

Activity Report
1999



**40 MILLION CUSTOMERS
WORLDWIDE**



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A Word from the Chairmen



Jacques Friedmann

*Chairman
of the Supervisory Board*

Globalization: fad or reality?

Whatever the case may be, globalization is a fact. Every facet of human life – the food we eat, the clothes we wear, the ways we choose to entertain and protect ourselves, even in countries that appear to live in total isolation – bears traces of the outside world. Most corporations did not wait for the Internet to catch on before seeking to raise awareness of their products in the most remote regions of the world. And as time passes, markets are becoming increasingly international.

Consumers everywhere stand a lot to gain from this trend. We have more to choose from, and greater competition pushes prices down. While we are all consumers, many of us are also producers. It is at this point that opinions diverge. Some see globalization as a threat to employment and a source of insecurity. Others, on the contrary, view this incredible liberalization of markets as a once in a lifetime opportunity for those who know how to seize it.

But is it really that easy to become and remain global? A product that is a great success in one country may be a flop in another. Patterns of consumption are influenced by deeply-rooted worldviews, ideological or religious convictions, the immediate environ-

ment and cultural traditions. While this is obvious when it comes to the food we eat or the clothes we wear, it is less visible (but nonetheless valid) when it comes to protection against the vagaries of life or the management of personal assets.

Entrepreneurs that go after new markets have to pay attention to these differences and adjust their strategies accordingly. Their employees and business partners have to understand the corporate mission and adapt to these new markets. On this new playing field, no one can afford to believe that there is only one right way. Such monolithic thinking is not only outmoded, it is dangerous. The culture of the predominant “parent company” has come up against its limitations in the face of local differences. Many claim to be “global” – to use the current buzzword – simply because their organization operates to some degree everywhere in the world. But worldwide presence or not, all are confronted with the fact that the tried and true formulas which worked so well back home may be simply unworkable elsewhere.

What’s the answer? Remain “back home”? For businesses which occupy an unbreakable niche or harbor limited ambitions, why not? But for those whose

Claude Bébéar

*Chairman
of the Management Board*



domestic markets are increasingly crowded with competitors and for whom the development of international trade means vulnerability to attack from all sides, going global is a necessity. And globalization gives rise to the internationalization of culture or rather, the harmonious coordination of different cultures.

In every country, global organizations need employees who are like “fish in the water.” But these same employees have to be able to communicate with others, operating in other markets. This means that everyone needs to be anchored in a local culture, in order to live in symbiosis with local coworkers, and a corporate culture, which transcends local cultures. This is a necessary condition for successfully cultivating a shared economic adventure. The organization has to make the transition from mono-cultural to multi-cultural.

We know that this is difficult to carry off. We are all conditioned by our reflexes and our environment. Nonetheless, the truly global organization has to offer its employees a shared business paradigm in order to succeed worldwide and ensure long-term survival in the Internet age. This requires providing ample opportunity for international exchanges and training that teaches people from different countries to work together as a team. This is true at every level, including Group Executive Management.

The AXA Executive Board, composed of executives from different countries, was created for this purpose. So was AXA Université, where men and women from different cultural horizons are brought together to work as a team. Finally, despite numerous obstacles, we are developing international mobility to this end. We sometimes come up against incomprehension, organizational problems, and inevitably, linguistic problems. We have discovered that even people who speak the same language don't always define the words they use in the same way. But these difficulties are not insurmountable, and we persist because we are thoroughly convinced that our success in the future hinges on this effort. Both the competition and the need to spread risks have driven our decision to do business globally and to manage in decentralized fashion. These same imperatives have driven the development of a shared culture. By taking up the challenge, we will transform a constraint into an opportunity and we will be able to leverage individual resources by making them available throughout the Group.

Jacques Friedmann

*Chairman
of the Supervisory Board*

Claude Bébéar

*Chairman
of the Management Board*

Group Mission Statement

ONE CORE BUSINESS, ONE GOAL

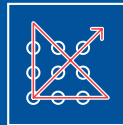
AXA is squarely focused on one business: financial protection, in particular insurance and asset management. AXA has also set a single goal for every market in which it operates – that of setting the standard worldwide in its industry. To help it achieve this aim, the Group has defined clear strategic objectives and exemplifies a set of core values shared by its employees worldwide.

Company Profile

- **140,000 men and women** working in more than 60 countries.
- **€ 67.8 billion** (FF 444.8 billion) in revenues.
- **€ 781 billion** (FF 5,123 billion) in assets under management.
- **€ 1.87 billion** (FF 12.2 billion) in consolidated net income.
- **€ 5.28** (FF 34.63) in net earnings per share.
- **ROE of 13.4%.**

Strategic orientations

- **To be professional** in our business.
- **To listen carefully to customers**, without whom there would be no business.
- **To generate profits** needed to finance growth, satisfy our shareholders and motivate employees and business partners.
- **To motivate and involve employees and distribution channels**. They are the key to success in a business based on services.
- **To be resolutely international**, to both reflect and respond to the increasingly international profile of customers, business and competitors, as well as to spread risks among different economies.
- **To be powerful** in every one of our markets, in order to have the necessary clout.
- **To “think global, act local”**, which means:
 - **Being decentralized**, to reconcile size and effective action. Everything is decentralized but:
 - Planning and reporting,
 - Decisions concerning the allocation of shareholders’ equity and acquisitions,
 - Information systems policy,
 - Human resources and executive career management policies,
 - Use of the AXA trademark and corporate image.
- **Developing synergies** and international mobility.



Shared values

Loyalty to all our partners.

Team spirit, which fosters high performance, both individually and collectively.

Pride in our profession, which enables people to take risks and drives today’s economy.

The ambition to be among those who “get things done” in the general interest.

The imagination to anticipate changes in the world around us.

The pragmatism to grasp situations as they are and react positively and effectively.

Commitment to being at the service of those who make the company a success: customers, shareholders, employees.

AXAGRAMS are a visual alphabet designed to familiarize everyone in the Group with the AXA management style. AXAGRAMS are pictograms. Like road signs, they express ideas graphically. Through repetition, they rapidly become familiar and meaningful. They also allow us to get around language barriers, becoming a universal language specific to AXA. This is a major advantage for an international group.

Our Business: financial protection professionals

A natural consequence of economic development, insurance has gradually grown to encompass savings and asset management. Today, insurance is synonymous with all aspects of financial protection, which enables individuals to optimize their standard of living and, further down the road, that of their heirs.

Insurance is a natural consequence of economic development. The resulting accumulation of wealth quickly gave rise to the fear of losing it and thus the desire to protect it. Merchant vessels and their cargo were the first to benefit from protection against loss, soon followed by property owners who wanted to insure their property against fire risks. Over time, all new forms of wealth were protected by insurance: automobiles, dwellings, precious objects, work tools, etc. Then came the desire for protection against personal risks such as death and serious health problems, which drove insurance into the territory of personal savings and asset management aimed at anticipating the vagaries of life, preparing for foreseeable events and transferring personal estates. At the same time, the increasing complexity of life and the means of production gave rise to the notion of liability and with it, the need for insurance. And the greater the risk of loss, the greater the need for insurance.

Financial services – insurance and asset management – therefore play an increasingly important role in industrialized nations, and are undergoing strong growth in those developing countries which are sufficiently stable politically and whose cultural values are compatible with the notions of anticipating and protecting against fate.

INSURER: AN IMAGE THAT NEEDS TOUCHING UP

In every country in the world, this business is organized around products that obey complex actuarial rules, combined with local legislation and tax systems. This means that, unlike basic

A business governed by complex rules

industries, **insurance products must first appeal at the domestic level.**

In addition, the legal contract binding the customer and the company extends over periods that may be very long and obligation to customers amount to considerable sums.



In most countries, the profession is exercised by companies that specialize in property-casualty coverage (fire, auto, homeowners), and others that specialize in life, health and personal protection insurance and, increasingly, savings products. However, regardless of the type of insurance offered and the country, the "insurer" has a rather negative image. Insurance is viewed as an obligation that offers no clear tradeoff. It is seen as difficult to understand, opaque, and sometimes vaguely dishonest. And alas, defrauding one's insurer, like defrauding the internal revenue service, is considered a "venial" sin.

But **the need for insurance and asset management are widely acknowledged.** In industrialized economies, they enable people to undertake projects and take risks. As economies develop, they accumulate wealth, and individual actors need to protect their wealth through management and planning. At the same time, the idea of turning back, and the risk of turning

back, become unbearable. Moreover, insurance and asset management must evolve with society. Indeed, things have changed considerably since the early days of insurance.

FORGING A GENUINE PARTNERSHIP WITH OUR CUSTOMERS

Life expectancy has increased, individuals spend more time in the educational system, career mobility is on the rise, and the structure of the basic unit of society – the family – is changing. The stages of human life are more clearly demarcated: youth is a period of non-productivity during which individuals are a financial burden on their parents and society. Educating the young is an investment – how is this investment to be financed? Then comes the career phase, during which individuals create wealth that not only "finances" youth but also prepares for the next phase of life: retirement.

There at every one of life's stages



Today, these three phases are distinct. To manage the whole, we need a system that combines **the accumulation and transfer of wealth** from one period to the next and from **one generation to the next**, as well as insurance to cover **life's risks** (accident, illness, death). The risk/accumulation mix depends not only on the phase of life, but also on the needs, culture and psychology of each individual. These are two aspects of the same business, which we call **Financial Protection**.

Having adequate financial protection enables people to optimize their standard of living from cradle to grave and even beyond – since estate management is part of this new business.

For legal persons, i.e. corporations and institutions, the issue is similar: How much risk can they

assume? How do they want to manage their cash or use their capital resources? Here as well, there are tradeoffs.

But “financial protection” does not just boil down to a new risk/accumulation mix. It also **entails**

An approach that requires support and care combined with advice and service

establishing a partnership with our customers, whether they are individuals or corporations. The partnership approach requires support and care

combined with advice and services, culminating in the sale of products that satisfy the entire range of our customers’ financial protection requirements. Technology now gives us broader knowledge of our customers and greater flexibility in responding to their needs.

CHANGING THE WAY WE DO BUSINESS

Some of these products are an integral part of our business, such as insurance and financial planning. We build these products by achieving the right blend of **innovation and quality**. Others are further removed from our core business, such as buying stock on the Internet or managing current accounts. We need to cultivate active partnerships with businesses capable of delivering the quality and service that have become the AXA trademark.

This means being present at every stage in our customers’ lives, offering solutions wherever and whenever they feel the need for financial protection:

- through advisors, whether they work exclusively with AXA or not, who guarantee quality advice and solutions,



- via modern means of communication: the telephone, Internet, etc.
- through other points of sale: department stores,

Accessible and diversified points of entry

banks, supermarkets and other retail venues, with which we must enter into distribution agreements that enable our

customers to find us wherever they happen to want to buy financial protection.

AXA's new business is thus as much about inventing financial protection as it is about advising customers in their search for appropriate solutions and delivering those solutions. Our success in this rapidly changing business hinges on three interlocking parameters: the cost/benefit ratio of the services offered to the customer, the long-term value creation for the shareholder as measured against stock price performance, and our ability to motivate employees and other partners.

THE GOLDEN TRIANGLE OF SUCCESS

Customers, shareholders and employees are the company's three key partners. While success hinges on satisfying them simultaneously and in equal measure, the following parameters also need to be kept in mind:

- Globalization is not an advantage – it is a fact and a necessity.
- Achieving critical mass does not necessarily translate into economies of scale.

- A lasting competitive edge requires the ability to understand and act on changes in the value chain faster than our competitors.
- Technology enables segmentation, which in turn enables the development of a more targeted offer.
- Success comes through simultaneously enlarging the product range and specializing design.

Real added value: teams composed of skilled men and women

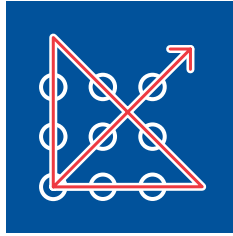
These two factors will provide us with an approach to customers that better satisfies their

needs and our profitability targets.

- A brand with positive content can play a key role in attracting and retaining customers. It is a promise that we have to keep.

Finally, people play a pivotal role in the financial protection business. Our employees must be given access to the new tools and skills they need to succeed.

To win, we have to improve our knowledge of customers, improve our products and services, better mobilize our skills, and improve our use of technologies and capital resources. We know this and intend to do so.



Design new products, imagine innovative new services and original distribution channels, anticipate customer expectations, strive to be ever more responsive: These are the challenges the Group faces in every one of its markets. Being perceived by customers as offering something different requires getting and staying ahead of the competition.

Innovation has become an imperative.

But for innovation to play a decisive role, it must be supported by effective communications. Bright ideas, projects and accomplishments that surface throughout the Group must be made known to all so that they can be adapted and disseminated more rapidly and at lower cost.



→ The visual used to illustrate the innovation awards is also found on the Innovation Web site accessible to all AXA Group employees.

ENERGIZE THE PROCESS ...

The AXA Customer Innovation Awards program was launched in 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 target the end customer directly, while others concern distributors and support functions. In every case, the end result is the same: to deliver more efficient and cost-effective service to the customer.

... AND BUILD IT TO LAST

Putting the customer at the heart of AXA's organization is part of the Group's long-term strategy. This is why the winning projects in 1999 are being used as a springboard for thematic seminars offered within the Columbus program. AXA Group companies interested in developing similar projects can enroll employees involved in such projects in the these special Columbus seminars, which are led by project leaders from the winning teams.

The thematic seminars held in the first few months of 2000 have enjoyed great success, testifying to the enthusiasm generated by the innovation process. This bodes well for the year 2000 edition of the AXA Customer Innovation Awards.

The Seven Winners

GROWING PERSONAL ASSETS

More than 200 financial plans sold in just a few months, 500 new accounts opened and more than US \$100 million in funds under management. The results of the Financial Planning Pilot were convincing. AXA Financial customers can now combine savings, protection and retirement into one program, and have a global view of their investment options as well as the risks associated with each one. Customers choose the option that suits them and control their investments.



*Financial Planning Texas Pilot,
AXA Financial – United States*

CUSTOMIZED LIFE INSURANCE

The women of Hong Kong now have a bundled life insurance product designed exclusively for them, offering highly specific advantages tailored to the cultural realities of this country. It is called the Smart Lady Insurance Plan, and not only did it win an AXA Customer Innovation Award, it was also singled out as Asia's most innovative insurance product in 1999.



*Smart Lady Insurance Plan,
AXA China Region – Hong Kong*

DAMAGES AND VIDEO

The RVI system allows repairers to inspect vehicle damage remotely and to authorize repairs within 24 hours of original notification rather than the usual 72 hours. Remote Video Inspection has won over vehicle inspectors, garage owners and customers, who are thrilled to get their cars back more quickly than usual.



*Remote Video Inspection,
AXA Insurance – United Kingdom*

SMART AND INVENTIVE

Employees who listen to customers: 1,600 suggestions in nine months, more than a thousand already selected for implementation and 200 already operational. At AXA direct, suggestions for improving customer service circulate rapidly and innovation is ongoing. That's the beauty of cascading continuous improvement.



*Cascading Continuous Improvement,
AXA Direct – France*

ONLINE SEVEN DAYS A WEEK

... And 24 hours a day. With the Online Client Portfolio, customers of AXA Financial have 24x7 on-demand access to their consolidated portfolios via the Internet. A login and password is all they need to consult or switch funds from one account to another. AXA Financial's financial advisors can also display information on-screen. Invented in the United States, the service has already been adapted for use in Germany by AXA Colonia.



EQAccess, AXA Financial – United States

INFORMED IN REAL TIME

The latest products and services presented in real time, providing information rapidly and at lower cost. The Extranet Courtage, a Web site dedicated to AXA Courtage brokers, allows them to conduct pre-selling, sales and after-sales service operations more efficiently. Thus, they have more free time to offer advice to their customers.



Extranet Courtage, AXA Courtage – France

ANTICIPATING FRAUD

A claims notice that seems suspiciously padded...while this may seem harmless at the individual level, if the customer is a corporation, the cost is passed on to all policyholders. AXA Seguros has found the remedy, with its predictive model for detecting possible fraud in automobile claims when policies are underwritten. In addition, the model helps pick out good customers.



*Detecting Automobile Insurance Fraud,
AXA Seguros – Spain*

INFORMATION SYSTEMS FOUR STRATEGIC ORIENTATIONS

Information Systems are vital in helping us meet the challenges currently facing the Group: providing our customers with precisely what they need, improving the efficiency of the channels we use to distribute our products and services, reducing risks and adapting to new ways of doing business in our changing world.

AXA needs to leverage its size and global reach to face these challenges. A new Information Systems policy has been implemented to meet the major challenge of getting the most from our legacy data. Known as "The Atlas Program," this policy was launched in 1999 and concerns all Group companies. It is centered on four strategies:

- implement a system of IT Governance that brings together the Group's operational decision makers and Chief Information Officers, combining a global vision with a local approach, thereby ensuring that all decisions are fully aligned with business needs,
- realign IT spending,
- develop IT capabilities, to ensure that the tools and systems our companies use are as responsive and scalable as possible,
- innovate, particularly in two priority areas: Customer Relationship Management (CRM) and eBusiness.

E-COMMERCE HIGHLIGHTS

The Internet explosion, and that of information technologies in general, is a phenomenon whose impact, although difficult to measure today, will undoubtedly be profound. Given the intangible nature of the services it delivers, AXA 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.

- For example, AXA has **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 ideal logistical platform for capitalizing on the growth of e-business. In 1999, nearly 10% of new business at Sicher Direct in Germany, and a third of all new business at AXA Direct Japan originated in this medium.
- In addition, the AXA Group possesses **key competencies in both insurance and financial services in general, supported by expertise in acquired in eBusiness**.
- DLJdirect, the online brokerage service of Donaldson, Lufkin & Jenrette, currently ranked third worldwide with more than 800,000 clients in the United States alone, has begun to expand internationally, initially in the Japanese and UK markets.
- Sprout is one of the premier players in financing Internet start-ups in the United States.
- PPP Healthcare, a Group health insurance provider in the United Kingdom, has achieved significant gains in productivity by managing its relations with health-care service providers via the Internet.

200 PROJECTS UNDER REVIEW

The AXA Group 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:

- rethinking value chains to define leading practices in the area of property-casualty claims management using Internet technologies,
- leveraging the AXA Group's distribution channels by combining a broad array of online services for customers, distributors, wholesalers and retailers alike,
- inventing new business models that offer customers a single point of access that meets all of their insurance, investment management and banking needs,
- capitalizing on the strength of the global AXA brand by providing access to Group expertise in the form of online content.

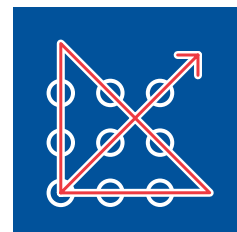
INNOVATION AND SYNERGIES IN UNDERWRITING AND CLAIMS MANAGEMENT

In parallel with this broad review, several projects are helping to build underwriting and claims management synergies between Group companies.

Life insurance synergy groups have completed an inventory of AXA products, industrialized forecasting and profitability tools, and pooled best practices in underwriting and asset liability matching. In property and casualty insurance, most Group companies now use the same reserve calculation tool, and a set of uniform portfolio valuation techniques is being developed. A program involving all AXA companies in Europe has been initiated to identify best practices in property claims management, in the aim of ultimately revising methods for managing the claim settlement process.

New modeling tools have been developed to improve forecasting, profitability analysis and asset liability management, and to enhance the effectiveness of sales techniques. Special projects are also under way to improve the management of bodily injury claims and medical expenditures.

The rapid development of AXA's private information network has fostered the exchange of information on all these projects. At the end of 1999, 32 companies were connected to the network, and several professional family Internet or Intranet sites were online (actuarial, underwriting, claims management, etc.). Finally, so that all Group companies can take advantage of these innovations, support teams ensure that even the smaller companies have the necessary development resources.



AXA and its Shareholders

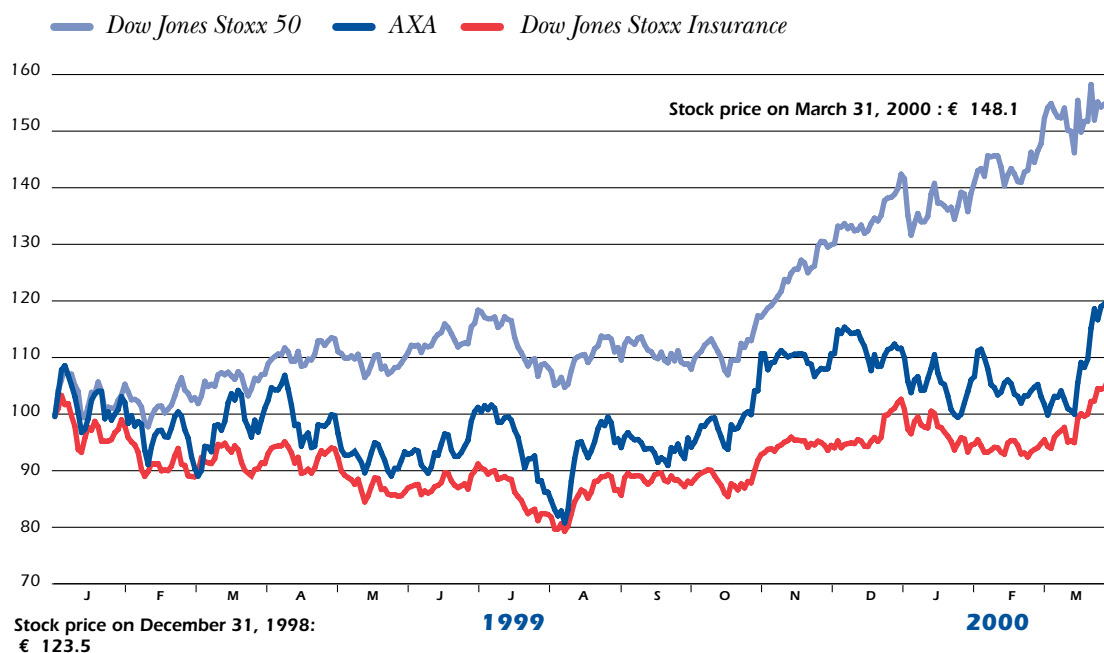
AXA STOCK PERFORMANCE: UP 12.1%

The AXA share price rose by 12.1% in 1999. While the major stock market indices – the CAC40, Dow Jones and Stoxx 50 – outperformed the AXA share, the latter beat the Dow Jones Stoxx Insurance index, which tracks the trading price of the major European insurance companies. It gained 6.9% on the year. Two key factors explain the relative under-performance of the insurance industry after two years of strong stock price growth. At the beginning of 1999, the insurance industry was penalized by the recommendations of professional investment advisors and the significant hike in interest rates in Europe and the United States, which hurt financial stocks in general. Reassured by the economic outlook in the United

States, Europe and Asia, investors once again flocked to the equity markets, where they focused on new technology stocks. Equity market growth in 1999 was driven by investor interest in new technology, telecoms and media stocks, while financial (banking and insurance) stocks were somewhat overlooked.

For both analysts and investors, AXA nonetheless remains a favorite in the insurance industry, and the stock is included in the major European indices as well as the Dow Jones Global Titan Index, which includes the stocks of the 50 largest US, Japanese and European multinational corporations, and Standard & Poor's recently launched S&P Global 100 Index, the first global index that groups the world's top 100 corporations on the basis of earnings.

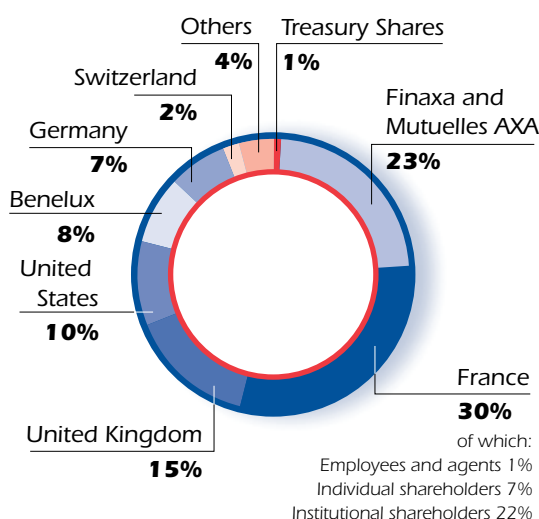
AVERAGE MONTHLY SHARE PRICE SINCE DECEMBER 31, 1998



**CREATING SHAREHOLDER VALUE:
1994-1999**

- Over the period, both fully diluted earnings per share and the dividend payout increased by an average of 18.6% and 18.9% a year, respectively.
- Excluding non-recurring gains related to the GRE acquisition, return on average shareholders' equity nearly doubled, from 7.0% in 1994 to 13.4% in 1999.
- The AXA share price rose an average of 34.1% (with coupon reinvested) per year between 1994 and 1999.

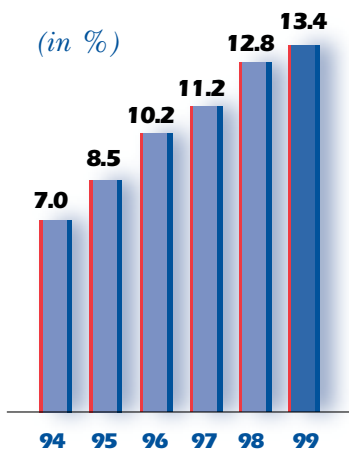
AXA SHAREHOLDERS at February 1, 2000



On December 23, 1999, Standard & Poor's announced that it was raising the financial strength rating of the principal insurance and reinsurance subsidiaries of the AXA Group, from AA- (positive outlook) to AA (stable outlook). In November 1999, Fitch IBCA also gave an initial rating of AA to the same subsidiaries, while Moody's granted the Group's principal insurance subsidiaries an Aa3 rating in January 2000.

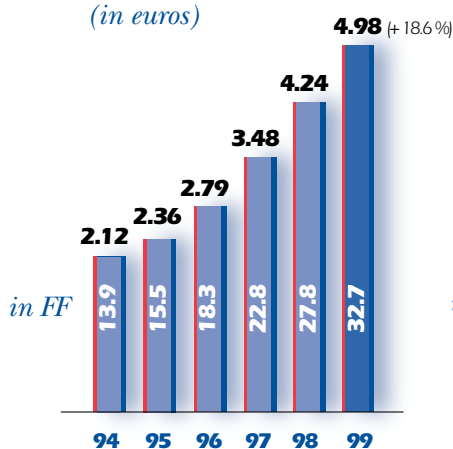
RETURN ON AVERAGE SHAREHOLDERS' EQUITY

(in %)



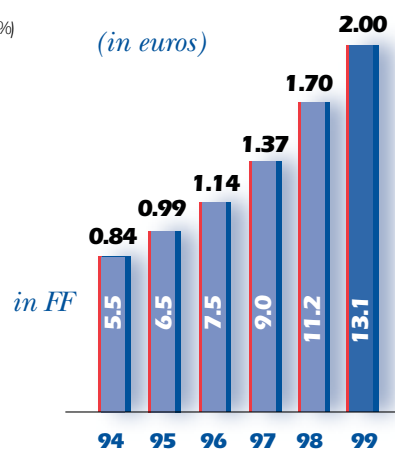
DILUTED EARNINGS PER SHARE

(in euros)



NET DIVIDENDS PER SHARE

(in euros)



NON-STOP INFORMATION VIA THE PRESS, TELEPHONE AND E-MAIL

AXA provides its shareholders with detailed, up-to-date information:

- **In the business press**, by publishing condensed financial statements and synopses of its shareholders' meetings.
- **Via its Internet site: <http://www.axa.com>**
- **Via the Minitel: 3616 AXA**
- **Telephone:**
 - **(33) 1 40 75 48 43** for individual shareholders,
 - **0 801 888 433** (toll free) for registered shareholders,
 - **(33) 1 40 75 48 42** for financial analysts and institutional investors.
- **E-mail**
 - **actionnaires.web@axa.com** for individual shareholders,
 - **infofi.web@axa.com** for financial analysts and institutional investors.

Regular meetings are also held with financial analysts and institutional investors to present the AXA Group and its financial statements.

LISTING IN THE UNITED STATES

Since June 25, 1996, the AXA stock is listed on the New York Stock Exchange in the form of American Depositary Shares (ADS), each representing one-half of one ordinary AXA share.

These ADS are traded in the United States via several channels. In addition to direct placement with institutional investors, programs for retail investors include:

- an advertising campaign targeting retail securities brokers, which began in 1999,
- employee stock ownership programs, via 401K retirement plans and the Employee Stock Purchase Plan. Since these two programs were launched, Group employees in the US have purchased approximately 500,000 shares of AXA stock.

Investor Relations contact in the United States:

- Greg Wilcox (1) (212) 314 4040,
E-mail: gregory.wilcox@equitable.com

AXA and its People

The AXA Group counts nearly 140,000 employees and agents working in more than 60 countries.

The Group's human resources policy aims to ensure that this vast and diversified workforce is successfully united around a global strategy through coordinated efforts to motivate, involve, train and connect employees.

Motivate

What is the Group's strategy? What is the role of individual operating units in achieving Group objectives? What role does each individual employee play? To answer these questions, thereby enabling individual employees to better see where they fit in, 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.

All of the conventions featured a presentation of AXA's global strategy and the Group's core values, followed by the priority objectives of local companies to meet local market challenges, which differ with market maturity and forces, distribution channels, customer expectations, demographic trends and the state of new technologies. Every convention ended with a question/answer session, during which audience

members were given the opportunity to express their views. The conventions gave participants a clearer understanding of the relationship between their daily actions on the job, their company's priorities and the AXA Group's global strategy.

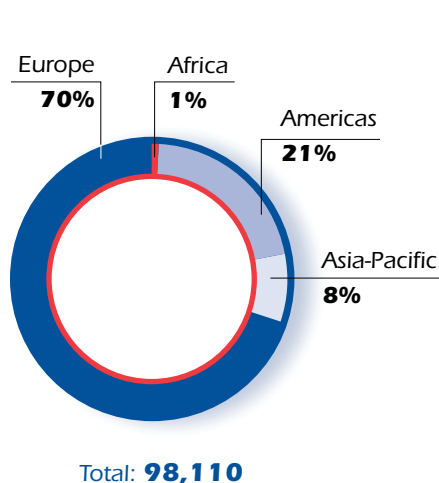
Involve

Overall performance depends on employee buy-in, which in turn depends on the quality of the environment in which employees work. The Scope employee attitude survey, which is a tool of communication and change, finds its rationale in this management principle. Every two years, the survey is conducted Group-wide to measure employee perceptions of workplace morale.

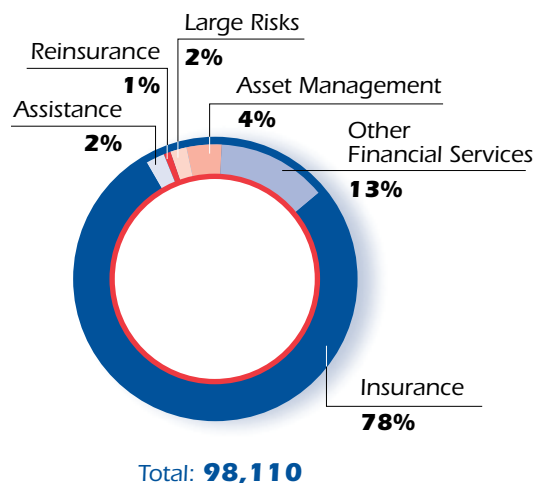
The results of the 1998 Scope survey revealed that employees at several Group companies share common concerns. For example, employees expressed the need to redefine or more clearly spell out criteria on which individual performance is rewarded, the need for closer relationships between managers and their team members, and the need to create a positive climate for change. To address these common concerns, a set of priority actions was defined.

In 1999, an interim edition of Scope was made available to all Group companies at the request of several whose 1998 results were skewed by the numerous

BREAKDOWN OF GROUP WORKFORCE BY GEOGRAPHIC AREA



BREAKDOWN OF GROUP WORKFORCE BY ACTIVITY



AXA and its People

local level mergers, reorganizations and restructurings that were in process at the time. Scope 99 included some 20 questions selected to provide a yardstick with respect to the prior year, either to validate results, obtain more detailed information on certain points or refocus action plans launched on the basis of the 1998 survey results. Twenty-six Group companies chose to take part in the survey, and 12, 000 employees chose to respond.

The next edition of Scope, scheduled for April 2000, features an important departure from past practice: 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 ever-larger 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, two of AXA Universités three key programs were inspired by Scope and are coordinated at Group level.

- AXA Manager, developed after the 1993 survey, is designed to help managers put Group management principles and core values into practice.

- The Columbus Program, launched in the fall of 1998, is the logical extension of the AXA Manager program. Its purpose is to improve change management skills in Group managers by clarifying changes in the operating environment and the corporate mission. The initial assessment made nine months after it was launched revealed that the Columbus program is an effective vehicle for promoting change. In 2000, the Columbus core curriculum will feature three separate program offerings:

- standard seminars designed to support change projects at company level,

- specialized seminars designed to facilitate the implementation of new practices coordinated by Group Management Services,

- thematic seminars designed to bring together participants from different companies who are concerned by a common problem set.

- **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. The third graduating class, which began in June 1999, is the most international to date, with 10 different nationalities represented by the 30 applicants selected.

AXA Université opened a third campus in the US state of Virginia. The Berry Hill campus can accommodate an additional 3,000 trainees a year.

Connect

- One of the Group'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 a newsgroup. 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. The number of employees on international assignment has increased significantly, by 20 to 25% a year. By the end of 1999, more than 450 Group employees were working abroad.

*In 1999,
4,442 trainees
from more than
25 countries
attended AXA
Université.
3,423 completed
the AXA Manager
seminar;
1,019 completed
the Columbus
seminar.*

AXA as Corporate Citizen

12,000 VOLUNTEERS SERVING OTHERS

AXA's involvement in the community is written into the fundamental principles of the Group, and corporate philanthropy is an integral part of its management style. Since its inception several years ago, the corporate philanthropy program has been closely linked to the principle of solidarity that underpins the Group's core businesses. Primarily based on voluntary benevolence, this program mobilizes over 12,000 employee volunteers.

AXA has chosen to participate by supporting existing structures and actors rather than setting up parallel structures. Charitable organizations express their needs, AXA verifies that they are consistent with the company's own orientations and provides the interface with the men and women of the Group who are interested in either occasional or ongoing participation in philanthropic initiatives. AXA also provides the necessary funding. Selected on the basis of the social and cultural reality of each country, these initiatives can take a variety of forms: job placement support in Canada; partnership with an institution for sibling orphans in Brazil; programs to help the mentally disabled in Portugal; teen suicide prevention efforts in New Zealand, support for



AXA Hearts in Action

the sick and disabled in the United States, Great Britain, and France. Regardless of the initiative or the country, however, our volunteers the world over plan and participate in leisure activities, provide access to cultural events, and donate logistical support and technical skills.

In June 2000, a worldwide event will provide 140,000 Group employees and agents with a chance to donate their time and participate in local activities in liaison with charitable organizations. Hundreds of projects have been planned—repainting a school for disadvantaged children, helping an organization conduct an audit using information systems, fitting out a therapeutic apartment.

The imagination and goodwill in abundance should make the world volunteer days a huge success.



AXA de Todo Corazon



AXA Cuori in Azione



AXA Corações em Acção



AXA Atout Cœur



AXA A szív tette készítet!



金盛人寿爱心行动

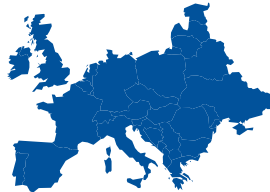


SOUTH AMERICA

Argentina
Brazil
Chile
Uruguay

NORTH AMERICA

Canada
Mexico
United States



EUROPE

Austria
Belgium
France
Germany
Greece
Hungary
Ireland
Italy

Luxembourg
Netherlands

Poland
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom



AFRICA

Cameroon
Gabon
Guinea
Ivory Coast
Kenya
Morocco

Senegal
Togo

MIDDLE EAST

Lebanon
Saudi Arabia
United Arab Emirates



ASIA-PACIFIC

Australia
China
Hong Kong
Indonesia
Japan
Malaysia

New Zealand
Philippines
Singapore
South Korea
Taiwan
Thailand
Vietnam



WORLDWIDE PRESENCE

Present in more than 60 countries, with a workforce of nearly 140,000 employees and agents, the AXA Group occupies leading positions in Europe and North America, and also has a strong presence in the Asia Pacific region. In each country in which it operates, the AXA Group aims to set the industry standard for its professionalism, ability to generate profits, and delivery of quality services to customers.

Group Activities

Organization

Operating Highlights

Financial Highlights

Insurance

International
Insurance

Asset Management
and Other
Financial Services

**40 MILLION CUSTOMERS
WORLDWIDE**

People and Structures

Under the authority of the Chairman of the Management Board, AXA is governed by an Executive Board whose 19 members represent five different nationalities. The Board meets four times a year. The Supervisory Board oversees management of the company.

SUPERVISORY BOARD

The Supervisory Board oversees Group and Company management and reports to shareholders. It met six times in 1999.

JACQUES FRIEDMANN

*Chairman
of the Supervisory Board*

ANTOINE BERNHEIM

*Partner and Managing Director,
Lazard Frères & Co.*

JACQUES CALVET

*Vice-Chairman of the Supervisory
Board of Galeries Lafayette*

HENRI DE CLERMONT-TONNERRE

*Chairman and CEO, ERSA,
an industrial and financial firm*

DAVID DAUTRESME

*Partner and Managing Director,
Lazard Frères & Co.*

JEAN-RENÉ FOURTOU

Vice-President and CEO, Aventis

MICHEL FRANÇOIS-PONCET

*Chairman
of the Supervisory Board, Paribas*

PATRICE GARNIER

Director, Finaxa

ANTHONY J. HAMILTON

Chairman, Fox-Pitt, Kelton Ltd.

HENRI HOTTINGUER

*Chairman of the Supervisory Board,
Crédit Suisse Hottinguer Paris*

RICHARD JENRETTE

*Senior Adviser, Donaldson,
Lufkin & Jenrette*

HENRI LACHMANN

*Chairman and CEO,
Schneider Electric*

GÉRARD MESTRALLET

*Chairman of the Executive Board,
Suez-Lyonnaise des Eaux*

FRIEDEL NEUBER

*Chairman of the Supervisory Board,
Preussag AG*

ALFRED VON OPPENHEIM

*Chairman of the Supervisory Board,
SAL Oppenheim Jr & Co.*

MICHEL PÉBEREAU

*Chairman and CEO,
Banque Nationale de Paris*

DIDIER PINEAU-VALENCIENNE

*Honorary Chairman,
Schneider Electric*

BRUNO ROGER

*Partner and Managing Director,
Lazard Frères & Co.*

MANAGEMENT BOARD

The Management Board is elected for a three-year term of office:

CLAUDE BÉBÉAR

Chairman

HENRI DE CASTRIES

Vice-Chairman

FRANÇOISE COLLOC'H

GÉRARD DE LA MARTINIÈRE

EDWARD MILLER

CLAUDE TENDIL

SUPERVISORY BOARD SUB-COMMITTEES

The Supervisory Board has formed four specialized sub-committees:

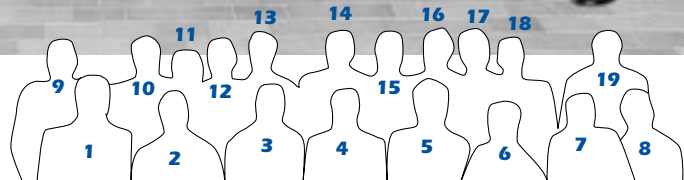
The role of the **Audit Committee** is to examine the Company's interim and annual financial statements before they are presented to the Supervisory Board, as well as other financial documents issued by the Company in connection with the accounts cutoff for each reporting period. The Audit Committee may examine any issue it deems appropriate and reports its findings to the Supervisory Board.

The **Finance Committee** reviews projected real estate or securities asset disposals when the sale price exceeds the powers delegated to the Management Board by the Supervisory Board. In addition, the Finance Committee examines all proposed material financial transactions involving AXA that are put forward 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 **Compensation Committee** recommends compensation levels for the Chairman of the Supervisory Board and the members of the Management Board, the amount of director's 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 **Selection Committee** recommends nominees to the Supervisory Board and the Management Board and nominates their Chairmen and Vice Chairmen.

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. He has also recommended that Edward Miller and Claude Tendil be appointed Vice-chairmen of the Management Board. 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 this same Board, which will subsequently appoint him as its Chairman.



EXECUTIVE BOARD

AXA is governed by an Executive Board that meets four times a year to review issues of general and strategic interest.

CLAUDE BÉBÉAR (4)
Chairman of the Management Board, the AXA Group

JEAN-LUC BERTOZZI (9)
Chief Executive Officer AXA France Assurance

ALFRED BOUCKAERT (2)
Chief Executive Officer, AXA Royale Belge

DONALD BRYDON (15)
Chairman and CEO, AXA Investment Managers

CLAUDE CARGOU (13)
Executive Vice President, Information Systems and eBusiness

HENRI DE CASTRIES (5)
Vice-Chairman of the Management Board, the AXA Group

FRANÇOISE COLLOC'H (6)
Member of the Management Board and Head of Human Resources, Communications and Synergies

CLAUS-MICHAEL DILL (10)
Chairman of the Management Board, AXA Colonia Konzern AG

DENIS DUVERNE (12)
Deputy Chief Finance, Control and Strategy Officer, the AXA Group

ROBERT GOGEL (8)
Deputy Chief Human Resources and Synergies Officer, the AXA Group

MICHAEL HEGARTY (14)
Vice-Chairman and Chief Operating Officer, AXA Financial Inc.

GÉRARD DE LA MARTINIÈRE (18)
Member of the Management Board and Head of Finance, Strategy and Control, the AXA Group

EDWARD MILLER (3)
Member of the Management Board, Chief Executive Officer of AXA Financial Inc., and Head of Information Systems and eBusiness Policy, the AXA Group

JEAN-MARIE NESSI (16)
Chairman and CEO, AXA Reassurance

LES OWEN (1)
Managing Director, AXA Asia Pacific Holdings

MICHEL PINAULT (11)
Head of the AXA Pacific operating unit

CLAUDE TENDIL (7)
Member of the Management Board and Chairman and CEO of AXA France Assurance, Head of insurance synergies for the AXA Group

PATRICK THOUROT (19)
Chief Officer, Corporate Underwriting and Claims

MARK WOOD (17)
Managing Director, Sun Life & Provincial Holdings

Operating Highlights of 1999

January

UNITED STATES

AXA Investment Managers acquires a controlling interest in the asset manager Barr Rosenberg (since renamed the AXA Rosenberg Group): € 8.8 billion in assets under management at the end of 1999.

April

GROUP

Launch of the AXA Customer Innovation Awards, in the aim of promoting innovation in general and rewarding the most innovative projects implemented by Group companies.

May

GROUP

The Group launches a successful takeover bid, via Sun Life & Provincial Holdings, on the British insurer Guardian Royal Exchange. As a result of the acquisition, AXA becomes the third largest property and casualty insurance company, the second largest health insurance provider, and the second largest direct selling insurer in the UK. In Ireland, AXA becomes the largest company in the property

and casualty insurance market. In Asia, it secures a strategic position in three key markets: Hong Kong, Singapore and Malaysia.

BELGIUM

Pursuit of restructuring operations between AXA Belgium and Royale Belge, the Group's two insurance companies in Belgium, leads to the creation of AXA Royale Belge.

UNITED STATES

DLJdirect lists on the New York Stock Exchange (NYSE). By the end of 1998, the online brokerage subsidiary of the Group's American investment bank Donaldson, Lufkin and Jenrette was the seventh largest online brokerage firm in the United States.

FRANCE

AXA Investment Managers Paris receives three trophies from the French business publication Le Revenu.

June

AXA ON THE INTERNET

The Group launches its first Internet advertising campaign, purchasing exclusive rights to more than 2,500 keywords in eight different languages from several search engines for one year. The campaign targets approximately 80% of all net surfers seeking information on insurance and asset management.

July

JAPAN

The Group enters the Japanese automobile insurance market via AXA Direct. The Japanese market, which is beginning to deregulate, is the world's second largest market on the basis of vehicles in circulation.

August

ASIA PACIFIC REGION

Name change for several Group companies: those in Hong Kong and Macao become AXA China Region; in Australia, AXA Australia and in New Zealand, AXA New Zealand.

CHINA

In Shanghai, the official inauguration of AXA-Minmetals Assurance Co., the first French-Chinese joint venture in life insurance. AXA owns 51%, of the new company, and the Chinese conglomerate Minmetals owns the remaining 49%.

The Chinese life insurance market is expected to grow by 30% a year.

September

UNITED STATES

AXA Financial Inc. – AXF on the NYSE – officially replaces The Equitable Companies Incorporated. The new name squarely positions

the company as a full-fledged financial services company rather than a life insurance company exclusively.

MOROCCO

Establishment of the AXA–ONA holding company under the terms of a partnership agreement between AXA and ONA, Morocco's largest private group. The insurance company resulting from this merger will be the second largest insurer, with 21% market share.

October

CANADA

Launch of AssurNat, a Quebec-based direct insurance joint venture between AXA and the National Bank of Canada. Initially, the new unit will offer automobile insurance products via a call center and an Internet Web site.

UNITED KINGDOM

Launch of DLJdirect, the online brokerage subsidiary of DLJ. Low price trades and advisory services are offered to customers in this market, whose outlook for growth is considered exceptional.

November

GERMANY

AXA Colonia receives the Best Practice Company Award for the quality of its Customer Care Center. In 1999, it was the only German company among some 250 international competitors to be distinguished by the University of Zurich's Institute of Management of Technologies.

JAPAN

Acquisition of Nippon Dantai, Japan's 13th largest life insurance provider, and establishment of the AXA Nichidan holding company for the insurance activities of AXA Life Japan and Nippon Dantai. The new unit seeks to become Japan's leading life insurance provider in the new financial era. With 31% of gross premiums, Japan is the world's largest life insurance market.

GROUP

Inauguration of Berry Hill (in the United States), the third AXA Université campus. This former plantation, declared a historic monument by the state of Virginia, can accommodate up to 3,000 trainees per year.

December

FRANCE

AXA Investment Managers Paris receives the Laurier d'Or Award, bestowed by the French business publication Investir, for the five-year performance of its range of mutual funds.

AUSTRALIA

AXA National Mutual launches a successful takeover bid on the minority interests of AXA China Region, its life insurance subsidiary in Hong Kong.

1999... 2000

GROUP

Successful rollover. The global prevention, assistance and coordination program put in place in 1996 paid dividends. From Wellington to Abu Dhabi, from New York to Singapore, all the Group's member companies sailed over Y2K hurdle without difficulty.

Financial Highlights

BREAKDOWN IN CONSOLIDATED REVENUES

<i>(in millions of euros)</i>	12.31.1998			12.31.1999			<i>(in millions of FF)</i>
	Life	Property-Casualty	Total	Life	Property-Casualty	Total	
Europe (and Morocco)	20,262	11,278	31,540	23,422	12,919	36,341	238,380
France	9,547	4,179	13,726	10,555	3,926	14,481	94,994
United Kingdom	5,140	905	6,045	7,205	2,008	9,213	60,437
Germany	2,408	2,473	4,880	2,757	2,766	5,523	36,230
Belgium	921	1,310	2,232	912	1,285	2,197	14,411
Netherlands	835	301	1,136	875	248	1,123	7,364
Italy	276	882	1,158	343	903	1,246	8,170
Spain	315	666	981	333	729	1,062	6,969
Portugal	111	223	334	126	262	388	2,546
Austria/Hungary	88	182	270	88	199	287	1,882
Luxembourg	548	49	597	104	51	155	1,012
Switzerland	54	48	102	59	57	116	756
Turkey				24	139	163	1,069
Ireland					257	257	1,688
Morocco	20	60	80	42	88	130	852
North America	9,209	542	9,751	10,810	580	11,390	74,716
United States	9,181		9,181	10,777		10,777	70,695
Canada	28	542	570	33	580	613	4,021
Asia-Pacific	2,975	71	3,046	2,859	94	2,953	19,368
Australia/ New Zealand	2,056		2,056	1,810		1,810	11,874
Hong Kong	715	21	737	742	43	785	5,147
Singapore	44	49	93	59	46	105	690
Korea	93		93	114		114	747
Japan	66		67	133	5	138	907
China				1		1	4
Malaysia							
International Insurance			2,833			3,109	20,392
AXA Re			1,359			1,385	9,084
AXA Global Risks			1,096			1,400	9,180
Assistance, others			378			324	2,128
TOTAL INSURANCE	32,446	11,891	47,169	37,091	13,593	53,792	352,854
Asset Management			1,292			1,928	12,648
Other Financial Services			8,236			10,806	70,885
Holdings			1			1	9
TOTAL FINANCIAL SERVICES AND HOLDINGS			9,528			12,736	83,543
TOTAL CONSOLIDATED REVENUES*			56,697			66,528	436,398

* Excluding mutuals. In 1999, AXA Mutuelles recorded premium income from life insurance operations of € 549 million and premium income from property-casualty operations of € 738 million.

CONTRIBUTION TO NET INCOME, GROUP SHARE*

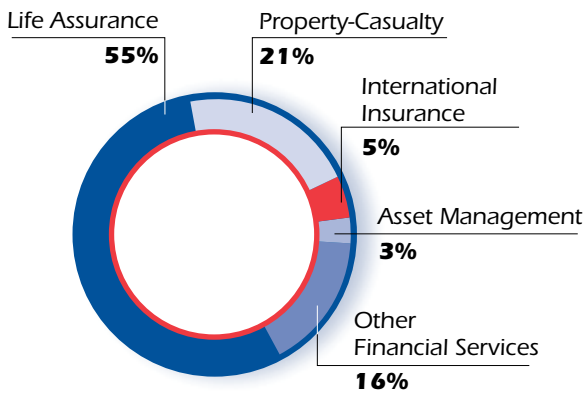
<i>(in millions of euros)</i>	12.31.1998			12.31.1999			<i>(in millions of FF)</i>
	Life	Property-Casualty	Total	Life	Property-Casualty	Total	
Europe (and Morocco)	774	387	1,161	803	612	1,415	9,282
France	265	163	427	331	244	575	3,772
United Kingdom	211	22	234	194	18	211	1,384
Germany	8	70	79	13	48	62	405
Belgium	234	136	370	186	239	425	2,788
Netherlands	38	(12)	27	40	2	42	273
Italy	(3)	(29)	(33)	25	0	25	162
Spain	7	(3)	4	1	(3)	(3)	(18)
Portugal	6	4	10	7	8	14	94
Austria/Hungary		11	11	1	8	9	61
Luxembourg	6	2	8	2	4	6	41
Switzerland		2	2	2	2	4	24
Turkey				1	4	5	30
Ireland					4	4	26
Morocco	1	20	22	1	35	36	237
North America	254	21	275	271	11	282	1,849
United States	252		252	270		270	1,771
Canada	2	21	23	1	11	12	78
Asia-Pacific	(66)	(20)	(86)	38	(39)	(1)	(7)
Australia/ New Zealand	25		25	37		37	243
Hong Kong	(39)	(3)	(42)	19	(3)	16	105
Singapore	(2)	(8)	(10)	3	(8)	(5)	(33)
Korea	(21)		(21)	9		9	59
Japan	(29)	(9)	(38)	(28)	(30)	(58)	(380)
China				(2)		(2)	(13)
Malaysia					2	2	13
International Insurance			44			(51)	(335)
AXA Re			125			93	610
AXA Global Risks			(86)			(151)	(990)
Assistance, other			4			6	39
TOTAL INSURANCE	962	389	1,394	1,112	571	1,645	10,790
Asset Management			95			84	553
Other Financial Services			158			221	1,448
Holdings			(116)			(84)	(551)
TOTAL FINANCIAL SERVICES AND HOLDINGS			137			221	1,450
TOTAL NET INCOME, GROUP SHARE			1,531			1,865	12,240

* Excluding non-recurring gains related to the acquisition of Guardian Royal Exchange.

Financial Highlights

BREAKDOWN IN CONSOLIDATED REVENUES BY BUSINESS SEGMENT

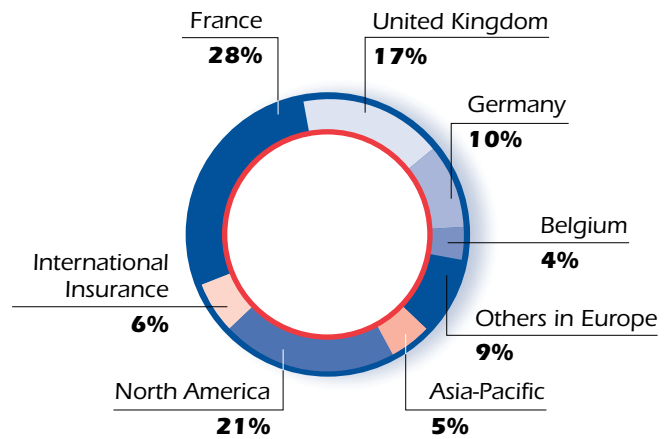
including the Mutuelles AXA (€ 1.3 billion)



€ 67.8 billion
FF € 444.8 billion

BREAKDOWN IN INSURANCE ACTIVITY BY GEOGRAPHIC REGION

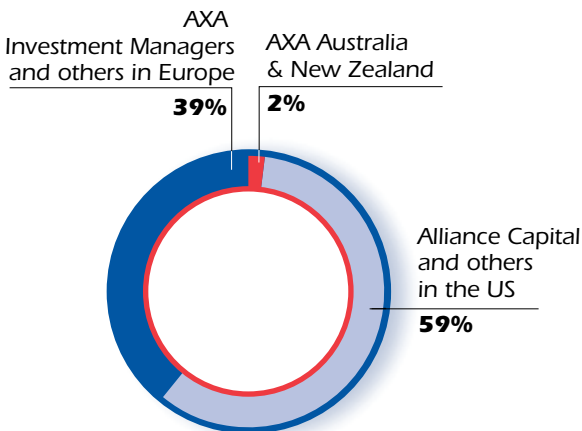
including the Mutuelles AXA (€ 1.3 billion)



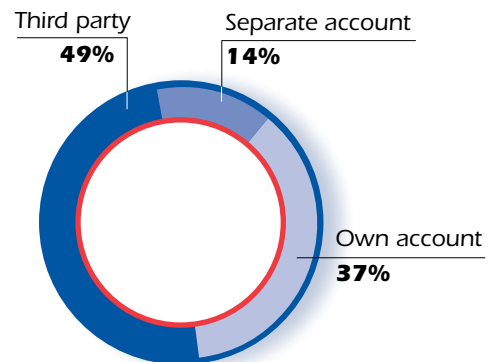
€ 55.1 billion
FF € 361.3 billion

ASSETS UNDER MANAGEMENT AT DECEMBER 31, 1999

Breakdown in assets under management by company

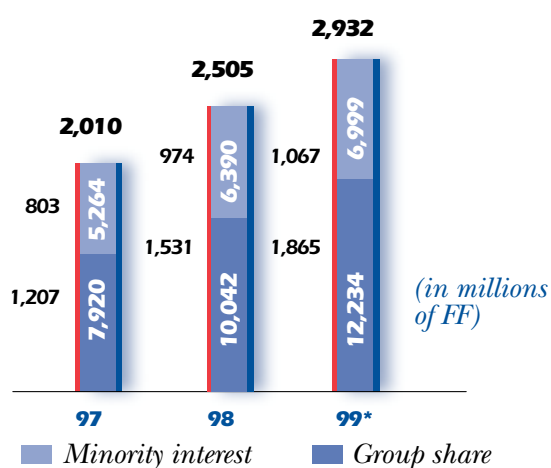


Breakdown in assets under management by category



€ 781 billion (up 40%)

CONSOLIDATED NET INCOME (in millions of euros)



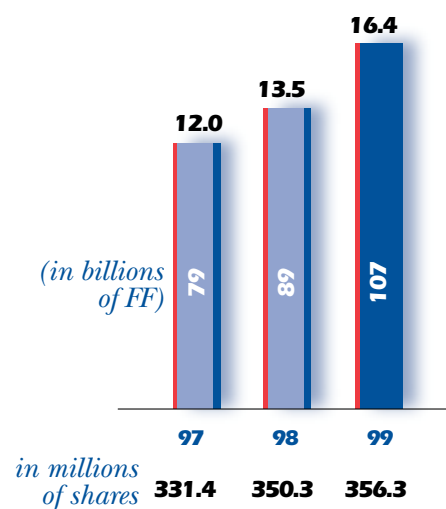
CONTRIBUTION TO NET INCOME, GROUP SHARE, BY BUSINESS SEGMENT (in millions of euros)

	1998	1999*	in millions of FF
Life Insurance	962	1,112	7,294
Property-Casualty Insurance	389	584	3,831
International Insurance	44	(51)	(337)
Asset Management	95	84	553
Other Financial Services	158	221	1,448
Holding	(116)	(84)	(556)
Total	1,531	1,865	12,234

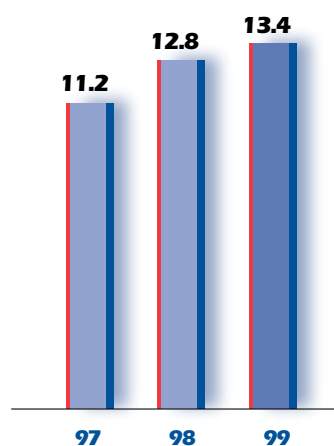
NET EARNINGS PER SHARE (diluted)

	Euros	Francs
12.31.1994	2.12	13.9
12.31.1995	2.36	15.5
12.31.1996	2.79	18.3
12.31.1997	3.48	22.8
12.31.1998	4.24	27.8
12.31.1999	4.98	32.7

CONSOLIDATED SHAREHOLDERS' EQUITY, GROUP SHARE (in billions of euros)



RETURN ON AVERAGE EQUITY (in %)



* Excluding non-recurring gains related to the acquisition of Guardian Royal Exchange

Insurance

In 1999, insurance operations accounted for 76% of the AXA Group's consolidated revenues. Life insurance operations accounted for 73% of gross premiums, while property and casualty insurance operations accounted for 27%.

North America

UNITED STATES

NEW STRATEGIC DEVELOPMENTS

1999 saw a number of major changes for Group companies in the US, which accounts for 27% of the global life insurance market.

On September 3, the US holding company Equitable changed its name to AXA Financial, Inc., reflecting the Group's global brand, while the operational unit is now known as AXA Client Solutions. The name change is part of a broader strategic initiative aimed at repositioning the former Equitable as a financial services company—as opposed to just a life insurance company—in a market where demand is increasingly focused on providing global asset management services that combine profitability and security.

This new strategy orientation, tested in a pilot project first implemented in Texas and subsequently extended to the states of New York and California, seeks to transform agents of the former Equitable into AXA financial advisors. The strategy has prompted a number of new developments: regional infrastructure

resources and skills have been strengthened, new IT tools and a dedicated Internet site have been implemented, and an investment management skills and training center has been set up in Atlanta. By the end of 1999, over 3,000 of the 7,400 agents working for the company had successfully passed the examination given by the NASD (the US stock market regulatory authority), thereby confirming that their expertise is on a par with that of securities brokers and asset-management consultants.

A MORE DIVERSIFIED RANGE OF PRODUCTS AND SERVICES

The product range has also been broadened to suit the new global approach to investment management. While the Equitable Life brand name has been maintained for traditional life-insurance products, since January 1, 2000, AXA Financial advisors may also offer a selection of products developed by competitors.

Another innovation designed to improve customer services is the new global Asset Management Account, which functions as a current account for all types of investment products. It provides account holders with a global view of their investments and is self-directed, allowing customers the option of switching investment vehicles. In the same vein, all customer services have been consolidated into two centers—one in Charlotte, North Carolina, and the other in New Jersey—that offer round-the-clock service, seven days a week using a state-of-the-art new-generation electronic system.

AXA Financial has repositioned itself as a provider of financial services.



✓ 1999 Award winner

→ Financial Planning Texas Pilot

AXA Financial – United States

Project description: Financial Planning gives customers a global view of their investment options as well as the risks associated with each one. Customers choose the option that suits them and control their investments.

INNOVATIVE CUSTOMER BENEFIT: *The company is close to the customer and offers personalized service that saves time for the customer.*





STRONG GROWTH IN EARNINGS

Thanks to a robust economy and buoyant financial markets, AXA Financial turned in an excellent performance in 1999.

Premium income rose by 12.3% to €10.8 billion, primarily attributable to 18% growth in the sales of retirement savings products, which account for 66% of overall business. This increase was also due to distribution agreements entered into with banks, financial advisors and securities brokers, whose business contribution grew by 34%. The agency force contribution increased by 11%, and the “universal life” division reported 4% growth.

In 1999, AXA Financial was the fourth largest provider of separate account retirement savings products. Its contribution to Group net income increased by 7.1%, to € 270 million, on the strength of 14.7% growth in total assets under management.

Outlook in 2000

■ Implementation of the new strategy will kick into higher gear in 2000, with the nationwide rollout of the 1999 pilot project conducted in Texas. Barring adverse changes in financial market trends, sustained and rapid business growth is expected during this next phase of development.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
United States	10,777	-	10,777
Canada	33	580	613
Contribution to consolidated net income, Group share			
United States	270	-	270
Canada	1	11	12

CANADA

For both insurers and brokers, intense competition and rapid consolidation remain the mainstays of the Canadian market. Although the Canadian insurance market was boosted by moderate economic growth in 1999, insurers saw their profits decline sharply, due to significant margin erosion in certain lines of business and a decline in investment income, partly attributable to a substantial reduction in capital gains compared with 1998.

AXA Canada, which does 95% of its business in the property and casualty insurance sector, reported premium income of € 0.6 billion, an increase of 2.8%. Gross life insurance premiums grew by 11%.

Underwriting results improved for personal insurance lines, but deteriorated for corporate and large risk insurance due to high claims frequency.

The Group pursued its strategy of consolidation and broadening of distribution channels by establishing AssurNat. This direct insurance marketing joint venture resulted from an agreement signed in January 1999 with the National Bank of Canada, the number one banking group in Quebec.

Outlook in 2000

■ AXA Canada expects to benefit from a healthy Canadian economy and premium rate adjustments. Significant investments made in recent years to implement compatible IT platforms across the country should begin to pay off. Finally, an advertising campaign has been planned to boost awareness of the AXA brand and support business growth.

Canada: distribution channels were enlarged with the establishment of AssurNat, a direct marketing insurance company.



→ The Courtier Associé Program

AXA Canada

Project description: The Courtier Associé program is aimed at enhancing the broker’s role in the broker-policyholder relationship by optimizing sales and consulting.

INNOVATIVE CUSTOMER BENEFIT: *Direct and personalized relationship.*

Insurance

Europe

FRANCE

Trends were mixed in the French insurance market in 1999. In property and casualty insurance, growth was relatively flat (1%) despite the 10.5% increase in new car sales and the recovery in the construction sector, where business grew 23%, as growth in the number of direct writing mutual companies and bank-insurers—new players in the individual market—had an adverse impact on premium rates. Consequently, the downward trend in gross premiums, first observed in 1998, continued. This led to stagnant earnings, exacerbated by a deteriorating claims ration in individual automobile insurance and all lines of corporate insurance. The phenomenon was further exacerbated by two major climatic events: the floods in the Aude department in November and the storms of December 26 and 27 that resulted in a high number of claims.

Conversely, the life insurance market returned to growth (up 13%), confirming that the slide in 1998 was exceptional. A stable tax environment (for the first time in twelve years, there were no tax reforms), economic growth, strong equity markets and the development of diversified products—in particular separate accounts—were behind the breadth of this

upswing. Assets under management, which have grown consistently over the last 10 years, increased by 12% in 1999, to € 575.5 billion, accounting for a quarter of household financial assets.

AXA'S NEW INTERNET SERVICES

In 1999, AXA finalized the migration program initiated after the UAP merger, harmonizing product ranges for all distribution channels, for both property and casualty and life insurance. The legal merger of life insurance business through the network of tied agents was accomplished. Legacy IT systems that existed prior to the merger were unified, software programs were upgraded and the replacement of hardware began.

Tools based on the new communications technologies, including the Internet, have also been developed:

- Extranet Courtage for brokers. This user-friendly site, which secures real-time access to new Group products and services, is intended to gradually replace current information systems. A similar tool, to be developed for large account clients, will ultimately enhance the efficiency and rapidity of service delivery,
- a new Internet site for AXA Assurances customers, which was named the second-best institutional site in the CAPA Conseil (Centre d'Analyse et de Prospective de l'Assurance) marketing awards on the basis of the service quality offered.

As part of the AXA Assurances initiative to obtain ISO 9002 certification for its property and casualty businesses (individual and corporate), three new regions were certified in March 2000. Certification will be extended virtually nationwide in 2001.

Tools based on new communications technologies are being offered to customers and intermediaries.

→ Cocoon

AXA Courtage – France

Project description: Cocoon is a loyalty program that mutually reinforces the relationship between brokers, customers and the company by offering policyholders special services related to product life cycles.

INNOVATIVE CUSTOMER BENEFIT: *Personalized service and direct contact with the company.*





PROPERTY AND CASUALTY INSURANCE:

FOCUS ON EARNINGS QUALITY

Gross property and casualty premiums totaled € 3.9 billion, a decline of 1.1% compared with 1998. The 4% decline in corporate lines of business—a segment that is highly sensitive to market constraints—had an adverse impact on gross premiums in 1999. In a declining market, the pricing and risk selection policies continue to favor underwriting profitability.

Direct Assurance, which also went online with an Internet site in November, recorded growth of (18%). With a portfolio of 282,600 contracts at the end of 1999, it is the French market's leading direct automobile insurance provider.

The net income contribution of property and casualty operations increased by 50%, to € 244 million, despite a high claims ratio.

BRISK BUSINESS IN LIFE INSURANCE

In 1999, premium income from life insurance operations reached € 10.6 billion, up 9.1%, versus market growth of 13%. Individual retirement savings products, which account for 61% of overall business, increased by 14%, largely due to sales efforts on the part of the tied agents' network (up 27%) and the unified range of products they were able to offer. Group insurance operations reported 18% sales growth, attributable to several large policies underwritten via the brokers' network.

Specialized networks, which boosted premium income last year despite a sharp decline in the market, again improved their sales performance in 1999 through multi-vehicle products offering investment

strategies for different customer profiles. These products are particularly well suited to increasing market demand for investments that combine low risk and high return features. The first two structured funds launched by the specialized networks, one indexed to the Eurostoxx 50 and the other to the Nikkei 225, got off to an excellent start and helped boost sales.

Separate account products accounted for 45% of individual retirement savings premiums, including renewals, versus 37% in 1998.

AXA consolidated its position as the leading private provider of supplemental health insurance, with premium income of close to € 1.4 billion and three million customers. After setting up a call center in 1998 to provide information, advice and guidance to policyholders on health issues, the focus is now on establishing partnerships to create healthcare networks, particularly in the area of dental care (with 2,000 practitioners) and eye care (with 1,500 sales outlets). A system that dispenses with up-front payment for medical services is currently being tested.

In 1999, French life insurance operations contributed € 331 million to net income, a 25% increase largely due to the success of separate account products and improved investment results.

Growth in individual retirement savings, group insurance and supplemental health insurance.



✓ 1999 Award winner

→ Cascading continuous improvement

Direct Assurance – France

Project description: The program encourages ongoing input from employees as to their ideas, suggestions and innovations.

INNOVATIVE CUSTOMER BENEFIT: *Service quality.*



Insurance

In 1999, AXA was one of the top-performing life insurers in the UK market.

Outlook in 2000

■ A strategic review undertaken in 1999 prompted AXA's French insurance companies to initiate a global change program in early 2000. The objective of the change program is to make AXA products and services the market standard in insurance, financial services and customized solutions that simplify daily life. The strategic change initiative, which is being managed across business lines, seeks to redefine the company around evolving customer expectations. The result will be a broader and more targeted range of products and services, more responsive organizational structures and processes, better service quality, more professional and tightly coordinated distribution networks, and reorganized support services. Business partnerships will also be set up to complete product and service ranges and enlarge the customer base. Although this is a long-term project, the initial benefits will be evident in 2000.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
France	10,555	3,926	14,482
United Kingdom	7,205	2,008	9,214
Contribution to consolidated net income, Group share			
France	331	244	575
United Kingdom	194	5	199

UNITED KINGDOM

■ In the UK, the life insurance and retirement business—which accounts for over 60% of Group business in the UK—was back on the growth track in 1999 (up 11%), partly in anticipation of tax reform measures that are expected to reduce the favorable tax treatment of certain products.

The property and casualty market remained highly competitive in spite of significantly higher premium rates. The rise in the claims ratio was due to changes in regulations and litigation in connection with bodily injury claims arising from accidents.

MERGER WITH GUARDIAN ROYAL EXCHANGE

The successful bid launched by the Group in February 1999 via Sun Life & Provincial Holdings (SLPH) on Guardian Royal Exchange (GRE) hoisted AXA from 10th to third place in the UK property and casualty market, and to the number two spot in the private health insurance market. By merging the activities of AXA Direct and Guardian Royal Exchange Direct, AXA has become the second-ranked direct marketing insurer in the UK, with 2.5 million customers overall. GRE's non-core life and retirement and savings businesses were sold to Aegon, a Dutch company.

LIFE INSURANCE: UP 24.7%

AXA Sun Life, number four in the market, reported premium income of € 7.2 billion. This 24.7% increase, which puts it ahead of the market, was primarily due to the 37% rise in the sales of single-premium policies (73% of overall business), boosted by advertising campaigns promoting savings and retirement products

→ Virtual Call Center

Guardian Royal Exchange – United Kingdom

Project description: : Virtual call centers that centralize inbound customer calls, giving priority to complaints, changes in policy information and policy renewals.

INNOVATIVE CUSTOMER BENEFIT: *More efficient, faster, saves time.*





that ran in the first half of 1999. Premium income from recurring-premium business rose 1%, with new business up 15%. All of the company's distribution channels— independent financial advisors, agents, salaried salespeople, direct telephone sales and bankinsurance networks (particularly Birmingham Midshires)—contributed to this strong performance.

AXA became second leading insurer in the UK health insurance market through PPP healthcare, which has 31% market share overall and 80% of the dental insurance market. The company is the UK's biggest dental care insurer. To help employers reduce both the cost of insurance and employee absenteeism, PPP healthcare has developed a global workforce healthcare management program. It has over 200,000 individual policyholders and an active customer loyalty program. In 1999, significant cost reductions were achieved.

As a result of the merger with Guardian, AXA Sun Life took over the business of PPP lifetime care, the UK's leading provider of long-term care insurance. Guardian's health and long-term care insurance businesses were consolidated over eight months of 1999, and contributed € 0.7 billion to consolidated revenues.

The contribution to Group net income declined by 8.1%, to € 194 million due to the decrease in AXA's ownership of SLPH in connection with the acquisition of GRE.

PROPERTY AND CASUALTY INSURANCE UP 22.9%

The merger subsequent to the takeover of Guardian's property and casualty insurance business is proceeding on schedule. Administrative and operational departments have been co-located within three cen-

tral sites. Claims management centers will be merged over the first six months of 2000. IT systems have been migrated to create a single IT system, and a single product range has been developed. Since July 1999, the new unit has been operating under the name AXA Insurance. Post-merger synergies exceed initial forecasts by 70%.

In 1999, premium income from property and casualty operations was € 2 billion, an increase of 22.9%, due in part to the travel insurance policy concluded with the Thomas Cook network of travel agencies. Other lines of business grew sharply (12.9%) due to higher premium rates and an increase in the automobile insurance portfolio of business. Guardian group companies, consolidated over eight months of 1999, contributed € 0.9 billion to consolidated revenues.

The contribution to Group net income declined by € 5 million, due to restructuring costs and a high claims ratio.

Outlook in 2000

■ The company will have to adapt its life insurance and retirement savings product line and distribution channels to comply with new regulations governing stakeholder pensions, and this will undoubtedly affect other savings products. Given the undisputed quality of its products and services, the company will be able to face this new challenge.

The merger with Guardian Royal Exchange hoists AXA to the number three position in the UK property and casualty market, to number two in health insurance and to number two in direct marketing insurance.

✓ 1999 Award winner



→ **Remote Video Inspection (RVI)**

Guardian Royal Exchange – United Kingdom

Project description: The RVI system allows repairers to inspect vehicle damage remotely and to authorize repairs within 24 hours of original notification.

INNOVATIVE CUSTOMER BENEFIT: *Quick and efficient, saves time.*

Insurance

In property and casualty insurance, efforts in 2000 will be focused on the operational merger within AXA Insurance, scheduled for completion by December 2000, four months ahead of schedule. As part of the complete reorganization under way, business processes will be streamlined and staff skills strengthened to improve customer service. Expected economies of scale, combined with business development, should boost growth and profitability.

IRELAND

Through the acquisition of Guardian Royal Exchange, AXA has become the Irish market's leading provider of property and casualty insurance with 20% market share. The rising standard of living in Ireland is stimulating demand for insurance. Underwriting results began to recover in 1999, and were globally satisfactory. Premium income, consolidated over eight months in 1999, added € 0.3 billion to consolidated revenues.

The contribution to Group net income was € 4 million. To consolidate its positions in Ireland, AXA plans to provide all distribution channels (brokers, agents, direct telephone sales and bankinsurance) with new specially developed sales tools.

GERMANY

In 1999, the German property and casualty insurance market experienced even more intense competitive pressure than that felt in 1998. The increase in gross automobile premiums that occurred in late 1999 suggested a temporary lull in the price war. The claims ratio continued to rise, partly due to higher damages awarded for bodily injury claims by the courts. In corporate risks, gross premiums declined and significant claims were reported.

In individual insurance lines, AXA Colonia continued to implement tools designed to enable it to practice more equitable pricing policies. In corporate risk insurance, the focus was on improving profitability by renegotiating existing policies.

Sicher Direct, the German subsidiary of AXA Direct, consolidated its leading position in the direct insurance market. A pioneer in e-commerce, it generated 8% of new business via the Internet in 1999. AXA Colonia took over the management of Sicher Direct in July 1999 to develop synergies between these two Group operating units and boost market share.

Premium income from property and casualty operations totaled € 2.8 billion, down 0.8% compared with 1998. This slight decline was due to highly selective underwriting in the face of intense rate competition in automobile (down 5%) and corporate risks (down 12%). Consolidated over eight months, Albingia contributed € 0.4 billion to consolidated revenues.

The contribution to Group net income declined by 31.4%, to € 48 million, due to a high claims ratio and intense competition.

*AXA becomes
Ireland's number
one property and
casualty insurer.*

→ Our Mission Challenge

AXA Sun Life – United Kingdom

Project description: Various interactive events, part of a broader project, designed to create a common culture behind which employees could unite.

INNOVATIVE CUSTOMER BENEFIT: *Unifies teams and enhances corporate affiliation.*





INNOVATIVE LIFE INSURANCE PRODUCTS

Life insurance policy sales in anticipation of a tax reform package that was ultimately withdrawn led to strong sales in the second half of the year. AXA Colonia nonetheless posted lower growth than the market due to stiff competition on single-premium policies. However, loss in premium income due to the cancellation of unprofitable distribution agreements was offset by the success of a number of innovative products. For example, AXA Colonia was the first insurance company authorized to sell multiple-vehicle investment funds, and also developed an asset analysis software program called "AXA Future Concepts" for its tied agents, designed to meet the asset protection and accumulation needs of its individual customers.

This ability to innovate was also behind the company's highly satisfactory performance in health insurance.

Premium income from life insurance operations grew by 7.6%, to € 2.8 billion, due to the impact of the tax reform project, growth in group insurance business and higher gross health insurance premiums (up 10%). Consolidated over eight months, Albingia reported premium income of € 0.2 billion.

Thanks to its innovative practices, AXA Colonia was

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Germany	2,757	2,766	5,523
Belgium	912	1,285	2,197
Contribution to consolidated net income, Group share			
Germany	13	48	62
Belgium	186	239	425

the only German company to be designated a "Best Practice Company" in 1999 by Saint Gallen University's Technologies Management Institute in Zurich. The award was given in recognition of the quality of the Customer Care Center opened in July 1998, which operates round the clock every day of the year. The center exemplifies the concept of ongoing innovation in customer service.

The process of integrating Albingia, Guardian's German subsidiary, was launched after AXA acquired Guardian Royal Exchange. Joint management and integration teams were set up and the merger is moving toward completion according to plan.

Outlook in 2000

■ 2000 will be a year of consolidation and planning. Albingia's integration is scheduled for completion by September, at which time AXA Colonia will become the number two property and casualty insurer and the number five life insurer in Germany. The strategic review undertaken in 1999 will set the company's future objectives in the light of new challenges. The company must adapt to stiff competition in the property and casualty insurance market, capitalize on expansion in the life insurance market, and meet higher customer expectations.

*Germany:
the contribution
from life and health
insurance grew
by 38%.*



→ Customer Care Center (CCC)

AXA Colonia Konzern – Germany

Project description: Customers have access to call center services round-the-clock by dialing a single telephone number. Operators are on hand to answer questions and provide advisory services.

INNOVATIVE CUSTOMER BENEFIT: *Swift responses.*

Insurance

In Belgium, implementation of a multi-channel distribution network organized around brokers and bankinsurance.

BELGIUM

For AXA, the leading property and casualty insurer in Belgium and number three in the life insurance market, 1999 was marked by the continuation of the merger operations started in 1998.

The legal merger between AXA Belgium and Royale Belge was finalized to create the new AXA Royale Belge in May. The operational merger resulted in a unified range of property and casualty and life insurance products. Personal lines insurance will undergo the same harmonization in 2000.

The banking division, comprising the Royale Belge subsidiary Ippa, was strengthened by the acquisition of the Anhyp Savings Bank in late 1998. The subsequent merger between the two banks in January 2000 resulted in the establishment of a single unit, AXA Bank Belgium, which is the sixth largest banking network in Belgium with 1,800 independent agents.

This consolidation has boosted AXA's status in Belgium and created a new multi-channel distribution network, organized as follows:

- a brokerage channel distributing insurance products via professional brokers and alternative networks: Assurances de La Poste (1,300 sales outlets), a 50%-owned subsidiary acquired through the 1995 agreement between Royale Belge and the Belgian post

office, La Poste; subsidiaries of AXA Royale Belge: Ardenne Prévoyante, UAB; and automobile manufacturers,

- a bankinsurance channel distributing both insurance and banking products via AXA Bank Belgium independent agents who are also insurance brokers.

This restructuring is expected to produce synergies between banking and insurance activities and focus efforts on defined channels.

In 1999, the claims ratio deteriorated further in the Belgian property and casualty market, while the growth trend in the life insurance market was confirmed.

Premium income from property and casualty operations reached € 1.3 billion, down 1.6% on a comparable structural basis. Growth in gross automobile premiums due to higher rates partially offset the declines in other lines of business, particularly in corporate property insurance.

The contribution of property and casualty operations to Group net income rose by 75%, to € 239 million due to the increase in AXA's ownership of AXA Royale Belge.

On a comparable structural basis, premium income from life insurance operations declined by 0.5%, to € 0.9 billion, after an exceptional rise in premiums at the end of 1998. Separate account products increased substantially, accounting for 15% of gross individual life premiums in 1999, compared to 5% in 1998.

The decline in the contribution of life insurance operations to Group net income, which totaled € 186 million in 1999, was due to non-recurring capital gains realized in 1998.

→ Steering of digitized administration of auto losses

AXA Royale Belge – Belgium

Project description: Digitized administration of auto losses means that files are handled by a team rather than a single person, according to pre-set priorities.

INNOVATIVE CUSTOMER BENEFIT: *Efficient, saves time.*





Outlook in 2000

■ The restructured distribution channels and finalization of the operational merger between insurance companies by the middle of the year through the unification of IT systems and individual property and casualty and life insurance product ranges will give new impetus to Belgian operations. The operational merger between the two AXA Bank Belgium entities will also be finalized during the year.

SPAIN

The Spanish insurance market posted fairly strong growth in 1999, mainly due to growth in the life insurance segment.

In property and casualty insurance, the automobile line faced the same difficulties as in 1998: a higher claims ratio and stiff price competition. Despite this situation, a number of major companies raised their driver liability premiums to reduce losses. The life insurance market grew by 30% due to compulsory outsourcing of employer pension fund management and, in the second half of the year, growth in sales of separate account products.

During the year, the operational merger of the former AXA and UAP companies was completed and a new management team was appointed.

Premium income from property and casualty insurance operations grew by 10% thanks to the decision made by AXA Seguros at the end of 1998 to buck the market trend and raise its premium rates in anticipation of the decline in automobile insurance. Consequently, when the market rose in 1999, the average premium returned to the 1997 level.

A number of innovations were initiated to improve customer service quality and rapidity or to enhance the quality of the portfolio. These included the development of call centers to manage homeowner's comprehensive claims and, in the fall, a more segmented approach by customer and line of business.

Direct marketing of automobile products via Direct Seguros repeated the rapid growth trend observed in 1998. In 1999, the first policies were underwritten via the Internet, and measures adopted to turn around business paid off in the form of improved underwriting results. In 1999, Direct Seguros posted growth of 71% in premium income and its portfolio now counts 111,000 policies.

The contribution to Group net income, a loss of € 3 million, was unchanged from 1998.

In life insurance, the year was marked by the launch of new separate account products in conjunction with AXA Investment Managers and by improved underwriting profitability.

Premium income grew by 6%. This underperformance versus the market was due to AXA's weak presence in distribution via banking networks. Separate account products, launched at end 1998, already account for 17% of gross premiums.

The contribution of life insurance operations to Group net income declined by € 8 million due to reserve strengthening.

Spain: satisfactory growth in property and casualty business and the launch of online automobile policy underwriting.



✓ 1999 Award winner

→ Detecting automobile insurance fraud

AXA Seguros – Spain

Project description: Development of a predictive model to detect fraud in automobile claims.

INNOVATIVE CUSTOMER BENEFIT: *Improves risk underwriting selection process.*



Insurance

Outlook in 2000

■ The priority for the year 2000 will be to consolidate the recovery in the automobile portfolio and development health insurance. Steps will be taken to expand the distribution of life insurance products through banking networks and direct sales.

PORTUGAL

The 19% growth in the Portuguese insurance market confirms trends observed in prior years. The property and casualty insurance market grew by 7%, above the European average, and the life insurance market recorded 30% growth, in line with the 35% growth achieved in 1998.

AXA Seguros, Portugal's leading insurer non-aligned with a banking group, posted premium income growth of 8% in 1999. Premium income from property and casualty insurance increased by 5%, in line with the market. The launch of several new products, including a new range of automobile insurance contracts, boosted sales. The contribution to Group net income rose from € 4.3 million in 1998 to € 8 million in 1999.

This increase reflects the Group's determination to base growth on strong profitability, which means maintaining positive underwriting results through disciplined risk selection practices and sound claims management. Combined ratios are close to 100%.

In Lisbon, the takeover of the Guardian Royal Exchange subsidiary and the merger of operations

were successfully completed, with IT conversions scheduled for 2000. Consolidation of Guardian, whose business is mainly focused on brokers and corporations, should generate growth in premium income of around 13%.

Premium income from life insurance operations increased by 14%, under-performing the market, which is dominated by bankinsurance. Sales were boosted by the launch of new products.

The contribution to Group net income was € 7 million, compared to € 6 million in 1998.

The distribution agreement signed early in the year with Banco Bilbao Viscaya—which already works in partnership with AXA in Spain and is Portugal's leading foreign bank—rounded out AXA Seguros' distribution network of agents and brokers by giving it access to a banking network with approximately 100 branches. The range of products has also been enhanced, and will soon include separate account products to meet market demand.

Outlook in 2000

■ In this market, which will continue to consolidate, Group strategy remains unchanged:

- maintain profitable businesses,
- expand and diversify distribution channels.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Spain	333	729	1,062
Portugal	126	262	388
Contribution to consolidated net income, Group share			
Spain	1	(3)	(2)
Portugal	7	8	15

Portugal: sales were boosted by the launch of new products in both life insurance and property and casualty insurance lines.

→ Compétences 2001

AXA Courtaige – France

Project description: A training program for non-management personnel that covers all aspects of their profession.

INNOVATIVE CUSTOMER BENEFIT: *personalized, accessible.*





ITALY

In 1999, the Italian insurance market was marked by significant differences in growth rates, 6.5% in property and casualty insurance and 30% in life insurance, with overall growth reaching 18%. Growth in the property and casualty sector was primarily driven by substantial premium rate increases in driver liability insurance, while the life insurance sector continued to benefit from the transfer of savings from Treasury bonds to other forms of managed savings, including life insurance.

The main beneficiaries of this growth were the banking and financial networks, which account for 70% of new business.

As part of the operational merger between the Group's seven subsidiaries in Italy, which were merged into AXA Assicurazioni in 1998, a new CEO and management team were appointed. Their mission is to consolidate the recovery under way and define a repositioning strategy.

The decision to position AXA Assicurazioni as a provider of savings management services prompted the development of the AXA SIM financial consultants network in partnership with AXA Investment Managers. The network now has a comprehensive range of savings products that offer global and customized solutions to meet customer needs. In addition, the agreement signed in January 1999 with Banca Popolare Commercio e Industria—which has a network of nearly 300 branches—helped AXA Assicurazioni generate € 65 million in gross life insurance premiums.

The Group has also disposed of real estate assets to reduce exposure and externalize a portion of its unrealized capital gains.

The restructurings in 1998 and the enlargement of distribution channels are beginning to pay off, and the company is once again profitable. Premium income from life insurance operations rose by 24%, while premium income from property and casualty operations was up 3%. Separate account products, launched at the end of 1998, accounted for 41% of gross life insurance premiums in 1999.

The contribution of life insurance operations to Group net income increased by € 28 million, primarily due to the release of several investment-related reserves. The contribution from property and casualty operations to Group net income was break-even.

Outlook in 2000

- AXA Assicurazioni's principal objectives for 2000 are:
 - to implement a regional organizational structure in line with its policy of decentralized underwriting and sales management,
 - to pursue profit recovery,
 - to develop life insurance business by diversifying distribution channels.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Italy	343	903	1,245
Contribution to consolidated net income, Group share			
Italy	25	(0)	25

Italy: business growth was primarily driven by new distribution channels.



→ VSI, Full Life System

AXA Seguros – Spain

Project description: A management system designed to roll out new products that are adapted to market needs at any given time.

INNOVATIVE CUSTOMER BENEFIT: Responsive, competitive.

Insurance

In the Netherlands, the property and casualty business of GRE's Dutch subsidiary was integrated into AXA Schade.

NETHERLANDS

1999 was devoted to implementing the July 1998 merger that created AXA Verzekeringen. Following the Group's successful takeover bid on Guardian Royal Exchange, the property and casualty business of GRE's Dutch subsidiary was integrated into AXA Schade, the property and casualty subsidiary of AXA Verzekeringen.

Premium income from life insurance operations increased by 2% due to an increased focus on Universal Life products and growth in gross health insurance premiums. The contribution to Group net income rose by 5%, to € 40 million.

Premium income from property and casualty insurance operations declined by 1%, while the contribution to net income was € 2 million.

Outlook in 2000

- In the Netherlands, the Group has two strategic priorities:
 - expansion of life and health businesses for individual and corporate customers,
 - refocus of the property and casualty business, for individual and small- and medium-sized business customers, and development of standardized product range.

LUXEMBOURG

The legal merger of Group businesses in Luxembourg was completed in the middle of 1999 with the regrouping of former operating units into AXA Assurances Luxembourg.

At AXA Assurances Luxembourg, premium income from life insurance operations grew by 12%, while its contribution to Group net income fell, to € 2 million.

Premium income from property and casualty insurance operations increased by only 3% due to premium rate pressures, particularly strong in the automobile sector. The contribution to Group net income doubled, reaching € 4 million.

The company is currently Luxembourg's third largest life insurer and its third largest property and casualty insurer.

Outlook in 2000

- Property and casualty and life insurance product ranges will be unified during the year, and businesses will be co-located to a single site as of March 2000. The business focus will be on enhancing the professionalism of the distribution network and responding to changes in customer needs and expectations.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Netherlands	875	248	1,123
Luxembourg	104	51	155
Switzerland	59	57	116
Austria and Hungary	88	199	287
Contribution to consolidated net income, Group share			
Netherlands	40	2	42
Luxembourg	2	4	6
Switzerland	2	2	4
Austria and Hungary	1	8	9



✓ 1999 Award winner

→ Extranet Courtage

AXA Courtage – France

Project description: The Extranet Courtage is a website dedicated to brokers, which allows them to conduct pre-selling, sales and after-sales service operations.

INNOVATIVE CUSTOMER BENEFIT: *Swift, saves time.*





SWITZERLAND

AXA Assurances recorded 9% growth in premium income from life insurance operations, compared with 6% in 1998, and a 6% increase in premium income from property and casualty insurance operations. After the 3% decline posted in 1998, this significant rise was achieved despite a higher claims ratio market-wide due to climatic events.

Growth potential for AXA Assurances in Switzerland is limited due to the small size of the company.

The contribution to Group net income doubled, reaching € 4 million.

AUSTRIA

The Group continued to develop its global customer approach, a completely new development in this market, and favored profitability as competition intensified. Consequently, 1999 premium income rose by only 2% in property and casualty lines and fell by 5% in life insurance lines. AXA is currently developing an innovative product and service offer to build customer loyalty.

HUNGARY

AXA is playing an active role in the consolidation of the pension fund market, in which it ranks sixth. Its network of agents has been expanded to capitalize on market deregulation. Premium income from life insurance operations grew by 34%, while premium income from property and casualty operations was up 48%.

TURKEY

The partnership between AXA and Oyak, the country's third-leading industrial and financial group, is very positive. The legal and operational mergers between the companies have now been completed, and a management committee has been formed. AXA Oyak Sigorta (property and casualty) has confirmed its leading position in the market, with premium income up 3% in euro terms. Life/health insurance premium income grew 30%, making AXA Oyak the six largest insurer in the Turkish life insurance market. Consolidated for the first time in 1999, it contributed € 5 million to Group net income, in line with forecasts, thanks to improved investment results and control over general costs.

Although the market was buoyant in the first half of 1999, it deteriorated in the second half in the wake of the economic recession and the two earthquakes that devastated the country. The year 2000 is turning out to be difficult, and declines are expected in both underwriting results and investment income. However, the difficult environment should help improve the overall situation by rendering market reorganization inevitable. Turkish legislators are expected to pass laws that will favor growth in the insurance market, particularly in pension funds.

Turkey: AXA Oyak confirms its leading position in the property and casualty insurance market.



→ Star Account

AXA Nordstern Colonia – Austria

Project description: Bundling platform for all financial services and insurance products that offers money-back guarantees.

INNOVATIVE CUSTOMER BENEFIT: *A single provider handles all contracts.*

Insurance

Asia-Pacific

In 1999, Group expansion in this region was marked by two major events:

- in life insurance, the companies grouped under National Mutual Holdings adopted the AXA trademark,
- in property-casualty insurance, the contribution of Guardian Royal Exchange's Asian affiliates extended the AXA network and gave it a strategic position in three major markets in the region: Hong Kong, Singapore and Malaysia.

GRE group companies in Hong Kong and Singapore were consolidated as of July 1, 1999.

AUSTRALIA AND NEW ZEALAND

The Group is present in life insurance, health insurance and pension funds via AXA Australia and AXA New Zealand, formerly known as National Mutual. The switch to the AXA name in August 1999 was supported by a major advertising campaign that boosted aided brand awareness for AXA to 70% in just three months.

The pension funds market grew as employer and employee contributions to superannuation schemes became mandatory. Competition is fierce, particularly

from banks, whose market share is steadily increasing in both life insurance and pension funds. Premium income from life insurance operations in Australia and New Zealand declined by 11% versus 1998, mainly due to the massive transfer in 1998 of policyholder credits on old policies to more attractive products, which eased off substantially in 1999.

The contribution of AXA Australia and AXA New Zealand to Group net income rose by 48%, from € 25 million in 1998 to € 37 million in 1999. Improved investment results, including significant capital gains, and ongoing reductions in general costs more than offset the decline in underwriting results due to a higher claims ratio in disability products.

Outlook in 2000

With a regulatory environment that favors growth in pension funds and health insurance, AXA Australia is continuing to develop distribution through financial networks to improve its market positioning.

The contribution of AXA Australia and AXA New Zealand to Group net income rose by 48%.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Australia/New Zealand	1,810	-	1,810
Korea	114	-	114
Hong Kong	742	43	785
Contribution to consolidated net income, Group share			
Australia/ New Zealand	37	-	37
Korea	9	-	9
Hong Kong	19	(3)	16

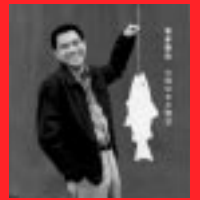
→ Electronic proposal form

AXA Australia – Australia

Project description: Customers can fill out forms electronically, which allows advisors to save time on administrative tasks related to contract management.

INNOVATIVE CUSTOMER BENEFIT: Saves time for both advisors and customers.





CHINA

AXA Minmetals, the first ever French-Chinese life insurance joint venture, sold its first policies in June 1999. Based in Shanghai, it is 51% owned by AXA China and 49% owned by the Chinese group, Minmetals, whose main business activities are financial services and international trade. In the short term, AXA Minmetals will enable the Group to capitalize on growth in the Shanghai life insurance market and, in the longer term, will give it access to a market of 650 million potential customers.

SOUTH KOREA

AXA is present in the South Korean life insurance market via Dongbu AXA Life, a company in which AXA and the Korean company, Dongbu, hold equal stakes. The economic crisis prompted a rise in early surrenders and contracted the distribution network, resulting in flat gross premium growth. The contribution to Group net income was positive, however, at € 9 million, after two consecutive years of losses. This performance is primarily due to capital gains realized in the equity security portfolio.

HONG KONG

The Group is active in the life insurance market through AXA China Region, formerly National Mutual Asia, the number two life insurer in Hong Kong. Highlights of 1999 include:

- the launch of a range of products adapted to the region's current economic situation. These products

provide a significant level of protection, but lower financial guarantees, and reflect interest rate changes in the United States and Hong Kong,

- in August 1999, the official name change, supported by major marketing and advertising initiatives to ensure a smooth transition to the new brand,
- in November, implementation of a new investment policy that will enable AXA China Region to take advantage of the recovery in the equity markets,
- the buyout of minority interests in AXA China Region. The offer, launched by AXA National Mutual Holdings in November, was a complete success. It strengthens the Group's position in this region.

The contribution to Group net income was € 19 million, after a loss of € 39 million in 1998. This turnaround is due, in particular, to the strong improvement in investment results, which were adversely affected in 1998 by the collapse of the region's equity markets.

In property and casualty insurance, the merger of AXA and Guardian Royal Exchange subsidiaries places the new company, AXA General Insurance Hong Kong, in 5th place among property and casualty insurers (AXA Insurance was ranked 30th in 1998). Premium income more than doubled, from € 21 million in 1998 to € 43 million in 1999. The contribution to Group net income, a loss of € 3 million, remained virtually unchanged.

*Hong Kong:
a turnaround in
the life insurance
market for
AXA China Region.*



✓ 1999 Award winner

→ Smart Lady Insurance Plan

AXA China Region – Hong Kong

Project description: A “bundled” life insurance product designed exclusively for the women of Hong Kong, offering highly specific advantages tailored to the cultural realities of this country.

INNOVATIVE CUSTOMER BENEFIT: Personalized preferential treatment.



Insurance

In Japan, the agreement concluded with Nippon Dantai will make the AXA Group the number one foreign insurer in this market.

Outlook in 2000

■ AXA China Region has genuine growth opportunities. The economic recovery should favor growth in the individual life insurance market. In addition, the introduction of pension funds by the government will create a market valued at € 2.5 billion. The company has two major strengths that should help it win a significant share of the market: the quality of its customer service and the experience of its agents.

INDONESIA

Tempo National Mutual Life (the life insurance company owned 80% by AXA National Mutual Holdings and 20% by Tempo, its Indonesian partner) more than doubled premium income in a market that grew by 20%. New management played an instrumental role in achieving this performance, expanding the distribution network, especially outside of Djakarta, and improving productivity.

This pace of growth should continue in 2000, provided that the economic and political situation does not adversely affect business. Tempo National Mutual Life is expected to adopt the AXA brand in 2000.

In property and casualty insurance, the integration of the Guardian Royal Exchange subsidiary with PT Asuransi AXA Indonesia strengthened the Group's presence in Indonesia.

JAPAN

With 31% of all premiums, Japan is the world's leading life insurance market. Although the market was stagnant throughout 1999, AXA Life Japan, AXA's life subsidiary launched in 1995, recorded 66% premium income growth. The company also increased its investment income thanks to rising interest rates. Its contribution to Group net income was a loss of € 28 million, in line with forecasts. AXA's investment in the Japanese market is part of its long-term strategy.

The year 2000 opened on a very promising note with the conclusion of a partnership agreement in November 1999 with Nippon Dantai, Japan's 13th largest life insurance company with 2.2% market share. The two companies' life insurance businesses will be merged into AXA Nichidan, a holding company. At the end of this process, which should be completed by March 2001, AXA will own 95% of AXA Nichidan for a total investment of € 1.9 billion. The AXA Group will then be the leading foreign life insurer in Japan, a position that should enable it to take full advantage of the market's restructuring and the domestic economic recovery.

AXA Direct commenced its automobile insurance operations in July 1999 with very innovative products. The market is currently undergoing deregulation, and the rapid development of the Internet—the number of net surfers doubles every year in Japan—should boost business growth for this company.

→ Expantiel Indice

AXA Conseil – France

Project description: Expantiel Indice is a range of so-called structured investment products that combine the advantages of investing in life insurance with the best financial techniques the markets have to offer.

INNOVATIVE CUSTOMER BENEFIT: *Enhances performance while limiting risk.*





MALAYSIA

In connection with the Group's restructuring program, AXA Sime was sold. AXA plans to focus its efforts in the property and casualty insurance market on expanding Guardian Royal Exchange Assurance Malaysia, which is present throughout the country. The AXA brand will be adopted in 2000.

PHILIPPINES

The Group has been present in this market since 1998 via Philippine AXA Life, which is 45% owned by AXA National Mutual Holdings and 55% owned by Metropolitan Bank and Trust Company, the Philippines' leading banking group.

Premium rate changes introduced on certain group policies in 1999 to ensure profitability slowed premium income growth, which nonetheless increased by 16%.

Expansion will accelerate in 2000 through full use of our partner's distribution channel.

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Japan	133	6	139
Singapore	59	46	105
Contribution to consolidated net income, Group share			
Japan	(28)	(30)	(58)
Malaysia		2	2
Singapore	3	(8)	(5)

The merger with Guardian Royal Exchange has given the Group a presence in the property and casualty insurance market through Union Insurance Society of Canton. Business development efforts made in 1999 should start to pay off in 2000.

SINGAPORE

AXA Life Singapore, AXA's life insurance subsidiary in Singapore, reported 93% growth in premium income, due in particular to the success of products sold via banking networks. Its contribution to Group net income was € 3 million, versus a loss of € 2 million in 1998. This improvement was primarily attributable to higher investment results, as AXA Life Singapore capitalized on soaring equity markets in the region.

In September, the subsidiary was sold to AXA National Mutual Holdings as part of the reorganization of Group life insurance businesses in South-East Asia.

Deregulation expected in the life insurance market will offer AXA Life Singapore new growth opportunities. In particular, it will allow the company to form new distribution networks.

AXA Life Singapore capitalized on soaring equity markets in the region.

→ Axa Global Communication



AXA Global Risks

Project description: A learning center located on company premises that allows employees to better understand the cultural, social and economic paradigm of those they come into contact with through their work by offering a variety thematic events and presentations, outings, multimedia tools, etc.

INNOVATIVE CUSTOMER BENEFIT: Conveniently located and personalized.

Insurance

*Thailand:
satisfactory growth
for Krungthai
AXA Life.*

In property and casualty insurance, the acquisition of Guardian hoisted AXA Insurance Singapore from third to second place, with market share of around 6%. The loss provided in 1999 should be absorbed in 2000 thanks to restructuring efforts under way.

AXA Life and AXA Insurance have signed an exclusive agreement with the Singapore Post Office to sell their life and property and casualty products through its network. The deal, which is the first of its kind in the market, has boosted brand awareness.

TAIWAN

The Group is present in the life insurance market via a branch of AXA National Mutual Holdings. Premium income rose 3% and net income returned to positive.

In property and casualty insurance, the AXA Assurances branch was adversely affected by earthquakes in the second half of 1999.

THAILAND

In life insurance, the Group is present via Krungthai AXA Life. The joint venture, launched in 1998, is co-owned by AXA National Mutual Holdings and Krungthai Bank, the country's second leading bank. Premium income grew sharply in 1999 due to the threefold increase in the number of agents. The expansion in the distribution network set up alongside the Krungthai Bank network, which has over 350 branches, should boost premium income growth in 2000.

In property and casualty insurance, the integration of Guardian Royal Exchange Thailand will double premium income for AXA Insurance.

VIETNAM

Once the joint venture set up with Pétro Vietnam has obtained its license to sell health and accident insurance—expected in the first quarter of 2000—it will be able to commence operations.

→ Dat@net

AXA Global Risks

Project description: *Dat@net is a range of insurance products designed to secure Internet exchanges.*

INNOVATIVE CUSTOMER BENEFIT: *Secures Internet exchanges.*





Africa

MOROCCO

AXA has moved from fourth to second place in the Moroccan market. The partnership agreement signed in September 1999 with ONA, Morocco's top private group, has resulted in the merger of the two groups' insurance businesses.

AXA-ONA, the insurance holding company, 51% owned by AXA and 49% owned by ONA. The operating unit, AXA Assurance Maroc, will be formed out of the merger of AXA Al Amane and Compagnie Africaine d'Assurances, previously a subsidiary of ONA. The merger, scheduled for implementation by June 30, 2000 at the latest, will move the company into second place in the Moroccan insurance market, with 21% market share, and make it the most profitable insurer in Morocco. AXA will ensure operational management, and distribution channels will be

(in millions of euros)

	December 31, 1999		
	Life	Property-Casualty	Total
Insurance premiums			
Morocco	42	88	130
Contribution to consolidated net income, Group share			
Morocco	1	35	36

expanded to include two banking networks pursuant to agreements signed with the BCM—Morocco's leading private bank—and BNCL, a subsidiary of BNP.

An agreement has also been signed for brokerage business. The brokerage holding company, in which

AXA has a minority stake, is called ONA Courtage. The operating company, Agma Lahou Tazi, is Morocco's number one insurance broker.

The agreement also provides for business synergies in assistance, reinsurance, commercial risks and asset management, and for possible joint development in the Arab Maghreb Union.

SUB-SAHARAN AFRICA

The Group is present through majority or significant equity interests in various companies operating in the French-speaking African countries of Cameroon, Ivory Coast, Gabon, Guinea-Conakry, Senegal and Togo. These are non-consolidated shareholdings.

In 1999, business in both the property and casualty insurance and life insurance markets was constant compared with the previous year, despite efforts to reduce the portfolio and a sweeping audit of customer accounts. Accounting and IT management has improved substantially in all these countries, which now comply with stringent underwriting standards.

Outlook in 2000

■ Completion of the financial restructurings undertaken in the past year will restrict the Group's scope of operations to the following majority stakes:

– five in property and casualty insurance (Cameroon, Ivory Coast, Gabon, Guinea-Conakry, Senegal), plus a minority holding in Togo,

In Morocco, the contribution to Group net income increased by 25%.



→ Motor Engineers Project

AXA Insurance – United Kingdom

Project description: This end-to-end computerized information management system allows engineers to perform remote motor vehicle inspections.

INNOVATIVE CUSTOMER BENEFIT: *Swift and efficient, saves time.*

Insurance

– three in life insurance (Cameroon, Ivory Coast, Gabon), plus a minority interest in Senegal.

Against the region's difficult socio-economic backdrop, the new organization based on companies with reduced portfolios of sound business should boost growth in premium income and improve earnings.

Near and Middle East

PERSIAN GULF

Already present in Saudi Arabia and the United Arab Emirates, the Group has extended its presence in the Persian Gulf through the integration of Guardian Royal Exchange. All business activities are being combined within AXA Insurance, in which AXA's ownership is 90%, through reorganization into regions. The Group will be the only insurer with a direct operating presence in the six principal countries of the Gulf: Saudi Arabia, Bahrain, the United Arab Emirates, Kuwait, Oman and Qatar. It seeks to command around 5% market share by 2002.

Latin America

Despite economic difficulties in the region, the Group earned premium income of € 178 million in 1999, up 27% compared with the previous year. This growth is the combined result of commercial efforts on the part of AXA companies and the contribution of Guardian Royal Exchange business acquired in 1999. No companies operating in this region are consolidated.

ARGENTINA

AXA Argentina recorded premium income growth of 35% in euro terms thanks to targeted sales efforts focused on high-quality business opportunities.

BRAZIL

Business was stable in euro terms despite the significant devaluation of the real at the beginning of the year.

CHILE

Premium income grew by 43% in euro terms, in a currency devaluation context. The agreement concluded in 1998 with Banco de Credito e Inversiones, Chile's leading retail bank, paid off, and the new group that resulted, AXA-BCI, exploited new distribu-

→ Strategic asset liability management modeling tool

AXA France Assurance – France

Project description: *A software program that incorporates the following features – interactions between assets and liabilities, descriptions, economic and accounting points of view and stress tests.*

INNOVATIVE CUSTOMER BENEFIT: *Improves asset liability matching*



Group advertising campaign



tion channels, in particular banking networks, to market its products. This led to a 21% increase in property and casualty insurance premium income, despite the depressed market, and to an increase of 141% in life insurance premium income.

URUGUAY

Market share doubled following the merger with a Guardian subsidiary.

Outlook in 2000 for Latin America

■ The region's markets continue to show high potential for growth, since the penetration rate for insurance is still low. In Brazil—which accounts for 50% of entire Latin American insurance market—two-thirds of all vehicles and nearly 90% of all homeowners are not insured. The Group is focusing development efforts on individual insurance through a three-pronged strategy: the development of an accessible range of products, the multiplication of distribution channels to move closer to customers, and the delivery of service quality that exceeds current market standards. The establishment of a call center in Chile for claims management and settlement is part of this overall strategy.

The Group has two major projects in 2000:

- design a regional architecture that is innovative from both a commercial perspective and in terms of customer service quality, based on advanced and uniform management systems,
- finalize the integration of Guardian subsidiaries in the first half of 2000. Restructuring undertaken as part of the process will generate substantial economies of scale.

*Latin America:
AXA companies
post strong growth
across the board.*



→ CRI, Immediate Response Center

AXA Seguros – Spain

Project description: *With the CRI, the company has made the transition from compensating policyholders for homeowners' claims in cash to offering repair services within very short turnaround times.*

INNOVATIVE CUSTOMER BENEFIT: *More efficient, saves time.*

International Insurance

AXA's international insurance segment includes AXA Assistance and AXA Corporate Solutions. By the end of 2000, AXA Corporate Solutions will combine large corporate risks (AXA Global Risks), accepted reinsurance (AXA Re) and reinsurance ceded (AXA Cessions).

AXA ASSISTANCE

With an operating presence in 37 countries, AXA Assistance is number two in the world assistance market, with market share of approximately 15%. 1999 revenues totaled € 0.3 billion, an increase of 1.2% compared to 1998. Growth was achieved primarily in Europe, South America and Japan.

In addition to conventional assistance services, two trends are currently influencing market growth: services designed to simplify daily living and services offered by companies to build customer loyalty.

AXA Assistance works almost exclusively with companies to organize assistance services for their employees or personalized services for their own clients. The company designs innovative and customized products aligned with the company's marketing strategy. Three new products, already successfully tested in several AXA Assistance alarm centers, are currently under development:

- "Direct repair" assistance for certain homeowners and automobile claims. This new service reduces response time and benefit costs,
- medical/health assistance that analyzes requests before informing and referring the insured, in the aim of optimizing the quality of care and controlling costs,
- Practical Living assistance, which provides "on demand" services that meet routine needs.

Attentive to the quality of its services, AXA Assistance pursued its certification program throughout 1999. In France, the ISO 9001 certification obtained for medical assistance procedures was extended to assistance and support functions.

The company continued its international development, opening two new assistance centers (one in Australia and one in Canada) and thereby establishing its presence on the five continents. At the same time, AXA Assistance began decentralizing management processes and resources by setting up two regional offices. The Tokyo office handles international contracts for the Asia-Pacific region, while Chicago office handles international contracts for North and South America. A third regional management structure will be set up in Paris to manage the countries in the European Union.

The contribution to Group net income was € 11 million, an increase of 6% versus 1998 (€ 10 million). This improvement was largely due to further reductions in operating costs and close monitoring of underwriting results.

*Assistance:
innovative services
and quality
certification.*

→ AXA Centre Santé

AXA Courtagé – France

Project description: *The AXA Centre Santé call center was set up to play a multi-faceted role in the health- and medical-care chain. It offers information on health issues and refers policyholders to healthcare networks.*

INNOVATIVE CUSTOMER BENEFIT: *promotes health-care quality and safety.*





Outlook in 2000

■ Priority will be given to boosting sales and achieving further improvements in customer service.

AXA CORPORATE SOLUTIONS

This new operating unit will group the following three companies:

- AXA Global Risks SA, its branch in Milan and its two operating subsidiaries, one in the United States and one in the United Kingdom. Active in the large risks, international risks and Marine, Aviation and Transport risks markets, this multinational organization offers corporations global insurance coverage.
- AXA Re, which has six international offices, has a diverse reinsurance portfolio: property, casualty, marine, aviation and satellites risks, as well as financial guarantees and life and healthcare risks.
- AXA Cessions, which cedes reinsurance to limit the Group's exposure to catastrophic events. Following a strategic review undertaken in 1998, AXA Cessions became a full service company in 1999, offering reinsurance advisory services, treaty management and group purchasing.

For the past several years, two major trends have dominated the markets in which these companies operate:

- a steady decline in premiums, particularly in large risks, and Marine and Aviation,

– the development of self-insurance as a result of the numerous mergers and consolidations affecting the world's largest corporations. As corporate financial strength has grown, the need for coverage has decreased.

MIXED RESULTS

AXA Global Risks recorded a 9.5% increase in premium income due to strong growth in international programs and internal treaties with other Group subsidiaries. Several innovative products were launched in 1999, including e-Secure, the first insurance coverage for electronic commerce, and Protection and Indemnity, a new Marine liability product. However, AXA Global Risks was severely affected by an exceptional series of natural catastrophe claims in 1999: earthquakes in Turkey, Greece and Taiwan, Hurricane Floyd in the United States, European storms Lothar and Martin, etc. As a result, its contribution to Group net income was a loss of € 151 million, considerably more than the previous year.

AXA Re maintained a conservative and selective non-life underwriting policy (95% of its business), which led to its decision not to cover Year 2000 risks and to reduce non-proportional treaty business. Its outward acceptance portfolio increased by 4%, while its finan-

The high claims ratio takes a toll on earnings.



→ InPack

AXA Global Risks

Project description: Contract designed to support medium-sized businesses (defined as companies with annual revenues between FF 500 million and FF 5,000 million a year) in their bid for expansion abroad.

INNOVATIVE CUSTOMER BENEFIT: Supports international development.

International Insurance

Towards a global offer of products, services and expert advice.

cial risks portfolio grew by 9%. In life reinsurance (5% of its business), new underwritings have not yet offset portfolio reductions, leading to a 13.7% decrease in premium income.

The negative underwriting results recorded in 1999 can be attributed to the exceptionally high claims ratio combined with intense premium rate competition in the market. Investment income was higher than in 1998 due to the excellent performance of the financial markets.

AXA Re's contribution to Group net income was € 93 million in 1999, compared to € 125 million in 1998, a decline of 25%.

In 1999, **AXA Cessions** instituted an international purchasing program for Group reinsurance cover, which represented ceded gross premiums of approximately € 300 million.

Outlook in 2000

■ To anticipate new client demands and pool inherently volatile risks, the Group has moved to align AXA Global Risks, AXA Re and AXA Cessions. The ultimate aim of this realignment is to pool the expertise and resources needed to build an international range of products, services and expert advice. Clients will access this innovative offer through a single point of entry. The new company, which will be called AXA Corporate Solutions, should be fully operational by fall 2000.

→ Triple M

AXA Global Risks

***Project description:** Triple M enables clients to bundle their purchase - multiline, multiyear and multinational - and provides greatly enhanced transparency in terms of costs in the large corporate property insurance market, which is organized by lines of business.*

INNOVATIVE CUSTOMER BENEFIT: *Flexible and transparent.*



Asset Management and Other Financial Services

With € 781 billion in assets under management at December 31, 1999, an increase of 39.7% over 1998, AXA has established itself as one of the world's leading asset managers. All of AXA's asset management units benefited in 1999 from strong financial markets, and their overall contribution to net income rose by 20.6%.

Asset Management

This segment includes both third-party asset management, which grew by 61% in 1999, and asset management on behalf of AXA's insurance companies.

ALLIANCE CAPITAL MANAGEMENT

Alliance Capital Management is a 56.7% subsidiary of AXA Financial. In addition to managing the assets of its parent, Alliance Capital primarily manages assets on behalf of institutional and retail investors. At December 31, 1999 Alliance Capital had 1999 assets under management of \$368 billion, compared to \$287 billion in 1998, an increase of 28%. Assets

managed on behalf of insurance clients and through separate account life insurance products totaled \$62 billion.

1999 was a record year for Alliance Capital Management, with revenues up 42.2%. This reflects strong capital market appreciation, superior investment performance, record new sales to both mutual fund and institutional investors and a high level of performance fee income.

In the US based non-proprietary mutual fund universe, Alliance Capital ranked no. 1, with gross sales increasing 75%. Its market share of mutual fund sales sold through non-exclusive brokers reached 6.3%, having tripled since 1996.

Separately managed institutional client accounts achieved record growth, winning 232 new client accounts representing more than \$12 billion in new client mandates.

Alliance Capital Management, whose investment management expertise is recognized worldwide, also continued to develop international business. In Europe, the distribution agreement concluded in 1998 with the Italian banking group EPTA translated into sales of overseas mutual funds totaling \$4.3 billion. Alliance Capital services approximately five million shareholder accounts, with total worldwide mutual fund sales exceeding \$57 billion.

New management mandates were obtained in Japan, where the company has become one of the

Superior performance levels: assets under management up 28%; revenues up 42%; net income contribution up 28%.

✓ 1999 Award winner



→ Online Client Portfolio - EQAccess

AXA Financial – United States

Project description: This system gives customers, brokers and customer service representatives 24x7 on-demand access to their consolidated portfolios.

INNOVATIVE CUSTOMER BENEFIT: *information is accessible on demand at all times.*



Asset Management and Other Financial Services

leading foreign asset managers. Mutual fund sales in India increased six-fold, with assets under management of \$670 million at year-end 1999.

Hedge funds continued to grow in terms of assets.

Alliance Capital Management contributed €72 million to Group net income in 1999.

Optimize the advantages of local presence and the efficiency of a research capability that has access to all of the world's financial markets.

Outlook in 2000

■ Barring significant market disruption, Alliance Capital foresees continued growth opportunities in the year 2000 and beyond. This projection is based on the solid long-term performance of its large capitalization stock portfolios coupled with the positive results of its newer products. Alliance Capital's presence in both its traditional and its newer distribution channels should increase thanks to the continued expansion of its sales force (both institutional and retail teams), the new organization and expansion of its global sales force, as well as the aggressive implementation of new technologies in intermediary and client servicing.

AXA INVESTMENT MANAGERS

Established in 1997, the corporate mission of AXA Investment Managers is to optimize investment management for Group insurance companies in Europe and to develop third-party asset management business worldwide, mainly in Europe and Asia. In 1999,

the company's second full year of operations, it finalized legal restructurings that integrated asset management companies in Germany, Belgium, Holland, Japan and Hong Kong into AXA Investment Managers. AXA Investment Managers also opened a new office in Singapore.

Growth in third-party asset management business was satisfactory.

- Significant growth in employee savings business for AXA Investment Managers Paris, with a number of major new clients.
- Establishment of operations in the retail pension market in Germany.
- The value of AXA World Funds, an umbrella fund with multiple investment options launched in 1998, exceeded €1 billion for the first time in 1999.

SHARED RESOURCES

A global management structure was put in place to execute a homogeneous investment policy that is consistent with the Group's client service strategy. This structure allows managers of AXA Investment Managers funds to share investment strategy and equity/fixed income research resources. Other shared resources include information systems, marketing, human resources, finance and regulatory compliance. A single investment process has been introduced to optimize the advantages of local presence and the efficiency of a research capability that has access to all of the world's financial markets.

→ Interactive television advertising

AXA Investment Managers Paris – France

Project description: This advertising project established direct contact with target clients via interactive advertising.

INNOVATIVE CUSTOMER BENEFIT: *Direct contact, highly flexible and interactive.*





The member companies of AXA Investment Managers are now connected by an Intranet. In addition, they have been strengthened by the contribution of two specialized units:

- Quantitative & Structured Investments is a lateral unit specializing in quantitative investments, structured products and alternative investments. Since January 1999 it has worked in partnership with AXA Rosenberg. This alliance has led to an expanded product range and further strengthened quantitative management skills.
- AXA IM Private Equity specializes in private equity funds. It successfully raised two major funds during the course of the year, and is well placed to take advantage of the considerable expansion this market has been experiencing for three years.

SUPERIOR INVESTMENT PERFORMANCE

Several of the investment products offered by AXA Investment Managers have received performance awards. AXA Sun Life Asset Management distribution funds won Standard & Poor's Micropal awards for performance in their class; AXA IM Hong Kong won the South China Morning Post Micropal awards for overall Best Equity Manager for Hong Kong & for China and the Benchmark Micropal awards for the overall Best Equity Manager for Singapore; and AXA IM Paris won the Laurier d'Or from Investir magazine for the performance of its entire SICAV range over five years.

In 1999, AXA Investment Managers posted revenue growth of 31.8% due to market appreciation and

investment performance as well as an increasing percentage of assets commanding higher fee levels.

Its contribution to Group net income was € 11 million.

Outlook in 2000

■ AXA Investment Managers is expected to reap the benefits of the organization it has put in place and its position in promising segments. The Company's efforts will focus on the following objectives:

- deepening its relationship with Group insurance companies to diversify the range of services provided to them,
- developing targeted solutions for institutional investors,
- ensuring that resources are aligned with clients' individual needs,
- developing growth opportunities arising from the new technologies,
- expanding operations with the opening of an office in Frankfurt.

AXA AUSTRALIA FUNDS MANAGEMENT

AXA Australia Funds Management handles savings investment on behalf of AXA Australia and AXA New Zealand. It offers a broad range of products designed to meet the needs of both institutional and retail clients.



→ Practice Enhancement Program

AXA Financial – United States

Project description: *This program offers advisors the most salient indicators so that they can provide financial services that dovetail perfectly with customer needs.*

INNOVATIVE CUSTOMER BENEFIT: *Personalized and flexible service.*

Asset Management and Other Financial Services

Other Financial Services

DONALDSON, LUFKIN & JENRETTE

Donaldson, Lufkin & Jenrette (DLJ), a subsidiary of AXA Financial and one of the largest investment banks in the United States, achieved its best ever performance in 1999.

Growth in its mergers and acquisitions advisory business (in 1999 DLJ obtained mandates of record size) boosted its share of the global market from 4.9% to 13.9%. DLJ is currently ranked 4th in the United States and 6th in the world. In the global market, it was ranked number one for the 7th year in a row. It also posted strong growth in financial services, moving from 8th place to 5th place for IPOs in the United States. Rapid growth in trading volume on Wall Street benefited its clearing business through Pershing and online brokerage services through DLJdirect.

DLJ continued its European expansion at an accelerated rate. After opening a new office in Paris in 1998, it opened a pan-European trading room in London in early 1999, and an office in Frankfurt in the fall to establish its presence in the German market.

DLJ's sales grew 23.6% thanks to record advisory fee income (up 79% compared to 1998), and international sales doubled.

RECORD GROWTH FOR DLJdirect

DLJdirect, DLJ's online brokerage service, also continued on the growth track in 1999. With 795,000 client accounts (50% more than in 1998) and 5.8 million stock trade orders, 1999 assets under management reached \$21.7 billion, an increase of 144% versus the \$8.9 billion dollars recorded at December 31, 1998.

DLJdirect launched a new fixed-income center to expand the range of its product offer and thereby enable clients to build diversified portfolios. The response time and success rate for creating standard stock-order transactions earned DLJdirect accolades from the press and e-commerce community. The company was rated number 1 by the Keynote Web Broker Trading Index, the largest provider of Internet performance measurements.

Since last May 26, DLJdirect has been listed on the New York Stock Exchange in the form of tracking stock, which confers dividend rights but not equity ownership.

In Europe, DLJdirect began operations in the United Kingdom, a market whose outlook for growth is considered exceptional. In Japan, the online brokerage service formed in partnership with Sumitomo Bank, Japan's 2nd leading commercial bank, has experienced promising initial results.

Outlook in 2000

■ The year 2000 looks positive for DLJ given the current strength of the financial markets and the number of mandates in the portfolio. Growth in Europe is expected to continue at an accelerated pace and, barring a change in financial market orientation, past investments should begin to weigh less on overall operations.

DLJ: net income contribution up 39.8% and rapid international expansion.

Consolidated Statements of Income

(in euro millions)

Year ended December 31,	1999	1998 (a)	1997 (a)
Revenues			
Gross premiums	66,528	56,697	55,587
Change in unearned premium reserve	9	32	(1)
Net investment results	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	(808)	(381)	536
Acquisition expenses	5,616	4,921	4,589
Other insurance company expenses	3,962	3,579	3,430
Financial and holding company expenses	11,901	9,050	8,258
Amortization of goodwill	634	93	160
Total Benefits, Claims and Other Deductions	77,986	67,082	65,245
Income before income tax expense	4,182	3,717	3,153
Income tax expense	(1,292)	(1,222)	(1,189)
Minority interests in income of consolidated subsidiaries	(858)	(974)	(802)
Equity in (loss) income of unconsolidated entities	(10)	11	45
NET INCOME	2,021	1,531	1,207
<i>(in euro)</i>			
Net Income Per Ordinary Share:			
Basic	5.73	4.52	3.71
Diluted	5.39	4.24	3.48

(a) The euro amounts were converted using the previously reported information in French francs and the French franc - euro exchange rate of 6.55957 established on January 1, 1999, the first day of the euro's existence.

Consolidated Balance Sheets

(in euro millions)

	At December 31,	
	1999	1998 (a)
Assets		
Investments		
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-profits 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
Cash and equivalents	14,130	10,421
Broker-dealer related receivables	44,689	29,519
Deferred acquisition costs	7,782	5,917
Value of purchased business inforce	2,438	2,426
Goodwill	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 information in French francs and the French franc - euro exchange rate of 6.55957 established on January 1, 1999, the first day of the euro's existence.

(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	5,419	4,150
Operating debt	11,684	6,148
Accrued expenses and other liabilities	44,057	33,817
Separate Account liabilities	109,001	76,422
Total Liabilities	478,361	362,880
Commitments and contingencies		
Minority interests	7,454	5,237
Subordinated debt	4,832	2,706
Mandatorily convertible bonds and notes	474	474
Shareholders' Equity		
Ordinary shares, € 9.5 nominal value, 465.62 million authorized shares at 12.31.99 (400.29 million shares authorized at 12.31.98), 356.34 million issued shares (350.29 million shares issued at 12.31.98) and outstanding	3,260	3,204
Capital in excess of nominal value	5,350	5,118
Retained earnings and reserves	7,747	5,215
Total Shareholders' Equity	16,358	13,537
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	507,480	384,835

(a) The euro amounts were converted using the previously reported information in French francs and the French franc - euro exchange rate of 6.55957 established on January 1, 1999, the first day of the euro's existence.

Simplified Organization Chart at March 31, 2000

Insurance

North and South America

CANADA

AXA ASSURANCES

AXA INSURANCE

UNITED STATES

AXA FINANCIAL

BRAZIL

AXA SEGUROS

CHILE

AXA SEGUROS

Europe

GERMANY

AXA COLONIA

AXA NORDSTERN
ART

SICHER DIRECT

ALBINGIA

AUSTRIA

AXA NORDSTERN
COLONIA

BELGIUM

AXA ROYALE
BELGE

SPAIN

AXA SEGUROS

DIRECT SEGUROS

FRANCE

AXA ASSURANCES

AXA COURTAGE

AXA CONSEIL

DIRECT ASSURANCE

JURIDICA

NATIO
ASSURANCES

NSM VIE

HUNGARY

AXA BIZTOSITO

ITALY

AXA
ASSICURAZIONI

IRELAND

AXA IRELAND

LUXEMBOURG

AXA LUXEMBOURG

NETHERLANDS

AXA
VERZEKERINGEN

PORTUGAL

AXA SEGUROS

UNITED KINGDOM

AXA SUN LIFE

AXA INSURANCE

SWITZERLAND

AXA ASSURANCES

TURKEY

AXA OYAK

Africa

CAMEROON

AXA ASSURANCES

AXA VIE

IVORY COAST

AXA ASSURANCES

AXA VIE

GABON

AXA ASSURANCES

AXA VIE

KENYA

UAP PROVINCIAL
KENYA

MOROCCO

AXA ASSURANCE
MAROC

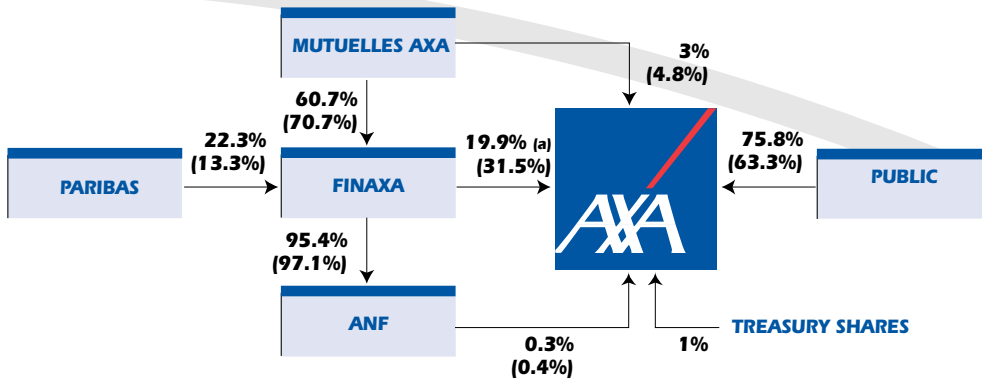
SENEGAL

AXA ASSURANCES
SÉNÉGAL

TOGO

UNION
DES ASSURANCES
DU TOGO

The company names indicated above are commercial trademarks and not corporate names. AXA has a controlling interest in these companies (controlling economic interest and/or majority shareholding).



(): voting rights
 (a): directly and indirectly, equity interest and voting rights

International Insurance

Asset Management and Other Financial Services

Asia-Pacific

AUSTRALIA NEW ZEALAND

AXA ASIA PACIFIC

CHINA

AXA MINMETALS

SOUTH KOREA

DONGBU AXA

HONG KONG

AXA INSURANCE

AXA CHINA REGION

INDONESIA

AXA LIFE
INDONESIA

JAPAN

AXA NICHIDAN

AXA NON LIFE
INSURANCE

MALAYSIA

GUARDIAN ROYALE
EXCHANGE
ASSURANCE

PHILIPPINES

PHILIPPINE
AXA LIFE

SINGAPORE

AXA INSURANCE

AXA LIFE

TAIWAN

AXA ASSURANCES

THAILAND

KRUNGTHAI AXA
LIFE INSURANCE

UNITED STATES

AXA REINSURANCE

AXA RÉ LIFE

AXA SPACE

AXA GLOBAL RISKS

FRANCE

AXA REASSURANCE

AXA RÉ FINANCE

SPS RÉ

AXA GLOBAL RISKS

MONACO

CGRM

UNITED KINGDOM

AXA REINSURANCE

AXA GLOBAL RISKS

SINGAPORE

AXA REINSURANCE
ASIA

Assistance

AXA ASSISTANCE

Asset Management

GERMANY

AXA COLONIA

AUSTRALIA

AXA AUSTRALIA
FUNDS
MANAGEMENT

BELGIUM

AXA INVESTMENT
MANAGERS

UNITED STATES

ALLIANCE CAPITAL
MANAGEMENT

AXA INVESTMENT
MANAGERS

AXA ROSENBERG

FRANCE

AXA INVESTMENT
MANAGERS

AXA REAL ESTATE INVESTMENT MANAGERS

HONG KONG

AXA INVESTMENT
MANAGERS

JAPAN

AXA INVESTMENT
MANAGERS

NETHERLANDS

AXA INVESTMENT
MANAGERS

UNITED KINGDOM

AXA INVESTMENT
MANAGERS

Other Financial Services

GERMANY

AXA COLONIA
BAUSPARKASSE

BELGIUM

AXA BANK
BELGIUM

UNITED STATES

DONALDSON
LUFKIN & JENRETTE

DLJDIRECT

FRANCE

COMPAGNIE
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Latin America

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