the treasury shares are considered held for sale. The carrying amount represents the original cost of these shares. However, if the treasury shares are not considered held for sale, they are accounted for as a reduction of shareholders' equity.*

STOCK-BASED COMPENSATION

■ *AXA uses the intrinsic value-based method of accounting for compensatory stock option incentive plans offered by its subsidiaries. Under such method, compensation expense is recorded only if the current market price of the underlying stock exceeds the exercise price of the options on the date both the number of options and exercise price are known. The compensation expense is recognized over the employees' service period that is generally considered to be the vesting period of the options.*

Where an employee may receive cash in lieu of stock, compensation expense is recorded over the vesting period based on the excess of market value of the underlying stock over the exercise price of the options. Estimates are revised each period taking into consideration market value changes in the underlying stock.

No compensation expense is recorded for the Company's stock option incentive plans or its employee stock purchase plans.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 1999, the Comité de la Réglementation Comptable (French National Accounting Regulations Committee) issued a statement setting forth a new basis for preparing consolidated financial statements in France. For insurance business, this statement becomes effective January 1, 2001 and, therefore, changes would be reflected in AXA's consolidated financial statements in 2001. The effect of this statement on French insurance companies is currently under review. Based on current information available, the basis for preparing and presenting AXA's Consolidated Financial Statements should not be affected materially.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("FAS 133") "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued Statement of Financial Accounting Standards No. 137 ("FAS 137"), "Deferral of the Effective Date of FASB Statement No 133". FAS 137 allows entities which have not yet *adopted FAS 133 to defer its effective date to all fiscal years beginning on or after June 15, 2000 (that is for AXA's Consolidated Financial Statements beginning January 1, 2001).*

FAS 133 establishes accounting and reporting standards for derivative instruments, including derivatives embedded in other contracts, and for hedging activities. It requires all derivatives to be recognized on the balance sheet at fair value. The accounting for changes in the fair value of a derivative depends on its intended use. Derivatives not used in hedging activities must be adjusted to fair value through earnings. Changes in the fair value of derivatives used in hedging activities will, depending on the nature of the hedge, either be offset in earnings against the change in fair value of the hedged item attributable to the risk being hedged or recognized in other comprehensive income until the hedged item affects earnings. For all hedging activities, the ineffective portion of a derivative's change in fair value will be recognized immediately in earnings.

The impact of FAS 133 on the Consolidated Financial Statements has not yet been determined given that the application of FAS 133 is subject to certain factors including future interpretative guidance to be issued by the FASB, any potential changes to AXA's current strategy regarding investments in derivatives and hedging, and the extent to which AXA's existing hedging strategies will meet the requirements of hedge effectiveness.

In late 1998, the AICPA issued Statement of Position No. 98-7 ("SOP 98-7")," Deposit Accounting: Accounting for Insurance and Reinsurance Contracts that Do Not Transfer Insurance Risk". SOP 98-7 is effective for AXA's Consolidated Financial Statements beginning January 1, 2000. SOP 98-7 provides guidance to both the insured and insurer on how to apply the deposit method of accounting when it is required for insurance and reinsurance contracts that do not transfer insurance risk. SOP 98-7 does not address or change the requirements as to when deposit accounting should be applied. SOP 98-7 applies to all entities and all insurance and reinsurance contracts that do not transfer insurance risk except for long-duration life and health insurance contracts. The adoption of SOP 98-7 is not expected to have a material impact on AXA's Consolidated Financial Statements.

3 - Investments

FIXED MATURITIES AND EQUITY SECURITIES

Information regarding the fixed maturity and equity securities supporting the general account, that is, excluding separate account (unit-linked) business and trading account securities, and also excluding UK with-profit business at December 31, 1999 and 1998 is presented below.

(in euro millions)	Carrying value	Amortized or original cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	December 31, 1999				
Fixed Maturities:					
French government	30,224	30,238	1,352	289	31,288
Foreign governments	38,641	38,157	1,172	412	39,400
Local governments	1,438	1,416	25	46	1,417
Government controlled corporations	10,296	10,243	291	162	10,425
Private corporations	43,099	42,722	827	1,296	42,630
Mortgage-backed securities	2,990	2,976	20	94	2,915
Other	2,008	2,006	42	72	1,976
Assets allocated to UK with-profit contracts	(3,558)	(3,135)	–	–	(3,558)
Total Fixed Maturities	**125,137**	**124,622**	**3,729**	**2,372**	**126,493**
Equity Securities and Mutual Funds					
Equity securities	35,638	25,843	5,425	151	40,912
Mutual funds	20,008	19,429	4,861	87	24,781
Assets allocated to UK with-profit contracts	(19,539)	(9,631)	–	–	(19,539)
Total Equity Securities and Mutual Funds	**36,106**	**35,641**	**10,286**	**239**	**46,154**
Other unconsolidated affiliates	4,673				
TOTAL	**40,779**				

(in euro millions)	Carrying value	Amortized or original cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	December 31, 1998				
Fixed Maturities:					
French government	30,008	30,010	4,376	136	34,249
Foreign governments	34,417	34,380	3,220	162	37,475
Local governments	835	731	82	2	829
Government controlled corporations	9,657	9,537	783	27	10,326
Private corporations	38,478	37,988	3,916	1,178	41,391
Mortgage-backed securities	2,199	2,196	61	3	2,257
Other	1,075	1,108	106	13	1,168
Assets allocated to UK with-profit contracts	(3,307)	(2,683)	–	–	(3,307)
Total Fixed Maturities	**113,362**	**113,267**	**12,544**	**1,520**	**124,387**
Equity Securities and Mutual Funds					
Equity securities	25,231	20,305	5,031	611	29,651
Mutual funds	16,149	16,230	1,867	89	17,927
Assets allocated to UK with-profit contracts	(13,188)	(8,478)	–	–	(13,188)
Total Equity Securities and Mutual Funds	**28,192**	**28,057**	**6,898**	**700**	**34,390**
Other unconsolidated affiliates	3,265				
TOTAL	**31,457**				

The difference between estimated fair value and carrying value of investments constitutes unrealized gains or losses. Upon disposal of the investment, the realization of these unrealized gains and losses will be reflected in AXA's operating results after taking account of tax, attribution to participating policyholders (as an increase in insurance benefits) and allocation to minority interests.

The contractual maturity of fixed maturity securities is shown below:

	December 31, 1999	
(in euro millions)	Amortized Cost	Estimated Fair Value
Due in one year or less	7,849	7,992
Due after one year through five years	36,587	37,916
Due after five years through ten years	42,935	43,412
Due after ten years	36,878	37,319
Mortgage-backed securities	2,976	2,915
Other	532	497
Assets allocated to UK with-profit contracts	(3,135)	(3,558)
TOTAL	**124,622**	**126,493**

Fixed maturities not due at a single maturity date have been included in the above table in the year of final maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. At December 31, 1999, approximately 36% of fixed maturities are due from French borrowers and 19% from US borrowers, with no other country representing more than 10% of the borrowings.

TREASURY SHARES

The investment holding of a parent company's shares by the Company or its subsidiaries ("treasury shares") is accounted for as an investment in equity securities if the treasury shares are considered held for sale. At December 31, 1999 and 1998, AXA held for sale ordinary shares of the Company of 3.7 million and 3.6 million, respectively, with a carrying value of € 265 million and € 259 million, respectively, and a market value of € 511 million and € 450 million, respectively. For the year ended December 31, 1998 and 1997, the Company sold some shares in the marketplace to third parties and recognized a gain of € 161 million and € 37 million, respectively.

MORTGAGE, POLICY AND OTHER LOANS

The carrying value of mortgage, policy and other loans was € 13,177 million, € 4,940 million and € 5,804 million, respectively, at December 31, 1999 and € 11,457 million, € 4,238 million and € 6,886 million, respectively, at December 31, 1998. At December 31, 1999, approximately 41 % of AXA's mortgage loans are secured by real estate located in the United States, 29% in Belgium and 24% in Germany with the remaining 6% in various other countries.

At December 31, 1999 and 1998, Equitable Life's impaired mortgage loans (as defined under FAS 114) with provisions for losses had an amortized cost of € 176 million and € 160 million, respectively and provisions for losses of € 29 million and € 35 million, respectively. Impaired mortgage loans with no provisions for losses had an amortized cost of € 7 million and € 21 million at December 31, 1999 and 1998, respectively. Impaired mortgage loans with no provision for losses are loans where the fair value of the collateral or the net present value of the loan equals or exceeds the recorded investment. Interest income earned on impaired loans where the collateral value is used to measure impairment is recorded on a cash basis. Interest income on impaired loans where the present value method is used to measure impairment is accrued on the net carrying value of the loan at the interest rate used to discount the cash flows. Changes in the present value attributable to changes in the amount or timing of expected cash flows are reported as investment gains or losses. For the years ended December 31, 1999, 1998 and 1997, Equitable Life's average recorded investment in impaired mortgage loans was € 191 million, € 273 million and € 408 million, respectively. Interest income recognized on these impaired mortgage loans totaled € 17 million, € 18 million and € 29 million, for the years ended December 31, 1999, 1998 and 1997, respectively, including € 0.3 million, € 5 million and € 11 million, respectively, recognized on a cash basis.

REAL ESTATE

AXA's investment in real estate is through both direct ownership and through investments in real estate joint ventures. Depreciation on real estate is computed using the straight-line method over the estimated useful lives of the properties, which generally range from 20 to 50 years. Accumulated depreciation on investment real estate was € 1,119 million and € 1,128 million at December 31, 1999 and 1998, respectively. Depreciation expense on such real estate totaled € 224 million, € 196 million and € 280 million for the years ended December 31, 1999, 1998 and 1997, respectively.

At December 31, 1999 and 1998, Equitable Life owned € 527 million and € 594 million, respectively, of real estate acquired in satisfaction of debt.

As of December 31, 1999 and 1998, the carrying value of real estate held for sale amounted to € 2,132 million and € 1,331 million, respectively.

TRADING ACCOUNT SECURITIES

The cost of trading account securities held by financial services companies at December 31, 1999 and 1998 was € 27,847 million and € 11,382 million, respectively. The increase in net unrealized gains (losses) included in net income relating to trading account securities held by AXA's financial service companies was € 187 million, € (174) million and € 40 million for the years ended December 31, 1999, 1998 and 1997, respectively. At December 31, 1999 and 1998, the cost of trading account securities held by the insurance companies was € 3,423 million and € 2,656 million, respectively. The increase in net unrealized gains (losses) included in net income relating to trading account securities held by insurance companies was € 260 million, € (206) million and € 209 million for the years ended December 31, 1999, 1998 and 1997, respectively.

INVESTMENT VALUATION ALLOWANCE

Investment valuation allowances, which have been deducted in arriving at investment carrying values as presented in the consolidated balance sheets, and changes thereto are shown below (amounts included in other changes relate principally to changes in the scope of consolidation and the impact of changes in foreign currency exchange rates on opening balances):

1999 (in euro millions)	Balance at January 1,	Additions	Deductions	Other Changes (a)	Balance at December 31,
Fixed maturities	70	22	(22)	159	230
Mortgage loans	901	69	(103)	(444)	424
Real estate	483	210	(203)	(184)	306
Equity investments	568	273	(167)	(77)	596
TOTAL	**2,022**	**574**	**(495)**	**(546)**	**1,555**
Other assets	1,127	224	–	(232)	1,119
TOTAL	**3,149**	**798**	**(495)**	**(778)**	**2,674**

(a) In 1999, there was a reclassification of assets from invested assets to other assets (€ 953 million) and the corresponding reclassification of the related provision for valuation allowances of € 451 million.

1998 (in euro millions)	Balance at January 1,	Additions	Deductions	Other Changes	Balance at December 31,
Fixed maturities	8	79	(32)	15	70
Mortgage loans	208	79	(275)	889	901
Real estate	700	280	(354)	(143)	483
Equity investments	200	135	(145)	378	568
TOTAL	**1,116**	**573**	**(806)**	**1,139**	**2,022**
Other assets	1,302	6	(11)	(170)	1,127
TOTAL	**2,418**	**579**	**(817)**	**969**	**3,149**

1997 (in euro millions)	Balance at January 1,	Additions	Deductions	Other Changes	Balance at December 31,
Fixed maturities	13	–	(5)	1	8
Mortgage loans	134	102	(142)	114	208
Real estate	266	466	(91)	60	700
Equity investments	124	134	(74)	19	200
TOTAL	**536**	**702**	**(312)**	**193**	**1,116**
Other assets	994	17	(235)	527	1,302
TOTAL	**1,530**	**719**	**(547)**	**720**	**2,418**

The provisions for valuation allowances relating to financial services operations are included in operating expenses. For the year ended December 31, 1999 the related provision increased by € 4 million compared to the years ended December 31, 1998 and 1997 where this provision decreased by € 154 million and € 48 million.

At December 31, 1999, the carrying values of investments held for the production of income (excluding equity security investments and investments in unconsolidated affiliates) which were non-income producing for the twelve months preceding the consolidated balance sheet date were € 173 million fixed maturities, € 1 million of mortgage loans and € 73 million of real estate.

Equitable Life has restructured or modified the terms of certain fixed maturity and mortgage loan investments. The investment portfolio, based on amortized cost, includes restructured fixed maturity securities and mortgage loans of € 201 million and € 134 million at December 31, 1999 and 1998, respectively. Gross interest income that would have been recorded in accordance with the original terms of these restructured fixed maturities and mortgage loans amounted to € 16 million, € 13 million and € 34 million for the years ended December 31, 1999, 1998 and 1997, respectively. Gross interest income on these fixed maturities and mortgage loans included in net investment results aggregated € 14 million, € 10 million and € 26 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Writedowns of fixed maturities at AXA Financial, Inc. amounted to € 210 million, € 91 million and € 12 million for the years ended December 31, 1999, 1998 and 1997, respectively. There were no real estate writedowns in 1999 and 1998. Writedowns of real estate amounted to € 121 million for the year ended December 31, 1997.

COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Companies accounted for by using the equity method, and AXA's share of ownership in such companies are set out in Note 26 to the Consolidated Financial Statements. An analysis of carrying value and contribution to net income of equity method investments is shown below:

Item 17

1999 (in euro millions)	Carrying value at January 1,	Additions	Deductions	Other changes	Exchange rate differences	Carrying value at December 31,	Contribution in Net Income
CKAG subsidiaries:							
– General Ré-CKAG	654	–	–	–	–	654	–
– Colonia Baltica	34	–	(34)	–	–	–	–
NMLA subsidiaries:							
– National Commercial Union	54	–	(54)	–	–	–	–
– NM Home Loans Trust	61	–	–	–	13	73	8
– NM Property Trust	73	–	–	3	15	91	1
– Ticor	41	–	–	1	9	51	–
– Other NMLA subsidiaries	216	–	(26)	11	40	241	12
Banque Worms	–	113	–	–	–	113	(45)
Banque PPP Columbia (PPP's subsidiary)	–	116	–	–	–	116	4
Other subsidiaries under euro 30 million each	61	–	–	7	1	69	10
TOTAL	**1,193**	**229**	**(114)**	**22**	**77**	**1,408**	**(11)**

1998 (in euro millions)	Carrying value at January 1,	Additions	Deductions	Other changes	Exchange rate differences	Carrying value at December 31,	Contribution in Net Income
SIMCO	566	–	(566)	–	–	–	–
UIF	206	–	(206)	–	–	–	–
CKAG subsidiaries:							
– General Ré-CKAG	652	–	–	2	–	654	–
– Colonia Baltica	36	–	–	(2)	–	34	–
NMLA subsidiaries:							
– National Commercial Union	69	–	(2)	3	(15)	54	3
–- NM Home Loans Trust	77	1	–	–	(17)	61	–
– NM Property Trust	89	–	(4)	7	(20)	73	7
– Ticor	49	–	–	3	(11)	41	3
– Other NMLA subsidiaries	253	31	(5)	(7)	(56)	216	(5)
Other subsidiaries under euro 30 million each	68	12	(18)	–	(1)	61	2
TOTAL	**2,065**	**44**	**(801)**	**7**	**(121)**	**1,193**	**11**

For the years ended December 31, 1999, 1998 and 1997, AXA received cash dividends from companies accounted for by the equity method of € 49 million, € 20 million and € 24 million, respectively.

INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The following table sets forth an analysis of entities accounted for using the cost method:

(in euro millions)	Historical cost less valuation Allowance	Shareholders' Equity	Last fiscal year net income Amount	Year	Fiscal year end	Percent ownership
Listed companies:						
Banco Bilbao Vizcaya Argentaria	113	10,248	1,746	1999	Dec 31, 1999	0.93%
Banimmo	87	112	(12)	1999	Dec 31, 1999	100.00%
BNP	2,846	21,158	1,484	1999	Dec 31, 1999	8.30%
Crédit Lyonnais	512	7,721	553	1999	Dec 31, 1999	5.87%
Schneider	360	4,320	481	1999	Dec 31, 1999	7.03%
Unlisted companies:						
Millenium Entertainment Partners	57	338	10	1999	Dec 31, 1999	14.34%
SCI Pichon-Longueville	66	25	–	1999	Dec 31, 1999	100%
Total	**4,042**					
Other affiliates under euro 50 million each	631					
TOTAL	**4,673**					

4 - Disclosures About Fair Value of Financial Instruments

Financial instruments that are subject to fair value disclosure requirements, unless otherwise noted herein, are carried in the Consolidated Financial Statements at amounts that approximate fair value based on quoted market prices, if available, estimated discounted cash flow, or quoted market prices of comparable instruments. The fair value information for AXA's significant derivative activity is included in Note 17. Estimates of fair value do not reflect any premium or discount that could result from offering for sale at one time AXA's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the disclosed fair value estimates cannot necessarily be realized in immediate settlement of the instruments and therefore do not necessarily represent values for which these instruments could have been sold at the date of the consolidated balance sheet.

FIXED MATURITIES AND EQUITY INVESTMENTS

For publicly traded fixed maturities and equity investments, estimated fair value is determined using quoted market prices. For fixed maturities without a readily ascertainable market value, AXA has generally estimated fair value using a discounted cash flow approach, including provisions for credit risk, generally based upon the assumption such securities will be held to maturity. Fair value for equity investments which do not have a readily ascertainable market value has been estimated by AXA generally based on financial and other information, including reference to quoted prices for similar securities. At December 31, 1999 and 1998, fixed maturities and equity investments without a readily ascertainable market value having an amortized cost of € 24,453 million and € 16,124 million, respectively, had an estimated fair value of € 27,001 million and € 17,402 million, respectively.

MORTGAGE, POLICY AND OTHER LOANS

Fair values of mortgage, policy and other loans are estimated by discounting future contractual cash flows using interest rates at which loans with similar characteristics and credit quality would be originated. Fair values of mortgage loans on real estate in the process of foreclosure and non-performing mortgages and other loans are limited to the estimated fair value of the underlying collateral, if lower than the estimated discounted cash flows.

INSURANCE INVESTMENT CONTRACTS

The estimated fair value of insurance investment contracts having contract values determined by the value of underlying assets is measured at the estimated fair value of such assets. The estimated fair value of other insurance investment contracts is determined by discounting estimated contractual cash flows at current market interest rates.

SHORT-TERM AND LONG-TERM DEBT

The carrying amount of short-term borrowings approximates its fair value. The fair value of long-term debt is determined using published market values, where available, or contractual cash flows discounted at market interest rates reflecting the credit worthiness of the Company or subsidiary issuing the debt. The estimated fair value for non-recourse mortgage debt is determined by discounting contractual cash flows at a rate which takes into account the level of current market interest rates and collateral risk. The estimated fair values for recourse mortgage debt are determined by discounting contractual cash flows at a rate based upon current interest rates of other companies with credit ratings similar to those of the Company or the subsidiary issuing the debt.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments for which carrying value differs from estimated fair value are as follows:

	December 31,			
	1999		1998	
(in euro millions)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial Assets:				
Fixed maturities	125,137	126,493	113,362	124,387
Equity investments	40,779	52,596	31,457	38,962
Mortgage, policy and other loans	23,921	24,180	22,584	23,716
Financial Liabilities:				
Insurance investment contracts	210,307	211,761	187,145	195,999
Short-term and long-term debt	17,103	17,037	10,298	10,383
Mezzanine Capital	5,306	5,346	3,181	3,778

5 - Deferred Acquisition Costs

Deferred acquisition costs related to property and casualty insurance and reinsurance amounted to € 1,003 million, € 720 million and € 736 million at December 31, 1999, 1998 and 1997, respectively. Deferred acquisition costs related to life insurance and the changes thereto are as follows:

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Deferred acquisition costs	6,111	5,399	3,612
Unearned revenue reserve	(915)	(667)	(241)
Balance beginning of year :	**5,197**	**4,732**	**3,371**
Costs capitalized	1,894	1,616	1,729
Interest accrued	306	260	202
Amortization expense	(1,089)	(845)	(640)
Net change in unearned revenue reserve	(284)	(299)	(393)
Other	754	(268)	462
BALANCE END OF YEAR	**6,779**	**5,197**	**4,732**
Comprised of:			
Deferred acquisition cost	8,078	6,111	5,399
Unearned revenue reserve	(1,299)	(915)	(667)

6 - Business combinations

GOODWILL

Analysis of Goodwill by company:

(in FF millions)	December 31, 1997 Carrying value	Year Ended December 31, 1998 Structural changes (a)	Currency changes	Amorti-zation	December 31, 1998 Carrying value	Year Ended December 31, 1999 Structural changes (a)	Currency changes	Amorti-zation	Other changes	December 31, 1999 Carrying value	Years remaining
Acquired Companies:											
Anhyp	–	73	–	–	73	–	–	(3)	17	87	29
AXA Assurances IARD SA	101	–	–	(6)	95	–	–	(6)	–	89	16
AXA Belgium	40	–	–	–	40	–	–	(4)	–	36	18
AXA Colonia	–	39	–	–	39	100	–	(2)	–	138	30
AXA China Region	–	–	–	–	–	43	–	(4)	–	39	30
AXA Investment Managers (including AXA Rosenberg)	–	–	–	–	–	136	–	(14)	–	123	15
Albingia	–	–	–	–	–	58	–	(1)	–	57	30
AXA Equity & Law	39	–	–	(2)	37	(8)	–	(2)	–	28	17
D.L.J.	98	58	(6)	(6)	144	2	13	(7)	–	153	25
Guardian Royal Exchange	–	–	–	–	–	1,138	15	(480)	–	672	30
AXA Financial Inc.	–	68	–	(1)	68	60	–	(4)	–	123	30
National Mutual	92	–	–	(5)	87	–	–	(5)	–	82	16
Royal Belge	–	748	–	(10)	738	–	–	(22)	(78)	638	29
Shields	58	–	(4)	(2)	53	–	9	(2)	–	60	25
UAP	214	–	–	(7)	207	68	–	(14)	–	260	27
Goodwill under euro 30 million each (b)	227	62	(5)	(82)	201	27	7	(32)	–	203	–
TOTAL	**869**	**1,049**	**(15)**	**(120)**	**1,782**	**1,625**	**44**	**(602)**	**(61)**	**2,788**	**-**

(a) Structural changes include additional acquisitions, sales of acquired companies.
(b) Structural changes in 1998 concern entities principally in Portugal.

UAP

The acquisition was accounted for using the purchase method of accounting. The purchase price, which did not include an amount for the Certificates of Guaranteed Value issued in connection with the acquisition, was € 5,625 million, of which € 1,863 million represented the excess of purchase price of UAP's acquired identifiable net assets, all of which was attributed to goodwill. In accordance with French GAAP, goodwill resulting from an acquisition which is associated with the issuance of new shares can be charged directly to retained earnings and reserves with any excess amount recorded as an asset. Consequently, € 1,641 million of the excess was charged to the Company's retained earnings and reserves and the remaining amount of € 222 million was recorded as an asset. As a result of purchase accounting adjustments made in 1998, the amount charged directly to retained earnings and reserves was increased to € 1,718 million at December 31, 1998, all of which was notionally allocated to UAP's operating subsidiaries. Upon subsequent sale of a subsidiary, all unamortized goodwill notionally attributed to such subsidiary is eliminated through a charge to net income.

The change in goodwill in 1999 is due to the following events:

- *Certificates of Guaranteed Value issued in connection with the acquisition of Compagnie UAP in 1997 matured in 1999 with no cash payment required. A hedging program set up by AXA in 1998 was settled in the first six months of 1999 for a total cost of € 71 million. This cost was added to the acquisition cost of UAP and recorded as additional goodwill. Amortization expense relating to this additional goodwill amount of € 7 million, representing three years worth of amortization from the date of acquisition (from 1997 through to and including 1999).*
- *Dilution of AXA's ownership of SLPH due to the GRE acquisition and the sale of PanEuroLife reduced goodwill net of amortization by € 91 million (a reduction of € 88 million of goodwill charged to retained earnings and reserves (see Statement of Shareholders' Equity) and a reduction of € 4 million recorded as an asset (goodwill).*

Had no goodwill been charged to retained earnings and reserves, additional goodwill amortization of € 54 million would have been recorded against income.

ROYALE BELGE

Goodwill recorded in connection with the buyout of Royale Belge minority interests was € 1,137 million at December 31, 1998. The purchase price did not include an amount that AXA could have been required to pay in respect of Certificates of Guaranteed Value ("Royale Belge Certificates"). In December 1999, the Royale Belge Certificates were cancelled when the closing price of AXA stock was above FF 900 (€ 137.3) in five out of ten consecutive trading days.

At December 31, 1999, gross goodwill relative to this transaction was € 1,007 million. The portion of goodwill corresponding to the value of cash paid and treasury shares issued is € 337 million at December 31, 1999 (1998: € 388 million), which was charged directly to retained earnings and reserves (see Statement of Shareholders' Equity). The remaining balance representing a goodwill asset was € 670 million at December 31, 1999 (1998 : € 748 million).

Had no goodwill been charged to retained earnings and reserves, additional goodwill amortization of € 11 million would have been recorded against income.

GUARDIAN ROYAL EXCHANGE

Through SLPH, the Company acquired the UK group Guardian Royal Exchange ("GRE") in May of 1999 for a total consideration of £3,417 million (€ 5,110 million). This acquisition was financed by a £1,114 million (€ 1,666 million) stock issued by SLPH and a cash payment. As a result of this transaction, AXA's ownership interest in SLPH decreased to 56.3% compared to 71.6% at December 31, 1998.

In connection with this transaction, the Company has reorganized the GRE group and sold several non-strategic businesses, mainly in the United States, Luxembourg, France, the United Kingdom, Ireland and South Africa (pending the approval of local regulators), for a total of € 2,959 million. The sale of these businesses outside the Group had no impact on income for the period. In addition to these disposals, the Company combined former GRE operations and AXA operations in each country of operation. As of December 31, 1999, former GRE companies operating in the United Kingdom, Ireland, Germany, the Netherlands and Hong Kong, and branch offices in Singapore and Portugal, are consolidated.

Goodwill recorded in connection with the acquisition of GRE totaled € 1,138 million, representing the difference between fair value of identifiable net assets (€ 3,972 million) and the purchase price paid (€ 5,110 million), primarily relating to GRE's UK, Irish and German insurance subsidiaries. This goodwill is being amortized over 30 years. Given that AXA has a 56.3% interest in SLPH, goodwill of € 764 million, group share (includes the goodwill relating to the acquisition of minority interests in Albingia, a former GRE subsidiary), was recorded which includes € 416 million related to UK and Irish subsidiaries and € 313 million related to German subsidiaries. A portion of this goodwill is attributable to the decrease in net assets of the acquired companies at date of acquisition as there was a significant deficiency in insurance claims reserves recorded in the opening balance sheet by AXA. This deficiency relates to the difference between local statutory basis and AXA's accounting policies on establishing property and casualty reserves. Consequently, an exceptional amortization of goodwill of € 446 million (€ 259 million, group share) was recorded against the French GAAP earnings in 1999.

The operating results of GRE have been included in AXA's consolidated operating results since the date of acquisition being May 1, 1999.

OTHER ACQUISITIONS AND DISPOSALS

In 1998 and 1999, ***AXA Financial, Inc.*** *repurchased 9.1 million and 8.0 million shares of its own common stock. Given that AXA Financial, Inc. is not wholly owned by AXA, these repurchases increase AXA's share of ownership in AXA Financial, Inc. As a result, additional goodwill was recorded of € 68 million and € 60 million, respectively. This additional goodwill is being amortized over 30 years.*

Subsequent to AXA's additional capital investment in ***DLJ*** *in 1998, goodwill of € 56 million was recorded and is being amortized over 30 years. The investment was made jointly by AXA Holding Belgium, AXA Financial Inc. and Equitable Life.*

In January 1999, AXA Investment Managers (IM) acquired a majority interest in the Barr Rosenberg Group, a US investment management company. The Barr Rosenberg Group has since been renamed the ***AXA Rosenberg Group.*** *This transaction included an up-front payment of US$ 125 million (€ 107 million) and an earn-out that is contingent on AXA Rosenberg's future performance. This transaction gave rise to goodwill of € 104 million which is being amortized over 15 years. The operating results have been included for the full year in 1999.*

AXA's ownership of ***AXA Colonia*** *increased to 86% at December 31, 1999, compared to 73.1% at December 31, 1998. Total consideration for the purchase of AXA's Colonia's stock was € 342 million, and resulted in goodwill of € 100 million. Consequently, at December 31, 1999 total goodwill relating to AXA Colonia is € 233 million. In addition, the buyout of Albingia minority interests (a GRE subsidiary) by AXA Colonia resulted in the recording of goodwill of € 58 million, being amortized over 30 years.*

The acquisition of minority interests owned by the Australian holding company Detura by AXA Asia Pacific Holdings gave rise to goodwill of € 43 million relating to AXA China Region.

Banque Worms was acquired in the UAP acquisition. Prior to 1999 it was included in AXA's Consolidated Financial Statements at original cost (fair value at date of acquisition) less estimated disposal costs, as it was the Company's intention to sell these operations within one year of the UAP acquisition. Since Banque Worms has not yet been sold, in 1999 Banque Worms was accounted for using the equity method of accounting. The goodwill relating to Banque Worms of € 36 million was written off in 1999 as the operations are currently loss making.

In 1992, the difference between AXA's equity capital ownership of AXA Financial, Inc. (the former Equitable Companies Inc.) as stated in AXA Financial, Inc.'s financial statements prepared according to US GAAP and the purchase price paid for shares of stock in the US subsidiary gave rise to negative goodwill, amortized over five years. The remaining balance of the negative goodwill of € 31 million was amortized into income in 1997.

Analysis of goodwill amortization (positive and negative) is presented below:

	Years Ended December 31,		
(in euro millions)	**1999**	**1998**	**1997**
Goodwill (b)	(602)	(121)	(193)
Goodwill from companies accounted for by the equity method	(36)	(1)	(1)
Negative goodwill (AXA Financial, Inc.)	–	–	31
Other negative goodwill (b)	3	1	2
Charge against retained earnings and reserves (a)	–	27	–
TOTAL AMORTIZATION OF GOODWILL (NET)	**(634)**	**(93)**	**(160)**

(a) Amount relates to a change in AXA's method of accounting for stock options, as recommended by the COB, the French stock exchange regulator.
(b) From fully consolidated subsidiaries.

At December 31, 1999, accumulated amortization on goodwill totaled €1,514 million (1998: €688 million).

GOODWILL RECORDED IN RETAINED EARNINGS AND RESERVES

Goodwill, net of notional amortization, recorded in retained earnings and reserves totaled € 1,740 million and € 1,942 million at December 31, 1999 and 1998, respectively. The decrease is attributable to the following: (i) adjustments to goodwill relating to the acquisition of AXA Royale Belge's minority interests of € 52 million, (ii) notional amortization relating to UAP due to the dilution of AXA's ownership interest in SLPH in 1999 (as SLPH issued additional capital stock to partly fund the GRE acquisition) of € 88 million, and (iii) notional amortization of € 63 million.

Such goodwill was impacted in 1998 by the following: (i) the acquisition of AXA Royale Belge's minority interests which resulted in additional goodwill of € 338 million being charged to retained earnings and reserves; (ii) purchase accounting adjustments related to the UAP acquisition which increased such goodwill by € 38 million; (iii) and notional amortization of € 62 million. The 1998 purchase accounting adjustments for holding companies primarily related to the Company of € 47 million and is not included in goodwill recorded in retained earnings and reserves. As the goodwill relates to a holding company it is not subject to notional amortization.

VALUE OF PURCHASED BUSINESS INFORCE

The value of purchased business inforce for AXA's life insurance companies and changes thereto are as follows:

(in euro millions)	1999	1998	1997
Balance beginning of year	**2,426**	**2,848**	**1,042**
Additions from acquisition	–	–	1,888
Interest accrued	122	169	222
Amortization expense	(306)	(402)	(369)
Other (a)	197	(189)	65
Balance end of year	**2,438**	**2,426**	**2,848**

(a) Includes the impact of foreign currency exchange rates on opening balances.

Amortization of the value of purchased business inforce, net of accrued interest, expected to be recorded in each of the next five years is € 162 million, € 141 million, € 141 million, € 143 million and € 147 million. Such amounts are best estimates based on assumptions regarding anticipated future experience of the purchased business. Accordingly, such amounts are subject to adjustment each year to reflect actual experience.

7- Financing Debt

Long-term and short-term financing debt consist of the following:

(in euro millions)	December 31, 1999	1998
Short-term Financing Debt (A)	**2,129**	**1,307**
Long-Term Financing Debt:		
The Company:		
Convertible Notes, 4.5% due 1999 (B)	–	66
Medium Term Notes, 3.3% to 8.2%, due 1999 through 2005 (C)	162	193
AXA Colonia:		
Redeemable Notes, 6% (D)	259	259
AXA Financial, Inc. :		
Senior Notes, 7% due 2028 (E)	344	297
Senior Notes, 6.5% due 2008 (E)	247	213
Senior Notes, 9.0% due 2004 (F)	297	256
Senior Exchange Notes, 6.75% to 7.30% due 2000 through 2003 (F)	177	183
AXA Asia Pacific Holdings:		
Bilateral Loan Facility, 5.40% due 2000 (G)	219	46
Sun Life & Provincial Holdings :		
Syndicated loan, variable due 2001 (H)	480	434
Wholly-owned and Joint venture Real Estate (AXA Financial, Inc.):		
Mortgage Notes, 5.87% to 12.00% due through 2006	350	498
Guardian Royal Exchange:		
Loan Notes, 6.625%, due 2023 (I)	249	–
Compagnie Financière de Paris:		
Compagnie Financière de Paris: loan variable due through 2003 (J)	108	–
Other financing debt (under euro 100 million each)	**398**	**399**
Total Long-Term Financing Debt	**3,290**	**2,842**
TOTAL LONG-TERM AND SHORT-TERM FINANCING DEBT	**5,419**	**4,149**

Note: Certain increases year on year are attributable to the impact of foreign currency exchange rates.

SHORT-TERM FINANCING DEBT

(A) -- The Company maintains standby committed credit facilities at December 31, 1999 with an average expiration period of approximately 2.1 years in an aggregate amount of € 2.3 billion of which € 758 million was outstanding. These committed credit facilities consist of several different credit lines with interest rates based on the Euro Interbank Offered Rate ("EURIBOR"). At December 31, 1999, three month EURIBOR was 3.339%. In addition, a quarterly or semi-annual commitment fee is paid on the average daily unused amounts. The Company also maintains a € 1.5 billion French commercial paper program. As of December 31, 1999, € 373 million of commercial paper was outstanding under the program with an average maturity of 15 days. In addition, the Company set up a committed bank facility to finance the acquisition of GRE, for a total original amount of £ 1,000 million (€ 1,600 million), of which £ 450 million (€ 720 million) was drawn down as of December 31, 1999. The committed credit facilities and the commercial paper program are available for general corporate purposes and support the liquidity of the Company.

LONG-TERM FINANCING DEBT

Several of the long-term debt agreements of AXA's subsidiaries have restrictive covenants related to their total amount of debt, net tangible assets and other matters. Management believes that the subsidiaries are in compliance with all material debt covenants.

(B) -- In April 1995, the Company issued € 406 million principal amount of 4.5% convertible notes (the "Notes") at € 41 per Note in connection with the acquisition of Abeille Re. Each Note is convertible at the holder's option into 1.03 ordinary shares (subject to certain antidilution adjustments). These Notes matured on January 1, 1999 and converted into 1.6 million ordinary shares of the Company at a total value of € 63 million.

(C) – The Company has medium term negotiable notes of € 1.5 billion. At December 31, 1999, € 162 million represents the amount outstanding with an average maturity of 6 years.

(D) – In 1998, AXA Colonia Konzern Finance issued DM 500 million (€ 259 million) redeemable in shares with an interest rate of 6.0 %.

(E) -- In 1998, AXA Financial, Inc. completed an offering under its existing shelf registration of US$ 350 million (€ 344 million) 7% Senior Debentures due 2028 and US$ 250 million (€ 247 million) 6.50% Senior Notes due 2008.

(F) -- In December 1994, AXA Financial, Inc. completed a public offering of US$ 300 million (€ 297 million) principal amount of senior notes having a fixed interest rate of 9.0% and maturing in 2004. In 1993, AXA Financial, Inc. issued notes which include US$ 125 million principal amount of 6.73% Series I Senior Notes and US$ 179 million principal amount of 7.30% Series II Senior Notes due 2003.

(G) -- In June 1995, AXA Asia Pacific Holdings entered into a five year unsecured bilateral Australian dollar bank loan facility agreement with a number of banks (the "Agreement") for a total amount available of A$ 375 million. This was increased by A$ 100 million during 1999. At September 30, 1999 (being AXA Asia Pacific Holding's fiscal year end), AXA Asia Pacific Holdings had lines of credit of A$ 475 million of which A$ 360 million (€ 219 million) had been drawn.

(H) -- In December 1996, Sun Life & Provincial Holdings entered into a five year, floating rate, syndicated loan agreement in the amount of UK £ 300 million (€ 480 million). The interest rate on the outstanding balance is based on LIBOR plus 15 basis points. Sun Life Holdings has arranged interest rate swaps on the full amount of the borrowing, fixing the interest rate at an average rate of 7.48% through November 2001.

(I) -- Guardian Royal Exchange plc has issued loan notes of £ 156 million (€ 249 million) with an interest rate of 6.625 % due 2023.

(J) – The variable interest rate borrowings issued by Compagnie Financière de Paris due 2003 were previously reported in Operating Debt (see Note 8).

At December 31, 1999, aggregate maturities of long-term debt based on required principal payments at maturity for 2000 and the succeeding four years are € 496 million, € 657million, € 371 million, € 103 million and € 603 million, respectively, and € 1,060 million thereafter.

8 - Operating Debt

Long-term and short-term operating debt consist of the following:

	December 31,	
(in euro millions)	**1999**	**1998**
Short-term Financing Debt (A)	**6,863**	**2,847**
Long-Term Financing Debt:		
DLJ:		
Senior Notes, 5.875% due 2002 (B)	644	–
Senior Notes, 6% due 2001 (C)	247	213
Senior Notes, floating rate due 2005 (D)	293	384
Senior Notes, 6.5% due 2008 (E)	637	549
Senior Notes, 6.875% due 2005 (F)	493	425
Global floating rate Notes, 5.905% due 2002 (G)	345	297
Medium Term Notes, 4.995% to 7.42%, due through 2016 (H)	1,753	807
Compagnie Financière de Paris : variable, due 2003 (I)	–	110
AXA Banque: variable, due through 2009	230	293
Colonia Bausparkasse	132	139
Other operating debt (under euro 100 million each)	47	83
Total Long-Term Operating Debt	**4,821**	**3,299**
TOTAL LONG-TERM AND SHORT-TERM OPERATING DEBT	**11,684**	**6,148**

Note: Certain increases year on year are attributable to the impact of foreign currency exchange rates.

SHORT-TERM OPERATING DEBT

(A) *– At December 31, 1999 AXA's US subsidiaries maintain bank credit facilities aggregating US$ 3,875 million (€ 3,838 million) with variable interest rates based on external indices dependent on the type of borrowings. In addition, there is a commercial paper program of US$ 3,625 million (€ 3,591 million) to fund short-term working capital needs and facilitate the securities settlement process. At December 31, 1999 there were no amounts outstanding under these bank credit facilities and US$ 1,712 million (€ 1,696 million) outstanding under the commercial paper programs.*

At December 31, 1999 and 1998, DLJ had short-term borrowings from banks and other financial institutions of US$ 1,818 million (€ 1,801 million) and US$ 617 million, respectively. Such borrowings are generally demand obligations at interest rates approximating US Federal funds rates and are generally used to finance securities inventories, to facilitate the securities settlement process and to finance securities purchases by customers on margin. In addition, such borrowings include structured notes with maturities of less than one year.

In 1999, ANHYP's borrowings secured by fixed maturity securities were reclassed to long term debt of € 1,414 million. This was previously included in 'Accrued Expenses and Other Liabilities'.

LONG-TERM OPERATING DEBT

(B) *– In 1999, DLJ issued US$ 650 million (€ 644 million) in 5.875% Senior Notes that mature in 2002, in connection with a US$ 2 billion (€ 2 billion) debt securities and preferred stock program which commenced in March 1999.*

(C) *-- In 1998, DLJ issued US$ 250 million (€ 247 million) of 6% Senior Notes that mature in 2001, in connection with a US$ 1 billion shelf registration established in 1997. To convert these fixed rate notes into floating rate notes based upon the LIBOR, DLJ entered into an interest rate swap transaction.*

(D) *– In 1998 DLJ issued Senior Secured and Senior Subordinated Secured Floating Rate Notes for US$ 200 million (€ 198 million) and US$ 250 million (€ 247 million) due March 15, 2005 and September 15, 2005, respectively. These notes are collateralized by a portfolio of investments, primarily senior bank debt valued at US$ 441 million. Senior bank debt consists of interests in senior corporate debt, including term loans, revolving loans and other corporate debt. In 1999, DLJ redeemed US$ 154 million (€ 153 million) of this senior debt.*

(E) *– In 1998, DLJ issued 6.5 % Senior Notes of US$ 643 million (€ 637 million) that mature in 2008.*

(F) *-- In October 1995, DLJ completed an offering of US$ 500 million (€ 493 million) aggregate principal amount of 6.875% Senior Notes due November 1, 2005. Interest is payable semi-annually. The senior notes are not redeemable by DLJ prior to maturity and are not entitled to any sinking fund.*

(G) -- In August 1997, DLJ filed a shelf registration statement which enables DLJ to issue up to US$ 1.0 billion (€ 914 million) aggregate principal amount senior or subordinated debt securities. DLJ commenced a program for an offering of up to US$ 500 million medium term notes due nine months or more from the date of issuance. At December 31, 1998, there was US$ 248 million Medium Term Notes outstanding under this program at a fixed rate of 6.94%. In accordance with this registration statement, DLJ also issued US$ 350 million (€ 345 million) Global Floating Rate Notes due in September 2002. Such notes bear interest at LIBOR plus 25 basis points and are redeemable by DLJ in whole or in part on or after September 2000. DLJ has entered into an interest rate swap transaction to convert such notes to a 6.94% fixed rate note.

(H) *-- In February 1996, DLJ completed a public offering of US$ 250 million aggregate principal amount of 5.625% Medium Term Notes due 2016. The notes are payable by DLJ, in whole or in part, at the option of the holder on February 15, 2001. In addition, in 1998*

DLJ issued US$ 350 Medium Term Notes with interest rates ranging from 5.82 % to 6.28 % that mature at various dates through 2003. In 1999, in connection with its debt program of US$ 2 billion, DLJ issued US$ 970 million (€ 961 million) medium term negotiable borrowings with interest rates from 4.995 % to 7.42 % and maturities through 2008 and US$ 315 million (€ 312 million) debt with interest rates from 5.0 to 7.07 % and maturities through 2004.

(I) – Borrowings of Compagnie Financière de Paris was reclassified as Finance Debt in 1999 (see Note 7).

At December 31, 1999, aggregate maturities of long term operating debt based on required principal payments at maturity for 2000 and the succeeding four years are € 26 million, €1,151 million, € 1,246 million, € 207 million and € 128 million, respectively, and €2,063 million thereafter.

9 - Minority Interests

Changes in minority shareholders' interests are summarized as follows:

(in euro millions)	Years Ended December 31, 1999	1998	1997
Minority interests at January 1,	5,237	7,090	3,132
AXA Royale Belge acquisition	–	(2,325)	–
GRE acquisition	1,025	–	–
Additions from UAP acquisition	–	–	2,913
Dividends paid by consolidated subsidiaries	(507)	(188)	(304)
Impact of foreign currency fluctuations on minority interests	851	(355)	389
Other changes (including Internal Restructurings)	(10)	42	157
Minority interests in income of consolidated subsidiaries	858	974	802
MINORITY INTERESTS AT DECEMBER 31,	**7,454**	**5,237**	**7,090**

10 - Mezzanine capital

SUBORDINATED DEBT

In accordance with the French insurance code, debt for which reimbursement is subordinated to other creditors in the event of a company's liquidation, insolvency or bankruptcy and which has an original maturity date of at least five years (notice period of at least five years in the case of perpetual debt) is considered mezzanine capital.

Subordinated debt consists of the following:

	December 31,	
(in euro millions)	**1999**	**1998**
The Company:		
Subordinated Perpetual Notes, variable (A)	977	922
Yen Perpetual Notes, variable (B)	263	203
Subordinated Perpetual Debt (C)	234	–
Subordinated Convertible Notes (D)	1,524	–
Equitable Life:		
Surplus Notes, 6.95% scheduled to mature 2005 (E)	396	341
Surplus Notes, 7.70% scheduled to mature 2015 (E)	198	170
DLJ:		
Subordinated Exchange Notes, 9.58% due 2003 (F)	203	175
Redeemable Preferred Stock, through 2001 (G)	570	491
Banque IPPA:		
Subordinated Notes, variable, through 2004 (H)	132	125
National Mutual Life:		
Deferrable Loan Agreement, variable rate due 2001 (I)	173	143
Other subordinated debt (under euro 100 million each)	162	135
TOTAL	**4,832**	**2,706**

Note: Certain increases year on year are attributable to the impact of foreign currency exchange rates.

(A) -- The Company issued subordinated perpetual notes in December 1997 in two tranches with no specified maturity date. The first tranche is in US dollars for US$ 400 million (€ 398 million). The interest rate is three-month LIBOR plus a 60 basis point margin (annual). The second tranche is in French francs for FF 3,800 million (€ 579 million). The interest rate is the three-month EURIBOR plus a 60 basis point margin (annual). The margin is to be increased to 210 basis points on the two tranches on or after December 3, 2007. These subordinated perpetual notes are redeemable at the Company's option beginning December 3, 2007.

(B) -- In June 1998, the Company issued ¥ 27,000 million (€ 263 million) principal amount of subordinated perpetual notes (the "Yen Perpetual Notes") with no specified maturity date. The Yen Perpetual Notes are redeemable after July 31, 2028 only at the Company's option. Up to July 31, 2028 the interest rate is 3.29 % and a floating interest rate thereafter.

(C) – In 1999, the Company issued perpetual notes of € 234 million to several financial institutions with an option to redeem within ten years. The interest rates on these perpetual notes are based on the EURIBOR (6 month and 12 month rates) plus a margin ranging from 0.56 % to 0.69 % up to ten years and increases to up to 2.18 % after ten years.

(D) – In February 1999, the Company issued 2.5 % subordinated convertible notes due 2014 for € 1,524 million. The proceeds were primarily used to finance the acquisition of GRE by AXA Sun Life. The conversion into shares of all notes issued would result in the issuance of AXA ordinary shares of 9.2 million. The Company has the right to redeem these notes starting in January 2005 at a price of € 186.12 per note. The issuance price per note was € 165.

(E) -- In December 1995, Equitable Life issued, US$ 400 million (€ 396 million) of surplus notes having an interest rate of 6.95% and scheduled to mature in 2005 and US$ 200 million (€ 198 million) of surplus notes having an interest rate of 7.7% and scheduled to mature in 2015. Payments of interest on or principal of the surplus notes are subject to prior approval by the New York Insurance Department.

(F) -- In October 1996, DLJ exercised its option under the terms of its Cumulative Exchangeable Preferred Stock agreement issued in October 1993 to exchange 2.05 million shares outstanding (of the 2.25 million shares originally issued) for US$ 205 million (€ 203 million) in aggregate principal amount of 9.58% Subordinated Exchange Notes due on October 15, 2003. The notes are redeemable, in whole or in part, at the option of DLJ at any time.

(G) -- During the third quarter of 1996, DLJ and its wholly-owned trust, DLJ Capital Trust I (the "Trust") completed an offering from a shelf registration of US$ 200 million (€ 198 million) of the Trust's 8.42% mandatorily redeemable preferred securities. The only assets of the Trust at December 31, 1996 were US$ 200 million of 8.42% Junior Subordinated Debentures of DLJ due 2046. The Junior Subordinated Debentures are redeemable by DLJ, in whole or in part, on or after August 31, 2001.

On November 19, 1996, DLJ issued 4.0 million shares of Fixed/Adjustable Rate Cumulative Preferred Stock, Series A, with a liquidation preference of US$ 50 per share. Dividends on the preferred stock are cumulative and payable quarterly at a rate of 5.94% per annum through November 30, 2001. Thereafter, the dividend rate will be adjusted based on various indices, not to be less than 6.44% nor higher than 12.44%. The preferred stock is redeemable, in whole or in part, at the option of DLJ, on or after November 30, 2001.

In January 1998, DLJ issued an initial 3.5 million shares of fixed/adjustable rate cumulative preferred stock, Series B, with a liquidation preference of US$ 50 per share, a US$ 175 million (€ 173 million) aggregate liquidation value.

(H) -- Bank IPPA, a subsidiary of AXA Royale Belge, has outstanding BF 5.3 billion (€ 131 million) aggregate principal amount renewable subordinated debt. The *renewable subordinated debt has scheduled maturity dates between 1997 and 2004 and is renewed automatically unless the credit worthiness of the bank deteriorates. Interest is payable annually at interest rates which vary between 5.420% and 9.875%.*

(I) *-- In October 1997, National Mutual Life renegotiated its deferrable facilities agreement for a five-year period with an option for a further five years. As part of these negotiations, the facility became subordinated and was reclassified accordingly as subordinated debt. Interest on the facility is based on the average buying rates quoted on Reuters page BBSY for nominated interest periods plus an average margin of 0.53%.*

At December 31, 1999 the aggregate maturities of subordinated debt based on required principal payments at maturity for 2000 and the succeeding four years are € 23 million, € 212 million, € 53 million, € 214 million and € 39 million, and € 4,291 million thereafter. With regard to the subordinated convertible debt of € 1,524 million issued in February 1999, the Company has the option to redeem the debt on or after 2005 at a price of € 186.12 per note in 2005 (original price was € 165 per note).

MANDATORILY CONVERTIBLE BONDS AND NOTES

In October 1995, in connection with its acquisition of Abeille Ré, the Company issued € 320 million aggregate principal amount of 4.5% Mandatorily Convertible Bonds. In December 1996, certain of AXA's subsidiaries repurchased (by cash) € 128 million of aggregate principal amount of the Mandatorily Convertible Bonds. The outstanding amount at December 31, 1999 was € 192 million. The Mandatorily Convertible Bonds at maturity, January 1, 2001, will convert into an aggregate of 7.08 million ordinary shares (subject to certain antidilution adjustments), of which 2.83 million ordinary shares will be owned by subsidiaries of the Company.

In January 1997, in conjunction with the acquisition of UAP, AXA issued € 282 million aggregate principal amount of 6.0% Notes ("AXA Notes"). The AXA Notes were converted into 4.1 million ordinary shares on January 1, 2000 and resulted in an increase of capital of € 282 million (see Note 27 'Events Subsequent to December 31, 1999').

11 - Employee Benefit Plans

11-1. PENSION PLANS

AXA sponsors a variety of pension benefit and retirement indemnity plans covering the majority of AXA employees and, at Equitable Life, certain life insurance agents. The specific features of these plans vary in accordance with the regulations of the country in which employees are located, although they are, in general, either money purchase plans (that is, defined contribution plans) or based on years of service and salary (that is, defined benefit plans).

In respect of the defined contribution pension plans, AXA recorded charges of € 8 million and € 5 million for the years ended December 31, 1999 and 1998, respectively.

Pension costs for AXA's defined benefit plans, are actuarially determined based on assumed discount rates (generally between 5.5% and 8%) and are calculated, in general, using the projected unit credit method.

Components of net periodic pension cost for AXA's significant defined pension plans are as follows:

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Service cost	162	119	113
Interest cost on benefits obligation	391	298	295
Expected return on plan assets	(475)	(318)	(427)
Net amortization and deferrals	(7)	21	137
NET PERIODIC PENSION COST	**71**	**121**	**119**

The funded status of AXA's significant defined benefit pension plans is as follows:

	December 31,	
(in euro millions)	1999	1998
Accumulated benefit obligation	(6,708)	(3,996)
Fair value of plan assets	7,523	3,909
Projected benefit obligation	(7,067)	(4,586)
Plan assets greater (less) than projected benefit obligation	456	(677)
Unrecognized prior service cost	6	25
Unrecognized net (gain) loss from past experience different from that assumed	(242)	124
Unrecognized net obligation (asset) at transition	(12)	(7)
PREPAID (ACCRUED) PENSION COST	**208**	**(535)**

The following table sets forth the reconciliation of the projected benefit obligation and fair value of plan assets at December 31 :

(in euro millions)	1999	1998	1997
Change in benefit obligation			
Benefit obligation, beginning of year	4,586	4,354	1,942
Service cost	133	119	113
Interest cost	311	298	295
Amendments	16	27	2
Actuarial loss	16	254	46
Acquisitions	1,973	28	1,907
Benefits paid	(290)	(277)	(246)
Foreign currency exchange rate changes	322	(217)	293
Benefit obligation, end of year	**7,067**	**4,586**	**4,354**
Change in plan assets			
Fair value of plan assets at beginning of year	3,909	3,776	1,941
Actual return on plan assets	760	512	493
Employee contributions	80	115	158
Acquisitions	2,576	28	1,099
Benefits paid, fees and taxes	(230)	(257)	(235)
Foreign currency exchange rate changes	428	(264)	320
Fair value of plan assets at end of year	**7,523**	**3,909**	**3,776**

The significant movements in the table above arose from the acquisition of GRE in 1999 which has defined benefit pension plans in surplus positions in the aggregate.

AXA Financial, Inc. has a prepaid pension cost of US$ 216 million (€ 214 million) and US$ 182 million (€ 155 million) at December 31, 1999 and 1998. The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for AXA Financial, Inc. pension plans with accumulated benefit obligations in excess of plan assets were € 323 million and € 36 million, respectively at December 31, 1999 and € 307 million and € 34 million, respectively at December 31, 1998.

For other plans with accumulated benefit obligations in excess of plan assets and accrued pension liability, the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans were € 837 million, € 769 million and € 51 million, respectively, as of December 31, 1999 and € 798 million, € 715 million and € 87 million, respectively, as of December 31, 1998.

At December 31, 1999 and 1998, plan assets in the amount of € 542 million and € 472 million, respectively, related to pension plans sponsored by the Company and its French and certain other European subsidiaries and represented by investment contracts issued by AXA's consolidated life insurance subsidiaries. AXA carries an equal amount as a liability for future policy benefits. Other plan assets consist primarily of investments in corporate and government fixed maturity securities and equity securities, real estate investments, and shares of mutual funds managed by a subsidiary of AXA Financial, Inc.

Assumed discount rates and rates of increase in remuneration used in calculating the projected benefit obligations together with long term rates of return on plan assets vary according to the economic conditions of the country in which the pension plans are situated.

The following table sets forth the ranges for the major economic assumptions:

(in euro millions)	1999	1998
Discount rate	2.5% to 8%	2.5% to 10.0%
Rate of increase in remuneration	2.5% to 6,4%	2.5% to 5.0%
Rate of return on plan assets	4.5% to 9%	4.5% to 10.25%

11-2. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Effective January 1, 1994, AXA made available a partial early retirement plan for eligible employees in France that was extended to December 31, 1999. Eligibility is based on attained age, years of service and management approval. Once approved, the employee receives 70% of their current salary, for a period not exceeding five years, and AXA retains the right to call back the employee, if necessary. A provision for the total payment anticipated under this plan is made when an employee is approved as a participant.

AXA provides, principally at AXA Financial, Inc., certain medical and life insurance benefits ("postretirement benefits") to qualifying employees, managers and agents who retire after having met certain age and service requirements. The life insurance benefits are related to age and salary at retirement.

The expected costs of providing postretirement benefits are accrued during the period that the employees earn such benefits. AXA funds postretirement benefits costs as the benefits are utilized, and made postretirement benefits payments of € 33 million, € 28 million, and € 18 million for the years ended December 31, 1999, 1998 and 1997, respectively.

Net periodic postretirement benefits costs include the following components:

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Service cost	6	5	5
Interest cost on accumulated postretirement benefits obligation	37	33	34
Expected return on assets	–	(1)	(1)
Net amortization and deferrals	–	(4)	2
NET PERIODIC POSTRETIREMENT BENEFITS COST	43	34	40

The following table sets forth the postretirement benefits plans' status, reconciled to amounts recognized in AXA's consolidated balance sheet:

	As of December 31,	
(in euro millions)	1999	1998
Accumulated postretirement benefits obligation	(520)	(475)
Fair value of plan assets	8	8
Accumulated postretirement benefits obligation in excess of plan assets	**(512)**	**(467)**
Unrecognized prior service cost	(27)	(27)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	105	110
ACCRUED POSTRETIREMENT BENEFITS COSTS	**(434)**	**(384)**

The following table sets forth the reconciliation of the above accumulated postretirement benefits obligation and fair value of plan assets:

(in euro millions)	1999	1998	1997
Change in postretirement benefits obligation			
Postretirement benefits obligation at beginning of year	475	491	313
Service cost	6	5	5
Interest cost	37	33	34
Actuarial loss	(19)	5	(9)
Acquisitions	–	–	40
Contributions and benefits paid	(33)	(29)	61
Foreign currency exchange rate changes	65	(30)	47
Postretirement benefits obligation at end of year	**531**	**475**	**491**
Change in plan assets			
Fair value of plan assets at beginning of year	8	9	–
Actual return on plan assets	(1)	(5)	–
Contributions	34	34	72
Acquisitions	–	–	9
Benefits paid	(33)	(29)	(72)
Fair value of plan assets at end of year	**8**	**8**	**9**

The postretirement benefits primarily relate to AXA Financial, Inc. The assumed health care cost trend rate used in measuring the accumulated postretirement benefits obligation in 1999 was 7.5%, gradually declining to 4.75% in the year 2010, and in 1998 was 8.0%, gradually declining to 2.5% in the year 2009. The discount rate used in determining the accumulated postretirement benefits obligation was 8.0% and 7.0% at December 31, 1999 and 1998, respectively. If the health care cost trend rate assumptions were increased by 1%, the accumulated postretirement benefits obligation as of December 31, 1999 would be increased by 3.55%, representing an 3.91% increase on the sum of the service cost and interest cost. If the health care cost trend rate assumptions were decreased by 1%, the accumulated postretirement benefits obligation as of December 31, 1999 would be decreased by 4.38%, representing an 4.96% decrease on the sum of the service cost and interest cost.

12 - Insurance Liabilities

	December 31,							
	Life Insurance		Property and Casualty Insurance		International Insurance		Total	
(in euro millions)	1999 (a)	1998	1999	1998	1999	1998	1999	1998
Future policy benefits and unearned premium reserves	148,097	133,078	4,699	3,430	1,583	1,242	154,380	137,750
Less reinsurance ceded	(2,010)	(1,805)	(224)	(107)	(236)	(262)	(2,469)	(2,175)
Future policy benefits and unearned premium reserves net of reinsurance ceded	**146,087**	**131,272**	**4,475**	**3,322**	**1,348**	**980**	**151,911**	**135,575**
Claim reserves	8,215	7,208	26,452	20,384	8,553	7,346	43,220	34,937
Less reinsurance ceded	(318)	(278)	(2,972)	(1,750)	(2,228)	(1,902)	(5,517)	(3,930)
Claim reserves, net of reinsurance ceded	**7,898**	**6,930**	**23,481**	**18,633**	**6,325**	**5,444**	**37,703**	**31,007**
UK with-profit contract liabilities	25,332	18,713	–	–	–	–	25,332	18,713
Separate Account liabilities	109,001	76,422	–	–	–	–	109,001	76,422
TOTAL INSURANCE RESERVES, NET OF REINSURANCE CEDED	**288,318**	**233,337**	**27,956**	**21,956**	**7,672**	**6,424**	**323,947**	**261,717**

(a) At December 31, 1999, approximately 73% of total insurance life liabilities relate to participating policyholder contracts (whereby the policyholder participates in the investment return / profits of the insurance company) and includes UK with-profit contracts and separate account contracts.

The movement in the property and casualty insurance and international insurance claims reserves are presented in the table below.

(in euro millions)	1999 Property and casualty insurance	1999 International insurance	1998 Property and casualty insurance	1998 International insurance	1997 Property and casualty insurance	1997 International insurance
Reserve for Claims and Claims Expenses, Before Reinsurance	**17,332**	**6,943**	**16,698**	**7,026**	**4,521**	**4,299**
Changes in scope of consolidation and claims reserve portfolio transfers (a)	4,484	239	93	(241)	11,585	2,193
Effect of changes in foreign currency exchange rates	407	269	(160)	(116)	51	361
Life and other reinsurance				(11)		114
	22,223	7,450	16,631	6,659	16,157	6,966
Claims and Claims Expenses:						
Provision attributable to the current year	11,222	3,092	9,381	2,821	8,688	2,393
Increase (decrease) in provision attributable to prior years	(631)	(123)	(794)	(566)	(347)	(427)
Total Claims and Claims Expenses	**10,592**	**2,969**	**8,587**	**2,255**	**8,342**	**1,966**
Payments:						
Claims and claims expenses attributable to current year	(4,851)	(1,415)	(3,205)	(1,338)	(3,352)	(1,064)
Claims and claims expenses attributable to prior years	(4,956)	(809)	(4,681)	(633)	(4,448)	(842)
Total Payments	**(9,808)**	**(2,225)**	**(7,886)**	**(1,971)**	**(7,801)**	**(1,906)**
Total reserve for claims and claims expenses, before reinsurance end of year	**23,007**	**8,194**	**17,332**	**6,943**	**16,698**	**7,026**
Catastrophe equalization reserves (b)	857	195	798	215	769	233
Other claims reserves (c)	2,589	164	2,253	187	1,975	373
Reinsurance ceded	(2,972)	(2,228)	(1,750)	(1,901)	(2,053)	(1,720)
Net reserve for claims and claims expenses, end of year	**23,481**	**6,325**	**18,633**	**5,444**	**17,389**	**5,912**

(a) Reserve for claims and claims expenses of subsidiaries purchased or sold, as of the date of the transaction, reserve for claims and claims expenses acquired or disposed of on a portfolio basis, as of the date of transfer, and other items affecting the reserve balance which have no effect on net income.
(b) The increase in catastrophe equalization reserves was € 140 million, € 21 million and € 176 million for the years ended December 31, 1999, 1998 and 1997, respectively.
(c) Includes reserves for disability annuities and future claims for construction insurance.

1999 was marked by a series of significant climatic events in all regions in which AXA operates, including Hurricane Floyd in the United States, earthquakes in Turkey and Taiwan, flooding in Southwest France and the December storms (Lothar and Martin) across Western Europe. In total, these natural disasters have led to claims payments of €1,140 million, of which € 675 million is covered by reinsurance contracts. In addition, AXA utilized €142 million of its equalization provisions, which are established to cover these types of events. The impact of these natural climatic events on the AXA's consolidated net income for 1999 was a charge of € 199 million (group share), of which € 106 million can be attributed to the storms in Europe in December 1999.

From 1996 through 1999, AXA Reassurance participated in reinsurance of a line of special risk contracts called "Gap Financing" relating the movie/film production. Due to recent difficulties in this line of business, studies have been undertaken to value the potential risk exposure to AXA Reassurance relating to this portfolio of business. The provisions in the accounts at December 31, 1999 represent the best estimate of AXA Reassurance based on current information available.

13 - Net investment results

The sources of net investment results are summarized as follows:

(in euro millions)	Insurance 1999	Insurance 1998	Insurance 1997	Financial Services (a) 1999	Financial Services (a) 1998	Financial Services (a) 1997	Holding Companies 1999	Holding Companies 1998	Holding Companies 1997	Total 1999	Total 1998	Total 1997
				Years Ended December 31,								
Net investment income:												
Fixed maturities	7,421	6,868	6,662	–	–	–	38	44	35	7,460	6,912	6,698
Equity investments	1,787	1,676	1,682	8	5	21	48	26	44	1,843	1,707	1,747
Mortgage, policy and other loans	1,278	1,221	1,303	–	–	–	–	3	2	1,278	1,224	1,305
Real estate	785	826	866	(1)	(1)	1	(1)	3	3	784	827	869
Other investment income	1,128	846	804	48	7	17	139	113	112	1,314	967	932
Investment expenses (b)	(1,053)	(847)	(868)	(25)	12	(19)	(440)	(339)	(305)	(1,517)	(1,174)	(1,191)
Net Investment Income	**11,347**	**10,591**	**10,449**	**30**	**23**	**19**	**(215)**	**(151)**	**(109)**	**11,164**	**10,462**	**10,359**
Realized investment gains (losses):												
Fixed maturities	113	498	337	23	–	–	(1)	(1)	1	135	497	338
Equity investments	2,969	2,816	1,575	141	157	440	861	316	95	3,971	3,289	2,110
Mortgage, policy and other loans	(43)	(31)	(48)	40	–	–	(1)	11	(0)	(4)	(20)	(49)
Real estate	112	52	(428)	(4)	(8)	(21)	(8)	(17)	12	100	27	(437)
Other	261	(204)	495	(6)	(3)	(6)	9	19	2	264	(189)	491
Net Realized Investment Gains:	**3,412**	**3,131**	**1,930**	**194**	**146**	**414**	**860**	**329**	**110**	**4,467**	**3,606**	**2,454**
Net Investment Results Before Intersegment Eliminations	**14,760**	**13,721**	**12,379**	**226**	**169**	**433**	**645**	**178**	**1**	**15,631**	**14,068**	**12,813**
Interest credited to policyholders	(8,720)	(8,475)	(7,974)	–	–	–	–	–	–	(8,720)	(8,475)	(7,974)
Investment Spread Before Intersegment Elimination	**6,039**	**5,247**	**4,405**	**226**	**169**	**433**	**645**	**178**	**1**	**6,910**	**5,593**	**4,839**
Intersegment eliminations	(127)	(93)	(45)	178	135	93	(51)	(41)	(48)	–	–	–
INVESTMENT SPREAD (b)	**5,912**	**5,153**	**4,359**	**403**	**304**	**526**	**594**	**137**	**(47)**	**6,910**	**5,593**	**4,839**

(a) Amounts do not include the investment income from the financial services operations, which is included in "gross premiums and financial services revenues" in the consolidated statements of income. Also, depreciation expense related to real estate held by AXA's real estate companies is included in financial and holding company expenses, not in investment expenses.
(b) Includes interest expense incurred by AXA's three insurance segments and its holding company segment of € 490 million, € 580 million and € 517 million for the years ended December 31, 1999, 1998 and 1997, respectively. Interest expense incurred by AXA's financial services segment relating to financing short-term trading and other operational activity is included in financial and holding company expenses and is not included in the calculation of "investment spread" for the financial services or holding company segments.

	Years Ended December 31,											
	Life Insurance			Property and Casualty Insurance			International Insurance			Total		
(in euro millions)	1999	1998	1997	1999	1998	1997	1999	1998	1997	1999	1998	1997
Net Investment Income:												
Fixed maturities	6,260	5,768	5,551	892	853	850	269	246	262	7,421	6,868	6,662
Equity investments	1,301	1,354	1,391	456	287	253	29	36	38	1,787	1,676	1,682
Mortgage, policy and other loans	1,219	1,160	1,220	55	57	79	4	4	4	1,279	1,221	1,303
Real estate	665	749	810	100	76	47	20	1	8	785	826	866
Other	922	698	714	145	68	41	62	80	49	1,129	846	804
Investment expenses	(835)	(700)	(743)	(187)	(94)	(90)	(31)	(53)	(36)	(1,052)	(847)	(868)
Net Investment Income	**9,532**	**9,030**	**8,943**	**1,462**	**1,247**	**1,179**	**354**	**315**	**326**	**11,348**	**10,591**	**10,449**
Net realized investment gains (losses):												
Fixed maturities	132	334	253	(40)	93	30	20	72	54	113	498	337
Equity investments	1,789	2,179	1,148	949	510	336	231	127	91	2,969	2,816	1,575
Mortgage, policy and other loans	(31)	(26)	(42)	(12)	(5)	(2)	–	1	(5)	(43)	(31)	(48)
Real estate	96	34	(425)	13	16	4	3	2	(7)	112	52	(428)
Other	268	(177)	477	(0)	(14)	11	(7)	(14)	7	261	(204)	495
Net Realized Investment Gains:	**2,255**	**2,343**	**1,411**	**910**	**599**	**379**	**248**	**188**	**140**	**3,412**	**3,131**	**1,930**
Net Investment Result Before Intersegment Elimination	**11,787**	**11,373**	**10,355**	**2,373**	**1,846**	**1,558**	**602**	**503**	**466**	**14,760**	**13,721**	**12,379**
Interest credited to policyholders	(8,719)	(8,475)	(7,974)	–	–	–	(1)	–	–	(8,720)	(8,475)	(7,974)
Investment Spread Before Intersegment Elimination	**3,066**	**2,898**	**2,381**	**2,373**	**1,846**	**1,558**	**601**	**503**	**466**	**6,040**	**5,247**	**4,405**
Intersegment eliminations	(122)	(111)	(88)	20	19	4	(25)	(2)	39	(127)	(93)	(45)
INVESTMENT SPREAD	**2,946**	**2,787**	**2,293**	**2,392**	**1,865**	**1,562**	**575**	**501**	**505**	**5,913**	**5,153**	**4,359**

In 1999, AXA tendered its Paribas stock in the public offer of exchange initiated by BNP. At December 31, 1999 AXA owns an 8.3% interest in BNP-Paribas. Based on the average price of BNP stock on the three trading days preceding and following the initial offer made by Societe Generale, the realized gain on this transaction totaled € 331 million, group share.

In connection with the acquisition of GRE, a dilution gain was realized by the Company due to the decrease in AXA's ownership of SLPH, net of future costs related to the exercise of stock options issued by SLPH to holders of GRE stock options (€ 469 million, group share).

In May 1999, Donaldson Lufkin & Jenrette ("DLJ") completed its offering of 18.4 million shares of a new class of its common stock, priced at US $20 per share, representing 17.9% of DLJdirect, DLJ's online brokerage unit. A realized gain of € 120 million (group share) was recorded in respect of this transaction.

In January 1999, AXA sold its 90% interest in PanEuroLife (Luxembourg based life insurance company) for € 96 million and realized a net gain of € 22 million (group share).

The net investment result includes provisions for valuation allowances on investments held by AXA. Further information is provided in Note 3.

Gross sales proceeds associated with disposal of investments is presented in the Statement of Cash Flows. Associated realized gains and losses on such disposals is included within the net investment results tables above.

In November 1997, AXA Royale Belge exchanged its interest in Banque Bruxelles Lambert ("BBL"), a bank holding company, for a direct interest in ING, an insurance holding company which purchased BBL. AXA recognized a gain, which was not taxable, of € 82 million as a result of this exchange.

In August 1997, AXA Financial, Inc. redeemed in full its 6.125% subordinated debentures and all outstanding shares of its series C and E preferred stock in exchange for approximately 32.5 million shares of newly issued common stock. AXA received approximately 15.9 million shares in exchange for its ownership of Series E preferred stock. As a result of this transaction, AXA recognized a gain of € 54 million. In addition, this transaction reduced AXA's ownership interest in AXA Financial, Inc. from 60.5% at June 30, 1997 to 57.5% when considered together with the reduction in AXA's ownership interest of AEL.

In June, 1997, Equitable Life sold its subsidiary Equitable Real Estate (excluding two subsidiaries) for € 365 million consisting of € 274 million in cash and a US$ 100 million (€ 91 million) 7.4% note maturing in eight years. A gain of € 148 million, net of tax of € 80 million, was recognized on this transaction. Equitable Life entered into long-term advisory agreements whereby Equitable Real Estate will continue to provide Equitable Life substantially the same investment and real estate management services for substantially the same fees as provided prior to the sale.

FRENCH SAVINGS CONTRACTS

French Savings Contracts (ACAV and ACAVI) are supported by investments in the form of mutual funds or real estate funds (collectively referred to as funds) generally established by AXA. Real estate funds consist of non-listed real estate companies or real estate joint ventures. The funds issue shares at fair value, which form the underlying investments of French Savings Contracts.

When AXA establishes a fund, the insurance company's General Account contributes cash or other assets, generally in the form of securities or real estate, to the fund and receives all of the shares of the fund in return. When securities or real estate assets are contributed to the funds, a gain or loss is recognized corresponding to the difference between the estimated *fair value of the securities or real estate transferred and AXA's historical carrying value of such assets at the date of transfer.*

When French Savings Contracts are issued, shares of the funds supporting such French Savings Contracts are transferred from the General Account to the corresponding Separate Account on a first-in, first-out basis and a gain or loss is recognized by AXA through its General Account for the difference between the fair value of the fund shares and their carrying value. Annual fund income is credited to the policyholders and additional fund shares are transferred from the General Account to the Separate Account for such income. At contract maturity or redemption, fund shares are transferred back to the General Account, for cash, at fair value and a new cost basis in such shares held in the General Account is established. Such shares are generally held in the General Account as equity investments or real estate, as appropriate, pending issuance of new French Savings Contracts or increases in balances for existing French Savings Contracts; such shares can also be held for investment, be sold or be redeemed at fair value by the issuing fund. Fair value of fund shares is determined annually or more frequently for real estate funds and daily for mutual funds.

14 - Reinsurance

In the normal course of business, AXA seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results through reinsurance. AXA limits the effect of catastrophic events and certain other risks on the results of its property and casualty insurance subsidiaries by reinsuring against such events and risks on a non-proportional excess of loss basis. AXA also reinsures its non-French property and casualty insurance business against aggregate losses by line of business, primarily using non-proportional excess of loss contracts. AXA's life insurance subsidiaries reinsure individual mortality risks in excess of amounts that vary by subsidiary, based on the subsidiaries' financial position. AXA also assumes certain levels of risk in various areas of exposure from other insurance companies or reinsurers. Reinsurance assumed activity is included with direct insurance activity.

The components of reinsurance ceded, net, as presented in the consolidated statements of income, are summarized as follows:

(in euro millions)	1999	1998	1997
Life Insurance			
Direct premiums	35,816	31,072	29,970
Reinsurance assumed	1,275	1,374	1,384
Reinsurance ceded	(539)	(536)	(689)
Net Life Insurance Premiums	**36,552**	**31,911**	**30,665**
Property and Casualty Insurance			
Direct premiums written	13,479	11,695	11,750
Reinsurance assumed	114	179	338
Reinsurance ceded	(1,010)	(828)	(1,066)
Net Property and Casualty Premiums Written	**12,583**	**11,047**	**11,022**
Premiums earned	12,789	11,885	12,100
Reinsurance ceded	(1,054)	(877)	(1,111)
Net Property and Casualty Premiums Earned	**11,735**	**11,008**	**10,989**
International Insurance			
Direct premiums written	1,302	1,164	1,951
Reinsurance assumed	1,807	1,684	1,492
Reinsurance ceded	(762)	(707)	(1,139)
Net Reinsurance Premiums Written	**2,347**	**2,141**	**2,304**
Premiums earned	2,150	2,874	3,425
Reinsurance ceded	(770)	(739)	(1,117)
Net Reinsurance Premiums Earned	**1,380**	**2,136**	**2,308**

	Life Insurance			Property and Casualty Insurance			International Insurance			Total		
(in euro millions)	1999	1998	1997	1999	1998	1997	1999	1998	1997	1999	1998	1997
Premiums ceded and retroceded	(539)	(536)	(689)	(1,010)	(828)	(1,066)	(762)	(707)	(1,139)	(2,311)	(2,070)	(2,894)
Change in unearned premium reserve ceded	97	94	420	(46)	(49)	(42)	(24)	(32)	26	27	13	405
Insurance benefits and claims ceded (include changes in claims reserves, ceded)	411	383	389	1,305	744	694	936	837	750	2,652	1,965	1,832
Commissions received from reinsurers	66	58	(277)	189	163	241	185	252	157	440	473	121
REINSURANCE CEDED, NET	**36**	**0**	**(157)**	**437**	**30**	**(173)**	**335**	**350**	**(207)**	**808**	**381**	**(536)**

AXA evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Significant reinsurance amounts recoverable on paid and unpaid losses are secured by letters of credit or assets deposited with AXA or in trusts on behalf of AXA. A contingent liability exists with respect to reinsurance ceded should the reinsurers be unable to meet their obligations.

At December 31, 1999 and 1998, accounts receivable from reinsurers totaled € 1,248 million and € 903 million, respectively; accounts payable to reinsurers totaled € 1,297 million and € 1,040 million, respectively; and cash deposits from reinsurers totaled € 1,699 million and € 1,795 million, respectively.

15 - Income taxes

A summary of the income tax (expense) benefit in the consolidated income statements is shown below:

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
French income tax (expense) benefit:			
Current	(180)	(188)	(62)
Deferred	(35)	(142)	(238)
Total	**(216)**	**(330)**	**(300)**
Foreign income tax (expense) benefit:			
Current	(1,395)	(912)	(1,136)
Deferred	318	20	247
Total	**(1,077)**	**(892)**	**(889)**
GRAND TOTAL	**(1,292)**	**(1,222)**	**(1,189)**

The provisions for income taxes are different from the amounts determined by multiplying income before income tax expense by the French statutory income tax rate (40 % in 1999, 41 2/3% in 1998 and 1997). The sources of differences from the statutory rate and the tax effect of each are as follows:

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Income tax expense at statutory rate	(1,604)	(1,450)	(1,314)
Investments	772	361	404
Operating expenses and other	(742)	32	(377)
Utilization of losses carried forward	134	(78)	(66)
Tax rate differentials	149	(88)	164
INCOME TAX EXPENSE	**(1,292)**	**(1,222)**	**(1,189)**

Deferred income tax expense results from changes in temporary differences in the basis of assets and liabilities for financial reporting and income tax purposes. The sources of these differences are presented below.

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Investments	439	(8)	5
Insurance operations (a)	41	(118)	(140)
Compensation and related benefits	(66)	(11)	82
Other	(132)	16	62
TOTAL	**283**	**(122)**	**9**

(a) Policy acquisition costs, policy reserves and reinsurance.

The components of the net deferred income tax asset and net deferred income tax liability are as follows:

	1999		1998	
(in euro millions)	Net Deferred Income Tax Asset	Net Deferred Income Tax Liability	Net Deferred Income Tax Asset	Net Deferred Income Tax Liability
Investments	863	(3,176)	620	(2,522)
Insurance operations	576	(804)	64	(399)
Compensation and related benefits	1,459	(301)	1,072	93
Other	195	(93)	70	(52)
TOTAL	**3,093**	**(4,373)**	**1,826**	**(2,881)**

At December 31, 1999 there were net operating loss carryforwards for tax purposes approximating € 272 million of which € 27 million will expire within 10 years (or 2009) and the remainder (€ 245 million) will be available indefinitely. At December 31, 1999 the principal countries with net operating loss carryforwards are the United Kingdom (64 %), Ireland (16 %), Italy (10 %) and the United States (10 %). These net operating loss carryforwards are included in income tax returns that are subject to examination by various tax authorities.

The tax authorities in various jurisdictions have examined income tax returns and have proposed certain adjustments that are being contested. Management believes settlement of the contested amounts will have no material adverse effect on the consolidated financial position or results of operations of AXA, taken as a whole.

16 - Net income Per ordinary Share

The calculation of basic net income per ordinary share assumes no dilution and is based on the weighted average number of ordinary shares outstanding for the period. The calculation of diluted net income per ordinary share reflects the dilution that would have occurred if potential ordinary shares had been issued and shared in the net income of the Company, if the effect of the potential ordinary shares would have been dilutive. Potential ordinary shares include stock options granted but not exercised and potential ordinary shares on convertible debt (on an 'if converted' basis). The weighted average number of share options outstanding during 1999 but not included in the calculation of diluted net income per ordinary share because the exercise price exceeded the average market price of AXA's shares during 1999 was 12.2 million (1998 and 1997: € nil).

	Years Ended December 31,					
	1999		1998		1997	
(in euro millions except ordinary shares in millions)	Ordinary shares	Net income	Ordinary shares	Net income	Ordinary shares	Net income
Net income	**352.99**	**2,021**	**338.74**	**1,531**	**325.35**	**1,207**
Net Income Per Ordinary Share (basic)		5.73		4.52		3.71
Effect of dilutive securities:						
Dilutive securities issued by subsidiaries (a)	–	(29)	–	(16)	–	(21)
Stock options	2.72	–	4.12	–	2.53	–
Convertible Notes	–	–	7.62	2	9.91	10
Redeemable bonds	4.11	10	4.11	10	4.11	10
Mandatorily Convertible Bonds	7.08	9	7.08	8	7.08	8
Convertible Bonds	9.24	20	–	–	–	–
Net income attributable to ordinary shares and potentially dilutive securities	**376.14**	**2,031**	**361.67**	**1,534**	**348.98**	**1,215**
Net Income Per Ordinary Share (diluted)		5.39		4.24		3.48

(a) Relates to stock options issued by subsidiaries within AXA which are not 100% owned by AXA, principally AXA Financial, Inc. and its subsidiaries (Alliance Capital and DLJ).

17 - Commitments and Contingent Liabilities

17-1. DERIVATIVE FINANCIAL INSTRUMENTS

TRADING ACTIVITIES

■ AXA's Other Financial Services Segment, principally through DLJ, is party to a variety of option, forward, and futures contracts in its derivative activities and also enters into swap agreements, primarily equity, interest rate and foreign currency swaps. All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. Exposure to market risk is managed in accordance with risk limits set by management by buying or selling instruments or entering into offsetting positions.

Option writing. As part of customer accommodations, AXA's financial services operations write options contracts specifically designed to meet customer needs. Substantially all of these contracts are written by DLJ. As a writer of over-the-counter ('OTC') option contracts, DLJ receives a cash premium at the beginning of the contract period and bears the risk of unfavorable changes in the value of the financial instruments underlying the option ('market risk'). Options written do not expose DLJ to credit risk since they obligate DLJ (not its counterparty) to perform. With respect to the financial instruments underlying these options, DLJ makes a determination that credit exposures are appropriate for the particular counterparty with whom business is conducted. DLJ generally covers this market risk by purchasing or selling cash or other derivative financial instruments on a proprietary basis. Such purchases and sales may include debt and equity securities, futures and forward contracts and options. DLJ reviews the creditworthiness of the counterparties of such covering transactions. Future cash requirements for options written are equal to the fair value of the options. Option contracts are typically written for a duration of less than thirteen months and are included in the consolidated balance sheets at fair value.

Options contracts are substantially covered by the following financial instruments which DLJ has purchased or sold on a proprietary basis and are reflected in the table below at either the underlying notional (contract) amounts for derivative instruments or at market value for cash instruments:

	December 31,	
(in euro millions)	1999	1998
US government, mortgage-backed securities and options thereon	2,626	2,898
Corporate debts	14	–
Foreign sovereign debt securities	257	76
Forward rate agreements	215	32
Future contracts	284	65
Interest rate derivatives	6,827	555
Equities and other	4,850	720
TOTAL	**15,073**	**4,346**

The trading revenues from option writing activity (net of related interest expense) were approximately € 96 million, € 68 million and € 78 million for the years ended December 31, 1999, 1998 and 1997, respectively. The fair value of certain written options is measured by the unamortized premiums and the intrinsic value determined from various pricing sources. The average monthly fair value of the options was approximately € 456 million and € 260 million for the years ended December 31, 1999 and 1998, respectively. The fair values of options were approximately € 990 million and € 339 million at December 31, 1999 and 1998, respectively, and were included as liabilities in the consolidated balance sheets.

Forward and futures trading. AXA's Other Financial Services Segment, principally through DLJ, also enters into forward purchase and sale contracts for mortgage-backed securities and foreign currencies, futures contracts on equity-based indices, foreign currencies and other financial instruments, as well as options on futures contracts. Such activities are classified as trading, however, certain transactions are for the purpose of risk management. Forward and futures contracts are treated as off-balance-sheet items. Market risk for forward and futures contracts is the movement of price on the notional value of the contracts.

Forward contracts generally call for the purchase or sale, on a delayed settlement basis, of fixed maturity securities or currencies or other financial instruments. For forward contracts, cash is not generally required at inception; cash equal to the notional value of the contract is required at settlement. Futures contracts are exchange-traded contracts that settle daily and generally call for the purchase or sale of a financial instrument at a specified future date at a specified price. For futures contracts, the original margin is required in cash at inception; cash equal to the daily change in market value is required at settlement.

The performance of forward contracts is dependent on the financial reliability of the counterparty and exposes AXA to credit risk. AXA monitors credit exposure of forward contracts by limiting transactions with specific counterparties, reviewing credit limits and adhering to internally established credit extension policies. Futures contracts and options on futures contracts are exchange-traded financial instruments that generally do not represent exposure to credit risk due to daily cash settlements of the change in market value with the exchanges. The credit risk with the futures exchange is limited to the net positive change in the market value for a single day.

The notional or market value of these contracts are as follows:

	December 31,			
	1999		1998	
(in euro millions)	Purchased	Sold	Purchased	Sold
Forward contracts at notional value	36,270	42,150	35,206	33,937
Futures contracts and options on futures contracts at market value	2,882	4,206	1,061	1,371

In general, forward and futures contracts are entered into for periods of 90 days or less. The remaining maturities for all forwards and futures are less than 13 months. The following is a summary of the value of these contracts included in the Consolidated Financial Statements as of and for the years ended December 31, 1999 and 1998.

	December 31,	
(in euro millions)	**1999**	**1998**
Forward contracts:		
Average fair value of asset (liability) during the period	9	2
Unrealized gains included in assets at end of period	242	224
Unrealized losses included in liabilities at end of period	200	230
Futures contracts:		
Average fair value of asset (liability) during the period	6	(21)
Unrealized gains included in assets at end of period	3	3
Unrealized losses included in liabilities at end of period	10	1

Average fair values during the period were computed using month-end averages. The fair values of futures contracts are measured by reference to quoted market prices. Fair values of forward contracts are estimated on the basis of dealer quotes, pricing models or quoted prices for financial instruments with similar characteristics.

Net trading (losses) gains on forward contracts were € (44) million, € 6 million and € (5) million and net trading gains (losses) on futures contracts were € 19 million, € (77) million and € (22) million for the years ended December 31, 1999, 1998 and 1997, respectively.

Swap arrangements. DLJ's swap agreements consist primarily of equity and interest rate swaps. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on index or interest rate movements. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed notional amounts and maturity.

The notional (contractual) value of swap arrangements was approximately € 28 million and € 7 million at December 31, 1999 and 1998, respectively. The notional or contract amounts indicate the extent of DLJ's involvement in derivative instruments. They do not measure DLJ's exposure to market or credit risk and do not represent the future cash requirements of such contracts.

(in euro millions)	**1999**	**1998**
Swaps contracts:		
Average fair values included in assets during the period	15	1
Unrealized gains included in total assets at end of period	256	44
Unrealized losses included in total liabilities at end of period	242	66

Financial instruments with off-balance sheet risk. *In the normal course of business, DLJ's customer, trading and correspondent clearance activities involve the execution, settlement and financing of various securities and financial instrument transactions. These activities may expose DLJ to off-balance-sheet risk in the event the other party to the transaction is unable to fulfill its contractual obligations. DLJ limits this risk by requiring customers and counterparties to maintain margin collateral that is in compliance with regulatory and internal guidelines. Additionally, with respect to DLJ's correspondent clearing activities, introducing correspondent brokers are required to guarantee the performance of their customers in meeting contractual obligations.*

DLJ's financing and securities settlement activities involve DLJ using securities as collateral in support of various secured financing sources. In the event the counterparty does not meet its contracted obligation to return securities used as collateral, DLJ may be exposed to the risk of reacquiring the securities at the prevailing market prices to satisfy its obligations. DLJ controls this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure. At December 31, 1999, pledged securities with a market value of approximately US$ 2.3 billion (€ 2.3 billion) were used as collateral for securities borrowed with a market value of US$ 6.6 billion (€ 6.5 million). In accordance with industry practice, these securities borrowed and pledged are not reflected in AXA's Consolidated Financial Statements.

Concentration of credit risk. *As a securities broker and dealer, DLJ is engaged in various securities trading and brokerage activities servicing a diverse group of US and non-US corporations, governments, institutional and individual investors. Substantial portions of these transactions are collateralized. DLJ's exposure to credit risk associated with the non performance of these counterparties, in fulfilling their contractual obligations pursuant to securities transactions and collateral held, can be directly impacted by volatile securities markets, credit markets and regulatory changes. All counterparties are reviewed on a regular basis to establish appropriate exposure limits for a variety of transactions. In certain cases, specific transactions are analyzed to determine the amount of potential exposure that could arise, and the counterparty's credit is reviewed to determine whether it supports such exposure. In addition to the counterparty's credit status, DLJ analyzes market movements that could affect exposure levels. DLJ considers four main factors that may affect trades in determining trading limits: the settlement method; the time it will take for a trade to settle (i.e., the maturity of the trade); the volatility that could affect the value of the securities involved in the trade; and the size of the trade. In addition to determining trading limits, DLJ actively manages the credit exposure relating to its trading activities by entering into master netting agreements when feasible; monitoring the creditworthiness of counterparties and the related trading limits on an ongoing basis; requesting additional collateral when deemed necessary; diversifying and limiting exposure to individual counterparties and geographic locations; and limiting the duration of exposure. In certain cases, DLJ also may close out transactions or assign them to other counterparties when deemed necessary or appropriate to mitigate credit risks.*

DLJ's customer securities activities are transacted on either a cash or a margin basis in which DLJ extends credit to the customer. This credit on a margin or credit extended, subject to various regulatory and internal margin requirements, is collateralized by cash and securities in the customer's account. DLJ seeks to control risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. DLJ monitors required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral, or reduce positions, when necessary.

RISK MANAGEMENT ACTIVITIES – INSURANCE OPERATIONS

■ AXA uses interest rate swap contracts to manage its exposure to interest rate fluctuations. Interest rate swap contracts allow AXA to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available to AXA if fixed-rate borrowings were obtained directly. Under interest rate swap contracts, AXA agrees with other parties to exchange, at specified intervals, fixed-rate and floating-rate interest amounts calculated by reference to an agreed-upon notional principal amount. AXA is exposed to the credit risk of the counterparty to the extent that amounts are due to AXA if the swap contract was terminated currently, but AXA has no credit risk related to notional principal amounts. The notional amounts do not represent the amounts actually exchanged by the parties and thus are not a measure of AXA's exposure under these interest rate swap contracts. Gains and losses related to interest rate swap transactions are amortized as yield adjustments over the remaining life of the underlying hedged security and are reflected in net investment income.

The notional amount of interest rate swaps (representing asset and liability positions) outstanding at December 31, 1999 and 1998 was € 17,410 million and € 14,809 million, respectively. The unexpired terms at December 31, 1999 and 1998 generally range from less than one year to five years. At December 31, 1999, the cost of terminating outstanding interest rate swaps in a loss position was € 223 million, and the unrealized gain on outstanding swaps in a gain position was € 137 million. AXA currently has no intention of terminating these contracts prior to maturity. During 1999, 1998 and 1997, net gains (losses) of € 10 million, € 20 million and € (15) million, respectively, were recorded in connection with interest rate swap activity.

Equitable Life has an interest rate cap program designed to hedge crediting rates for interest sensitive individual annuity contracts. Interest rate caps are option-like agreements where the seller agrees to pay to the counterparty an amount equal to the differential, based on a notional amount, between the interest rate of the specified index and the interest rate cap. The outstanding notional amounts at December 31, 1999 and 1998 of contracts purchased were € 7,503 million and € 7,210 million, respectively, and of contracts sold were € 867 million and € 1,088 million, respectively. The net premium paid by Equitable Life on these contracts was € 51 million and is being amortized ratably over the contract periods ranging from 1 to 4 years. Income and expense resulting from this program are reflected as an adjustment to interest credited to policyholders' account balances.

In addition, the French insurance companies use interest rate caps to hedge interest rate fluctuations. At December 31, 1999, the notional amount of purchased interest rate caps was € 36,579 million (1998: € 14,584 million). The related net annual premium in 1999 was € 32 million (1998: € 25 million) with an initial average duration of between 7 and 10 years. The premium is amortized on a straight-line basis over the life of the contracts.

In conjunction with the issuance of the Subordinated Perpetual Notes described in Note 10, the Company entered into interest rate caps designed to hedge the exposure to rising interest rates.

The notional value of options written by insurance companies and financial services operations (excluding DLJ and its trading activities) was approximately € 377 million and € 357 million in 1999 and 1998, respectively. The net premiums received related to these written options were € 4 million and € 25 million in 1999 and 1998, respectively. Although generally used in connection with AXA's investment operations and considered part of risk management activities, written options are generally accounted for as a trading activity and thus are stated at estimated fair value with changes in fair value recorded currently in net investment results.

AXA Asia Pacific Holdings uses foreign currency forward contracts to hedge its translation exposure of investments in certain foreign subsidiaries. Such forward contracts are commitments to buy or sell currency at a specified rate on a future date. The notional amount of such contracts was approximately € 286 million and € 253 million at December 31, 1999 and 1998, respectively.

At December 31, 1999 AXA did not have any investments in 'Hedge Funds'. However, in the United States (specifically DLJ), certain alternative funds are held that utilize trading securities that may be leveraged, and atttempt to protect against market risk, through a variety of methods, including short sales, financial futures, options and other derivative financial instruments any may be collateralized by cash deposits or fixed maturity securities (essentially Treasury Bonds and AAA-rated fixed maturity securities).

At December 31, 1999, the notional value of interest rate derivatives, foreign exchange derivatives and equity derivatives was € 64,969 million, € 1,214 million and € 377 million, respectively, compared to € 60,419 million, € 1,562 million and€ 234 million, respectively, at December 31, 1998. The market value of such derivatives was € 46 million (1998: € 89 million).

17-2 OTHER COMMITMENTS

In the normal course of business, AXA principally through its financial services operations enters into letters of credit for the purpose of facilitating certain financing transactions and for securing various margin requirements. Additionally, financial guarantees are provided to customers and other financial institutions. Such commitments are noted in the following table:

	As of December 31,			
	1999		1998	
(in euro millions)	Received	Given	Received	Given
Commitments to finance:				
Financial institutions	98	123	291	405
Customers	95	1,242	87	1,153
Guarantees:				
Financial institutions	355	1,723	250	1,007
Customers	1,887	1,730	978	505
Other:				
Pledged assets	410	488	388	470
Collaterized commitments	5,963	4,261	6,482	770
Letters of credit	152	1,499	176	1,237
Commitments for future construction	11	–	–	196
Commitments related to construction	31	273	1	111
Other	103	605	26	990
Certificates of Guaranteed Value:				
UAP Certificates	–	–	–	1,464
Royale Belge Certificates	–	–	–	82
TOTAL	**9,105**	**11,945**	**8,677**	**8,391**

In connection with the UAP acquisition (see Note 6), AXA issued 121.6 million UAP Certificates of Guaranteed Value to third parties (128 million in total). These Certificates matured on July 1, 1999 and did not give rise to payment.

In connection with the acquisition of the Royale Belge (see Note 6) minority interests in 1998, AXA issued 2.7 million Royale Belge Certificates of Guaranteed Value to former Royale Belge shareholders, representing a maximum value of € 82 million. These Certificates were cancelled in December 1999 and did not give rise to payment.

From time to time, AXA Financial, Inc. has provided certain guarantees or commitments to affiliates, investors and others. At December 31, 1999, these arrangements include commitments by AXA Financial, Inc, under certain conditions: to make capital contributions up to € 59 million to affiliated real estate joint ventures; and to provide equity financing to certain limited partnerships of € 370 million under existing loan or loan commitment agreements. DLJ has outstanding commitments that expire on March 16, 2000 to loan US$ 150 million (€ 149 million) to third parties to be secured by mortgage loans on real estate properties. At December 31, 1999 unfunded commitments under this facility amounted to € 62 million.

In addition, DLJ enters into commitments in extend credit to non-investment grade borrowers in connection with the origination and syndication of senior bank debt. At December 31, 1999, unfunded senior bank loan commitments outstanding amounted to € 471 million.

DLJ also has commitments to invest on a side-by-side basis with merchant banking partners of € 693 million. Management believes AXA Financial, Inc. will not incur any material losses as a result of these commitments.

Equitable Life is the obligor under certain structured settlement agreements that it has entered into with unaffiliated insurance companies and beneficiaries. To satisfy its obligations under these agreements, Equitable owns single premium annuities issued by previously wholly owned life insurance subsidiaries. Equitable has directed payment under these annuities to be made directly to the beneficiaries under the structured settlement agreements. A contingent liability exists with respect to these agreements should the previously wholly owned subsidiaries be unable to meet their obligations. Management believes the risk that Equitable Life will be required to satisfy those obligations is remote.

In the second half of 1999, the Company approached the UK Financial Services Authority ("FSA") for the purpose of submitting a proposal regarding the interpretation of the legal basis for sharing surpluses accumulated by AXA Equity & Law in respect of prior years. If approval of the FSA is obtained, policyholders will be asked to vote on the proposal in 2000. The ultimate outcome of AXA's proposal to the FSA and to its participating policyholders is not yet known. Management is unable to determine whether the future financial impact, if any, of the resolution of this uncertainty would be material to AXA's consolidated results of operations, liquidity or financial condition. Furthermore, AXA's accounting method for measuring future policy benefits for the UK with-profit contracts might change pending resolution of this uncertainty.

ENVIRONMENTAL POLLUTION AND ASBESTOS AND OTHER EXPOSURES

AXA has issued insurance policies and assumed reinsurance for cover related to environmental pollution and asbestos exposure. The insurance companies have been and continue to be involved in disputes regarding policy coverages and judicial interpretation of legal liability for potential environmental and asbestos claims, principally in the US. AXA has received and continues to receive notices of potential insurance and reinsurance claims asserting environmental and asbestos losses under insurance policies issued or reinsured by AXA. Such claim notices are frequently merely *precautionary in nature. There are significant uncertainties that affect the insurance companies' ability to estimate future losses for these types of claims and there are a number of issues now being litigated, which may ultimately determine whether and to what extent insurance coverage exists. Additionally, possible changes in the US Comprehensive Environmental Response, Compensation and Liability Act of 1980 (commonly referred to as "Superfund") could affect the liabilities of policyholders and insurers relating to environmentally impaired sites covered by Superfund. Resolution of these uncertainties may ultimately result in additional claim losses. AXA has made cumulative payments under insurance and reinsurance contracts related to environmental pollution and asbestos claims and legal costs of approximately €115 million up to December 31, 1999 (1998: € 85 million and 1997: € 74 million). At December 31, 1999 and 1998, AXA has insurance claim liabilities of € 194 million and € 146 million, respectively, for reported insurance and reinsurance claims and additional reserves for incurred but not reported (IBNR) claim liabilities of € 375 million and € 323 million, respectively related to environmental pollution and asbestos claims. The IBNR liabilities are estimated and evaluated regularly based on information received by management. AXA carefully monitors potential claims for which it has received notice. When estimates are revised, AXA increases or decreases claims liabilities attributable to prior years for such claims. These increases or decreases are reflected in the results of operations for the period in which the estimates are changed.*

18 - Litigation

On August 25, 1998, AXA signed a Memorandum of Understanding with certain US insurance regulators, non-governmental Jewish organizations, certain European regulators and certain European insurers agreeing to the establishment of an International Commission. The International Commission is currently conducting an investigatory process to determine the current status of policies issued to Holocaust victims between 1920 and 1945 and has established a claim and valuation process designed to resolve unpaid insurance policies under which first payments were made accordingly by AXA. In Germany, AXA is working closely under guidance of the German insurance regulatory authority, the BAV and is also involved in the implementation of the German Foundation Initiative with respect to the insurance industry. In France, Axa is actively cooperating with the Matteoli Commission, a governmental commission investigating Holocaust era issues, primarily through searching its files for policies issued to Holocaust victims. In Belgium, AXA is also cooperating with a similar body, the Buysse Commission.

AXA is in the process of conducting a review of its principal European affiliates. The ultimate objective of this review is to identify relevant archives in order to assess the extent of unpaid policies issued to Holocaust victims by AXA (or its predecessors) between 1920 and 1945.

Assessing the extent of unpaid policies issued to Holocaust victims is complex due to the passage of time, incomplete records, restitution programs, payments to blocked accounts, currency devaluations, insurance portfolio transfers and nationalization of insurance companies. This assessment involves historical, actuarial, economic, regulatory and legal expertise, research and analysis.

Because of the significant uncertainties and complexities involved in resolving these matters, including the outcome of related litigation, and the likelihood that these uncertainties and complexities will not be resolved in the near future, management is not in a position, at this time, to reasonably estimate AXA's ultimate exposure in this matter and therefore, is unable to determine whether such amounts will be material to AXA's results of operations, liquidity or financial condition.

A number of lawsuits have been filed against life and health insurers in the US involving insurers' sales practices, alleged agent misconduct, failure to properly supervise agents and other matters. Some of the lawsuits have resulted in the award of substantial judgements against other insurers (including material amounts of punitive damages) or in substantial settlements. Equitable Life and its subsidiaries in the past have been involved in such lawsuits, and continue to be periodically named as a defendant in such lawsuits, including lawsuits which are currently pending. Life insurers in the United Kingdom, including AXA Sun Life, are also subject to governmental scrutiny regarding their sales practices. In some jurisdictions, juries have substantial discretion in awarding punitive damages. To date no such lawsuit has resulted in an award or settlement of any material amount against AXA.

In addition, a number of lawsuits have also been filed against DLJ and its subsidiaries involving alleged violations of various US securities laws in connection with DLJ's and its subsidiaries' conduct of its investment banking, securities trading and brokerage activities. Some of these lawsuits have been brought on behalf of various alleged classes of claimants, and certain of these claimants seek significant or unspecified amounts of damages. Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, management believes that the ultimate resolution of the ongoing lawsuits referred to in this and the preceding paragraph should not have a material adverse effect on the consolidated financial position of AXA, taken as a whole. Due to the nature of such lawsuits, particularly when in their early stages, management cannot make an estimate of loss, if any, or predict whether or not such lawsuits will have a material adverse effect on the consolidated results of operations of AXA, taken as a whole, in any particular period.

In addition, the Company and certain of its subsidiaries are defendants in various legal actions and proceedings of a character normally incident to their business, including actions arising from insurance activities, such as disputes with respect to claims and coverages, and actions arising from investment activities, particularly actions arising from the ownership or management of real estate investments. Some of the actions and proceedings seek specific amounts of damages that are significant while others seek damages of unspecified amounts. While the ultimate outcome of such litigation cannot be predicted with certainty, management believes the resolution of these actions and proceedings will not result in losses that would have a material adverse effect on the consolidated financial position or results of operations of AXA, taken as a whole.

19 - Dividend Restrictions and Minimum Capital Requirements

The Company is not subject to legal restrictions on the amount of dividends it may pay to its shareholders provided that earnings and accumulated earnings available for distribution are sufficient. However, certain of the Company's subsidiaries, principally insurance companies, are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to their shareholders.

In most cases, the amounts available for dividends from the Company's insurance subsidiaries are limited to the accumulated earnings calculated using the subsidiaries' historical statutory basis of accounting. These amounts can be further limited based on the discretion of the insurance regulators in each country in which AXA operates. In some cases, amounts available for dividends are also subject to regulatory capital adequacy tests, individual subsidiary restrictions contained in company by-laws or approval of the company chief actuary.

In accordance with European Union directives, insurance companies organized in European Union member countries are required to maintain minimum solvency margins which must be supported by capital, retained earnings and reserves, including unrealized appreciation or depreciation on securities and, in France or in certain other countries (as approved by local regulators), unrealized capital gains on real estate as reported in regulatory filings. AXA's insurance business in other countries, most notably the United States and Australia, and DLJ are also subject to capital adequacy and solvency margin regulations. At December 31, 1999, management believes AXA's subsidiaries are in compliance with all applicable solvency and capital adequacy margin requirements.

20 - Stock options

Executive officers and other key employees may be granted options to purchase ordinary shares of the Company at a price generally between 90% and 100% of the market price of the ordinary shares at the date of grant. Options have a maximum term of ten years and generally become exercisable in installments of 25% per year on each of the second through fourth anniversaries of the grant date with the final 25% on either the fifth or ninth anniversary.

A summary of the status of the Company's stock options for 1999, 1998 and 1997 is presented below:

(in euro millions)	1999 Shares	1998 Shares	1998 Price (a)	1997 Shares	1997 Price (a)
Outstanding January 1,	8,940,874	7,107,697	38.02	6,628,628	30.87
UAP Stock Option Plans	–	–	–	857,072	46.45
Granted	1,926,100	2,358,000	95.95	1,350,000	49.50
Subscribed	(3,303,637)	(443,586)	40.74	(1,583,762)	22.45
Expired	(72,574)	(81,237)	43.17	(144,241)	37.82
Outstanding December 31,	**7,490,763**	**8,940,874**	**53.11**	**7,107,697**	**38.02**
Options exercisable at year end		2,746,209	35.87	1,739,020	37.22
Options available for future grants at year end		774,781		3,132,781	

(a) Price refers to weighted average exercisable price in euros.

Stock options issued to AXA employees, outstanding at December 31, 1999 are as follows:

Exercisable Until	Number Outstanding
October 23, 2001	3,862
January 28, 2002	79,691
October 26, 2002	3,218
April 12, 2004	355,651
November 3, 2001	34,660
March 28, 2005	629,002
May 13, 2003	246,782
July 09, 2006	696,797
January 21, 2007	1,152,500
September 29, 2007	50,000
April 19, 2008	2,315,000
June 08, 2009	1,810,100
November 17, 2009	113,500
	7,490,763

Under a separate variable option plan, in 1996 AXA granted key managers options which vest over five years to acquire approximately 2 million shares of a wholly-owned subsidiary which has as its principal asset bonds which are exchangeable into 21,523,125 AXA Asia Pacific Holdings shares. The shares under option would represent 25% of the shares issued by the subsidiary, if and when such options are exercised. Any shares acquired by exercising options are non-transferable and the holders have certain rights to put the shares to AXA for a price based on the equivalent market price of AXA Asia Pacific Holdings common stock at the date when put.

Under a separate variable option plan, in 1992 AXA granted key managers options to acquire approximately 3.5 million ordinary shares of a substantially wholly-owned subsidiary which has as its principal asset shares of common stock of AXA Financial, Inc. Options vest over time and are exercisable at € 6.68 per ordinary share generally commencing in 1996. The original number of ordinary shares under option would represent 25% of the shares issued by the subsidiary, if and when such options were exercised. Any shares acquired by exercising options are nontransferable and the holders have certain rights to put the shares to AXA for a price based on the equivalent market price of AXA Financial, Inc. common stock at the date when put. At December 31, 1999, the outstanding balance of options was 76,500 (1998: 804,000).

Total employee stock based compensation cost charged to earnings was € 21 million, € 19 million and € 32 million for the years ended December 31, 1999, 1998 and 1997, respectively.

21 - Related Party Transactions

The Company and its French subsidiaries are parties to cost sharing arrangements with the Mutuelles AXA through intercompany partnerships, centralized in France Groupements d'Intérêts Economique ("GIEs"). The GIEs accumulate costs, such as salaries and benefits, training, information systems, product development and marketing, and allocate the costs among the respective companies on the basis of actual use of the specific service, to the extent practicable, and, to the extent not practicable, in proportion to such factors as the relative gross premiums or general expenses of the companies participating in the specific GIE. Management believes the allocation methods are reasonable. Costs allocated to AXA under these arrangements were € 749 million, € 146 million and € 552 million for the years ended December 31, 1999, 1998 and 1997, respectively.

In addition to the cost sharing agreements between AXA and the Mutuelles AXA, cash management functions of the Company and its French subsidiaries are performed through GIE. Cash and cash equivalents were deposited with this GIE of approximately € 5.1 billion and € 3.1 billion at December 31, 1999 and 1998, respectively.

The underwriting results of the property and casualty business generated in France by insurance brokers are allocated between one of the Company's French insurance subsidiaries and one of the Mutuelles AXA, through a GIE, under a coinsurance agreement. The agreement allocates underwriting results based on premiums written and is subject to modification to reflect changes in business activity. Total premiums subject to this agreement were € 1,001 million, € 875 million and € 310 million for the years ended December 31, 1999, 1998 and 1997, respectively, of which € 881 million, € 758 million and € 186 million, respectively, were allocated to the Company's French insurance subsidiary.

AXA and Finaxa, owner of the AXA trademark, entered into a Licensing Agreement pursuant to which Finaxa granted the Company a non-exclusive license (the "AXA License") to use the AXA trademark in the jurisdictions in which AXA currently operates and in any additional jurisdictions in which the AXA trademark is registered. AXA is obligated to pay Finaxa pursuant to the AXA license an annual fee of approximately € 760,000 as well as 50% of any net royalties the Company receives from sublicenses.

22 - Segment information

AXA has five operating business segments: life insurance, property and casualty insurance, international insurance, asset management and other financial services. In addition, non-operating activities are conducted by the holding companies The financial information for AXA's business segments, and the holding company activities, is presented on a French GAAP basis consistent with the Consolidated Financial Statements presented herein.

AXA has had certain significant acquisitions including Compagnie UAP (1997), Royale Belge minority interests (1998) and GRE (1999) (see Note 6). As a result of these acquisitions, AXA increased significantly its participation in insurance, financial services and other operations throughout AXA. Partly due to these acquisitions and partly due to objectives to improve AXA reporting and analysis, to more closely align the business segments with the basis used by management to evaluate performance and to allocate resources in line with the Company's strategic objectives, AXA has realigned its operating business segments and sub-segments over the course of the past three years. In all cases, the prior years' amounts have been restated accordingly for consistency.

In 1999 the International Insurance Segment was created which includes the activities reported in the former Reinsurance Segment and the Transnational Property and Casualty Group, formerly included in the Property and Casualty Insurance Segment. This segment includes notably AXA Reinsurance and AXA Global Risks, with all aspects of global large risk insurance and reinsurance risk cover.

Prior to 1998 the Financial Services Segment was comprised of the US Financial Services Group and the International Financial Services Group. Because asset management has become increasingly important to AXA, both from a strategic and profitability perspec-

tive, in 1998 AXA created two separate operating business segments being Asset Management and Other Financial Services.

No customer accounted for 10% or more of AXA's consolidated revenues in 1999. No segment is dependent upon a single customer, or a few customers, the loss of which would have a significant effect on the earnings of the segment. AXA is not dependent on any one, or a few, independent brokers or independent agents or other insurance companies for which a loss of business would have a material adverse effect on the earnings of any one of the segments or AXA.

Life Insurance Segment products and services. *Includes individual and group traditional whole life insurance (including participating policies whereby policyholder participates in the net investments results or profits of the insurance company), immediate annuities and investment products (including endowments, savings-related retirement products savings-related products that provide for lump sum payments at retirement or death prior to retirement, and separate account (unit linked) products) and services, including financial planning services, designed to meet a broad range of its customers' needs throughout their financial life-cycles.*

Property and Casualty Insurance Segment products and services. *Includes a full range of products including principally automobile and homeowners' insurance to individuals and commercial property and liability insurance to corporate customers, including workers' compensation benefits.*

International Insurance Segment products and services. *The reinsurance operations principally focus on property damage, third party liability and marine property and third party liability reinsurance through either treaties or facultative contracts, and financial guarantee insurance and is currently developing life reinsurance products in the United States. The products in the insurance operations within this segment, which specifically relate to AXA Global Risks, include insurance cover to large national and international corporations specifically relating to casualty, automobile, property, Marine Aviation and Transport, construction risk, financial risk, and directors and officers liability. AXA Global Risks also provides loss-prevention and risk management services.*

Asset Management Segment products and services. *Includes diversified investment management (including mutual funds management) services to a variety of institutional clients and individuals, including AXA's insurance companies, and is involved in the creation and sale of structured fixed income and equity products.*

Other Financial Services Segment products and services. *Principally relates to DLJ whose products and services include securities underwriting, sales and trading, merchant banking, financial advisory services, investment research, venture capital, correspondent brokerage services, securities lending, online interactive brokerage services, asset management and other advisory services.*

Information described as "Insurance" represents the life insurance, property and casualty insurance and international insurance segments combined. Information described as "Financial Services" includes the asset management and other financial services segments combined.

RESULTS OF OPERATIONS

(in euro millions)	Life Insurance	Property and Casualty Insurance	International Insurance	Asset Management	Other Financial Services	Holding companies	Total
	Year Ended December 31, 1999						
Revenues							
Gross premiums and financial services revenues	37,091	13,593	3,109	1,928	10,806	1	66,528
Change in unearned premium reserve	(1)	207	(197)	–	–	–	9
Net investment results	11,665	2,392	576	210	193	594	15,630
Total Revenues	**48,755**	**16,191**	**3,488**	**2,139**	**10,999**	**596**	**82,167**
Benefits, claims and other deductions							
Insurance benefits and claims	(42,226)	(11,409)	(3,046)	–	–	–	(56,681)
Reinsurance ceded, net	36	437	335	–	–	–	808
Acquisition expenses (a)	(2,614)	(2,450)	(551)	–	–	–	(5,616)
Other administrative expenses	(1,913)	(1,800)	(250)	(1,629)	(10,016)	(256)	(15,863)
Amortization of goodwill, net	(31)	(69)	(6)	(18)	(48)	(463)	(634)
Total Benefits, Claims and Other Deductions	**(46,748)**	**(15,290)**	**(3,518)**	**(1,646)**	**(10,063)**	**(719)**	**(77,985)**
Income (loss) before income tax expense	2,006	901	(30)	492	936	(124)	4,182
Income tax (expense) benefit	(516)	(265)	(17)	(154)	(347)	8	(1,292)
Minority interests in income (loss) of consolidated subsidiaries	(409)	(69)	(4)	(254)	(322)	201	(858)
Equity in income (loss) of unconsolidated entities	31	4	–	–	(45)	(1)	(11)
NET INCOME	**1,112**	**571**	**(51)**	**84**	**221**	**84**	**2,021**

(a) Includes acquisition costs (net of change in deferred acquisition costs) plus amortization of value of purchased business in force.

(in euro millions)	Life Insurance	Property and Casualty Insurance	International Insurance	Asset Management	Other Financial Services	Holding companies	Total
	Year Ended December 31, 1998						
Revenues							
Gross premiums and financial services revenues	32,446	11,889	2,833	1,292	8,236	1	56,697
Change in unearned premium reserve	(5)	11	26	–	–	–	32
Net investment results	11,262	1,865	501	186	118	137	14,069
Total Revenues	**43,703**	**13,765**	**3,360**	**1,478**	**8,354**	**138**	**70,798**
Benefits, claims and other deductions							
Insurance benefits and claims	(37,632)	(9,396)	(2,791)	–	–	–	(49,819)
Reinsurance ceded, net	–	30	351	–	–	–	381
Acquisition expenses (a)	(2,420)	(1,911)	(590)	–	–	–	(4,921)
Other administrative expenses	(1,635)	(1,682)	(263)	(1,105)	(7,797)	(148)	(12,629)
Amortization of goodwill, net	(33)	(32)	(6)	(4)	(13)	(5)	(93)
Total Benefits, Claims and Other Deductions	**(41,721)**	**(12,990)**	**(3,299)**	**(1,109)**	**(7,810)**	**(152)**	**(67,081)**
Income (loss) before income tax expense	1,983	775	62	369	544	(15)	3,717
Income tax (expense) benefit	(567)	(208)	1	(112)	(189)	(148)	(1,222)
Minority interests in income (loss) of consolidated subsidiaries	(451)	(181)	(19)	(162)	(196)	45	(974)
Equity in income (loss) of unconsolidated entities	6	2	–	–	–	2	11
NET INCOME	**961**	**389**	**44**	**95**	**158**	**(116)**	**1,531**

(a) Includes acquisition costs (net of change in deferred acquisition costs) plus amortization of value of purchased business in force.

(in euro millions)	Life Insurance	Property and Casualty Insurance	International Insurance	Asset Management	Other Financial Services	Holding companies	Total
	Year Ended December 31, 1997						
Revenues							
Gross premiums and financial services revenues	31,354	12,088	3,443	1,005	7,694	3	55,587
Change in unearned premium reserve	5	12	(18)	–	–	–	(1)
Net investment results	10,267	1,562	505	359	167	(47)	12,812
Total Revenues	**41,626**	**13,662**	**3,930**	**1,364**	**7,862**	**(44)**	**68,398**
Benefits, claims and other deductions							
Insurance benefits and claims	(36,306)	(9,299)	(2,668)	–	–	–	(48,273)
Reinsurance ceded, net	(157)	173	(207)	–	–	–	(536)
Acquisition expenses (a)	(2,105)	(1,888)	(596)	–	–	–	(4,589)
Other administrative expenses	(1,614)	(1,567)	(249)	(863)	(7,167)	(227)	(11,687)
Amortization of goodwill, net	(20)	(34)	(10)	(118)	(8)	30	(160)
Total Benefits, Claims and Other Deductions	**(40,201)**	**(12,961)**	**(3,729)**	**(981)**	**(7,176)**	**(197)**	**(65,245)**
Income (loss) before income tax expense	1,424	701	201	383	686	(242)	3,153
Income tax (expense) benefit	(525)	(250)	(70)	(107)	(243)	7	(1,189)
Minority interests in income (loss) of consolidated subsidiaries	(339)	(129)	(7)	(135)	(233)	40	(802)
Equity in income (loss) of unconsolidated entities	27	6	–	–	11	–	45
NET INCOME	**587**	**329**	**124**	**141**	**221**	**(194)**	**1,207**

(a) Includes acquisition costs (net of change in deferred acquisition costs) plus amortization of value of purchased business in force.

For the year ended December 31, 1999 interest expense by segment was Life € 130 million (1998: € 200 million and 1997: € 171 million), Property and Casualty € 42 million (1998: € 37 million and 1997: € 27 million), International Insurance € 11 million (1998: € 8 million and 1997: € 16 million), Asset Management € nil (1998 and 1997: € nil), Other Financial Services € 10 million (1998: € (1) million and 1997: € 7 million) and non-operating holding companies € 307 million (1998: € 336 million and 1997: € 304 million).

In addition, to the amortization of goodwill, AXA also has amortization expense related to value of purchased business inforce which relates specifically to the Life Insurance Segment. For the years ended December 31, 1999, 1998 and 1997, amortization of VBI is presented in Note 6 of these Consolidated Financial Statements.

Net investments results by segment is presented in Note 13 of these Consolidated Financial Statements.

GROSS PREMIUMS AND FINANCIAL SERVICES REVENUES

	Years Ended December 31,		
(in euro millions)	1999	1998	1997
Life Insurance			
United States	10,777	9,181	7,871
France	10,555	9,547	9,839
United Kingdom	7,206	5,140	4,651
Asia/Pacific	2,859	2,975	3,332
Germany	2,757	2,408	2,517
Belgium	912	921	848
Other countries	2,025	2,275	2,297
Total (reinsurance assumed accounted for € 1,275 million, € 1,374 million and € 1,384 million, respectively)	**37,091**	**32,446**	**31,354**
Property and Casualty Insurance			
France	3,926	4,179	4,229
Germany	2,766	2,473	2,638
United Kingdom	2,008	905	878
Belgium	1,285	1,310	1,307
Other countries	3,607	3,023	3,037
Total (reinsurance assumed accounted for € 114 million, € 194 million and € 338 million, respectively)	**13,593**	**11,889**	**12,088**
International Insurance			
AXA Réassurance	1,385	1,359	1,388
AXA Global Risks	1,399	1,096	1,418
Other transnational activities	324	378	637
Total (reinsurance assumed accounted for € 1,807 million, € 1,669 million and € 1,492 million, respectively)	**3,109**	**2,833**	**3,443**
Asset Management			
Alliance Capital	1,674	1,132	902
AXA Investment Managers	227	133	80
National Mutual Funds Management	27	26	23
Total Asset Management	**1,928**	**1,292**	**1,005**
Other Financial Services			
Donaldson, Lufkin & Jenrette (DLJ)	9,671	7,486	6,674
Other financial and real estate companies	1,136	750	1,020
Total Other Financial Services	**10,806**	**8,236**	**7,694**
Holding companies	1	1	3
TOTAL	**66,528**	**56,697**	**55,587**

ANALYSIS OF OPERATING COSTS AND EXPENSES:

	December 31, 1999							
(in euro millions)	Life insurance	Property and Casualty insurance	International insurance	Total insurance	Asset management	Other Financial Services	Holding companies	Total
Administrative expenses	(1,913)	(1,800)	(250)	(3,962)	(1,629)	(10,016)	(256)	(15,863)
Insurance claims expenses (a)	(314)	(855)	(146)	(1,314)	–	–	–	(1,314)
Acquisition costs (b)	(2,614)	(2,450)	(551)	(5,616)		–	–	(5,616)
Investments Management costs (c)	(100)	(39)	(8)	(148)	–	–	–	(148)
TOTAL	**(4,941)**	**(5,145)**	**(955)**	**(11,041)**	**(1,629)**	**(10,016)**	**(256)**	**(22,941)**
Including:								
Salaries and benefits	(1,824)	(1,806)	(249)	(3,879)	(589)	(3,062)	(25)	(7,555)
Depreciation	(98)	(103)	(23)	(224)	(28)	(120)	(6)	(378)
Commissions	(2,159)	(2,405)	(587)	(5,151)	–	–	–	(5,151)
Other charges (d)	(860)	(831)	(97)	(1,787)	(1,011)	(6,834)	(225)	(9,857)

(a) Such costs are included within "insurance benefits and claims" in the consolidated statement of income
(b) Includes amortization expense for value of purchased business inforce and deferred acquisition costs and other related external costs.
(c) Such costs are included within "net investment results" in the consolidated statement of income.
(d) Includes amortization of value of purchased business inforce and deferred acquisition costs.

	December 31, 1998							
(in euro millions)	Life insurance	Property and Casualty insurance	International insurance	Total insurance	Asset management	Other Financial Services	Holding companies	Total
Administrative expenses	(1,635)	(1,682)	(263)	(3,579)	(1,105)	(7,797)	(148)	(12,629)
Insurance claims expenses (a)	(264)	(724)	(120)	(1,107)	–	–	–	(1,107)
Acquisition costs (b)	(2,420)	(1,911)	(590)	(4,921)	–	–	–	(4,921)
Investments Management costs (c)	(69)	(28)	(9)	(106)	–	–	–	(106)
TOTAL	**(4,388)**	**(4,344)**	**(981)**	**(9,713)**	**(1,105)**	**(7,797)**	**(148)**	**(18,763)**
Including:								
Salaries and benefits	(1,717)	(1,465)	(197)	(3,379)	(373)	(2,099)	(20)	(5,870)
Depreciation	(65)	(78)	(9)	(152)	(16)	(90)	(5)	(264)
Commissions	(1,898)	(2,153)	(590)	(4,641)	–	–	–	(4,641)
Other charges (d)	(708)	(648)	(185)	(1,541)	(716)	(5,608)	(123)	(7,988)

(a) Such costs are included within "insurance benefits and claims" in the consolidated statement of income
(b) Includes amortization expense for value of purchased business inforce and deferred acquisition costs and other related external costs.
(c) Such costs are included within "net investment results" in the consolidated statement of income.
(d) Includes amortization of value of purchased business inforce and deferred acquisition costs.

(in euro millions)	December 31, 1997 Life insurance	Property and Casualty insurance	International insurance	Total insurance	Asset management	Other Financial Services	Holding companies	Total
Administrative expenses	(1,614)	(1,567)	(249)	(3,430)	(863)	(7,167)	(227)	(11,687)
Insurance claims expenses (a)	(257)	(721)	(157)	(1,134)	–	–	–	(1,134)
Acquisition costs (b)	(2,105)	(1,888)	(596)	(4,589)	–	–	–	(4,589)
Investments Management costs (c)	(66)	(30)	(5)	(101)	–	–	–	(101)
TOTAL	**(4,041)**	**(4,206)**	**(1,007)**	**(9,254)**	**(863)**	**(7,167)**	**(227)**	**(17,512)**
Including:								
Salaries and benefits	(1,587)	(1,480)	(165)	(3,232)	(323)	(1,837)	(6)	(5,398)
Depreciation	(83)	(66)	(21)	(170)	(15)	(109)	(10)	(304)
Commissions	(1,832)	(2,206)	(657)	(4,695)	–	–	–	(4,695)
Other charges (d)	(540)	(454)	(164)	(1,157)	(525)	(5,221)	(211)	(7,115)

(a) Such costs are included within "insurance benefits and claims" in the consolidated statement of income
(b) Includes amortization expense for value of purchased business inforce and deferred acquisition costs and other related external costs.
(c) Such costs are included within "net investment results" in the consolidated statement of income.
(d) Includes amortization of value of purchased business inforce and deferred acquisition costs.

ANALYSIS OF TOTAL ASSETS

(in euro millions)	December 31, 1999	December 31, 1998
Assets:		
Life Insurance	307,877	256,141
Property and Casualty Insurance	37,191	29,969
International Insurance	9,985	9,934
Asset Management	1,835	1,456
Other Financial Services	125,199	83,571
Holding companies	25,393	3,764
TOTAL	**507,480**	**384,835**

ANALYSIS OF CONSOLIDATED INVESTED ASSETS

	December 31, 1999							
	Insurance		Financial Services		Holding companies		Total	
(in euro millions)	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Fixed maturities	116,529	117,692	8,102	8,295	505	506	125,137	126,493
Equity investments	36,743	47,495	2,153	2,184	1,882	2,917	40,779	52,596
Mortgage, policy and other loans	17,266	17,425	5,920	5,838	734	917	23,921	24,180
Real estate (a)	12,469	13,427	150	158	245	243	12,864	13,828
Assets allocated to UK with-profit contracts	25,332	25,332	–	–	–	–	25,332	25,332
Trading account securities	3,423	3,423	27,847	27,847	15	15	31,285	31,285
Securities purchased under resale agreements	–	–	32,345	32,345	–	–	32,345	32,345
Investments in companies accounted for by the equity method	787	787	122	122	499	499	1,408	1,408
Subtotal Investments	**212,550**	**225,581**	**76,639**	**76,789**	**3,880**	**5,095**	**293,069**	**307,466**
Cash and equivalents	10,506	10,506	2,503	2,503	1,121	1,121	14,130	14,130
Separate Account assets	109,647	109,647	–	–	–	–	109,647	109,647
TOTAL CASH AND INVESTED ASSETS	**332,703**	**345,734**	**79,142**	**79,292**	**5,001**	**6,217**	**416,846**	**431,242**

(a) Real estate assets are subject to periodic valuation conducted by qualified external appraisers based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for AXA Financial, Inc have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

(in euro millions)	Insurance Carrying value	Insurance Fair value	Financial Services Carrying value	Financial Services Fair value	Holding companies Carrying value	Holding companies Fair value	Total Carrying value	Total Fair value
	December 31, 1998							
Fixed maturities	102,873	113,357	9,883	10,396	606	634	113,362	124,387
Equity investments	29,342	35,977	1,155	1,167	960	1,818	31,457	38,962
Mortgage, policy and other loans	15,531	16,663	6,913	6,913	140	140	22,584	23,716
Real estate (a)	12,891	13,238	319	323	216	206	13,426	13,766
Assets allocated to UK with-profit contracts	18,713	18,713	–	–	–	–	18,713	18,713
Trading account securities	2,656	2,656	11,382	11,382	–	–	14,039	14,039
Securities purchased under resale agreements	–	–	20,383	20,383	–	–	20,383	20,383
Investments in companies accounted for by the equity method	689	689	9	9	495	495	1,913	1,193
Subtotal Investments	**182,696**	**201,293**	**50,046**	**50,574**	**2,416**	**3,292**	**235,158**	**255,159**
Cash and equivalents	8,768	8,768	1,482	1,482	172	172	10,421	10,421
Separate Account assets	76,420	76,420	–	–	–	–	76,420	76,420
TOTAL CASH AND INVESTED ASSETS	**267,883**	**286,481**	**51,527**	**52,055**	**2,588**	**3,463**	**321,998**	**341,999**

(a) Real estate assets are subject to periodic valuation conducted by qualified external appraisers based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for AXA Financial, Inc have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

Insurance invested assets were as follows:

(in euro millions)	Life insurance Carrying value	Life insurance Fair value	Property and Casualty insurance Carrying value	Property and Casualty insurance Fair value	International insurance Carrying value	International insurance Fair value	Total Carrying value	Total Fair value
	December 31, 1999							
Fixed maturities	96,794	97,773	15,456	15,719	4,279	4,200	116,529	117,692
Equity investments	24,815	32,537	10,503	13,218	1,426	1,740	36,743	47,495
Mortgage, policy and other loans	16,244	16,316	978	1,064	45	45	17,266	17,425
Real estate (a)	9,574	10,205	2,522	2,842	374	381	12,469	13,427
Assets allocated to UK with-profit contracts	25,332	25,332	–	–	–	–	25,332	25,332
Trading account securities	3,423	3,423	–	–	–	–	3,423	3,423
Investments in companies accounted for by the equity method	596	596	191	191	–	–	787	787
Subtotal Investments	**176,778**	**186,182**	**29,649**	**33,034**	**6,124**	**6,366**	**212,550**	**225,581**
Cash and equivalents	6,969	6,969	2,494	2,494	1,044	1,044	10,506	10,506
Separate Account assets	109,647	109,647	–	–	–	–	109,647	109,647
TOTAL CASH AND INVESTED ASSETS	**293,393**	**302,797**	**32,143**	**35,528**	**7,167**	**7,410**	**332,703**	**345,734**

(a) Real estate assets are subject to periodic valuation conducted by qualified external appraisers based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for AXA Financial, Inc have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

(in euro millions)	December 31, 1998 Life insurance Carrying value	Fair value	Property and Casualty insurance Carrying value	Fair value	International insurance Carrying value	Fair value	Total Carrying value	Fair value
Fixed maturities	86,027	94,713	12,801	14,306	4,045	4,338	102,873	113,357
Equity investments	20,841	25,230	7,157	9,115	1,344	1,632	29,342	35,977
Mortgage, policy and other loans	14,548	15,650	937	967	46	46	15,531	16,663
Real estate (a)	10,269	10,463	2,243	2,395	379	380	12,891	13,238
Assets allocated to UK with-profit contracts	18,713	18,713	–	–	–	–	18,713	18,713
Trading account securities	2,656	2,656	–	–	–	–	2,656	2,656
Investments in companies accounted for by the equity method	464	464	225	225	–	–	689	689
Subtotal Investments	**153,518**	**167,888**	**23,364**	**27,008**	**5,814**	**6,397**	**182,696**	**201,293**
Cash and equivalents	7,108	7,108	923	923	737	737	8,768	8,768
Separate Account assets	76,420	76,420	–	–	–	–	76,420	76,420
TOTAL CASH AND INVESTED ASSETS	**237,045**	**251,415**	**24,286**	**27,931**	**6,551**	**7,134**	**267,883**	**286,481**

(a) Real estate assets are subject to periodic valuation conducted by qualified external appraisers based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for AXA Financial, Inc have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

EMPLOYEE DATA

The following table presents employees data for AXA at December 31, 1999.

(in euro millions, except number of employees)	Number of employees (a)	Salaries and benefits
Life and Property Casualty Insurance	69,776	3,630
International Insurance	4,709	249
Financial Services and Holding companies	17,523	3,676
TOTAL	**92,008**	**7,555**

(a) The employees of entities proportionately consolidated are included using the percentage of proportionate ownership.

23 - Other liabilities

Other liabilities includes provisions for risks and charges set out in the table below.

(in euro millions)	*December 31, 1999*	*1998*
Deferred taxes (see Note 15)	*4,373*	*2,881*
Pension obligations	*2,212*	*2,092*
Provision for restructuring costs	*853*	*559*
Provision for real estate companies	*135*	*101*
Other liabilities	*1,158*	*714*
TOTAL	***8,730***	***6,347***

PROVISIONS FOR RESTRUCTURING AND OTHER CHARGES

In 1998, the provisions for restructuring increased by € 146 million principally due to the restructuring of operations in Belgium. In 1999, the increase in provisions is attributable to the acquisition of GRE and the change program project being undertaken in AXA France. The provision for restructuring costs and charges thereto are presented in the tables below for the years indicated.

	1999			*1998*		
(in euro millions)	*Provisions established in purchase accounting*	*Other provisions*	*Total*	*Provisions established in purchase accounting*	*Other provisions*	*Total*
Provisions at January, 1	***293***	***267***	***559***	***304***	***110***	***414***
Amounts reclassified as miscellaneous reserves	***37***	***(9)***	***28***			
Additions to Existing Provisions						
Purchase Accounting Adjustment	*21*		*21*	*54*		*54*
Through net income				*33*		*33*
Release of Provision via Payments	***(273)***	***(91)***	***(364)***	***(94)***	***(64)***	***(158)***
Excess Provision						
Purchase Accounting Adjustment			*(4)*		*(4)*	
Through net Income		*(16)*	*(16)*			
New Provision						
Purchase Accounting Adjustment	*188*		*188*			
Through net income	*39*	*387*	*426*		*229*	*229*
Exchange Rate Impact	***5***	***7***	***12***		***(7)***	***(7)***
Provisions at December, 31	***309***	***545***	***854***	***293***	***267***	***559***

France. *In order to consolidate the Company's leading position in its market, AXA France has undertaken a full-scale change program that involves the entire organization. AXA France recorded a provision in 1999 of € 213 million (net of tax) to cover the cost of implementing this change initiative.*

United-Kingdom. *Subsequent to the GRE acquisition, a program to restructure property and casualty operations was undertaken. The costs related to implementing this program, which is scheduled for completion in 2001, are estimated at € 174 million, of which € 114 million was recorded in the opening balance sheet and € 39 million was charged to 1999 income.*

In addition, AXA Global Risks and AXA Réassurance plan to combine their operations in 2000. In connection with this restructuring, AXA Global Risks recorded a provision of € 18 million in 1999.

24 - Euro and Year 2000

EURO

The end of 1998 was marked by the changeover of AXA's European asset management and financial services information systems to report in euros. This changeover affected approximately 85% of the related information systems. The total estimated cost of this project is approximately € 176 million, of which € 48 million was incurred up to December 31, 1999. 41 % of the total cost relates to external costs (such as, consulting fees). Approximately 38% of the total cost relates to costs to be incurred during the euro transition period through 2001. These costs are charged against income in the period that the cost is incurred. No material provision was established.

YEAR 2000

Since 1995, the AXA Group has been heavily involved in Year 2000 compliance work and in conducting the tests necessary to ensure adequate preparation for January 1, 2000. This work was completed in accordance with the established timetable, and AXA Group systems and technology were generally compliant by June 30, 1999, with final testing completed by September 30, 1999.

At the end of December, a centralized command center was established linking all of the Group's companies to each other and to Company Management. This command center allowed AXA to monitor each stage of the rollover to Year 2000 from December 31, 1999 to January 4, 2000. No disruption of activity was experienced during this period, and business resumed normally on January 3, 2000. The overall cost (internal and external) of completing the Year 2000 project was approximately € 410 million, of which 95% has been incurred at December 31, 1999.

With regard to its insurance and reinsurance operations, since 1997 AXA has been particularly restrictive in the provision of insurance coverage on Year 2000 risks, by excluding or limiting the most risk-sensitive guarantees. To the best of the Company's knowledge, no material Year 2000-related damage has been noted to date. Since the Group's insurance and reinsurance companies have not been notified thus far of any material damage related to the Year 2000, there appears to be limited exposure to Year 2000 insurance risk for AXA.

25 - Changes in scope of consolidation

PRINCIPAL CHANGES IN CONSOLIDATION IN 1999

As a result of the public offer of exchange on GRE by SLPH on May 10, 1999, AXA's ownership interest in SLPH decreased to 56.3% compared to 71.6% at December 31, 1998. As a result of this acquisition, the following insurance companies and holding companies were consolidated as of May 10, 1999:

UK and Irish subsidiaries: *GREA Insurance, GRE Royal Exchange Plc, GRE Royal Exchange International, Guardian Dublin Docks, Guardian Insurance*

Ltd, Guardian PMPA Group Ltd, PPP Group Plc, PPP Health Care Ltd, PPP Life Time Care. AXA's ownership interest in these subsidiaries is 56.3%.

German subsidiaries: Albingia Versicherung and Albingia Lebensversicherung, and GRE Continental Europe Holding. GRE's 83.7% ownership of these subsidiaries via this holding, were purchased by AXA and then sold to AXA Colonia. In the second half of the year, AXA Colonia acquired minority interests on the open market, thereby bringing AXA's ownership of Albingia to 85.2% as of December 31, 1999.

Other: The Hong Kong property and casualty subsidiary and branches in Portugal, the Netherlands and Singapore.

In total, the GRE subsidiaries (excluding the branch operations in Portugal and the Netherlands) contributed € 10,881 million to AXA's balance sheet assets and € 2,383 million and € 8 million to gross revenues and net income, excluding non-recurring gains. The operating results were consolidated from date of acquisition and, therefore from May 1, 1999.

AXA increased its ownership in AXA Colonia from 73.1% at December 31, 1998 to 86% at December 31, 1999 through purchase of AXA Colonia's common shares on the open market.

Local asset management businesses in Belgium, the Netherlands, Germany, Japan and Hong Kong were placed under the control of AXA Investment Managers to foster operating synergies. Excluding AXA IM Colonia KAG and AXA Colonia Asset Management, for which AXA has an ownership interest of 70.6% and 90%, respectively, all other of these businesses are 93.8% owned by the Company.

AXA Investment Managers acquired a 50% ownership interest in US asset manager Barr Rosenberg in the beginning of 1999 and is consolidated from that date. It has since been renamed AXA Rosenberg Group.

AXA has a 51% voting interest in a Chinese joint venture, AXA Minmetals, which began operations in June 1999 and has been consolidated since June 1999.

In Turkey, AXA strengthened its partnership with Oyak by contributing its local subsidiaries (acquired from AXA Colonia) to AXA Oyak Holding, in which the Company's ownership is 50% as of December 31, 1999.

Banque Worms has not been sold to date despite the Company's intention to dispose of this subsidiary. Consequently, it is accounted for by the equity method as of the year ended December 31, 1999, in accordance with generally accepted international accounting standards.

In 1999, the Luxembourg-based life insurance company PanEurolife, as well as National Commercial Union and Colonia Baltica were sold.

AXIVA and Thema Vie were merged with and into AXA Collectives.

CHANGES IN CONSOLIDATION IN 1998 AND 1997

Real estate and investment companies owned by French life insurance companies were removed from consolidation effective January 1, 1998.

Bank ANHYP is consolidated as of December 31, 1998 when it was acquired.

The Company consolidated UAP and its subsidiaries from the date of acquisition, January 1, 1997.

26 - Principal subsidiaries and Companies accounted for under the equity method

The following table lists the companies consolidated or included by the equity method of accounting as well as the Company's share of the subsidiary's voting rights and direct and indirect ownership interest, at December 31, 1999 and 1998.

FULLY CONSOLIDATED COMPANIES

	1999		1998	
Parent and Holding Companies	Voting rights	Ownership Interest	Voting rights	Ownership Interest
France				
AXA China (*)	100.00	67.98	–	–
AXA Direct	100.00	100.00	100.00	100.00
AXA France Assurance	100.00	100.00	100.00	100.00
AXA Participations	100.00	99.61	100.00	99.57
Colisée Excellence	100.00	100.00	100.00	100.00
Financière 45	100.00	100.00	99.76	99.76
Financière Mermoz	100.00	100.00	100.00	100.00
Jour Finance	100.00	100.00	100.00	100.00
Lor Finance	99.87	99.87	99.13	99.13
Mofipar	99.92	99.92	99.92	99.92
SFA Holding	–	–	100.00	100.00
Société Beaujon	99.99	99.99	99.99	99.99
United States				
AXA Financial, Inc.	60.25	58.43	59.69	58.46
United Kingdom				
AXA Asset Management Ltd	100.00	93.79	100.00	95.35
AXA Equity & Law Plc	99.94	99.94	99.92	99.92
AXA Sun Life Holding	–	–	100.00	71.55
AXA UK	100.00	99.72	100.00	99.90
Guardian Royal Exchange Plc (*)	100.00	56.31	–	–
Guardian Royal Exchange International BV (*)	100.00	56.31	–	–
Sun Life & Provincial Holdings Plc (4 companies)	56.32	56.31	71.57	71.55
Asia/Pacific				
AXA Insurance Investment Holding (Singapore)	100.00	100.00	100.00	99.97
Detura (Hong Kong)	–	–	75.00	36.35
AXA Asia / Pacific Holding (Australia)	51.00	47.11	51.00	48.47
AXA Asia / Pacific International (Australia) (3 companies)	100.00	47.11	100.00	48.47
Germany				
AXA Colonia Konzern AG	86.98	86.04	74.75	73.05
GRE Continental Europe Holding Gmbh (*)	100.00	86.04	-	-
Kölnische Verwaltungs	99.54	96.33	99.54	93.34
Belgium				
AXA Holdings Belgium	99.98	99.80	100.00	99.72
AXA Participations Belgium	100.00	99.72	100.00	99.72
Finaxa Belgium	99.99	99.99	100.00	100.00
Parcolvi	–	–	100.00	99.48
Royale Belge Investissement	100.00	99.80	100.00	98.69
Vinci Belgium	–	–	99.48	99.48
Luxembourg				
AXA Luxembourg SA	100.00	99.80	100.00	98.69
The Netherlands				
AXA Nederland BV	100.00	99.80	100.00	98.60
AXA Verzekeringen	100.00	99.80	100.00	98.60
Gelderland	100.00	99.80	100.00	98.69
Royale Belge International	100.00	99.80	100.00	98.69
Vinci BV	100.00	100.00	100.00	100.00
Spain				
AXA Aurora	70.00	69.857	70.00	69.83
Italy				
Gruppo UAP Italia	100.00	99.61	100.00	99.57
Morocco				
AXA Ona (*)	51.00	50.80	–	–
Turkey				
AXA Oyak Holding AS (*)	50.00	50.00	–	–

Insurance and reinsurance	1999 Voting rights	1999 Ownership Interest	1998 Voting rights	1998 Ownership Interest
France				
Argovie	94.03	93.46	94.03	94.03
AXA Assistance (59 companies)	100.00	100.00	100.00	100.00
AXA Assurances IARD	100.00	100.00	100.00	100.00
AXA Assurances Vie	100.00	99.93	100.00	99.95
AXA Cessions	100.00	100.00	100.00	100.00
AXA Collectives	99.40	99.40	99.55	99.55
AXA Conseil IARD	100.00	100.00	100.00	100.00
AXA Conseil Vie	100.00	100.00	100.00	100.00
AXA Courtage IARD	99.77	99.77	100.00	99.77
AXA Global Risks	98.49	98.49	98.49	98.49
AXA Ré Finance	79.00	78.78	79.00	78.92
AXA Réassurance	99.80	99.72	100.00	99.90
Axiva	–	–	100.00	100.00
C.G.R.M Monte-Carlo	100.00	99.72	100.00	99.90
Direct Assurances	100.00	100.00	100.00	100.00
Direct Assurances Vie	100.00	100.00	100.00	100.00
Juridica	98.52	98.52	100.00	100.00
Saint-Georges Ré	100.00	100.00	100.00	100.00
SPS Ré	69.94	69.75	69.94	69.87
Théma Vie	–	–	99.62	99.62
United States				
AXA America	100.00	99.72	100.00	99.90
AXA Global Risks US	100.00	98.04	100.00	97.57
AXA Ré Life Insurance Company	100.00	99.72	100.00	99.90
AXA Reinsurance	100.00	99.72	100.00	99.90
The Equitable Life Insurance Soc. (28 companies)	100.00	58.43	100.00	58.46
Canada				
AXA Canada (14 companies)	100.00	100.00	100.00	100.00
United-Kingdom				
AXA Equity & Law Life Insurance Soc.	100.00	56.31	100.00	71.55
AXA Global Risks UK Ltd	100.00	98.49	100.00	99.12
AXA Insurance UK (8 companies)	100.00	56.31	100.00	71.55
AXA Reinsurance UK Plc	100.00	99.72	100.00	99.90
AXA Sun Life (9 companies)	100.00	56.31	100.00	71.55
AXA UK	100.00	100.00	100.00	100.00
English & Scottish	100.00	100.00	100.00	100.00
GREA Insurance (*)	100.00	56.31	–	–
Guardian Insurance Ltd (*)	100.00	56.31	–	–
PPP Group Plc (*)	100.00	56.31	–	–
PPP Healthcare Ltd (*)	100.00	56.31	–	–
PPP Lifetimecare (*)	100.00	56.31	–	–
Ireland				
Guardian Dublin Docks (*)	100.00	56.31	–	–
Guardian PMPA Group Ltd (*)	100.00	56.31	–	–
Asia/Pacific				
AXA Insurance Hong Kong	100.00	100.00	100.00	99.98
AXA Insurance Singapore	100.00	100.00	100.00	99.97
AXA Life Insurance (Japan)	100.00	100.00	100.00	100.00
AXA Life Hong Kong	100.00	100.00	100.00	100.00
AXA Life Singapore	100.00	47.11	100.00	48.47
AXA Minmetals Insurance Co Ltd (China) (*)	51.00	34.67	–	–
AXA Non Life Insurance Co Ltd (Japan)	100.00	100.00	100.00	100.00
AXA Reinsurance Asia (Singapore)	100.00	99.72	100.00	99.90
GRE Singapore Branch (*)	100.00	100.00	–	–
Guardian Insurance Ltd Hong Kong (*)	100.00	100.00	–	–
National Mutual (47 companies)	100.00	47.11	100.00	48.47

Insurance and reinsurance	1999 Voting rights	1999 Ownership Interest	1998 Voting rights	1998 Ownership Interest
Germany				
Albingia Lebenversicherung (*)	100.00	85.17	–	–
Albingia Versicherung (*)	98.98	85.17	–	–
AXA Colonia Konzern (36 companies)	100.00	86.04	100.00	73.05
Sicher Direct	100.00	93.02	100.00	86.52
Austria				
AXA Nordstern Colonia Versicherung	100.00	86.04	100.00	73.05
AXA Nordstern Colonia Leben	100.00	86.04	100.00	73.05
Belgium				
Ardenne Prévoyante	100.00	99.80	99.41	98.11
AXA Belgium	–	–	100.00	98.80
AXA Royale Belge	100.00	99.80	98.88	98.69
De Kortriskse Verzekering	100.00	99.80	100.00	98.64
G.B.Lex	–	–	100.00	98.89
Juris	–	–	100.00	98.80
RB 1994	–	–	99.75	98.44
Royale Belgique Ré	–	–	99.97	98.66
UAB	100.00	99.80	99.98	98.67
Luxembourg				
AXA Assurances Luxembourg	100.00	99.80	100.00	98.69
AXA Assurances Vie Luxembourg	100.00	99.80	100.00	98.69
Créalux	100.00	99.80	100.00	98.69
Futur Ré	100.00	98.49	100.00	98.49
Paneurolife	–	–	90.00	78.66
Paneurore	100.00	85.35	100.00	85.40
Royale UAP Luxembourg	–	–	100.00	98.69
The Netherlands				
AXA Leven NV	100.00	99.80	100.00	98.60
AXA Schade	100.00	99.80	100.00	98.60
AXA Zorg NV	100.00	99.80	100.00	98.60
UAP Niew Rotterdam Beheer	100.00	99.80	100.00	98.60
Spain				
Aurora Iberica SA de Seguros y Reaseguros	99.82	69.72	99.82	69.70
AXA Aurora Vida de Seguros y Reaseguros	99.82	69.72	99.82	69.70
AXA Aurora Vida de Seguros y Reaseguros	98.51	69.12	98.51	69.10
Ayuda Legal SA de Seguros y Reaseguros	100.00	69.65	100.00	69.63
Hilo Direct SA de Seguros y Reaseguros	71.43	49.89	71.43	49.88
Italy				
AXA Assicurazioni	99.99	99.93	100.00	99.93
AXA Interlife	100.00	100.00	100.00	100.00
UAP Vita	100.00	99.89	100.00	99.91
Switzerland				
AXA Compagnie d'Assurances	99.95	99.56	100.00	99.57
AXA Compagnie d'Assurances sur la Vie	100.00	99.61	95.00	94.59
Portugal				
AXA Portugal Companhia de Seguros	99.55	98.97	96.19	95.59
AXA Portugal Seguros Vida	95.09	95.06	95.09	95.06
Morocco				
AXA Al Amane Assurances	100.00	50.80	67.40	61.32
Compagnie Africaine d'Assurances (*)	100.00	50.80	–	–
Epargne Croissance	99.59	50.59	99.31	60.90
Turkey				
AXA Oyak Hayat Sigorta (*)	100.00	50.00	–	–
AXA Oyak Sigorta (*)	71.02	35.51	–	–

Financial services	1999 Voting rights	1999 Ownership Interest	1998 Voting rights	1998 Ownership Interest
France				
AXA Banque	98.70	95.91	98.70	95.91
AXA Crédit	65.00	63.16	65.00	63.16
AXA Investment Managers (4 companies)	100.00	93.79	100.00	99.99
AXA Millésimes	36.18	36.15	36.18	36.17
Banque des Tuileries	100.00	97.18	100.00	97.17
Colisée 21 Matignon	100.00	100.00	100.00	100.00
Colisée Delcassé	99.98	94.87	99.98	94.87
Colisée Jeûneurs	99.98	94.87	99.98	94.88
Colisée Saint-Georges SA	100.00	100.00	100.00	100.00
Colisée Suresnes	96.33	94.89	96.33	94.89
Colisée Victoire	99.74	99.74	99.74	99.74
Compagnie Financière de Paris	97.18	97.18	97.17	97.17
Compagnie Parisienne de Participations	100.00	97.18	100.00	97.17
Holding Soffim	100.00	97.18	100.00	97.17
Monté-Scopeto	99.99	97.18	99.99	97.17
Société de Gestion Civile Immobilière	100.00	100.00	100.00	100.00
Sofapi	100.00	97.18	100.00	97.17
Sofinad	100.00	97.18	100.00	97.17
Transaxim SNC	100.00	97.18	100.00	97.17
United States				
Alliance Capital Management	58.46	34.16	57.71	33.74
AXA Investment Managers (2 companies) (*)	100.00	93.79	–	–
AXA Rosenberg LLC (*)	50.00	46.90	–	–
Donaldson, Lufkin & Jenrette	71.15	42.17	72.27	42.80
United Kingdom				
Sun Life Asset Management	100.00	68.80	100.00	79.48
Asia/Pacific				
AXA Investment Managers Hong Kong (*)	100.00	93.79	–	–
AXA Investment Managers Hong Kong SAR (*)	100.00	93.79	–	–
AXA Investment Managers Tokyo (*)	100.00	93.79	–	–
National Mutual Funds Management (24 companies)	100.00	47.11	100.00	48.47
Germany				
AXA Colonia Asset Management (*)	100.00	90.00	–	–
AXA Colonia Bausparkasse AG	99.65	85.75	97.81	71.45
AXA Colonia KAG (*)	77.50	70.64	–	–
Belgium				
AXA Bank Belgium (Anhyp)	100.00	99.80	98.76	97.46
AXA Investment Managers Bruxelles (*)	100.00	93.79	–	–
Banque IPPA	100.00	99.80	99.93	98.62
The Netherlands				
AXA Investment Managers Den Haag (*)	100.00	93.79	–	–

(*) Consolidated for the first time in 1999 (refer to Note 25 for more details).

COMPANIES PROPORTIONALLY CONSOLIDATED

Insurance	1999 Voting rights	1999 Ownership Interest	1998 Voting rights	1998 Ownership Interest
France				
Natio Assurances (*)	50.00	50.00	–	–
NSM Vie	40.64	40.64	40.12	40.12
Asia/Pacific				
Dongbu AXA Life Assurance Co Ltd	50.00	50.00	50.00	50.00
Belgium				
Assurances de la Poste (a)	50.00	49.90	50.00	49.34
Assurances de la Poste Vie (a)	50.00	49.90	50.00	49.34

(*) Consolidated for the first time in 1999 (refer to Note 25 for more details).
(a) Entity is proportionally consolidated in 1999 (was fully consolidated in prior year).

COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Insurance	1999 Voting rights	1999 Ownership Interest	1998 Voting rights	1998 Ownership Interest
Germany				
Colonia Baltica	–	–	50.00	35.44
Général Ré	49.90	36.19	49.90	36.19
Italy				
Eurovita	30.00	29.98	30.00	29.98
Asia/Pacific				
National Commercial Union	–	–	13.10	6.30
Home Loans Trust	100.00	47.11	100.00	48.47
Property Trust	22.50	10.90	22.50	10.90
Sime AXA Behad	30.00	30.00	30.00	30.00
Ticor	28.60	13.47	28.60	13.86
Financial Services				
France				
Banque de Marchés et d'Arbitrages	27.71	27.69	27.71	27.69
Banque Worms (*)	100.00	98.50	–	–

(*) Consolidated for the first time in 1999 (refer to Note 25 for more details).

27-Subsequent Events-Unaudited

ACQUISITIONS

Japan. In November 1999, AXA announced that it would acquire a majority interest in a Japanese life insurance company, Nippon Dantai. This acquisition is consistent with AXA's global strategy to become a significant player in the largest life insurance market in the world, being Japan. Nippon Dantai is Japan's thirteenth largest life insurance company with annual premium income of approximately € 5.7 billion in 1998 and assets under management exceed € 20 billion. It is also the second largest non-mutual company with a 2% market share. On a pro forma basis, Japan will represent 7% of AXA's consolidated total revenues.

AXA and Nippon Dantai will merge their Japanese life insurance operations and will create a new holding company called AXA Nichidan. AXA will contribute cash up to ¥ 200 billion (approximately € 2 billion): ¥ 135 billion before March 2000 and up to ¥ 65 billion before March 2001. Consequently, AXA will have an equity interest of approximately 95% in AXA Nichidan.

Australia. In November 1999, AXA Asia Pacific Holdings purchased the minority interests of AXA China Region for approximately HK$4.1 billion (approximately € 519 million). AXA China Region is the second largest life insurer in Hong Kong. Before this transaction, AXA Asia Pacific Holdings had a 73.5% interest in AXA China Region. At the end of February 2000, AXA Asia Pacific Holdings had 100% interest in AXA China Region and has delisted this company from the Hong Kong Stock Exchange.

The transaction was financed through a medium-term loan of € 521 million granted by AXA to AXA Asia Pacific Holdings. Because the fiscal year-end reporting date for AXA Asia Pacific Holdings is September 30, the November 1999 transaction will not be presented in AXA's Consolidated Financial Statements until 2000. Goodwill recorded in respect of this acquisition is approximately € 300 million (€ 140 million, group share) which is to be amortized over 30 years.

FINANCING OPERATIONS

The 6% mandatorily convertible notes issued on January 22, 1997 matured in January 2000 at which time the debt was converted into 4.1 million of AXA's ordinary shares. This resulted in a capital increase of € 282 million.

In February 2000 the Company issued € 500 million 7.25% subordinated notes with no specified maturity date. These notes may be redeemed at the issuer's option pursuant to contractually defined terms and conditions. Concomitantly, the Company issued € 1.1 billion 3.75% subordinated convertible notes due January 1, 2017 with the option of early redemption, at the issuer's option, starting in 2007.

The purpose of these borrowings is to finance the growth of the Company, or any of its subsidiaries, and to finance the buyout of AXA China Region's minority interests and the acquisition of Nippon Dantai.

28- Summary of Material Differences Between Accounting Principles Generally Accepted in France and in the United States

AXA's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in France. These accounting principles differ in certain material respects from accounting principles generally accepted in the United States. Described below are the material differences between French GAAP and US GAAP affecting AXA's consolidated net income and shareholders' equity which are set forth in the tables that follow.

28-1. SUMMARY OF SIGNIFICANT DIFFERENCES IN ACCOUNTING PRINCIPLES

SCOPE OF CONSOLIDATION

■ The principles covering the scope of consolidation under French GAAP are set forth in Note 2. For US GAAP purposes, majority-owned companies, based on voting rights directly or indirectly held, are fully consolidated and less than majority-owned companies over which AXA exercises significant influence (generally 20% or more owned), including those companies proportionately consolidated under French GAAP, are included in the Consolidated Financial Statements using the equity method.

Under French GAAP, AXA began accounting for investment and real estate companies owned by French life insurance subsidiaries using the cost method in 1998 in order to improve financial statement presentation (see Note 2). Under US GAAP, such entities are either accounted for using the equity method or consolidated as AXA either exercises significant influence over or controls such entities, respectively.

In consolidating mutual funds for US GAAP purposes, investment securities held by the funds are carried at estimated fair value and changes in estimated fair value are included in net income.

PURCHASE ACCOUNTING AND GOODWILL

■ Under US GAAP, business combinations, including the acquisition of non-controlling interests and the acquisition of minority interests, generally are accounted for as purchases and all assets and liabilities of the acquired company are recorded at fair value at the purchase date.

The accounting method applied under French GAAP for insurance business combinations subsequent to December 31, 1992 is generally the same except for insurance liabilities and certain fixed maturities (see Note 2). Under French GAAP, the assets and liabili-

ties of non-insurance company acquisitions are maintained at their historical cost except for real estate which is recorded at estimated fair value. In addition, under French GAAP, the acquired portion of assets and liabilities in connection with minority interests acquisitions are not recorded at their estimated fair value at the minority interest acquisition date. Rather, the carrying values used for the acquired portion of assets and liabilities are the same as those used before the minority interest acquisition. In 1998 the basis for purchase accounting changed, relating to certificates of guaranteed value, under US GAAP with the issuance of EITF 97-8, "Accounting for Contingent Consideration Issued in a Purchase Business Combination". Effective January 1998, AXA prospectively conformed its US GAAP policy for certificates of guaranteed value to EITF 97-8. Accordingly, the Royale Belge Certificates were recorded at fair value at the acquisition date and included in the purchase price. Prior to cancellation in 1999, such instruments were classified as debt and changes in their fair value were recorded in earnings. Goodwill is unaffected by such changes in fair value or payments made upon maturity or to purchase the Royale Belge Certificates.

In addition, under US GAAP revisions to the original purchase price and consequently goodwill can be made up to 12 months from date of acquisition as subsequent information becomes available that may impact the fair value of identifiable net assets at date of acquisition. Under French GAAP such revisions can be made to the end of financial year following the acquisition.

Under French GAAP the fair value adjustment to reflect insurance reserves in accordance with AXA accounting policies (which may differ from the acquired companies home country statutory requirements for establishing insurance reserves) may be taken as an immediate exceptional writedown of goodwill. Under US GAAP, when circumstances or events indicate that the carrying value of goodwill is no longer warranted, then there is an adjustment to the estimated useful life for amortizing goodwill or a recognition of a write-down in the carrying amount. The carrying amount of goodwill is subject to regular evaluation under both French GAAP and US GAAP.

UAP

For French and US GAAP, the purchase price of acquisitions is generally measured as the fair value of assets distributed as consideration. However, for French GAAP the UAP purchase price was based primarily on UAP's statutory net equity per share which differs from the fair value of assets distributed as consideration. The different methods of determining the UAP purchase price as well as the differences in the underlying accounting principles used for determining the fair value of assets acquired between French GAAP and US GAAP resulted in additional goodwill of € 318 million for US GAAP. For French GAAP, substantially all the goodwill arising from the UAP acquisition was charged directly to retained earnings and reserves (see Notes 2 and 6). Under US GAAP, the goodwill was recorded as an asset in the consolidated balance sheet and subject to amortization over 30 years.

The following table summarizes such differences:

(in euro millions)	UAP Acquisition French GAAP	UAP Acquisition US GAAP
Purchase Price:		
New Ordinary Shares	5,050	5,817
AXA Treasury Shares	574	606
Total	**5,625**	**6,423**
Net asset value acquired	(3,762)	(3,643)
UAP Treasury Shares	–	(513)
Excess Purchase Price at December 31, 1997	**1,863**	**2,267**
Purchase Accounting Adjustments	85	–
Partial Disposals	(8)	(10)
Excess Purchase Price at December 31, 1998	**1,939**	**2,257**
Dilution of AXA percentage ownership subsidiary (a)	(88)	(120)
Additional goodwill on cancellation of CVG (b)	68	-
Excess Purchase Price at December 31, 1999	**1,919**	**2,137**
Charge to Retained Earnings and Reserves	1,630	-
Goodwill asset, December 31, 1999 (gross)	289	2,137

(a) Relates to the acquisition of GRE by SLPH whereby SLPH issued additional capital stock to partly finance this acquisition. The issuance of capital stock diluted AXA's ownership interest in SLPH from 71% to 56,3%.
(b) CGV represents Certificates of Guaranteed Value.

The amortization under US GAAP is € 80 million in 1999 (1998: € 75 million and 1997: € 76 million). The additional amortization of goodwill in 1999 relates to the dilution of AXA's ownership interest in SLPH in connection with the GRE acquisition which reduced goodwill.

Royale Belge

■ The accounting for minority interest acquisitions and the issuance of the Royale Belge Certificates is different under French GAAP compared to USGAAP. For French GAAP, € 337 million was charged directly to retained earnings and reserves while under US GAAP, the goodwill was recorded as an asset in the consolidated balance sheet.

Unlike French GAAP and in accordance with US GAAP, the identifiable net assets of Royale Belge were revalued on a fair value basis on July 31, 1998, the date at which the additional minority interests were acquired by AXA. The net assets under US GAAP were € 663 million greater than the value under French GAAP. In addition, the Certificates of Guaranteed Value (€ 44 million) issued in connection with the acquisition of minority interests were included in the purchase price in accordance with EITF 97-8 issued in January 1998. Consequently, the gross goodwill recorded under US GAAP was € 619 million less than the gross goodwill recorded under French GAAP.

The Certificates were recorded at fair value at the acquisition date and included in the purchase price.

Such instruments are classified as debt and changes in their fair value are recorded in earnings. Goodwill was unaffected by such changes in fair value of these Certificates, which were cancelled with no additional payment made in 1999.

FIXED MATURITIES AND EQUITY INVESTMENTS ACCOUNTING AND VALUATION

■ *Under French GAAP for insurance companies, fixed maturities and equity investments are carried at amortized cost or original cost (for equities), less valuation allowances. Such valuation allowances are eliminated for US GAAP and fixed maturity and equity securities are written down directly for declines in value deemed to be other than temporary.*

Under US GAAP, securities classified as "held to maturity" are reported at amortized cost, securities classified as "trading" are reported at fair value, with unrealized gains and losses included in the statements of income, and securities classified as "available for sale" are reported at fair value, with unrealized gains and losses reported as a separate component of shareholders' equity.

UNREALIZED INVESTMENT GAINS ON ASSETS ALLOCATED TO UK WITH-PROFITS CONTRACTS

■ *Under French GAAP, assets (including real estate) allocated to UK with-profits contracts are carried at fair value. The changes in unrealized investment gains on assets are recognized in net income, along with a change in insurance reserves as a portion is attributed to participating policyholder contracts. Accounting for with-profits contracts under French GAAP matches revenue and expense in net income. Changes in the estimated fair value of assets allocated to with-profits contracts are included in net income as such changes are taken into account in determining the related liability for with-profits policyholder benefits. Therefore, fluctuations in the estimated fair value of assets allocated to with-profits contracts have no direct impact on net income. However, other factors, such as expense charges, income taxes and management's exercise of judgement in setting the level of bonuses, impact net income. Management, in the exercise of its judgement, considers the overall profitability and financial and competitive position of AXA Sun Life, profit on other business and its objectives of meeting policyholders' reasonable expectations and minimizing sharp fluctuations in the level of bonus payments to policyholders from year to year.*

Under US GAAP, the fixed maturity and equity investments allocated to UK with-profit contracts are classified as available-for-sale. Therefore, the entire change in net unrealized investment gains is recognized in shareholders' equity, and not in net income. Real estate assets allocated to UK with-profits contracts are carried at cost, less accumulated depreciation and subject to impairment testing under Statement of Financial Accounting Standards No. 121 ("FAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of".

Other than for assets held in Separate Accounts (with the exception of separate accounts with guaranteed investment returns) and securities classified as trading, US GAAP prohibits the recognition in net income of changes in the estimated fair value of assets, even when such assets are allocated to support insurance contracts. Accordingly, AXA's consolidated net income (loss) in accordance with US GAAP excludes the change in unrealized investment gains or losses on assets allocated to with-profits contracts, while recognizing in full the related increase or decrease in the liability for with-profits policyholder benefits associated with such gains or losses. As a result, in AXA's view, revenues and expenses are no longer appropriately matched. Under US GAAP, when the estimated fair value of assets increases, the liability for policyholder benefits increases to reflect the higher expected terminal bonuses, without recognizing the corresponding unrealized investment gains in net income.

Consequently, the impact of a rise in fair value of assets is to reduce US GAAP consolidated net income. Decreases in the estimated fair value of assets reduce the liability for policyholder benefits, resulting in a positive impact on net income.

Accordingly, AXA believes that not including the change in estimated fair value of assets allocated to with-profits contracts results in amounts that do not fully reflect the economic effect of the UK with-profits contracts. The reconciliation of the effects on consolidated net income of differences between French GAAP and US GAAP also shows consolidated net income in accordance with US GAAP, except for adjustment for the change in unrealized investment gains on assets allocated to UK with-profits contracts, resulting in a presentation AXA believes is more meaningful under the circumstances.

FUTURE POLICY BENEFITS

AXA's European Subsidiaries (excluding the UK and the Netherlands)

Under French GAAP AXA's European subsidiaries, excluding the life operations in the United Kingdom and the Netherlands (which use a US GAAP basis), calculate future policy benefits in accordance with the applicable regulatory and accounting rules using actuarial assumptions relating to investment yields, mortality, morbidity and expenses. Contracts are assumed to remain inforce until their contractual maturity date or the death of the insured.

Under US GAAP, future policy benefits for traditional life policies are computed using a net level premium method on the basis of actuarial assumptions as to mortality, persistency and interest based on the insurance company's experience, with a margin for adverse deviation; such actuarial assumptions are established as of the date of policy issue. When the liabilities for future policy benefits plus the present value of expected future gross premiums are insufficient to provide for expected future policy benefits and expenses, a deficiency reserve is established by a charge to earnings.

The principal differences between French GAAP and US GAAP relates to the assumptions on interest rates and persistency rates (under US GAAP, policies are assumed to lapse based on the insurance company's estimate of rates of surrender). For those life insurance subsidiaries for which different US GAAP interest rate assumptions have a more material effect, the assumptions used for US GAAP generally range from 3 % to 9% .These interest rate assumptions contrast with the rates used for French GAAP for these subsidiaries which generally range from 3% to 7%.

AXA's non-European subsidiaries, the UK, the Netherlands (and excluding Equitable Life)

For AXA's non-European subsidiaries and the life operations in UK and the Netherlands, excluding Equitable Life, the calculation of future policy benefits under French GAAP is substantially the same as under US GAAP.

Equitable Life

For French GAAP purposes, in 1996 Equitable Life changed its method of accounting for certain long-duration participating life insurance contracts in accordance with the provisions prescribed by FAS 120, "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts". Management has elected not to implement FAS 120 for AXA's consolidated accounts under US GAAP and accordingly is maintaining its previous US GAAP methodology for all long-duration participating life insurance contracts.

DEFERRED ACQUISITION COSTS

■ The French GAAP policy regarding deferred acquisition costs is substantially the same as US GAAP for business written after December 31, 1996. Previously there were differences for some of AXA's European subsidiaries.

CATASTROPHE EQUALIZATION RESERVE

■ Under French GAAP, in according with local regulatory requirements in certain jurisdictions in which AXA operates, AXA provides a catastrophe equalization reserve for future catastrophe and other unusual losses. US GAAP does not permit recording reserves for losses not yet incurred.

RESTRUCTURING PROVISIONS

■ Under French and US GAAP, the nature of costs that can be included in restructuring provisions is generally similar. However, US GAAP requires that certain conditions exist before recording a restructuring provision which are not required under French GAAP. Among such conditions is the US GAAP requirement that the benefit arrangement be communicated to employees and include sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are terminated. As a result of this and other conditions, certain costs included in restructuring provisions under French GAAP are not permitted under US GAAP.

TREASURY SHARES

■ Under French GAAP, treasury shares are reported as an asset if they are held for sale and gains or losses realized on sale of such shares is included in income.

Under US GAAP, the cost of treasury shares is reported as a deduction from shareholders' equity. If such shares are then reissued, the proceeds received are correspondingly reported as an increase to shareholders' equity. Therefore, any gains or losses from holding such shares are recorded as adjustments to shareholders' equity.

OTHER DIFFERENCES

Intercompany Transactions

■ Under French GAAP, realized gains or losses on intercompany sales of assets to or from a consolidated French insurance or reinsurance company are not eliminated, if the assets were supporting or are intended to support the liabilities for future policy benefits or insurance claims and claims expenses or if the loss is a result of permanent impairment. Under US GAAP, all gains or losses on intercompany sales of assets are eliminated with appropriate recognition given for asset impairment.

Under French GAAP, capital gains are recognized when appreciated securities or real estate are contributed to mutual funds or real estate funds established for the purpose of supporting French Savings Contracts (see Note 13). Under US GAAP, such gains are proportionately recognized when the French Savings Contracts are issued or the fund shares are sold to entities not included in the Consolidated Financial Statements.

Stock-Based Compensation

■ Under French GAAP, AXA applies APB 25 as summarized at Note 2 with the exception that no compensation expense is recorded for the Company's stock option incentive plans and its employee stock purchase plans.

For US GAAP purposes, AXA applies APB 25, Accounting for Stock Issued to Employees, for all stock-based compensation plans.

Pension plans

For US GAAP purposes, AXA has adopted FAS 87, Employer's Accounting for Pensions, as of January 1,

1989. At the date of adoption a transition asset, reflecting the overfunded status of AEL's pension plan, was recorded and is being amortized over the remaining fifteen year average service life of employees.

Under FAS 87, if the liability is less than the excess of the accumulated benefit obligation over the fair value of plan assets, an additional minimum pension liability must be recorded net of tax as a reduction to shareholders' equity. This is recorded under US GAAP but is not recognized under French GAAP.

Real estate

Under French GAAP, valuation allowances are recorded for declines in the value of real estate deemed to be other than temporary. Under US GAAP, impairments in the value of real estate investments are determined and measured in accordance with FAS 121. FAS 121 requires that long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable.

Long term debt with early redemption rights

Under French GAAP when long term debt is issued with early redemption rights whereby the redemption price is in excess of the original issue price per bond or note, the excess premium may not be amortized over the period from original issue date to earliest redemption period. Under US GAAP, this premium, if significant, is amortized over the period up to earliest redemption and is included in interest expense.

28-2. MATERIAL DIFFERENCES BETWEEN FRENCH GAAP AND US GAAP

The approximate effects on consolidated net income of material differences between French GAAP and US GAAP are as follows:

	Years Ended December 31,		
(in euro millions)	*1999*	*1998*	*1997*
Consolidated Net Income in Accordance with French GAAP	***2,021***	***1,531***	***1,207***
Differences in scope of consolidation	*564*	*140*	*280*
Purchase accounting and goodwill	*(17)*	*(140)*	*(94)*
Investment accounting and valuation	*(182)*	*(48)*	*22*
Deferred acquisition costs	*(3)*	*3*	*6*
Catastrophe equalization reserves	*(141)*	*40*	*144*
Future policy benefits	*(16)*	*(65)*	*9*
Deferred taxes	*2*	*36*	*(1)*
Elimination of inter-company transactions	*(18)*	*(7)*	*(28)*
Treasury shares	*–*	*(207)*	*(37)*
Change in unrealized investment gains on assets allocated to UK with-profit contracts	*(1,486)*	*(1,027)*	*(1,382)*
Restructuring Provisions	*110*	*166*	*–*
Adjustment on dilution gain (SLPH)	*(61)*	*–*	*–*
Other items	*53*	*14*	*(91)*
Tax effect of US GAAP reconciling adjustments	*382*	*313*	*275*
Consolidated Net Income In Accordance with US GAAP	***1,209***	***748***	***310***

Under French GAAP, in accounting for UK with-profit contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to UK with-profit contracts and corresponding increases or reductions in the liability for UK with-profit policyholder benefits. US GAAP, which was developed in an environment that differs from the one in which the UK with-profit contract was developed, requires the change in unrealized investment gains on assets allocated to UK with-profit contracts be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the UK with-profit contracts. An increase in the fair value of these assets results in an increase in the liability for policyholder benefits and a reduction in AXA's consolidated US GAAP net income. The adjustment below reverses the exclusion of the change in unrealized investment gains on assets allocated to UK with-profit contracts and sets forth the net income in accordance with US GAAP, except for such adjustment, resulting in a presentation AXA believes is more meaningful under the circumstances.

	1999	1998	1997
Consolidated Net Income In Accordance with US GAAP	***1,209***	***748***	***310***
Change in unrealized investment gains on assets allocated to UK with-profit contracts, net of deferred income tax	*1,030*	*709*	*953*
CONSOLIDATED NET INCOME IN ACCORDANCE WITH US GAAP, EXCEPT FOR ADJUSTMENT FOR THE CHANGE IN UNREALIZED INVESTMENT GAINS ON ASSETS ALLOCATED TO UK WITH-PROFIT CONTRACTS	***2,239***	***1,457***	***1,263***

The approximate effects on consolidated shareholders' equity of material differences between French GAAP and US GAAP are as follows:

	At December 31,	
(in euro millions)	**1999**	**1998**
Consolidated Shareholders' Equity in Accordance with French GAAP	***16,358***	***13,537***
Differences in scope of consolidation	*675*	*291*
Purchase accounting and goodwill	*1,606*	*2,098*
Investment accounting and valuation	*3,840*	*4,437*
Deferred acquisition costs	*272*	*343*
Catastrophe equalization reserves	*508*	*297*
Future policy benefits	*(99)*	*(92)*
Deferred taxes	*(16)*	*(72)*
Elimination of intercompany transactions	*(162)*	*(206)*
Treasury shares	*(265)*	*(259)*
Adjustment on dilution gain (SLPH)	*(111)*	*-*
Other items	*280*	*171*
Subtotal	***22,886***	***20,545***
Unrealized investment gains on real estate allocated to UK with-profit contracts	*(214)*	*(191)*
CONSOLIDATED SHAREHOLDERS' EQUITY IN ACCORDANCE WITH US GAAP	***22,672***	***20,355***

29 - Condensed US GAAP Financial Statements

The following condensed US GAAP financial statements reflect the effects of the material differences between French GAAP and US GAAP on consolidated net income and shareholders' equity identified in Note 28 as well as material scope of consolidation differences between French GAAP and US GAAP.

UNIVERSAL LIFE AND INVESTMENT CONTRACTS

Under French GAAP total premiums received for all insurance contracts, including life insurance contracts with flexible premiums or insignificant mortality or morbidity risk (such as, separate account contracts and universal life contracts) are recorded as revenues and benefits paid to the policyholder on all insurance contracts are recorded as expenses in AXA's consolidated operating results.

Under US GAAP, insurance contracts which have either flexible premiums or insignificant mortality or morbidity risk are deemed investment contracts. For these type of contracts, only the policy charges assessed against the policyholder are recorded as revenue and only the actual costs borne by the insurance company to administer and manage such contracts are recorded as an expense. The premiums received less policy charges are credited directly to the liability for future policy benefits (for universal life contracts) or separate account (unit linked) liabilities, as appropriate. In a corresponding manner, benefit payments are directly charged to such liability, rather than being included in benefits, claims and other deductions.

Given the impact on both revenues and expenses there is no net impact to net income reported between French GAAP and US GAAP given that both revenues, changes to insurance reserves and claims expenses reduce: only a presentational change.

Unearned revenue amounts are classified as part of the liability for future benefits under US GAAP and as a reduction of deferred acquisition costs under French GAAP.

CLOSED BLOCK BUSINESS IN EQUITABLE LIFE

The business of AXA Financial, Inc. includes a Closed Block of participating policies established in connection with the demutualization of The Equitable Life Assurance Society of the United States ("Equitable Life"). Under the terms of the demutualization, liabilities for certain participating policies inforce at the date of demutualization together with an amount of assets were segregated into the Closed Block for the purpose of determining policyholder dividends. The maximum contribution from the Closed Block that may inure to the benefit of Equitable Life's shareholders was determined at the time the Closed Block was established. For most individual participating policies issued by Equitable Life after its demutualization, Equitable Life is subject to regulations which require it to pay policyholder dividends equal to at least 90% of statutory profits (measured before policyholder dividends) attributable to participating products. The liability for annual policyholder dividends is recorded as earned and terminal dividends are accrued in proportion to gross margins over the life of the contract.

MEZZANINE CAPITAL

Certain subordinated debt and mandatorily convertible bonds and notes which are classified as mezzanine capital under French GAAP would be classified as debt under US GAAP.

Item 17

Condensed Consolidated Balance Sheets (in euro millions)	December 31, 1999 US GAAP	Adjusted (a)	French GAAP
Assets			
Total investments	299,123	299,666	293,069
Cash and equivalents	16,423	16,423	14,130
Deferred acquisition costs	8,237	8,237	7,782
Value of purchased business inforce	2,498	2,498	2,438
Reinsurance receivables	8,023	8,023	–
Broker-dealer related receivables	44,689	44,689	44,689
Other assets	37,567	37,401	35,726
Closed block assets	8,286	8,286	–
Separate Account assets	108,206	108,206	109,647
Total Assets	**533,052**	**533,429**	**507,480**
Liabilities			
Future policy benefits, other policy liabilities, insurance claims and claims expenses	218,597	218,597	214,946
Short-term and long-term debt	17,171	17,171	17,103
Subordinated debt	4,840	4,840	–
Mandatorily convertible bonds and notes	474	474	–
Securities sold under repurchase agreements	56,199	56,199	56,199
Broker-dealer related payables	37,055	37,055	37,055
Accrued expenses and other liabilities	48,777	48,777	44,057
Closed block liabilities	9,083	9,083	-
Separate Account liabilities	107,858	107,858	109,001
Total Liabilities	**500,054**	**500,054**	**478,361**
Minority interests	10,326	10,488	7,454
Subordinated debt	–	–	4,832
Mandatorily convertible bonds and notes	–	–	474
Shareholders' equity			–
Ordinary shares	3,260	3,260	3,260
Additional paid in capital	5,421	5,421	5,350
Treasury shares	(265)	(265)	–
Other comprehensive income	7,937	4,704	–
Retained earnings	6,318	9,766	7,747
Total Shareholders' equity	**22,671**	**22,886**	**16,358**
Total liabilities, minority interests, subordinated debt, mandatorily convertible bonds and notes, and shareholders' equity	**533,052**	**533,429**	**507,480**

(a) US GAAP, except for adjustment for the unrealized investment gains on real estate and related deferred tax asset allocated to UK with-profit contracts.

Condensed Consolidated Balance Sheets (in euro millions)	December 31, 1998 US GAAP	Adjusted (a)	French GAAP
Assets			
Total investments	241,368	241,754	235,158
Cash and equivalents	12,627	12,627	10,421
Deferred acquisition costs	5,968	5,968	5,917
Value of purchased business inforce	2,497	2,497	2,426
Reinsurance receivables	6,289	6,289	–
Broker-dealer related receivables	29,565	29,565	29,519
Other assets	28,799	28,680	24,974
Closed block assets	7,548	7,548	–
Separate Account assets	75,510	75,510	76,420
Total Assets	**410,171**	**410,437**	**384,835**
Liabilities			
Future policy benefits, other policy liabilities, insurance claims and claims expenses	189,665	189,665	185,295
Short-term and long-term debt	10,223	10,223	10,298
Subordinated debt	2,718	2,718	–
Mandatorily convertible bonds and notes	474	474	–
Securities sold under repurchase agreements	34,425	34,425	34,423
Broker-dealer related payables	22,425	22,425	22,626
Accrued expenses and other liabilities	39,404	39,404	33,817
Closed block liabilities	8,223	8,223	–
Separate Account liabilities	75,687	75,687	76,422
Total Liabilities	**383,243**	**383,243**	**362,880**
Minority interests	6,572	6,648	5,237
Subordinated debt	–	–	2,706
Mandatorily convertible bonds and notes	–	–	474
Shareholders' equity			
Ordinary shares	3,228	3,228	3,204
Additional paid in capital	5,138	5,138	5,118
Treasury shares	(259)	(259)	–
Other comprehensive income	6,791	4,126	–
Retained earnings	5,457	8,313	5,215
Total Shareholders' equity	**20,355**	**20,545**	**13,537**
Total liabilities, minority interests, subordinated debt, mandatorily convertible bonds and notes, and shareholders' equity	**410,171**	**410,437**	**384,835**

(a) US GAAP, except for adjustment for the unrealized investment gains on real estate and related deferred tax asset allocated to UK with-profit contracts.

Condensed Consolidated Statements of Income (in euro millions)	Year ended December 31, 1999 US GAAP	Adjusted (a)	French GAAP
Revenues	56,343	58,939	79,831
Benefits, claims and other deductions	(54,331)	(54,331)	(75,649)
Income Before Income Tax Expense	**2,012**	**4,607**	**4,182**
Income tax expense	(615)	(1,348)	(1,292)
Minority interests in income of consolidated subsidiaries	(173)	(1,006)	(858)
Equity loss from unconsolidated entities	(14)	(14)	(11)
Net Income	**1,209**	**2,239**	**2,021**
NET INCOME PER ORDINARY SHARE:			
Basic	3.46	6.41	5.73
Diluted	3.32	6.08	5.39

(a) US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profit contracts of € 1,030 million.

Condensed Consolidated Statements of Income (in euro millions)	Year ended December 31, 1998 US GAAP	Adjusted (a)	French GAAP
Revenues	48,739	50,175	68,741
Benefits, claims and other deductions	(46,991)	(46,992)	(65,024)
Income Before Income Tax Expense	**1,748**	**3,183**	**3,717**
Income tax expense	(681)	(1.126)	(1,222)
Minority interests in income of consolidated subsidiaries	(709)	(991)	(974)
Equity in income from unconsolidated entities	390	390	11
Net Income	**749**	**1,457**	**1,531**
NET INCOME PER ORDINARY SHARE:			
Basic	2.24	4.36	4.52
Diluted	2.11	4.09	4.24

(a) US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profit contracts of € 709 million.

Condensed Consolidated Statements of Income (in euro millions)	Year ended December 31, 1997 US GAAP	Adjusted (a)	French GAAP
Revenues	43,458	45,389	65,909
Benefits, claims and other deductions	(41,899)	(41,899)	(62,756)
Income Before Income Tax Expense	**1,559**	**3,490**	**3,153**
Income tax expense	(829)	(1,428)	(1,189)
Minority interests in income of consolidated subsidiaries	(456)	(834)	(802)
Equity in income from unconsolidated entities	35	35	45
Net Income	**310**	**1,263**	**1,207**
NET INCOME PER ORDINARY SHARE:			
Basic	0.98	3.99	3.71
Diluted	0.90	3.74	3.48

(a) US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profit contracts of € 953 million.

COMPREHENSIVE INCOME

Comprehensive income, includes net income and represents the change in shareholders' equity during a period from non-owner sources. It includes "other comprehensive income" which represents revenues, expenses, gains and losses that under US GAAP are excluded from net income. The changes in AXA's US GAAP accumulated other comprehensive income were as follows:

Accumulated Other Comprehensive Income	1999		1998		1997	
	US	Adjusted	US	Adjusted	US	Adjusted
(in euro millions)	GAAP	(a)	GAAP	(a)	GAAP	(a)
Balance at January 1 in accordance with US GAAP	**6,920**	**4,126**	**5,291**	**3,180**	**2,112**	**953**
Unrealized appreciation (depreciation) of investments, net of tax and reclassification adjustments	372	(412)	1,857	1,337	3,185	1,978
Impact of foreign currency fluctuations	636	981	(252)	(417)	228	435
Effect of restructurings and intercompany sales of consolidated subsidiaries	10	10	26	28	(234)	(185)
Minimum pension liability	–	–	(3)	(3)	(1)	(1)
Balance at December 31 in accordance with US GAAP	**7,938**	**4,704**	**6,920**	**4,126**	**5,291**	**3,180**

(a) US GAAP, except for adjustment for the increase in net unrealized investment gains (net of deferred tax) on real estate allocated to UK with-profit contracts.

Comprehensive income, being net income plus other comprehensive income, in accordance with US GAAP totaled € 2,227 million, € 2,377 million and € 3,489 million in 1999, 1998 and 1997, respectively. The balance in the cumulative translation adjustment is based on movements in the account since 1994.

NET INCOME PER ORDINARY SHARE

The calculation of basic and diluted net income per ordinary share under US GAAP is based on the same methodology as for French GAAP (see Note 16). However, differences arise due to the underlying differences in accounting principles as noted below.

For the years ended December 31, 1999, 1998 and 1997, the negative impact of dilutive securities issued on a US GAAP basis is as follows:

– by subsidiaries was € 32 million, € 17 million and € 23 million, respectively, on a US GAAP basis compared to € 29 million, € 16 million and € 21 million, respectively, on a French GAAP basis;

– due to the treatment of treasury shares held by AXA under US GAAP (which differs from French GAAP) the weighted average number of ordinary shares outstanding decreased by 3.7 million, 4.7 million and 9.0 million in 1999, 1998 and 1997; and

– recognition of additional amortization of premium on the € 1,524 million 2.5% subordinated convertible debt issued in February 1999 whereby the issuer (AXA) has the right of early redemption at a price greater than the original issue price per note starting in January 2005. Under French GAAP, the additional premium over the original issue price is not amortized while. Under US GAAP the premium is approximately € 195 million of which € 32 million was amortized in 1999 (1998 and 1997:€ nil).

FIXED MATURITY AND EQUITY INVESTMENTS

For purposes of US GAAP, at December 31, 1999 and 1998, AXA has classified fixed maturities and equity investments having an amortized cost of € 167,745 million and € 149,507 million, respectively, and estimated fair value of € 173,430 million and € 171,965 million, respectively, as available for sale and fixed maturity securities having an amortized cost of € 5,792 million and €2,169 million, respectively, and estimated fair value of €6,063 million and € 2,410 million, respectively, as held to maturity.

At December 31, 1999 and 1998, net unrealized gains from available for sale securities included in shareholders' equity in accordance with the US GAAP was € 7,265 million and € 6,893 million, respectively. Such net unrealized gains were net of € 4,150 million and € 3,522 million of deferred income taxes and € 7,417 million and € 8,367 million of amounts allocated for policyholders and minority interests, which included amounts attributable to assets allocated to UK with-profit contracts of € 3,450 million and € 2,666 million (net of income taxes of € 2,628 million and € 1,674 million), at December 31, 1999 and 1998, respectively.

DEFERRED INCOME TAX

Differences between the French GAAP and US GAAP components of the net deferred income tax asset and liability are as follows:

(in euro millions)	Net Deferred Income Tax Asset French GAAP	Adjusted	US GAAP	Net Deferred Income Tax Liability French GAAP	Adjusted	US GAAP
1999	3,141	48	3,093	(7,139)	(2,766)	(4,373)
1998	1,849	24	1,826	(6,296)	(3,415)	(2,881)

SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1999, 1998 and 1997, deposits related to investment contracts amounted to € 14,674 million, € 9,825 million and € 11,889 million, respectively, and withdrawals related to investment contracts amounted to € 7,004 million, € 7,269 million and € 9,241 million, respectively, and are part of operating cash flow under French GAAP. Such deposits and withdrawals would be reflected as financing activities in a statement of cash flows prepared in accordance with US GAAP.

EMPLOYEE BENEFIT PLANS

AXA Financial, Inc. recorded, as a reduction of its shareholders' equity, an additional minimum pension liability of € 16 million and € 24 million, net of income tax, at December 31, 1999 and 1998, respectively, under US GAAP. This liability which primarily represents the excess of the accumulated benefit obligation over the fair value of plan assets and accrued pension liability is not recorded under French GAAP. The German subsidiaries also recorded as a reduction of its shareholders' equity an additional minimum pension liability of € 52 million and € 36 million, net of income tax, at December 31, 1999 and 1998. This minimum pension liability is not recognized under French GAAP.

STOCK-BASED COMPENSATION

Details on stock options in respect of AXA are provided in Note 20.

Total compensation cost recognized in income for stock-based employee compensation in 1999, 1998 and 1997 was € 64 million, € 43 million and € 94 million, respectively, under US GAAP.

In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123 ("FAS 123") "Accounting for stock-based compensation" which requires disclosure of the cost to AXA of share options granted on or after January 1, 1995 based on the fair value of the options on the date they were granted. Had AXA accounted for share options granted since January 1, 1995 in accordance with FAS 123, net income and net income per ordinary share under US GAAP (on a pro forma basis) would be as follows:

	Years Ended December 31,		
(in euro millions, except per share amounts)	1999	1998	1997
US GAAP:			
Net Income:			
– as reported	1,209	749	310
– pro forma	**1,143**	**709**	**293**
Net income per ordinary share:			
– basic as reported	3.46	2.24	0.98
– basic pro forma	3.27	2.12	0.93
– diluted as reported	3.32	2.11	0.90
– diluted pro forma	3.14	2.00	0.85

Such pro forma effects are not necessarily indicative of future effects on net income and net income per ordinary share such as the pro forma does not take account of options granted before January 1, 1995.

	Years Ended December 31,		
(in euro millions, except per share amounts)	1999	1998	1997
Dividend yield	2.45%	1.30%	2.61%
Volatility	30%	30%	25%
Risk-free interest rate	5.60%	4.42%	4.96%
Expected life	6	6	6

The weighted average fair value per option granted by the Company in 1999, 1998 and 1997 was € 36, € 35 and € 14, respectively.

Glossary

ACAV (Assurance à Capital Variable) Contracts	*Separate account products sold by the French Life Insurance Group. The separate accounts are invested in equity and/or debt securities (other than securities of real estate companies) or mutual funds (including funds of mutual funds).*
ACAVI (Assurance à Capital Variable Immobilier) Contracts	*Separate account products sold by the French Life Insurance Group invested in real estate companies or real estate partnerships.*
Actuarial reserves	*Liability established under French GAAP to provide for future benefits to policyholders net of liability ceded to reinsurers. Such liability is gross of liability ceded to reinsurers*
Annualized new business premiums	*For a specified period, the sum of premiums on regular premium products written during such period and one-tenth of premiums on single premium products written during such period. This measure is used in the UK to compare the size of life insurance companies.*
Annuity	*A contract that pays a periodic income benefit for the life of a person (the annuitant) or persons or for a specified number of years, or a combination of the two.*
Asset valuation reserve ("AVR")	*The asset valuation reserve is a liability on a life insurance company's statutory balance sheet under US statutory accounting practices. AVR establishes statutory reserves related to the market risk of the insurance company's portfolio, including mortgage loans, equity real estate, joint ventures, fixed maturities and common and preferred stock. AVR has no effect on financial statements prepared in conformity with French or US GAAP.*
Capacity	*The amount of insurance or reinsurance available from a company based on its internal policies, financial strength and the market in general.*
Cash surrender value	*The amount of cash available to a policyholder on the surrender of a contract for a life insurance product.*
Catastrophe equalization reserves	*Premium revenue deferred to future periods to provide against future catastrophes.*

Glossary

Cede; ceding insurer; cession	*When an insurer reinsures its risk with another insurer (a ''cession''), it ''cedes'' business and is referred to as the ''ceding insurer''.*
Claim	*An occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Claims may be covered, limited or excluded from coverage, depending on the terms of the policy.*
Claims and claims expenses	*The sum of incurred claims and claims expenses. This term is used interchangeably with ''loss and loss adjustment expenses''.*
Claims ratio	*The ratio of a property and casualty insurance or reinsurance company's incurred claims and claims expenses to gross premiums earned net of reinsurance ceded. For 1995, 1996 and 1997, the change in catastrope equalization reserves is included in incurred claims and claims expenses; for prior years, such change is included in premiums earned.*
Claims expenses	*The expenses of investigating and settling claims, including certain legal and other fees, and the expenses of administering the claims adjustment process. This term is used interchangeably with ''loss adjustment expenses''.*
Claims reserves	*Reserves recorded by an insurer or reinsurer to reflect the estimated cost of payments for claims for which the insurer or reinsurer ultimately will be required to indemnify insureds or reinsureds in the future in respect of losses occurring on or prior to the balance sheet date on insurance or reinsurance it has written. Claims reserves are composed of case reserves and IBNR reserves and, unless otherwise indicated, catastrophe equalization reserves. Unless otherwise indicated, for French GAAP purposes claims reserves are presented net of reserves established with respect to claims ceded to reinsurers. Such liability is gross of liability ceded to reinsurers under US GAAP. This term is used interchangeably with ''loss reserves.''*
Combined ratio	*The sum of the claims ratio and the expense ratio for a property and casualty insurance company or a reinsurance company. A combined ratio below 100 generally indicates profitable underwriting. A combined ratio over 100 generally indicates unprofitable underwriting. An insurance company with a combined ratio over 100 may be profitable to the extent net investment results exceed underwriting losses.*

Declared interest account

The notional account into which premiums from policyholders choosing the minimum guaranteed interest option offered under interest sensitive and variable products are deposited. The premiums earn a minimum guaranteed return for the life of the product, plus additional interest credited at a rate that is declared periodically.

Deferred annuity

An annuity which begins benefit payments after a determined period of time (at maturity) or possibly upon earlier surrender. Lump sum benefits are available for some contracts.

Deferred policy acquisition costs ("DAC")

Commissions and certain other underwriting, policy issuance and selling expenses that are directly related to the production of business. These expenses are deferred and later amortized to achieve a matching of revenues and expenses.

Direct insurance

Insurance coverage sold to individuals and commercial enterprises, as opposed to reinsurance, which is the ceding of all or a portion of risks to a reinsurer by the insurer who has sold such coverage.

Disability income insurance

Health insurance that provides income payments to the insured wage earner when income is interrupted or terminated because of illness, sickness or accident.

Distribution fund

A separate account investment option which distributes a portion of the investment income each year to the policyholder in cash rather than having it reinvested in the account.

Earned premiums

See "Premiums earned".

Endowment insurance

Life insurance under which an insured receives the face value of a policy if the individual survives the endowment period. If the insured does not survive, a beneficiary receives the face value of the policy.

Excess of loss insurance

Insurance which applies excess of specific underlying insurance and/or a specified attachment point.

Glossary

Expense ratio	*The ratio of property and casualty insurance operating expenses (acquisition expenses and other insurance company expenses) to earned premiums net of reinsurance.*
Exposure	*This term in the insurance field may have several meanings: possibility of a loss; the potential value of a loss; or a unit of measure of the amount of risk a company assumes (for example, one car insured for one year).*
Facultative reinsurance	*The reinsurance of part or all of the insurance provided by a single policy negotiated on a contract-by-contract basis.*
Flexible premium products	*Insurance products where the policyholder may choose the amount and frequency of the premiums paid (often within certain limitations).*
Frequency	*The number of claims occurring under a given coverage divided by the number of exposures for the given coverage.*
General account	*The assets of an insurance company which support its insurance and other obligations (other than separate account obligations).*
General account insurance portfolio	*The investment assets in the general accounts of the AXA insurance subsidiaries. These assets support general account life insurance, property casualty insurance and reinsurance liabilities.*
Gross premiums	*Total premiums (whether or not earned) for insurance contracts written or assumed (including deposits for contracts with an insignificant amount of mortality or morbidity risk during a specific period, without deduction for premiums ceded.*
Group products	*Insurance products under which individual employees or individuals related to other organizations generally created for purposes other than obtaining insurance are covered under a single policy. The employers or other groups often benefit from favorable tax treatment or contract terms.*
"GIC" Annuities Guaranteed Investment Contract	*Group deferred annuity contracts sold to pension and profit sharing plans and funding agreements that guarantee principal and a stated interest rate for a specified period of time. Equitable has a GIC Segment which was discontinued in September 1991. This reporting Segment offered GIC annuities and wind-up annuities.*

Immediate annuity

An annuity which begins benefit payments immediately, or usually not later than one year after issuance.

Incurred but not yet reported ("IBNR") reserves

Reserves for estimated claims and claims expenses which have been incurred but not yet reported to the insurer or reinsurer, including future development of claims which have been reported to the insurer or reinsurer but where the established reserves may ultimately prove to be inadequate.

Individual insurance products

Life insurance products offered to individuals as opposed to groups or businesses.

Interest maintenance reserve ("IMR")

The interest maintenance reserve is a liability on a life insurance company's statutory balance sheet under US statutory accounting practices that applies to all types of fixed income investments (bonds, non-redeemable preferred stocks, commercial mortgage loans and mortgage-backed securities). In general, an insurance company must include in the IMR any gains or losses realized from the sale of fixed income investments that are due solely to changes in the prevailing level of interest rates.
These net realized gains are then amortized into income over the remaining life of each investment sold. IMR has no effect on financial statements prepared in conformity with French or US GAAP.

Interest-sensitive product

A life insurance policy or annuity that pays a minimum guaranteed interest rate plus a current rate of interest on policy or contract account values which is subject to being reset periodically by the insurer.

Investment products

Contracts issued by insurance companies that are vehicles for investment and offer no insurance guarantees.

Lapse

Termination of a policy because of surrender, failure to pay a premium or lack of sufficient cash value to maintain in-force status.

Life insurance products

Term which includes all the products offered by a life insurance company, such as group, individual, life, health and retirement.

Life products

Life insurance products that provide death benefits in excess of the benefits provided on surrender or maturity.

Glossary

Loss reserves	*See "claims reserves".*
National Association of Insurance Commissioners	*An association of the top insurance regulatory officials of all 50 states and the District of Columbia organized to promote consistency of regulatory practice and statutory accounting standards throughout the United States.*
Non-proportional reinsurance	*Arrangement in which a reinsurer makes payments to the ceding insurer for losses in excess of a specified amount.*
Open group	*Group or association, often created for the purpose of obtaining insurance, which may offer favorable tax treatment or contract terms to members. Membership in the group is usually unrestricted.*
Participating contracts	*Insurance in which the policyholder is entitled to participate in the earnings or surplus of the insurance enterprise. The participation occurs through the distribution of dividends to policyholders.*
Persistency	*Measurement of insurance policies remaining in force from year-to-year.*
Premiums	*Payments and considerations received for policies and contracts that are issued, renewed or reinsured by an insurance company.*
Premiums earned	*That portion of gross premiums written in current and past periods which applies to the expired portion of the policy period, calculated by subtracting changes in unearned premium reserves from gross premiums.*
Proportional reinsurance	*Arrangement whereby the insurer cedes to the reinsurer an agreed fixed percentage of premiums and losses and other liabilities for each policy covered on a pro rata basis.*
Regular bonuses	*Bonuses (or policyholder dividends) periodically credited to UK with-profits contractholders. Regular bonuses, once credited, are guaranteed on death or maturity.*
Regular premium products	*Life insurance products which provide for premiums to be paid periodically, typically either annually or monthly.*

Reinsurance

The practice whereby one insurer, called the reinsurer, in consideration of premiums received, agrees to indemnify the ceding insurer for all or a portion of the risk under a policy or policies of insurance issued by the ceding insurer. However, the legal rights of the insured generally are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

Reserves

Liabilities established by insurers and reinsurers to reflect the estimated cost of claims and benefit payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in accordance with the insurance or reinsurance it has written.

Retention

The amount or portion of risk which a ceding insurer retains for its own account. Claims and claims expenses paid by the ceding insurer in excess of the retention level are then owed to the ceding insurer by the reinsurer. In proportional insurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention an amount of loss, a loss ratio or a percentage.

Retirement products

Life insurance products that are savings vehicles for retirement.

Segmented tariff

Insurance premiums that vary according to the insured's age, gender or other factors (e.g. past driving record) deemed likely to have an impact on future losses.

Separate account

Investment account established and maintained by an insurer to which funds have been allocated for certain insurance policies or contracts of the insurer. The income, gains and losses realized or not realized from assets allocated to the account are, in accordance with the insurance policies or contracts, credited to or charged against the account without regard to other income, gains or losses of the company or the company's other separate accounts. Separate accounts cannot generally be charged with the liabilities of the general account. Products meeting this definition are often referred to as "investment-linked" or "unit-linked" pruducts.

Single premium products

Life insurance products which provide for only one premium to be paid at the issuance of the contract.

Glossary

Statutory fund

A fund into which Australian life insurance companies must segregate similar types of policies and in which all related premiums must be credited and which may be used only for the conduct of the business of those policies. The investment portfolio supporting that fund must be kept segregated from the other assets of the company and may be applied only for the benefit of those policyholders.

Surrender

The termination of a life or retirement contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, of the contract.

Tail

The period of time that elapses between the incurrence and settlement of losses under a policy. A "short-tail" insurance product is one where ultimate losses are known comparatively quickly; ultimate losses under a "long-tail" insurance product are sometimes not known for many years.

Terminal bonuses

Bonuses (or policyholder dividends) paid at the termination of UK with-profits contracts and of participating contracts written by National Mutual. Terminal bonuses are not guaranteed in advance of contract termination.

Term life insurance

Life insurance protection for a limited period which expires without value if the insured survives the period specified in the policy.

Treaty reinsurance

A type of reinsurance whereby the ceding company automatically will cede and the reinsurer automatically will assume a predetermined portion or category of risk underwritten by the ceding company.

Underwriting

The process of examining and accepting or rejecting insurance risks, and classifying those accepted, in order to charge the appropriate premium for each accepted risk.

Underwriting results

The pre-tax profit or loss experienced by a property-casualty insurance company or reinsurance company after deducting incurred claims and claims expenses and operating expenses from premiums earned. This profit and loss calculation includes reinsurance assumed and ceded but excludes investment income.

Unearned premium reserves

Pro rata unearned premium reserves established for premiums written with respect to insurance coverage for future periods.

Universal life insurance

A life insurance product under which (1) premiums are generally flexible, (2) the level of death benefits may be adjusted and (3) expenses and other charges are specifically disclosed to a purchaser. This policy is sometimes referred to as unbundled life insurance because its three basic elements (investment earnings, cost of protection and expense charges) are separately identified both in the policy and in an annual statement to the policyholder.

Variable product

A life insurance product that provides a return linked to an underlying portfolio. The portfolio is usually a group of mutual funds established as one or more separate accounts with the policyholder given some discretion in choosing the mix of assets. Variable products often offer a general account guaranteed interest investment option.

Whole life insurance

A permanent life insurance product offering guaranteed death benefits and guaranteed cash values.

Wind-up annuities

Non-participating group annuities sold by The Equitable principally to satisfy liabilities under terminated pension plans.

Withdrawal

Surrender in part. Many life insurance products permit the insured to withdraw a portion of the cash surrender value of the contract. Future benefits are reduced accordingly.

With-profits contracts

A type of participating life insurance product offered in the UK.

Signatures

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorised.

AXA

By:	*/s/Gérard de La Martinière*
Name:	*Gérard de La Martinière*
Title:	*Group Executive President Finance, Control and Strategy*

Date: April 28, 2000

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