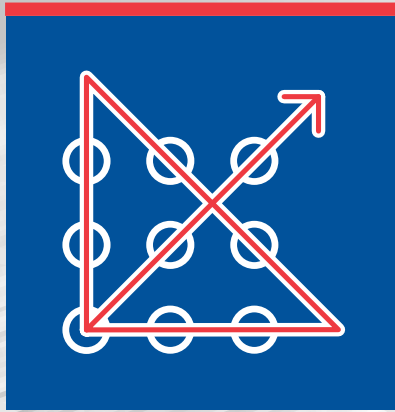


Activity Report
1998



AXAGRAMS

A XAGRAMS 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 linguistic barriers, becoming a universal language specific to AXA.

This is a major advantage for an international group.

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Strategic



Group mission Statement

AXA is squarely focused on one business: insurance and related financial services, particularly asset management. To attain its goal of setting the standard worldwide in the industry, the Group has defined strategic orientations and practices seven shared values.

orientations

To be professional in our business.

To listen carefully to customers, without whom there would be no business.

To generate the profits needed to fund development, satisfy shareholders, and motivate employees and business partners.

To motivate and involve employees and distributors. 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, businesses and competitors, as well as to spread risks among different economies.

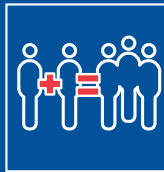
To be powerful in every one of our markets, in order to have the necessary clout.

To "think global, act local", which means:

- **Being decentralized**, so as to reconcile size and effective action. Everything is decentralized but (the principle of "everything but"):
 - planning, capital structure, and management of acquisitions,
 - information systems policy, including reporting,
 - executive career management,
 - human resources policy,
 - use of the AXA trademark and the corporate image.

- **Developing synergies** and international mobility.

Shared values



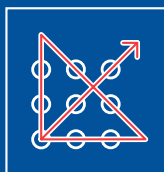
Loyalty to all our partners.

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.

Company Profile

With assets under management valued at nearly
EUR 559 billion (US\$ 655 billion/FF 3,600 billion) and
earnings of EUR 1.53 billion (US\$ 1.7 billion/FF 10 billion)



AXA is one of the world's leading insurers and asset managers.

*AXA employs **114,500 men and women** around the world and*

has established a strong presence in many of the more

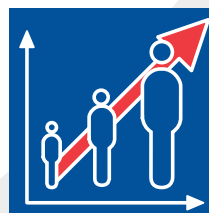
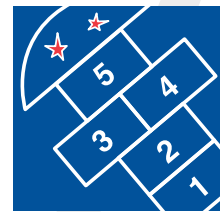
*than **60 countries** in which it operates. The AXA*

Group is committed to setting the standard in the

global insurance and asset management industries,

*and is making this goal tangible through **the development***

of a single worldwide brand.





A word from the Chairmen

Jacques Friedmann

Chairman

of the Supervisory Board

In the financial services industry, the current race for size has resulted in a frenzy of mergers and acquisitions. Week after week, major transactions are announced.

The increasingly global economy, the sheer size of financial transactions, the power but also the cost of new technology – all these factors contribute to the need for ever larger corporations.

A prerequisite for conquering foreign markets is acquiring clout in one's own. This means buying and merging at home before looking for foreign takeover targets. It only takes the slightest hint of difficulty or an unstable shareholder base to bring potential buyers to a company's doorstep.

There are two opposing theories driving this race for critical mass and efficiency.

Partisans of focusing on a core business or on a limited number of businesses say that a company cannot excel in several different areas at the same time. They add that resources and efforts should not be spread too thin, that the best strategy is to identify promising businesses in which the company has the requisite expertise and focus on them. Professionalism first!

Conversely, those who champion enlarging the number of businesses in which the company is active argue that offering customers a wide array of services will win loyalty. Business affiliates can share customer files and thereby enhance sales performance. Customer Relationship Management prevails over technical expertise; the client is at the center of the system.

Whatever strategy is adopted, buying or merging is a must! However, a badly handled merger or acquisition, like an insufficiently articulated strategy, leaves victims in its wake. And while some groups seem to be on the right track, others leave observers wondering. Until one has lived through the clash of two cultures that are impossibly different, it is difficult to understand the dangers involved. One has to be part of an international group to understand the problems that can arise due to incomprehension between two people of different nationalities. The market is "consolidating" but not crystallizing. Some newly formed groups will fall apart, and the cards will be reshuffled. This is not "the end of history".

But let's return to the question of strategy. Which strategy is the right one? Focusing on a small number of core businesses or offering the customer the biggest pos-

We believe in offering better service to customers, being more efficient and hence more profitable



Claude Bébéar
*Chairman
of the Executive Board*

sible basket of services? Which is more efficient? Which creates economic value for shareholders? Which creates service value for customers?

Today, AXA's choice is clear: we don't believe in all-around financial services. We believe in offering better service to customers, being more efficient and hence more profitable by concentrating on what we know how to do and by making consistent efforts to improve. We don't think customers are looking for one provider to service all their financial needs. They're not looking for a financial one-stop supermarket.

The customer is the starting point. What services does the customer want? What services does the customer want to see bundled? What services is the customer willing to buy from any provider? What services require handling by experts?

These questions raise more fundamental issues. Where does our genuine know-how lie? Should we stop offering know-how that no longer creates value for the customer or the shareholder? Conversely, what new kinds of know-how should we acquire to better reach the customer?

These are the kinds of questions we ask ourselves regularly, as customers and technology evolve. Today, we consider our core businesses to be insurance of all

kinds, reinsurance, assistance and asset management. We feel that we should refrain from exercising some of these activities in countries where we don't have sufficient control or where profit potential is doubtful. In some cases, rather than going it alone where service quality and profitability are debatable we think that the best strategy is to offer joint products with other companies, particularly banks. We think that customer relationship management should be applied to our own customers first, by strengthening the services that we know how to deliver. We also believe that new technology is at the heart of our core businesses, and that it is the key to winning customer loyalty. Finally, we need to be on the lookout for emerging services that we are in a position to offer.

In other words, we feel that the future of our core businesses is ensured, and that our best bet is to improve what we know how to do already rather than yielding to the temptation to go and see if the grass isn't greener on the other side.

Jacques Friedmann
Chairman of the Supervisory Board

Claude Bébéar
Chairman of the Executive Board

By focusing on our core businesses, we offer better service to our customers.



THE PILOT

Working within the framework of corporate guidelines, managers are responsible for the means, actions and performance of their teams.

Update on...

The Year 2000

Successfully managing the Year 2000 Program is a top priority for AXA, which began preparing for this event in 1995 when its Global IT Organization (the "DCSI") appointed an IT manager to oversee the program at the Company level; foster synergies by exchanging information, best practices and methodologies; and monitor the status of Year 2000 projects in all Group companies. In addition, Year 2000 project managers have been named for all AXA companies.

At the request of the Audit Committee of the Supervisory Board, an external consulting firm was assigned the task of analyzing the year 2000 program management process at Group and subsidiary level. The external analysis revealed that AXA has put in place methods that are in line with best market practices and that operating companies are proceeding according to the timetable that was drawn up. Furthermore, emergency back-up and continuity plans are scheduled for implementation in 1999.

The Holocaust issue

On August 25, 1998, AXA and five other European insurance groups signed a Memorandum of Understanding with certain US regulators and non-governmental Jewish organizations agreeing to the establishment of an International Commission. The International Commission will conduct an investigatory process to determine the status of policies issued to Holocaust victims between 1920 and 1945 and will establish a claims and valuation process designed to resolve unpaid insurance policies.



THE RIGHT MIX
To reach an objective,
you must:
- do the right things
- do them right
- take the resources/result
ratio into account.



The interest rate risk and life insurance

Interest rates have continued to decline in the markets in which AXA operates. This decline, which will generate diminishing future returns, does not call into question the ability of life insurance companies to meet their benefits obligations in respect of life insurance contracts. AXA companies have focused on developing sales of separate account products, which are not exposed to interest rate risks. In addition, these companies practice active asset-liability matching programs that take maturities and liquidity needs into account. In connection with this policy, certain companies have implemented interest-rate hedging strategies with respect to business in force to protect against rate fluctuations.

Despite recent volatility in the financial markets, life insurance companies realized significant capital gains in 1998, of which a major portion will be used to ensure their ability to meet their contractual obligations.



Financial Highlights

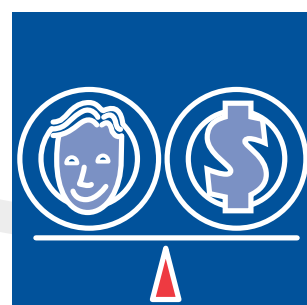
Consolidated insurance premiums by country

(in FF millions)

	12.31.1997			12.31.1998			(in € millions)
	Life	Property-casualty	Total	Life	Property-casualty	Total	Total
Europe	131,998	75,271	207,269	132,911	73,972	206,883	31,539
France	64,539	27,740	92,279	62,624	27,412	90,036	13,726
United Kingdom	30,509	5,758	36,267	33,714	5,936	39,650	6,045
Germany, Austria and Hungary	17,003	18,457	35,460	16,373	17,411	33,784	5,150
Belgium	5,560	8,574	14,134	6,045	8,591	14,636	2,231
Italy	2,312	5,808	8,120	1,813	5,786	7,598	1,158
Netherlands	5,709	2,058	7,767	5,475	1,974	7,449	1,136
Spain	2,063	4,467	6,530	2,066	4,371	6,436	981
Luxembourg	3,165	316	3,481	3,593	321	3,914	597
Portugal	670	1,373	2,043	726	1,462	2,188	334
Switzerland	336	330	666	351	316	667	102
Morocco	132	390	522	132	393	525	80
North America	51,813	3,748	55,561	60,408	3,555	63,963	9,751
United States	51,629		51,629	60,221		60,221	9,181
Canada	184	3,748	3,932	187	3,555	3,742	570
Asia/Pacific	21,856	274	22,130	19,515	463	19,978	3,046
Australia/ New Zealand	16,990		16,990	13,486		13,486	2,056
Hong Kong	3,845	81	3,926	4,692	141	4,833	737
Singapore	285	193	478	291	320	611	93
Korea	487		487	610		610	93
Japan	249		249	436	2	438	67
International businesses		12,742	12,742		9,120	9,120	1,390
AXA Global Risks		10,915	10,915		7,190	7,190	1,096
Assistance		1,726	1,726		1,825	1,825	278
Others		101	101		105	105	16
TOTAL CONSOLIDATED	205,667	92,035	297,702	212,834	87,110	299,944	45,726



SERVICE AND PROFIT
Managers and their teams
have to strike a balance
between profit targets
and quality customer
service objectives.



Contribution to consolidated net earnings, Group share from insurance operations, by country

(in FF millions)

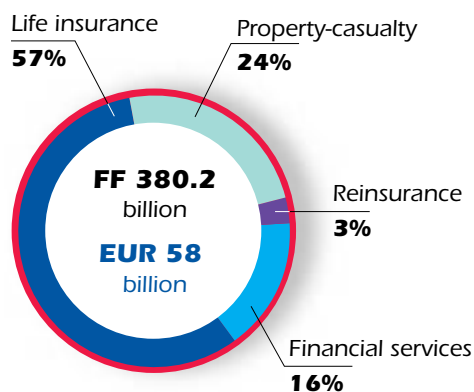
	12.31.1997			12.31.1998			(in € millions)
	Life	Property-casualty	Total	Life	Property-casualty	Total	Total
Europe	3,218	2,267	5,485	5,135	2,665	7,800	1,189
France	812	1,099	1,911	1,753	1,112	2,865	437
United Kingdom	1,314	296	1,610	1,403	146	1,549	236
Germany, Austria and Hungary	38	316	354	59	546	605	92
Belgium	616	650	1,266	1,550	939	2,489	379
Italy	102	(219)	(117)	(22)	(191)	(213)	(32)
Netherlands	146	34	180	259	(72)	187	29
Spain	113	(4)	109	43	(16)	27	4
Luxembourg	26	19	45	42	24	66	10
Portugal	40	20	60	38	28	66	10
Switzerland	1	13	14	1	15	16	2
Morocco	10	43	53	9	134	143	22
North America	394	139	533	1,669	140	1,809	276
United States	379		379	1,658		1,658	253
Canada	15	139	154	11	140	151	23
Asia/Pacific	316	(55)	261	(309)	(99)	(408)	(62)
Australia/ New Zealand	216		216	165		165	25
Hong Kong	269	(29)	240	(225)	(10)	(235)	(36)
Singapore	49	(38)	11	(12)	(33)	(45)	(7)
Korea	(50)		(50)	(47)		(47)	(7)
Malaysia		12	12		6	6	1
Japan	(168)		(168)	(190)	(62)	(252)	(38)
International businesses		8	8		(642)	(642)	(98)
AXA Global Risks		104	104		(561)	(561)	(86)
Assistance		(26)	(26)		68	68	10
Others		(70)	(70)		(148)	(148)	(23)
NET EARNINGS, GROUP SHARE	3,928	2,359	6,287	6,495	2,064	8,559	1,305



Financial Highlights

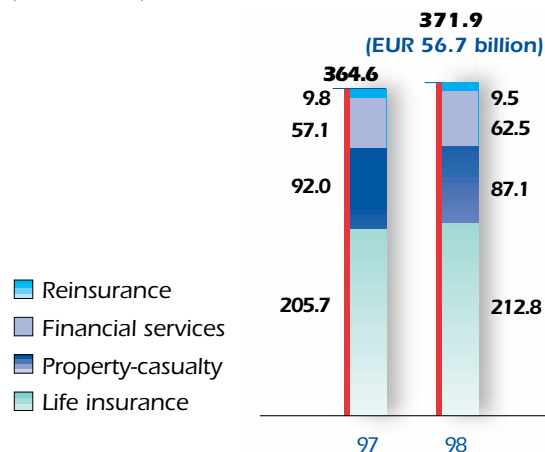
Breakdown of Group revenues by activity

(in FF billions, including the Mutuelles)



Consolidated AXA revenues by activity

(in FF billions)



Breakdown of revenues by activity and geographic area

(in FF billions, including the Mutuelles)

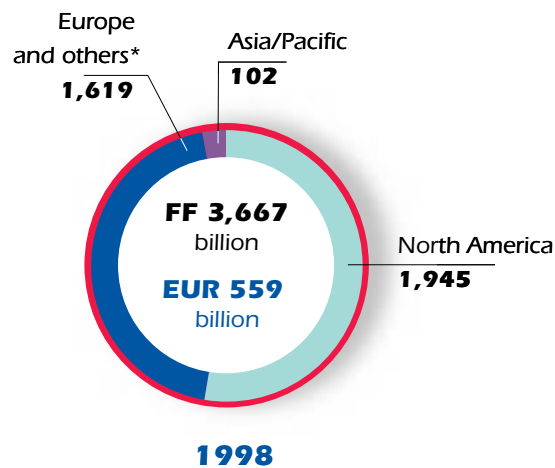
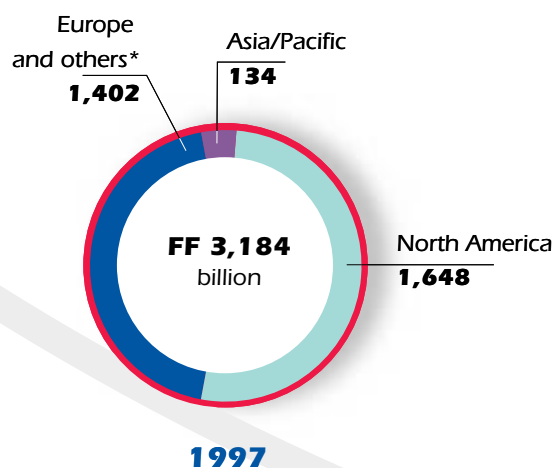
	Europe*	North America	Asia/Pacific	Reinsurance	International	Total**
Life insurance	136.2	60.4	19.5			216.2
Property-casualty	79.0	3.6	0.5		9.1	92.1
Financial services	5.8	56.5	0.2			62.5
Reinsurance				9.5		9.5
Total**	221.0	120.5	20.2	9.5	9.1	380.2

* Including Morocco.

** Certains totals may not correspond exactly, as numbers have been rounded off.

Assets under management by geographic region

(in FF billions)

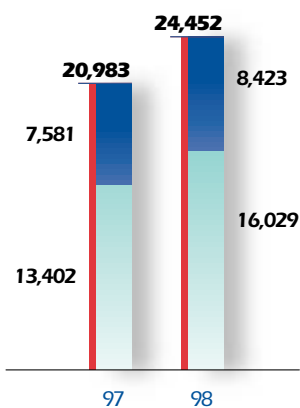


* Including international businesses, reinsurance and Morocco.



Consolidated pre-tax earnings

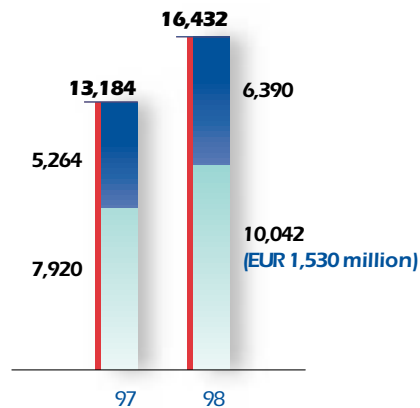
(in FF millions)



■ Minority interests ■ Group share

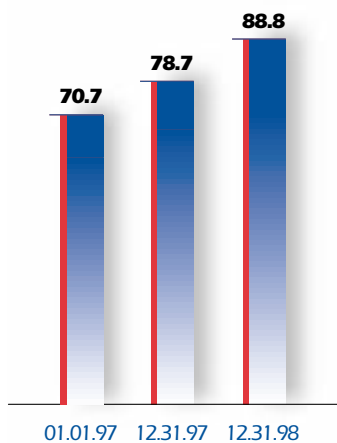
Consolidated net income

(in FF millions)



Shareholders' equity, Group share

(in FF billions)



Contribution to net earnings, Group share, by activity

(in FF millions)

	1997	1998
Life insurance	3,928	6,495
Property-casualty	2,359	2,064
Reinsurance	813	934
Financial services	2,415	1,755
Holding companies	(1,595)	(1,206)
Total	7,920	10,042

Shareholders' equity, Group share

	Francs	Euros
January 1, 1997	214.0	32.7
December 31, 1997	237.0	36.2
December 31, 1998	253.0	38.6



LEADING THE WAY

Managers set the example. By demonstrating their skills and determination they lead the way to improvement and growth for their employees.



Organizational Structures

AXA is governed by an Executive Board and a Supervisory Board. Overall management is ensured by an Executive Committee whose 18 members include corporate senior executive vice-presidents and the chief executives of the Group's major subsidiaries. The committee meets four times a year to define and review strategic orientations.

Supervisory Board

The Supervisory Board has 21 members:

Jacques Friedmann

Chairman of the Supervisory Board

Antoine Bernheim

Chairman, Assicurazioni Generali SpA

Jacques Calvet

Former Chairman of the Executive Board, Peugeot SA

Henri de Clermont-Tonnerre

Chairman and CEO, ERSA

David Dautresme

Partner and Managing Director, Lazard Frères & Co.

Guy Dejouany

Honorary Chairman, Vivendi

Paul Desmarais

Chairman of the Executive Board, Power Corporation of Canada

Jean-René Fourtou

Chairman and CEO, Rhône-Poulenc

Michel François-Poncet

Chairman of the Supervisory Board, Paribas

Patrice Garnier

Director, Finaxa

Anthony J. Hamilton

Partner and Managing Director, Fox-Pitt, Kelton Ltd.

Henri Hottinguer

Vice-President, Financière Hottinguer

Richard Jenrette

Senior Adviser, Donaldson, Lufkin & Jenrette

Henri Lachmann

Chairman and CEO, Schneider SA

Gérard Mestrallet

Chairman of the Executive Board, Suez-Lyonnaise des Eaux

Friedel Neuber

Chairman of the Executive Board, Westdeutsche Landesbank Girozentrale

Alfred Von Oppenheim

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

Michel Pébereau

Chairman and CEO, BNP

Didier Pineau-Valencienne

Honorary Chairman, Schneider SA

Bruno Roger

Partner and Managing Director, Lazard Frères & Co.

Simone Rozes

First Honorary President, Cour de Cassation

Executive Board

The Executive Board has three members, elected for a three-year term of office:

Claude Bébéar

Chairman

Gérard de La Martinière

Michel Pinault



THE RIGHT DIRECTION
Employees are more motivated and effective when they understand the Group's strategy and values. Managers communicate strategy and values and encourage their application.



Executive Committee



Claude Bébéar

Chairman of the Executive Board, the AXA Group



Jean-Luc Bertozzi

Chief Executive Officer, AXA Assurances



Donald Brydon

Chairman and CEO, AXA Investment Managers



Henri de Castries

Principal shareholder's representative for insurance in the United States, the United Kingdom, Benelux, Germany and Eastern Europe, and for the Group's asset management and financial services businesses worldwide



John Chalsty

Chairman, Donaldson, Lufkin & Jenrette



Françoise Colloc'h

Head of Human Resources, Communications and Synergies



Jacques DeParis

Chief Executive Officer, AXA Courtage



Michael Hegarty

Vice-Chairman and Chief Operating Officer, The Equitable Companies Inc.



Tony Killen

Managing Director, National Mutual Holdings



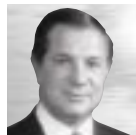
Claas Kleyboldt

Chairman of the Executive Board, AXA Colonia Konzern AG



Gérard de La Martinière

Head of Holding Companies and Central Functions and principal shareholder's representative for insurance operations in the Asia/Pacific region



Edward Miller

Chief Executive Officer, The Equitable Companies Inc. Head of IT Policy and principal shareholder's representative for Canada



Jean-Marie Nessi

Chairman and CEO, AXA Réassurance



François Pierson

Chief Executive Officer, AXA Conseil



Michel Pinault

Secretary of the AXA Group Executive Board



Claude Tendil

Chairman and CEO, insurance operations in France. Principal shareholder's representative for insurance operations in Southern Europe, the Middle East, Africa, South America, transnational businesses and reinsurance



Dave Williams

Chairman, Alliance Capital Management



Mark Wood

Managing Director, Sun Life and Provincial Holdings



Organizational Structures

Corporate Governance

The Supervisory Board has formed four specialized sub-committees: the Audit Committee, the Finance Committee, the Compensation Committee and the Selection Committee.

● 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. It met three times in 1998.

● The **Finance Committee** reviews projected real estate or securities asset disposals when the sale price exceeds the powers delegated to the Executive Board by the Supervisory Board. In addition, the Committee reviews significant financial transactions proposed by the Executive Committee, general asset management policy and other issues pertaining to Group financial management. The Finance Committee met five times in 1998.

● The **Compensation Committee** recommends compensation levels for the Chairman of the Supervisory Board and the members of the Executive 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 Executive Board. The Compensation Committee met twice in 1998.

● The **Selection Committee** recommends nominees to the Supervisory Board and the Executive Board and nominates their Chairmen and Vice-Chairmen. The Selection Committee met once in 1998.

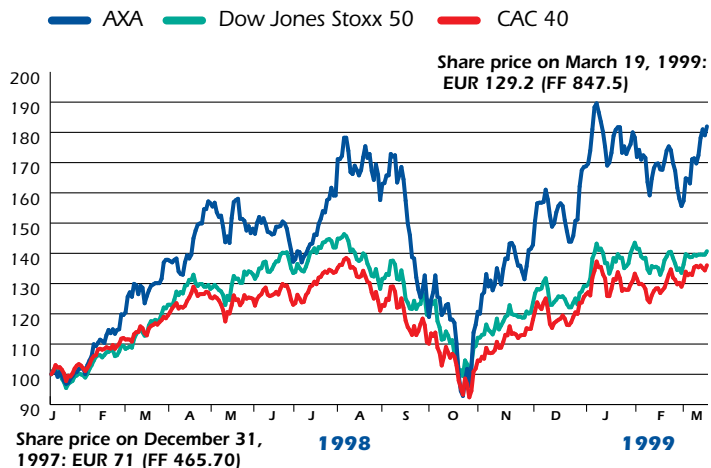


AXA and its Shareholders

AXA STOCK PERFORMANCE

The AXA share price rose by 74% in 1998, from FF 465.70 to FF 810 on December 31, 1998. The CAC 40 advanced by 31% over the same period. Several factors contributed to this performance. Chief among them were the strength of the financial markets throughout the first half of the year and their rapid recovery at the end of the year. The AXA share price was also lifted by the general rise in financial stocks as numerous mergers and acquisitions were announced or completed in the insurance and banking industries in both Europe and the United States. Against this positive backdrop, the strength of the share price was also due to the fact that, for a long time, the AXA stock had been under-valued relative to that of the Group's major rivals. As a result, it was among the highest performers in the insurance sector. The AXA share price was also boosted by the massive inflow of international capital to stocks that make up the European indices. The AXA stock price performance in 1998 can also be attributed to the fact that the Group posted interim earnings that exceeded analyst forecasts and announced that it would maintain its ROE targets. Finally, given the extreme volatility of the financial markets late in the year, investors took refuge in the stocks of companies with high visibility and a clear strategy. The AXA stock continued to inspire confidence on the part of the international

Average monthly share price since January 31, 1997



financial community. At the beginning of 1999, the AXA stock continued to outperform the major stock market indices. On March 31, 1999, the AXA stock was trading at EUR 122.8.

THE AXA GROUP MAINTAINS AN ACTIVE COMMUNICATIONS POLICY WITH RESPECT TO INDIVIDUAL SHAREHOLDERS AND INSTITUTIONAL INVESTORS

The AXA Group's Shareholders' Circle was established to strengthen ties with individual shareholders, bringing together registered shareholders and interested holders of shares in bearer form. As members of the Circle, shareholders receive information in French on the AXA Group at regular intervals.

In addition, AXA has set up a 15-member Individual Shareholders' Committee made up of members of the Circle. The Committee is consulted on the Group's dis-



PROVIDING SUPPORT

The way managers and others perceive employees affects their performance. Managers support everyone on their team in all situations.



AXA and its Shareholders

closure and communications policy, in the aim of satisfying the information requirements of individual shareholders.

The Group has developed a variety of tools to enhance shareholder communications:

● **Written documents:**

– The AXA Shareholders' Circle information letter contains news of general interest on the Group, its shareholder base, taxes, etc. Publication coincides with the issue of interim and annual financial statements, as well as with the occurrence of noteworthy events (major acquisitions and financial transactions, general meetings of shareholders, etc.).

– Financial notices published in the business and financial press in France and abroad.

● **Multimedia tools:**

– **Telephone services:**

– Individual shareholder relations:

(33) 1 40 75 46 05

– Financial analyst and institutional investor relations:

(33) 1 40 75 48 42

– Registered shareholder relations (AXA Banque):

(33) 1 55 35 85 14

– **AXA Internet website:** <http://www.axa.com>

– **Internet server:** <http://www.prline.com>

● **Meetings**

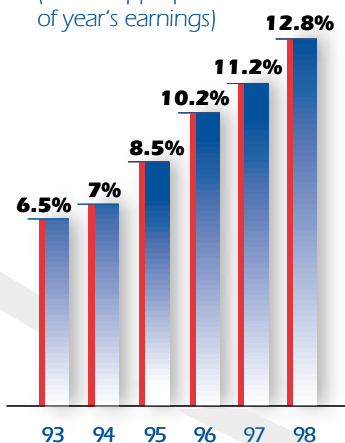
General Meetings of Shareholders are scheduled for Wednesday May 5, 1999 and Wednesday May 3, 2000, at the Palais des Congrès in Paris;

– AXA/SBF/CLIFF regional meetings in France (in Nice on Wednesday, June 9, 1999 – in Toulouse on November 25, 1999);

– Regular meetings are held with financial analysts and institutional investors in addition to the formal presentation of financial statements, in France and other European countries as well as in North America and Asia Pacific.

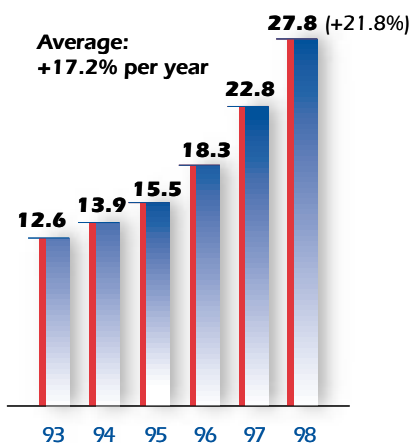


Return on average Shareholders' equity
(before appropriation of year's earnings)



Target: 15% by 2002

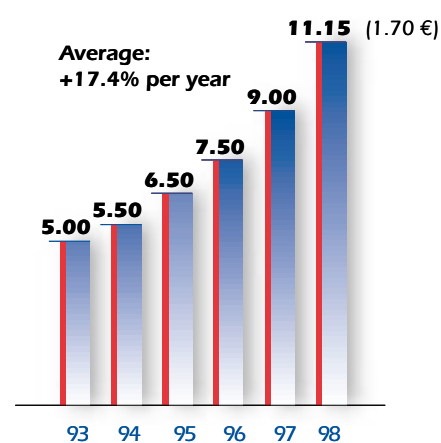
Diluted earnings per share
(in FF)



Average: +17.2% per year

Target: minimum increase of 15% in 1999
(barring major adverse events)

Net dividends per share
(in FF)



Average: +17.4% per year

Target: maintain distribution at 35-40% of earnings

In 1998, AXA was awarded the French “Prix Cristal de la transparence financière” for the quality of its financial disclosure by the CNCC (French National Audit Board) in partnership with Investir, a French business publication. In the pre-screening phase, AXA received particularly high marks from the panel:

- for the quality of its description of its business, markets and products;
- for the quality, breadth and diversity of its communications program for individual shareholders.

In the final analysis, the readers of Investir chose AXA as the winner of the top prize.

● Creation of shareholder value between 1993 and 1998

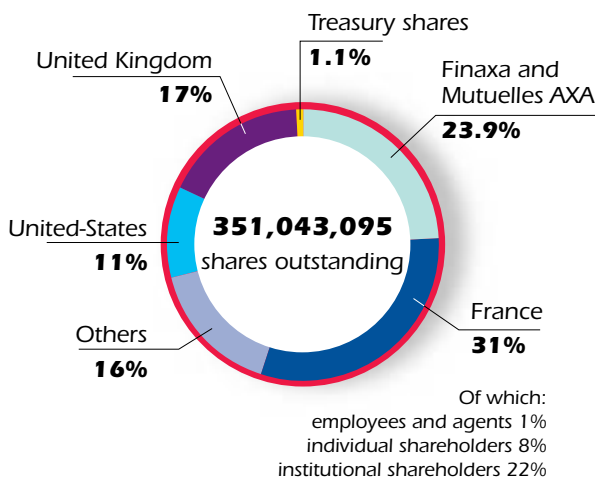
Fully diluted net earnings per share and the dividend paid out grew by an annual average of 17.2% and 17.4% respectively.

Standard & Poor’s has awarded the principal companies of the AXA Group an AA- rating based on their financial strength.

Return on average equity practically doubled, to 12.8% in 1998 (compared to 6.5% in 1993). The target is 15% by 2002.

The AXA stock price performance averaged 23.5% per annum (dividend reinvested).

AXA Shareholders at March 1, 1999



	1996	1997	1998	
Number of shares at December 31	193,132,868	331,357,282	350,288,821	
Share price at December 31	FF 330	FF 465.70	FF 810	€ 123.48
Market capitalization at December 31	FF 63,734*	FF 154,313*	FF 283,734*	€ 43,255*
Net dividend per share	FF 7.50	FF 9.00	FF 11.15	€ 1.70
Gross dividend	FF 11.25	FF 13.50	FF 16.73	€ 2.55
Total consolidated net earnings	FF 5,907*	FF 13,184*	FF 16,432*	€ 2,505*
Net earnings, Group share	FF 3,809*	FF 7,920*	FF 10,042*	€ 1,531*
Net earnings per share	FF 20.36	FF 24.34	F 29.65	€ 4.52
Fully diluted net earnings per share	FF 18.31	FF 22.84	F 27.83	€ 4.24

* in French francs millions/in euro millions



THE NETWORK “PLUS”

Exchanging best practices and soliciting outside opinions are positive acts. They should be encouraged, since the expected gain outweighs the cost.



AXA and its people

The primary aim of the Group's human resources policy is to enable its 114,500 employees and agents around the world to make an active contribution to the implementation of AXA's strategy.

THE AXA WORKFORCE IN 1998

On December 31, 1998, the Group counted 87,896 employees – 45,919 men and 41,977 women – whose average age was 38 and a half. There were 2,379 senior managers, 20,436 managers and 65,081 non-management staff.

"SCOPE" 98, A WORLDWIDE EMPLOYEE OPINION SURVEY

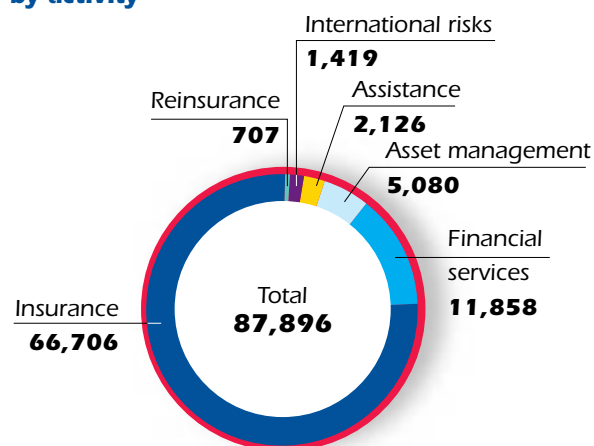
The third SCOPE survey since 1993 was conducted last year to obtain employee opinions on workplace value. More than a traditional polling device, SCOPE is a veritable human resources management tool. A two-way communications device, the survey is also a driver of organizational change: detailed action plans are drawn up and implemented in each company to address the weaknesses revealed by the survey.

This time around, 71,000 questionnaires in eleven languages were sent to employees working in 146 companies in 44 countries. The response rate of more than 60% is much higher than the average for large international groups. The results, widely published at Group, company and work unit level, reveal that employees have a very positive image of both AXA and their own company, that they are highly motivated and like their work, and that they understand and believe in Group strategy. This is undoubtedly why employees expect their own managers to allow them

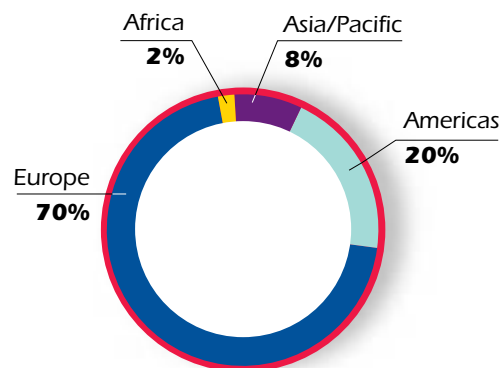
to play a greater role in achieving Group aims. This last point underscores the importance of both AXA Université and the AXAGRAMS that illustrate this year's activity report in preparing managers to successfully meet this challenge.

The feedback provided by the SCOPE survey forms the basis of efforts made in every company to motivate employees.

Breakdown of Group workforce by activity



Breakdown of Group workforce by geographic area



AXA UNIVERSITÉ: THREE PROGRAMS

The fundamental objective of AXA Université is to promote AXA management principles and values through international programs for managers from all Group companies. In 1998, AXA Université hosted 3,029 people from 23 different countries.

Since it was launched in 1995, the AXA Manager program has introduced the AXA management style to 7,770 individuals who play a management or leadership role. By 2001, all AXA managers will have taken part in the program, which offers a unique opportunity for participants from around the world to share experiences and ideas. In addition, participants assess their own management style and draw up individualized plans for improving their practices as managers.

Development of the Télémaque program for high-potential managers continued in 1998. The objective of the program is to help prepare the Group's future top executives to assume their leadership role by strengthening their knowledge of business, management and communications fundamentals. The program curriculum is devoted to ethics, corporate strategy and values. At the same time, Télémaque contributes to personal growth by offering participants the opportunity to conduct a community outreach project and a consulting assignment in a multicultural environment. The first graduating class of 25 participants from around the world completed the two-year program in 1998, and a second class of 40 was launched.

1998 also witnessed the inception of the Columbus program, designed to promote change and innovation among Group member companies. Managers selected for the program will be asked to conduct a

change project that is in line with their own company's strategy. After defining and laying the groundwork for their project, participants will take part in a weeklong seminar during which they learn about corporate tradeoffs and those of their own project by playing a group game. The seminar also features one-to-one coaching exercises aimed at improving the managerial skills that are vital to change processes. The change project is implemented following the seminar. Like the AXA Manager program, Columbus is led by Group senior managers.

THE 28 MANAGEMENT AXAGRAMS

Each of the 28 pictograms in this visual alphabet symbolizes a different aspect or principle of the AXA management style. The AXAGRAMS, unveiled to employees when the results of SCOPE '98 were published, were tied in to the major indices that appeared in the survey report. Throughout 1999, the AXAGRAMS will be explained and used in Group and company seminars and special events. They will also be featured on in-house communications documents and Intranet sites.



INTERACTION

Managers foster exchanges between other managers, team members and other departments in the company and Group. This exchange promotes better practices and enhances team and company performance.



Worldwide presence

Operating highlights

● **March 1998** – *The Group launches a new global advertising campaign aimed at promoting the single AXA brand in all countries in which it has an operating presence. All Group member companies will be trading under the AXA name by 2000.*

● **January 1999** – *The Group's corporate name becomes AXA.*

● **February 1999** – *The Group announces its intention to acquire Guardian Royal Exchange via a public offer. The UK insurance company does the bulk of its business in the United Kingdom and Germany.*

– *AXA issues FF 10 billion (EUR 1.5 billion) in subordinated convertible notes.*



NORTH AMERICA
Canada
Mexico
United States

SOUTH AMERICA
Argentina
Brazil
Chile
Uruguay



EUROPE

Austria	Netherlands
Belgium	Poland
France	Portugal
Germany	Spain
Greece	Sweden
Hungary	Turkey
Ireland	United Kingdom
Italy	
Luxembourg	



ASIA/PACIFIC

Australia	Philippines
Hong Kong	Singapore
Indonesia	South Korea
Japan	Taiwan
Malaysia	Thailand
New Zealand	Vietnam
People's Republic of China	



AFRICA

Benin	Niger
Burkina Faso	Senegal
Cameroon	Togo
Central African Republic	
Gabon	
Guinea	
Ivory Coast	
Kenya	
Morocco	

MIDDLE EAST

Liban
Saudi Arabia
United Arab Emirates

Group operations

Insurance

*International
businesses*

Reinsurance

*Asset management
and financial services*

- Except where otherwise stated, changes in revenues are presented in this document on a comparable basis (constant exchange rate, structure and accounting methods).
- Earnings reported in the following pages are contributions to net earnings, Group share.

Insurance

In 1998, 81% of Group revenues were generated by insurance activities. The Life Insurance Segment accounted for 71% of total premiums and the Property and Casualty Insurance Segment 29%

North America

UNITED STATES

Sustained economic growth and Wall Street's strong performance over the first half of the year buoyed the individual retirement savings market in particular. Growth in this line of business continued to outpace traditional life insurance, before slowing in the last few months of the year due to concern over the financial crisis that shook the Asian and emerging markets.

Against this backdrop, AXA, which is present in the US life insurance market through Equitable, continued to focus sales and marketing efforts on individual retirement savings products, further expanding the range on offer. At the same time, by reinforcing the management team, the company was able to implement strategy decisions made in late 1997. Finally, in addition to ongoing efforts to diversify distribution channels, the company also realigned its field agency force.

Thanks to these initiatives, Equitable posted revenue growth of 18%. This performance was primarily driven by the success of separate account (variable)

products distributed through agents (up 15%), and the 33% increase in individual retirement savings premium income. This line was given a boost by the rapid expansion of third-party networks (banks, financial advisers and securities brokerage firms), which now account for 28% of premiums.

Business growth, combined with strong financial markets, boosted Equitable's assets under management and hence its financial margin.

The company also capitalized on favorable market conditions to accelerate its program aimed at reducing real estate exposure. Disposals were made under satisfactory price terms thanks to a recovery in the property market.

Equitable's insurance activities contributed FF 1,658 million to net earnings, compared to FF 379 million in 1997. This strong increase can be attributed to ongoing improvement in both the expense ratio and financial margins. In addition, the prior year contribution was reduced by substantial allowances set up for impaired real estate assets.

Outlook in 1999

Equitable will build on development efforts begun in 1998 with a pilot project in Texas, and will continue to transform its agency professionals into financial planners who offer a much broader range of products and services.



→ **UNITED STATES – May 1999**
Equitable shareholders will be asked to vote on adopting the AXA brand name.

CANADA – January 1999
AXA Assurances and Banque Nationale enter into a strategic alliance to distribute financial products via brokers and establish a joint subsidiary to market property and casualty insurance directly.

North America

Business is expected to grow on the strength of this initiative, which will be supported by the launch of new savings and retirement products. Sales should also be bolstered by increased distribution through banking networks, as well as by the advertising campaign timed to coincide with the company's adoption of the AXA brand name.

CANADA

In 1998, the Canadian insurance market continued to consolidate. The year was marked by a number of corporate mergers and the alignment of brokerage firms. In both property and casualty insurance and life insurance, competition from direct insurance companies and financial institutions intensified.

In this demanding business climate, AXA Canada, which operates primarily in the property and casualty market, experienced a slight dip in property and casualty premium income, down 0.4%. Life insurance premium income rose by 6%.

The contribution to net earnings totaled FF 140 million, versus FF 139 million in 1997. Lower general expenses largely offset the steep rise in the claims ratio due to extremely harsh weather conditions in the winter of 1998. The frozen rainstorm that swept the country was the worst on record in a century.

Outlook in 1999

Business in both property and casualty insurance and life insurance should be positively affected by the agreement concluded in early 1999 with Banque Nationale, the number one banking group in Quebec. This agreement will enable AXA Canada to offer a full range of investment products to its brokerage network. At the same time, the establishment of a direct-marketing property and casualty insurance joint venture with Banque Nationale should boost premium income from automobile and homeowner lines.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
United States	60,221	–	60,221
Canada	187	3,555	3,742
Contribution to consolidated net earnings, Group share			
United States	1,658	–	1,658
Canada	11	140	151



MANAGING

Managing people entails cooperating with others to reach pre-defined targets.



Insurance

Europe

FRANCE

The French insurance market was depressed in 1998. For the first time since 1945, the decline in business affected both the life and property and casualty groups in France.

Despite growth in new automobile sales, premium income from property and casualty insurance shrank by around 0.5% due to increasing price pressures, notably in commercial lines. Overall, underwriting results were satisfactory due to a lack of major claims, particularly in commercial risks.

The life insurance market suffered due to the higher tax burden on savings products and uncertainty throughout much of the year over the tax status of life policies. After posting exceptionally high premium income in the last quarter of 1997, sales declined by 15% in 1998. In spite of this, business in force grew by 10% thanks to portfolio stability.

For AXA, the year was marked by the completion of the legal restructurings launched in 1997, which extended

to life insurance operations in 1998. The year was also devoted to the operational launch of the newly reorganized insurance companies created in connection with the merger process, and their specialization by distribution channel.

The transfer of business portfolios and the employment contracts of 25,000 employees to the new companies went ahead according to schedule in April 1998. Changes in IT programs and the branding of distribution networks were also accomplished within the established deadlines. Tied agents, brokers and salaried networks began selling the first joint property and casualty insurance products and new life insurance policies.

At the same time, the Group strengthened partnership agreements with the BNP aimed at enhancing joint business development opportunities.

All these efforts helped restore a constructive labor-management dialog, which led to the conclusion of a number of agreements and significant progress in the numerous projects being conducted jointly with tied agents.

Group business was not affected by the extensive measures taken in connection with the reorganization of the insurance companies.

In property and casualty insurance, premium income was down 0.7%, in line with market performance. However, the tied agents' automobile portfolio continued to grow (16,000 new contracts), and that of Direct Assurance increased by 30%, to a total of 225,800 policies. Direct Assurance, which turned in strong underwriting results, currently leads its market.

The contribution of property and casualty insurance to net earnings totaled FF 1,112 million, versus FF 1,099 million in 1997. Two factors contributed to

The Group's French insurance companies successfully completed their reorganization while turning in a satisfactory performance.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
France	62,624	27,412	90,036
United Kingdom	33,714	5,936	39,650
Contribution to consolidated net earnings, Group share			
France	1,753	1,112	2,865
United Kingdom	1,403	146	1,549



→ **FRANCE – July 1998**
AXA Santé sets up a call center to provide information and advisory services to Group policyholders in France on the full spectrum of health-related issues: diet and nutrition, dental care, general medical care, surgery, eye care, etc.

Europe

this stability: while below target, underwriting results were better than for the market as a whole, and general expenses were contained despite post-merger reorganizations.

In life insurance, premium income fell by 4%. This relatively slight decrease attests to resilience in the face of a shrinking market. Performances varied according to distribution network. Companies working with bank branches and financial advisers recorded a drop in business that was in line with sector-wide trends. Conversely, sales via traditional channels, in particular salaried networks, showed satisfactory growth. The complete reorganization undertaken to ensure future growth under optimal conditions did not have an adverse impact on sales productivity. Sales of separate account products increased sharply, accounting for 52% of new business in individual retirement savings. Sales of group insurance lines were sustained by the renewal of major policies. Overall, business in force rose by 9% to FF 445 billion.

The life insurance contribution to net earnings increased from FF 812 million to FF 1,753 million. This improvement can be attributed to an increase in business in force and a continuation of the recovery that began in certain lines of business in 1997.

Outlook in 1999

In a market climate that is expected to remain unfavorable, the first full year of business for the newly restructured insurance companies should be marked by a sales recovery in both property and casualty insurance and life insurance. The new product ranges will be made more widely available to the distribution networks, which should stimulate sales.

The earnings contribution is expected to reflect the first positive effects of the restructuring on both general expenses and underwriting results, which should improve following the implementation of more stringent underwriting practices.

In France, the Group will pursue the strategy discussions initiated in 1998. The focus will be on improving the ability of its insurance companies to respond to the changing market and on deploying sophisticated tools that will make it possible to better satisfy customer expectations.

UNITED KINGDOM

The British property and casualty insurance market remains highly competitive, with direct marketing continuing to make inroads. The rise in the claims ratio, largely due to bad weather conditions, caused further deterioration in underwriting results. Significant rate increases led to a partial recovery in sales in the automobile line.

In the life insurance market, where the pace of growth slackened, competition was also fierce, particularly in individual retirement savings.

Against this backdrop, the Group successfully completed the merger of property and casualty and life insurance operations. As part of this program, life insurance operations were grouped in Bristol and

In France, the earnings contribution from life insurance operations more than doubled.



DEVELOPING

Managers assess their employees so that the latter can move forward and develop new skills. Managers base their assessment on employee performance and attitudes.



Insurance

Coventry, and the High Wycombe site was closed. To build brand awareness rapidly and mobilize employees, AXA became the sponsor of the FA Cup, the UK club championship.

In property and casualty insurance, AXA Provincial (which became AXA Insurance in the course of the year) managed to halt the slow erosion of its portfolio. Efforts undertaken with brokers and the expansion of the direct marketing business, which now trades under the AXA Direct name, lifted premium income by 5%.

The contribution of property and casualty insurance to net earnings decreased from FF 296 million to FF 146 million. The decline was due to deterioration in underwriting results caused by a higher claims ratio that nonetheless was lower than the market average. The income contribution was also affected by the increase in general expenses due to the significant investments made to develop the direct marketing business, not entirely offset by the higher than expected economies of scale generated by the merger.

Premium income from AXA Sun Life's life insurance operations rose by 12%. The company distributing Sun Life products through independent financial advisers (IFAs) posted a 3% rise in premiums, and business began to turn around for the company that sells its products via an agents network and a salaried

sales force when it began trading under the AXA Assurance name. Direct marketing and coupon sales continued to grow steadily.

The contribution from life insurance to net earnings totaled FF 1,403 million, compared to FF 1,314 million in 1997. This increase can be attributed to stable general expenses, sales growth and an 11% increase in business in force.

Outlook in 1999

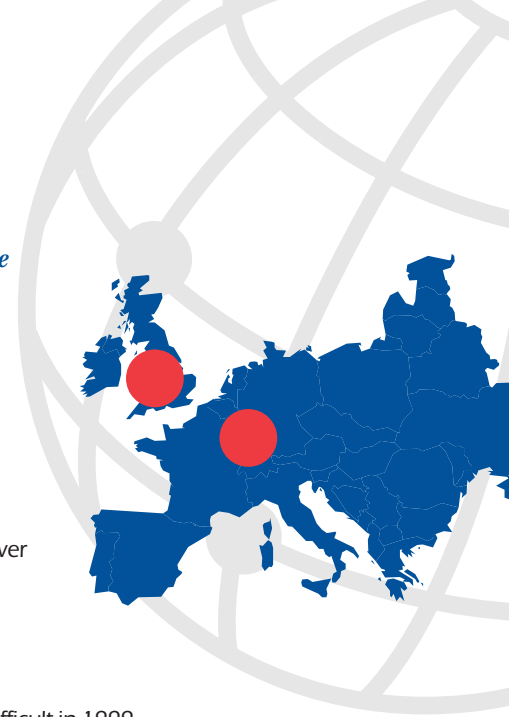
After maintaining a high level of activity in 1998 while completing a complex merger process, efforts in 1999 can be entirely devoted to developing business in the savings and life insurance lines and making ongoing improvements in customer service. The market is expected to remain highly competitive.

In life insurance, sales should be lifted by the April 1999 launch of a new individual retirement product created by the government, which the Group plans to distribute under the AXA Direct brand.

Following its February 1, 1999 bid to acquire Guardian Royal Exchange, AXA is poised to jump from number ten to number two in the British property and casualty insurance market, strengthen its position as the third-largest life insurance company in the UK market and hoist itself to second place in health insurance. The Group would also become the leader in the Irish property and casualty insurance market. The Group expects to turn around Guardian Royal Exchange's underwriting results and generate savings of around £ 50 million per year. At the time of publication, the outcome of the bid on Guardian Royal Exchange had not been announced.

The United Kingdom maintained satisfactory sales and profitability in life insurance.





GERMANY

Stiff rate competition continued to push down prices in the German property and casualty insurance market, particularly in automobile and industrial risks. The life insurance market experienced moderate growth.

For the Group, the year was marked by the sale of the life insurance company, AXA Leben, and the ongoing reorganization of the AXA Colonia distribution networks.

In property and casualty insurance, rate competition in automobile lines and a highly selective underwriting policy in commercial risks led to a 6% decline in premium income. Sicher Direct has become the country's leading direct insurer. At the end of 1998, the company had completed its merger with Tellit and added more than 86,000 new policies to its portfolio, for a total of nearly 220,000 contracts.

The property and casualty contribution to net earnings increased from FF 316 million in 1997 to FF 546 million in 1998. Investment results, stable general expenses and lower losses in direct marketing insurance more than offset a slight turn for the worse in the claims ratio and deteriorating underwriting results due to lower rates.

In life insurance, premiums grew by 4%. Two contrasting factors contributed to this modest rise: the termination of unprofitable distribution agreements and high growth in the health insurance line. Growth in the latter was driven by the launch of new and innovative products and access to a distribution network that boasts extensive coverage of the healthcare professions.

The contribution of life insurance to net earnings rose to FF 59 million, compared to FF 38 million the prior year. This improvement was due to satisfactory investment results and lower general expenses.

Outlook in 1999

In a market that is expected to remain difficult in 1999 despite more stable rates in the automobile sector, efforts will focus on defining AXA Colonia's strategic positioning. To adapt to new competitive pressures in the property and casualty insurance market, the company will have to increase customer segmentation, in particular in commercial and international risks. In addition, rates in individual lines of business need to be fine-tuned and current distribution networks consolidated.

The contribution from life insurance operations should improve as more profitable distribution networks are sought out or created.

If the Group's bid for Guardian Royal Exchange is accepted, AXA Colonia will acquire Albingia, which posted premium income of DM 2 billion in 1997, of which DM 1.5 billion in property and casualty insurance. This subsidiary of Guardian Royal Exchange, which enjoys satisfactory underwriting results, is well positioned in the commercial risks market. It is also the world's leading major events insurer. An alliance be-

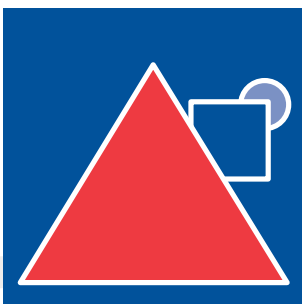
In Germany, the earnings contribution from property and casualty operations was up significantly despite an intensely competitive market.



PRIORITIES

Priorities are set and actions carried out accordingly. Managers distinguish three levels of priority:

- must do
- should do
- nice to do.



Insurance

After the buyout of Royale Belge, which has since become AXA Royale Belge, the Group initiated the merger of Belgian insurance operations.

tween Albingia and AXA Colonia would strengthen the Group's position in Germany and boost profitability through cost savings estimated at DM 105 million. In Austria and Hungary, property and casualty premium income rose by 3%, while life insurance premium income increased by 17%, double the market growth rate. These increases can be attributed to the adoption of a global approach to customers, new product launches, notably in retirement savings, and extensive sales efforts on the part of the agents network.

BELGIUM

The Belgian property and casualty market, where the claims ratio worsened, remains intensely competitive. In the life insurance markets, savers began to switch their investments to unit-linked products, but competition from banking networks continued to intensify.

In 1998, AXA streamlined its Belgian holding structure by acquiring 100% of Royale Belge, since renamed AXA Royale Belge. Insurance operations were merged swiftly and a single management team was appointed in the middle of the year. Although consolidation of operations within AXA Royale Belge is scheduled for completion by January 1, 2000, distribution networks offering individual property and casualty products will continue to operate independently until January 1, 2001.

Now the leading partner of Belgian brokers, the Group also stepped up the diversification of its distribution channels by acquiring the Anhyp savings bank. By merging Anhyp with Banque Ippa, held by AXA Royale Belge, AXA will boost its network of independent agents to 1,500, achieve full geographical coverage in Belgium and be able to offer a full range of products and financial services. At the same time, discussions are under way with the Belgian Postal Service concerning the distribution of property and casualty policies.

Property and casualty premium income remained stable.

Life insurance premiums grew by 7%.

The contribution of property and casualty insurance operations to net earnings totaled FF 939 million, as opposed to FF 650 million in 1997. The life insurance contribution totaled FF 1,550 million, versus FF 616 million in 1997.

The sharp increase in profitability was driven by non-recurring capital gains generated by financial restructuring effected over the year.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Germany, Austria, Hungary	16,373	17,411	33,784
Belgium	6,045	8,591	14,636
Spain	2,066	4,371	6,437
Contribution to consolidated net earnings, Group share			
Germany, Austria, Hungary	59	546	605
Belgium	1,550	939	2,489
Spain	43	(16)	27



Under the terms of an agreement concluded with the Bruxelles Lambert group (GBL) putting an end to joint control of Royale Belge's share capital, AXA launches a buyout offer on Royale Belge stock.

October 1998. Royale Belge launches a friendly takeover bid on Anhyp. The Belgian bank's network, combined with that of Royale Belge's bank Ippa, strengthens AXA's positions in the individual life insurance and savings market.

Europe

Outlook in 1999

The year will be dominated by the completion of the operational merger. Property and casualty insurance lines are expected to grow slightly, and life insurance sales should be boosted by efforts made in all sales networks.

Belgium's overall contribution to net earnings is likely to decline in 1999 due to fewer non-recurring events as opposed to 1998.

SPAIN

The Spanish property and casualty market continued to follow the trends observed in 1997. Rate competition remained intense in the automobile sector, where the claims ratio continued to deteriorate, and the rapid restructuring of the financial sector continued apace. The life insurance market remained buoyant, however, despite the relatively unfavorable tax environment.

AXA completed the legal merger of its companies and began combining operations in Spain, where it is now present through AXA Aurora Seguros, a property and casualty insurance specialist, and AXA Aurora Vida, a life insurance company. These two companies, which market their products under the AXA Seguros brand, are held by AXA Aurora Iberica, a holding company in which the Group has a 70% stake to its partner Banco Bilbao Viscaya's (BBV) 30%. AXA also markets automobile products directly via Direct Seguros, in which AXA and BBV hold equal stakes.

Property and casualty business declined by 2%, reflecting the impact of falling rates market-wide and the company's efforts to prune its portfolio. At Direct Seguros, which began selling in 1997 to BBV customers exclusively, premium income grew by 153%. The company was able to extend its product offer to the entire market in 1998, a year ahead of schedule. The 45,000 new policies added to its portfolio in 1998 brought the total number of contracts above the 70,000 mark.

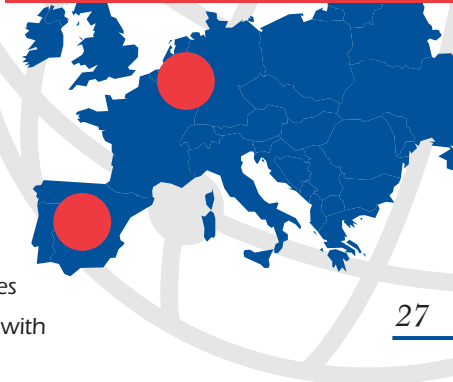
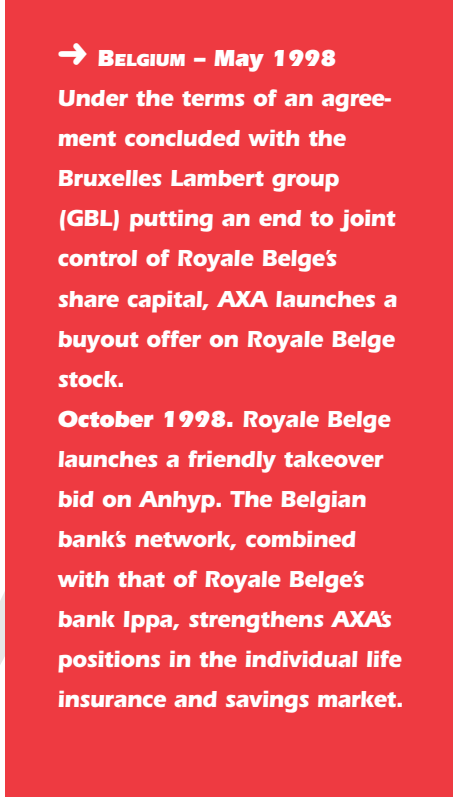
The contribution from property and casualty insurance to net earnings was a loss of FF 16 million, versus a loss of FF 4 million in 1997, due to a deterioration in underwriting results linked to higher sales and marketing investments in connection with Direct Seguros.

Life insurance business was stable, with market growth driven mainly by the banking networks.

The life insurance contribution to net earnings was FF 43 million, down from the FF 113 million posted the prior year, primarily due to changes in accounting methods.

Outlook in 1999

As it completes the merger of operations, AXA will also focus on developing life insurance business in Spain by stepping up sales of separate account policies developed in partnership with AXA Investment



DELEGATING

Managers empower their employees to the greatest possible degree. They delegate as required by the situation and on the basis of skills. However, managers cannot delegate everything without abdicating their role.



Insurance

Managers and by enlarging its distribution networks.

The property and casualty insurance business is expected to post moderate growth given current market conditions.

A major institutional advertising campaign is scheduled to promote the AXA brand and increase consumer awareness of AXA Seguros.

Spain's contribution to net earnings should surpass the 1998 performance as the profitability of property and casualty operations improves. The launch of a new automobile product, designed to better resist prevailing market trends, and an improved claims ratio should have a positive impact.

PORTUGAL

The still buoyant Portuguese insurance market, which grew by 18.5%, further strengthened ties with the banking sector, which underwent significant consolidation. Growth in the property and casualty market once again exceeded the European average, while business in the life insurance market increased by 35%, primarily via the banking networks.

Through AXA Seguros, the Group is the top insurer in Portugal without ties to a banking group. In 1998, it acquired close to 100% of its property and casualty insurance company, which was listed on the stock exchange.

In property and casualty insurance, premium income grew by 6%. Sales were driven by the launch of a new automobile product and solid sales in the crop insurance line.

The contribution to net earnings increased from FF 20 million to FF 28 million, primarily due to satisfactory underwriting results.

Life insurance premium income was up 8%, led by the sales of retirement savings products, which drove market growth.

The contribution of life insurance operations to net earnings totaled FF 38 million, compared to FF 40 million in 1997.

Outlook in 1999

In a market ripe for further consolidation, Group business is expected to achieve sustained growth in both property and casualty and life insurance. The distribution agreement signed in early 1999 with BBV should contribute to this trend. AXA's property and casualty and life insurance products will be distributed through BBV's bank branches. At the same time, efforts will be made to diversify sales channels in this country, where AXA would like to increase its presence and market share. The Group will remain attuned to acquisition opportunities in this promising market.

The contribution to net earnings should increase as general expenses are reduced, and as a result of the Group's full ownership of the Portuguese company.

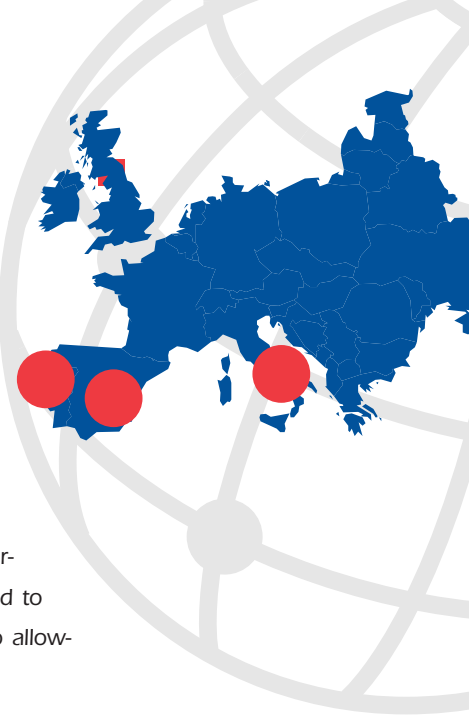
ITALY

Although the Italian property and casualty insurance market remains difficult, it entered into a phase of rate hikes in 1998, and the claims ratio improved slightly. Substantial growth was again recorded in the

In Portugal, sales should pick up at AXA Seguros after the distribution agreement signed with BBV in early 1999.



Europe



life insurance market, which is currently the most dynamic in Southern Europe. Market growth was driven in particular by savings transfers made by banks and the performance of the financial adviser networks. The steep drop in interest rates also encouraged Italians to diversify their investments.

Against this backdrop, AXA completed the legal merger of seven Group companies into a single business unit, AXA Assicurazioni, which distributes both property and casualty and life insurance products, mainly through tied agents.

The complex merger of operations went ahead as scheduled, and a negotiated reduction in the workforce was undertaken while efforts to streamline organizational structures continued. Regional branch offices were set up Rome, Milan and Turin.

AXA partnered with AXA Investment Managers to begin developing its network of financial advisers who will offer customers a full range of savings products.

Stable business in property and casualty insurance is primarily due to efforts undertaken to prune the Centurion portfolio.

The contribution from property and casualty operations to net earnings was a loss of FF 191 million, compared to a loss of FF 219 million in 1997. This partial recovery, which can be attributed to lower general expenses and portfolio pruning measures that led to an improvement in the claims ratio, was achieved despite the increase in impairment allowances for certain investments.

Premium income from life insurance operations was stable. The company does not yet distribute its products through a banking network.

The net income contribution from life insurance was a loss of FF 22 million, compared to income of FF 102 million in 1997, due to allowances set up to cover certain investments.

Outlook in 1999

AXA is expected to complete the operational merger under way and remain on the lookout for opportunities in this market, where its presence still falls short of the Group's ambitions.

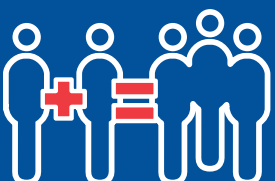
Returning AXA's property and casualty insurance business to profitability is expected to be the top priority in 1999, however.

Rapid development of the network of financial advisers, along with the extension of distribution to banking networks, should fuel sales growth in life insurance. In January 1999, distribution agreements were signed with Banca Popolare Commercio e Industria, a well-established regional bank in Lombardy.

Overall, Italy's contribution to net earnings should recover in 1999.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Portugal	726	1,462	2,188
Italy	1,813	5,786	7,599
Contribution to consolidated net earnings, Group share			
Portugal	38	28	66
Italy	(22)	(191)	(213)



TEAM SPIRIT

*By unifying his team,
the manager achieves overall
results that are greater than
the sum of each individual
contribution.*

Insurance

**In the Netherlands,
AXA Nederland
sells its products
under the AXA
Verzekeringen
brand.**

NETHERLANDS

The Dutch property and casualty market remained highly competitive in 1998, while growth in the health sector was adversely affected by lower rates. The life insurance market continued to expand.

By simplifying its Belgian structures, the Group was also able to streamline its operating presence in the Netherlands. The legal merger between AXA Leven and UAP Nieuw Rotterdam resulted in the establishment of AXA Nederland. This holding company operates in the property and casualty market via AXA Schade, which distributes its products through brokers and delegate brokers. AXA Zorg, which markets health insurance, and AXA Leven, a life insurance specialist, distribute their products through brokers. The merger had no impact on Unibobe, which groups the Group's brokerage operations (property and casualty, health and life) in the Netherlands.

Premium income from property and casualty insurance slid 4% due to a reduction in sales through banking channels.

The contribution to net earnings was a loss of FF 72 million, compared to income of FF 34 million in 1997, due to reserve strengthenings made for certain lines of business.

Despite higher sales of universal life products, AXA Leven's life insurance premium income dropped by 2% due to lower sales of single-premium products.

The contribution to net earnings totaled FF 259 million, versus FF 146 million in 1997, reflecting an improved underwriting margin.

Outlook in 1999

The completion of the operational merger should have a positive effect on employee morale, which in turn should spur both business growth and profitability.

LUXEMBOURG

The Luxembourg insurance market continued to record steady growth in both property and casualty and life insurance.

Following its reorganization in Belgium, the Group consolidated Royale UAP and AXA Assurances Luxembourg's business into AXA Luxembourg. PanEuroLife, which sells cross-border life insurance policies, was sold in early 1999.

Business trends remained positively oriented in all sectors. Premium income from property and casualty business grew 1%, and its contribution to net earnings totaled FF 24 million, compared to FF 19 million in 1997.

In life insurance, premium income rose 13%, and the contribution to net earnings was FF 42 million, versus FF 26 million in 1997.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Netherlands	5,475	1,974	7,449
Luxembourg	3,593	321	3,914
Switzerland	351	316	667
Contribution to consolidated net earnings, Group share			
Netherlands	259	(72)	187
Luxembourg	42	24	66
Switzerland	1	15	16



Europe

→ **Netherlands – July 1998**
As part of the Group's reorganization of its Benelux operations, UAP-NR acquires AXA Leven, a subsidiary of Sun Life & Provincial Holdings.

LUXEMBOURG – July 1998
The Group announces the alignment of AXA Luxembourg and Royale UAP, a subsidiary of Royale Belge. **November 1998.** The Group sells its equity interest in the life insurer PanEuroLife. **Subject to the approval of the Luxembourg insurance commissioner, the transaction goes into effect in 1999.**

Outlook in 1999

In a business climate that is expected to remain favorable, both sales and the net earnings contribution are expected to reflect the positive effects of consolidation. Excluding PanEuroLife, premium income and profitability in both property and casualty and life insurance lines should continue to improve.

SWITZERLAND

In Switzerland, AXA Assurances recorded a decrease of 3% in premium income from property and casualty operations. During the year, the company began underwriting Nordstern's transport business. Life insurance premiums were up 6%.

Switzerland's contribution to net earnings was FF 16 million, compared to FF 14 million in 1997.

In 1999, AXA Assurances has relatively limited prospects for growth given the size of the company.

TURKEY

AXA has strengthened its agreements with its partner, Oyak, Turkey's third largest industrial and financial group, by grouping all its business units under a 50/50 holding company, AXA Oyak. Once the merger has been completed, AXA Oyak will hold nearly 70% of the capital in AXA Oyak Sigorta, the country's leading property and casualty insurer and it will have complete control of the life insurance company, AXA Oyak Hayat. AXA Oyak, currently number one in the

Turkish insurance market, manages these two operational units. They distribute their products through tied agents, brokers and bank branches, in particular via Emlak bank.

In 1998, growth in premium income outpaced the market, with a particularly strong increase in life insurance. Overall, premium income totaled FF 1 billion.

The year ahead is likely to be focused on completing the legal and operational mergers. Business should continue to grow. Beginning in 1999, Turkish operations will be included in Group consolidated financial statements.

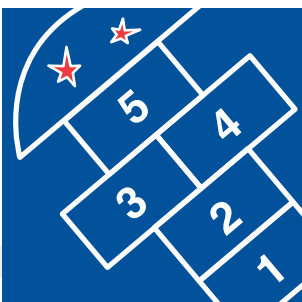
Eastern Europe

In Hungary, the Group is present in the property and casualty and life insurance markets through AXA Colonia Biztosito. In the Czech Republic and Poland, AXA Assistance has established subsidiaries and the Group has significant reinsurance contracts. Throughout the region, the Group is able to address the needs of industrial clients in the area of large risks coverage.

Group management believes that some Eastern European markets offer exciting growth potential, and is examining development opportunities.

MOTIVATING

Motivation stems from desire; desire is founded on the search to satisfy needs. There is a hierarchy of needs – from physical needs to the need for security, esteem, self-esteem and personal achievement (self-fulfillment).



Insurance

Asia / Pacific

National Mutual capitalized on growth in the buoyant group retirement market.

AUSTRALIA/NEW ZEALAND

The Group is present in the Australian and New Zealand life insurance markets through National Mutual, which is also active in health insurance.

Premium income from life insurance operations dropped by 12% following the previous year's non-recurring surge in policy subscriptions after National Mutual became a listed company in 1997. In addition, premium income on short-term investment products fell sharply due to the transfer of a portion of the portfolio of business to an asset management company and the volatility of this type of savings. Excluding these two events, life insurance premium income remained stable, with strong gains in traditional life insurance and group retirement lines offsetting the slide in traditional retirement savings products.

National Mutual's contribution to net earnings dropped from FF 216 million in 1997 to FF 165 million. This decline was due to the adverse effect of the Asian financial crisis on investment results. On the

other hand, underwriting results in traditional life insurance and health lines improved considerably, and general expenses continued to decrease.

Outlook in 1999

Steps taken by National Mutual to strengthen its position in the mandatory pension funds market should boost premium income. In addition, the company has implemented measures to improve business processes and cut costs, which should have a positive impact on its net earnings contribution.

CHINA

As part of the partnership agreement concluded in 1998 with the Chinese group Minmetals, the life insurance company AXA-Minmetals, in which the Group has a 51% stake, is ready to launch business operations. The workforce is in place, and the first policies will be sold as soon as the final administrative approvals have been granted.

SOUTH KOREA

Dongbu AXA Life, in which the AXA Group and the Korean group, Dongbu, are equal shareholders, is active in the life insurance market.

Premium income grew by 4%.

In response to the financial crisis that has rocked countries in the region, the company has recently taken substantial cost-cutting measures.

Its contribution to net earnings was a loss of FF 47 million, compared to a loss of FF 50 million in 1997. Asset writedowns were partly offset by better control over general expenses.

Dongbu AXA Life's operations should pick up if short-term interest rates ease as expected. The contribution to net earnings should improve in 1999.

(in FF millions)

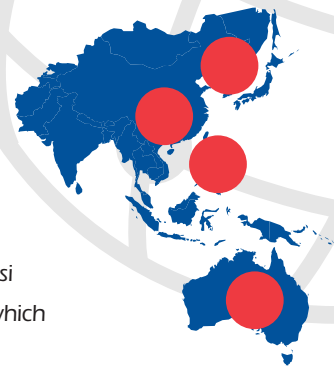
	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Australia/New Zealand	13,486	-	13,486
Korea	610	-	610
Hong Kong	4,692	141	4,833
Contribution to consolidated net earnings, Group share			
Australia/New Zealand	165	-	165
Korea	(47)	-	(47)
Hong Kong	(225)	(10)	(235)



Asia/Pacific

→ **Australia - May 1998**
National Mutual Holdings and Lend Lease mutually agree to abandon the projected merger of their life insurance and asset management businesses.

December 1998 - National Mutual announces the establishment of a life insurance company in the Philippines as part of a joint venture with Metropolitan Bank and Trust Company, the country's top banking group. National Mutual also announces plans to launch an ambitious, three-year advertising campaign to promote the AXA name.



33

HONG KONG

The recession that hit the Hong Kong economy has intensified competition in the property and casualty insurance market, particularly in the automobile segment, where sales declined markedly.

The Group is mainly present in the Hong Kong life insurance market through National Mutual Asia, the only listed insurance company in the Territory, where it ranks second.

In 1998, National Mutual's premium income rose by 14%, led by growth in life insurance and individual health insurance. This growth was primarily due to a 15% increase in the agency force and the success of the new installment-premium life insurance product, which features options tailored to women's needs.

The contribution to net earnings was a loss of FF 19 million after a loss of FF 29 million in 1997.

The plunging Asian stock markets prompted the company to completely pull out of the stock markets, which resulted in sizable capital losses. This factor aside, life insurance operations continued to benefit from sales growth and lower expense ratios.

The contribution to net earnings was a loss of FF 225 million, compared to income of FF 269 million in 1997.

The Group is active in the property and casualty insurance market through AXA Insurance, whose premium income fell by 24%. The 30% slide in automobile insurance sales reflects both unfavorable market conditions and a conservative underwriting policy.

The contribution to net earnings was a loss of FF 19 million, versus a loss of FF 29 million in 1997.

Outlook in 1999

The diversification strategy initiated by AXA Insurance in accident insurance lines and its expansion into direct marketing distribution should have a positive impact on property and casualty operations in 1999.

National Mutual Asia, known as AXA China Region since the start of 1999, is expected to pursue business development by launching a new range of life insurance products.

The contribution to net earnings is expected to recover given the lack of capital losses and continued sales growth.

INDONESIA

In its second year in business, PT Asuransi Indonesia, a property and casualty company in which AXA has an 80% stake, continued to grow.

Premium income earned by Tempo National Mutual Life, the life insurance company 80%-owned by National Mutual and 20% by the Indonesian group, Tempo, rose sharply. This was achieved essentially by expanding the agents' network.

Despite the economic recession that continues to affect Indonesia, Group property and casualty business is expected to grow in 1999. Growth in life insurance premiums could be adversely impacted by Indonesia's economic and political problems.



RIDING THE WIND

Managers facilitate change by creating enthusiasm for it among team members.

They do this by demonstrating the positive effects.



Insurance

Despite the financial crisis, the Group's Asian operations continued to develop their life insurance business.

JAPAN

Life insurance specialist, AXA Life, posted premium income growth of 78%.

The contribution to net earnings, a loss of FF 190 million, is in line with AXA's business plan. The investment in Japan is part of the Group's long-term strategy. At the same time, intense efforts were made to prepare for the launch automobile insurance operations in 1999.

Along with continued sales growth, particularly in commercial lines, AXA Life's profitability should improve as its financial margin recovers.

The direct marketing automobile insurance company is due to launch its operations in the course of 1999.

MALAYSIA

The Group, which merged its Malaysian companies in 1998, is present in the property and casualty insurance and life insurance markets through Sime AXA, in which it has a 30% stake.

Sime AXA's contribution to net earnings totaled FF 6 million in 1998, compared to FF 12 million in 1997.

PHILIPPINES

As part of a partnership agreement concluded in 1998 with the number one Philippine banking group, Metropolitan Bank and Trust Company, National Mutual acquired 45% of one of the country's leading life insurance companies. The company will trade under the name Philippines AXA Life.

SINGAPORE

Thanks to the 1998 merger of its two property and casualty insurance companies into AXA Insurance, the Group is now number three in the Singapore market.

In line with the general trend in a market shaken by the economic crisis, premium income fell by 18%.

The contribution to net earnings was a loss of FF 33 million, as opposed to a loss of FF 38 million in 1997.

In the life insurance market, AXA Life recorded premium income growth of 4%.

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Japan	436	2	438
Malaysia*	-	-	-
Singapore	291	320	611
Contribution to consolidated net earnings, Group share			
Japan	(190)	(62)	(252)
Malaysia*	-	6	6
Singapore	(12)	(33)	(45)

*Accounted for by the equity method.



→ HONG KONG – December 1998 – National Mutual announces its intention to submit a proposal that National Mutual Asia change its name to AXA China Region to a vote of the shareholders at their general meeting scheduled for January 1999.

Asia/Pacific

The contribution to net earnings was a loss of FF 12 million, versus income of FF 49 million in 1997. This decrease was due to the plunge in the Asian stock markets, which adversely impacted investment results.

Growth in property and casualty insurance premium income is expected to remain moderate in 1999 given rate competition and the program under way to streamline the company's automobile portfolio.

With the expected return to economic stability, life insurance operations should recover significantly.

THAILAND

In Thailand, AXA Insurance's property and casualty business, jointly owned with the Bank of Asia, grew by 15%.

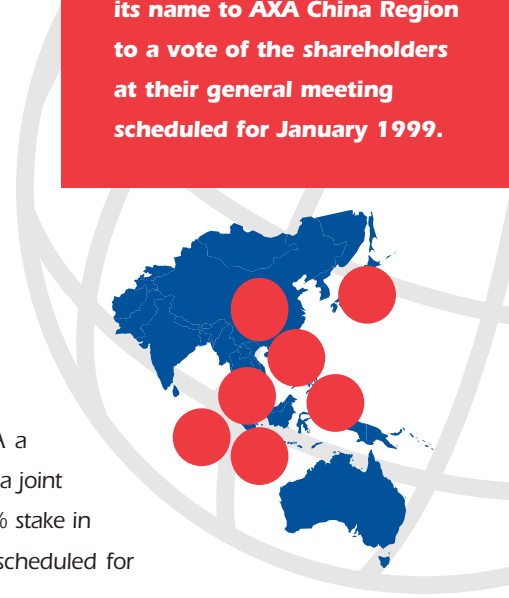
In the life insurance market, Krungthai AXA Life began doing business in 1998, in a market severely affected by the economic crisis.

The company focused on setting up a network of agents and on launching its products via the network of its partner, which ranks second among the country's banks and has over 350 branches.

Business should grow in 1999 with the distribution of products through branches of the Bank of Asia for property and casualty insurance and Krungthai Bank for life insurance.

VIETNAM

Vietnamese regulators granted AXA a license to sell health insurance through a joint venture with PVIC. AXA will hold a 70% stake in the new company, whose start-up is scheduled for sometime in 1999.



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COURAGE

For the manager, courage means making decisions and accepting the consequences, both positive and negative. This is the key quality in a manager.



Insurance

Africa

In Morocco, AXA AI

Amane increased its contribution to Group earnings.

MOROCCO

Through AI Amane, which became AXA AI Amane in 1999, AXA is the fourth-largest property and casualty and life insurer in Morocco.

Property and casualty insurance, which accounts for 75% of premium income, remained stable (up 1%) in a

(in FF millions)

	1998		
	Life	Property-casualty	Total
Consolidated insurance premiums			
Morocco	132	393	525
Contribution to consolidated net earnings, Group share			
Morocco	9	134	143

less favorable market environment. Life insurance premium income grew by 4%.

Morocco's contribution to net earnings was FF 143 million, compared to FF 53 million in 1997. Profitability improved thanks to strong investment results and non-recurring earnings generated by regulatory changes.

Outlook in 1999

The trend toward consolidation that is affecting the entire financial sector in Morocco is expected to continue. The Group should be ideally placed to capitalize on this trend.

Business and profitability should continue to improve.

Sub-Saharan Africa

In property and casualty insurance, the Group holds majority interests in six companies in Cameroon, Gabon, Senegal, Niger, Togo and Ivory Coast, and a significant interest in Conakry, Guinea. These interests are not consolidated.

Premium income posted by Group companies, leaders in their respective markets, grew by 3% in 1998 despite major portfolio pruning measures, distribution network restructurings and screening of client accounts.

In life insurance, the Group holds major interests in two companies, in Ivory Coast and Gabon, and has

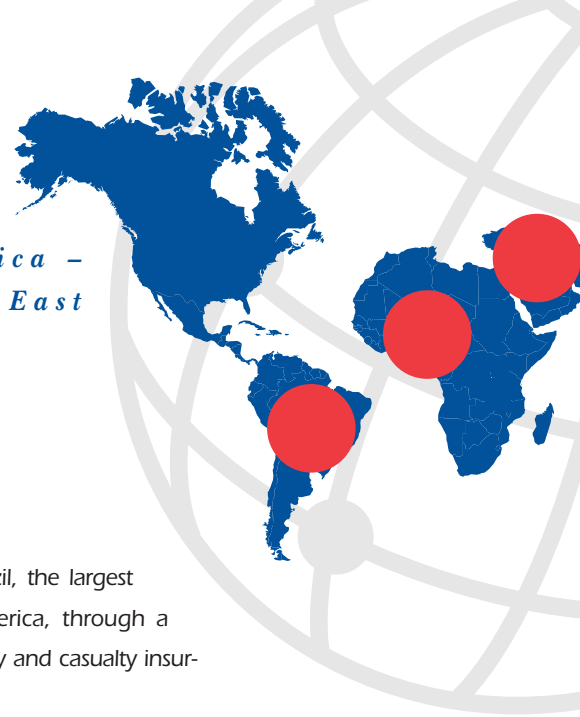
complementary activities in various lines in Senegal, Cameroon, Guinea and Togo. Total premium income from these operations rose 13% in 1998, in markets that are still relatively undeveloped.

Outlook in 1999

Following a major project to comply with professional standards over the past two years, internal reorganization and financial restructurings are expected to strengthen and improve the ability of the sub-Saharan companies to meet Group underwriting and ROE objectives.



*Africa – Latin America –
Near and Middle East*



Latin America

The Group earned premium income in Latin America of FF 803 million in 1998. None of the companies are consolidated.

The Group plans to extend its presence in this region of the world, focusing in particular on four countries: Brazil, Mexico, Argentina and Chile, where the insurance market shows significant growth potential.

ARGENTINA

In a market undergoing full-scale restructuring, the Group is active in property and casualty insurance and life insurance through AXA Seguros.

After a phase of rigorous portfolio pruning, premium income increased 34% in 1998. Business was driven by growth in life insurance and commercial risks.

Business is expected to increase substantially in 1999 and will be boosted by enlarged distribution networks, particularly in the life insurance segment.

BRAZIL

The Group is present in Brazil, the largest insurance market in Latin America, through a company active in both property and casualty insurance and life insurance.

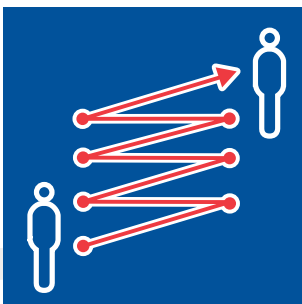
The Group company resisted the decline in the Brazilian market, adversely affected by the financial crisis. Underwriting results in property and casualty insurance improved considerably.

Going forward, the Group will continue to expand its existing operations and explore growth opportunities to bring its positioning in Brazil in line with its ambitions.

CHILE

As part of an agreement reached in late 1998 with Banco de Credito e Inversiones (BCI), Chile's leading retail bank, the Group set up AXA BCI, in which it holds a 51% stake. This is the country's first joint venture between an insurance company and a bank. This company controls AXA Seguros Generales, active in the property and casualty insurance market, and AXA Seguros Vida, a life insurance specialist into which BCI's life subsidiary was merged.

In Chile, the Group partnered with Banco de Credito e Inversiones (BCI), the country's largest retail bank, to establish the first insurance company to be jointly held by an insurer and a banker.



MOBILITY

Mobile employees constantly seek to develop new skills. These skills enhance the overall performance of the team and the company.



Insurance

In 1998, business remained stable.

In an extremely buoyant life insurance market, AXA Seguros Vida's access to BCI's distribution network, coupled with development of the traditional network, should double premium income in 1999, particularly in life insurance.

Property and casualty business should benefit from the establishment of the claims management and settlement call center, an innovation in Chile.

URUGUAY

The Group is present in the property and casualty insurance market, with the exception of the automobile segment, through AXA Seguros Uruguay, which distributes its products via brokers.

N e a r a n d M i d d l e E a s t

Already active in Saudi Arabia and the United Arab Emirates, the Group would like to expand its presence on the Arabian Peninsula. It also intends to develop joint business opportunities with other Group member companies, in particular AXA Investment Managers, AXA Global Risks and AXA Re.



GLOB'ALL + LOC'ALL

AXA is a large international Group. Managers capitalize on AXA's size and global reach by thinking "global" and acting "local".



International Businesses

AXA GLOBAL RISKS

In a difficult market environment where rates continued to trend downward, AXA Global Risks pursued its streamlining program, focusing in particular on AXA Global Risks US. The company also conducted a major legal restructuring program that led, in particular, to the merger of La Réunion Française and the transfer to AXA Courtage of the portfolio of business with companies whose workforce is under 1,000.

The international coverage of AXA Global Risks was reinforced by the addition of a branch office in Milan and the establishment of a number of dedicated departments in Group insurance companies. AXA Global Risks can now manage contracts in over 70 countries through its own network or via its correspondents.

Premium income declined by 21% on a comparable exchange rate and structural basis, primarily due to AXA Global Risks' policy of safeguarding profitable business and practicing selective underwriting in a climate of lower rates.

Several new products were brought to market in 1998: multi-cover, multi-country and multi-year policies, a simplified international program to meet the needs of average-sized brokers, a pan-European automobile fleet program and alternative financial risks.

The contribution of AXA Global Risks to net earnings was a loss of FF 561 million, due to reserve strengthenings relative to commitments from prior periods.

Outlook in 1999

Profitability should improve substantially in the absence of further extraordinary reserve strengthenings and on the strength of efforts to improve management.

ASSISTANCE

In 1998, the Group consolidated its number two position in the international assistance market.

In the course of 1998, operational restructurings were completed in all countries. Each company is now run by a single management structure and uses the same information system. Legal restructurings were also completed, consolidating all subsidiaries into the AXA Assistance holding company.

The year's highlight was the opening of two new sites, one in Morocco and one in the Czech Republic. Pursuing its program aimed at improving customer service, AXA Assistance obtained an extension of its ISO 9000 certification to several subsidiaries in France, Belgium, the United Kingdom, Taiwan, the Netherlands, Spain and Brazil.

Revenues grew 6%, thanks to sales and marketing initiatives undertaken in all countries where AXA Assistance is present.

The contribution of assistance to net earnings totaled FF 68 million, versus a loss of FF 26 million in 1997. Steps taken in 1997 to turn around business paid off, and general expenses were reduced considerably.

Outlook in 1999

The pursuit of international business development, particularly in Canada and Australia, should lead to further growth. In addition, efforts to improve customer service and boost sales will continue.

Now that its restructuring is complete and efforts are being made to prune the portfolio, profitability should continue to improve. The ongoing cost-control program should also have a positive impact on profit.



Reinsurance

The global reinsurance market has been hit by yet another drop in rates, particularly in non-proportional and facultative business. Under these circumstances, the rise in the claims ratio accentuated the imbalance in underwriting results. Hedging operations and investment results made it possible to maintain the profitability of operations.

AXA RE

In a market that continues to trend downward, AXA Re maintained its conservative underwriting and management policy. The company has partially withdrawn from the most depressed markets, particularly in Europe and Asia.

Despite adverse rate conditions, AXA Re managed to boost premium income by 2% in 1998. The 60% decline in personal insurance was more than offset by the 12% rise in premium income from other lines and strong business growth (70%) at AXA Re Finance. This company's performance was fueled by the new product launches and the confirmation of its AAA rating by the specialized rating agencies.

The contribution from reinsurance to net earnings increased from FF 813 million to FF 934 million. Despite falling rates and higher general expenses

incurred in connection with its ambitious IT project, the profitability of the reinsurance segment remains satisfactory and has made it possible to strengthen reserves.

Outlook in 1999

In a market that is not expected to improve, AXA Re's premium income from traditional lines should remain stable. The company's strategy of penetrating new markets while globalizing management should have a positive impact.

In the absence of a major event, the contribution to net earnings is expected to be on a par with the 1998 figure.

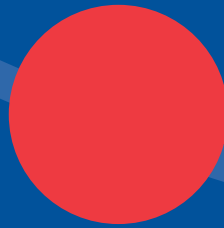
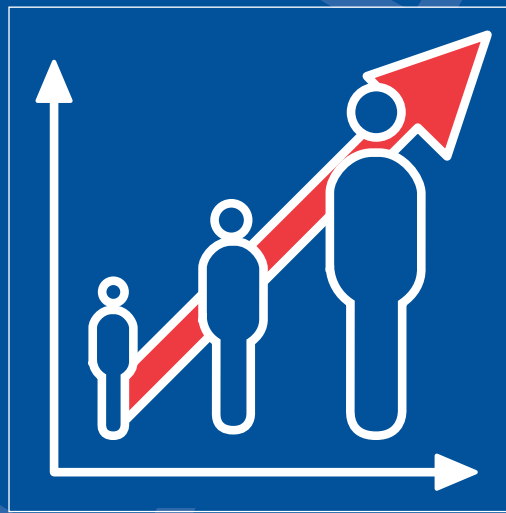
The earnings contribution from the reinsurance segment grew by 15% thanks to strong investment results.



INTRABUSINESS

Each business unit must be managed like a small company within the company. Under no circumstances should the unit's objectives prevail over those of the company or the Group.





*Asset Management
and Other Financial Services*

Asset Management and Other Financial Services

With a total of FF 3,667 billion (EUR 559 billion/US\$ 665 billion) in assets under management at December 31, 1998, up 15% compared to 1997, AXA ranks among the world's leading asset managers. The growth in assets under management was due to a substantial increase in both proprietary and third-party business. It was also driven by the steep rise in the equity and fixed income markets, which were extremely volatile in late summer 1998.

United States

ALLIANCE CAPITAL MANAGEMENT

A subsidiary of Equitable and the manager of its assets, Alliance Capital Management also manages assets on behalf of institutional and retail investors. At year-end 1998, the company had assets under management valued at FF 1,605 billion, up 31% over year-end 1997. Of this total, third-party and life insurance separate account assets accounted for US\$ 263 billion.

The 36% increase in revenues posted by Alliance Capital Management primarily reflects solid management performances in a highly volatile market. It also results from substantial growth in institutional management, with more than 140 new mandates signed. Mutual funds for retail investors also continued to grow rapidly. Alliance Capital Management boosted its market share with the major independent distributors.

At the same time, the company continued to strengthen its international presence. The number of institutional mandates managed in Japan increased considerably and the sale by brokers of mutual funds for retail investors also grew. To extend its network, Alliance Capital Management concluded new distribution agreements and joint ventures in Latin America, Asia and Europe, including an agreement in Italy with the EPTA banking group.

Excluding non-recurring events, Alliance Capital Management's contribution to net earnings reached at FF 298 million, as opposed to FF 249 million in 1997.

Outlook in 1999

Alliance Capital Management's recognized expertise in asset management should contribute to business growth in both the institutional and retail investment sectors. Securing access to as yet unexplored distribution channels (banks, insurance companies) should also contribute to continued growth, as should growth in the management of defined-benefit pension funds for small-and medium-sized companies.

Cost-control efforts and sustained activity should generate further increases in Alliance Capital Management's contribution to net earnings.



→ **Europe – October 1998**
AXA Investment Managers acquires an equity interest in American asset manager Barr Rosenberg, which has since been renamed AXA Rosenberg Group. The California-based quantitative equities management specialist has assets under management valued at approximately FF 38 billion.

United States – Europe

Europe

AXA INVESTMENT MANAGERS

In 1998, the Group continued to build AXA Investment Managers, its asset management company, in order to step up its expansion in the promising asset management market in Europe.

AXA Investment Managers' operations have been reorganized into AXA Investment Managers Paris, Brussels, the Hague, Milan and Hong Kong, as well as AXA Colonia KAG, AXA Sun Life Asset Management and Quantitative and Structured Investments, whose high added value products are sold throughout Europe.

To increase the global consistency and quality of investment management, the integration process also included the establishment of a network of pan-European teams to provide portfolio management, financial analysis and client management services. These teams will also deliver marketing support to local companies.

In 1998, AXA Investment Managers made two major acquisitions.

First, the company acquired Barclays Global Investors Hong Kong, which manages assets valued at approximately EUR 1 billion. Following this transaction, which hoisted the Group to the number four spot in asset management in Hong Kong, this business unit was merged with National Mutual Funds Management Hong Kong, bringing total assets under management at AXA Investment Managers Hong Kong to close to EUR 3 billion.

Secondly, AXA Investment Managers acquired a majority stake in Barr Rosenberg, now AXA Rosenberg, a California-based company that manages assets totaling approximately US\$ 7 billion using quantitative methods. AXA Rosenberg will benefit from the Group's distribution networks and AXA Investment Managers will capitalize on AXA Rosenberg's recognized know-how in constructing highly sophisticated investment models and designing high added value products.

Overall, AXA Investment Managers' total assets under management at year-end 1998 stood at FF 1,268 billion, of which FF 138 billion in third-party assets and FF 117 billion in separate account (variable) insurance products.

In 1998, AXA Investment Managers Paris increased third-party assets under management by 60% and was among the market's most effective managers in several product categories, showing particular strength in French equities. At December 31, 1998, assets managed by AXA Investment Managers Paris totaled nearly FF 580 billion (EUR 88 billion).

In the United Kingdom, AXA Sun Life Asset Management (AXA SLAM) turned in solid performances and boosted total assets under management to over EUR 55.9 billion, primarily due to a major awareness-raising campaign conducted with independent financial advisers (IFAs).



At AXA Investment Managers, third-party assets under management rose sharply and the company strengthened its European organizational structure.



FEEDBACK

Managers provide the impetus and communicate corporate policy. They receive feedback. This process enables the company to reap the benefits of change.



Asset Management and Other Financial Services

In 1999, AXA Investment Managers should see sales increase with the launch of AXA World Funds, a genuine cross-border investment product.

In Germany, AXA Colonia KAG turned in a satisfactory performance, with total assets under management at year-end of EUR 23 billion. AXA Investment Managers centers in the Hague and Brussels also posted promising results.

In 1998, consolidated revenues generated by the AXA Investment Managers Paris and AXA SLAM grew by 50%. Several factors contributed to this performance: sharp growth in the assets of mutual funds marketed through banks, supermarkets or via direct marketing, major new institutional mandates and high growth in separate account policies distributed by Group insurance companies.

The contribution to net earnings totaled FF 244 million, compared to FF 168 million in 1997.

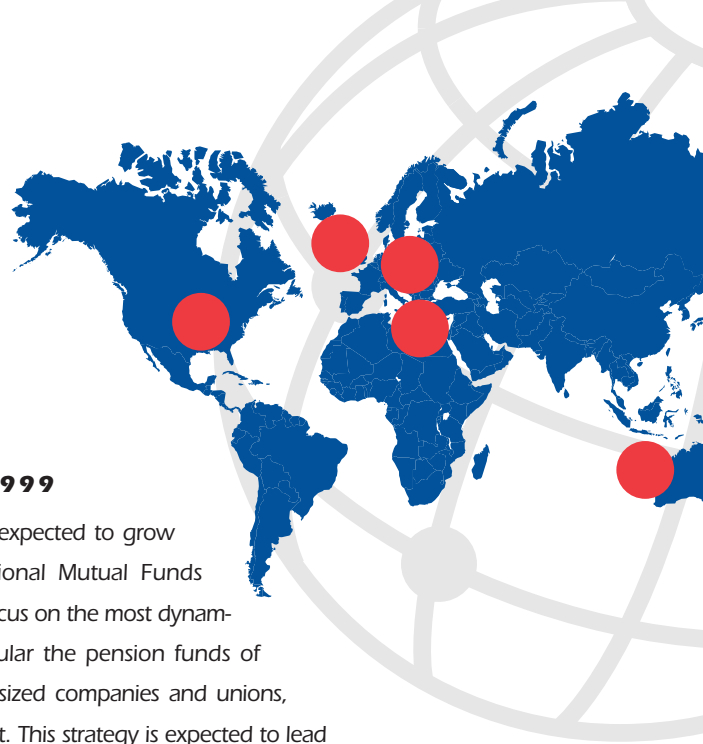
Outlook in 1999

As it finalizes the legal restructurings in connection with the consolidation of the European asset-management companies, AXA Investment Managers is expected to continue strengthening its teams and building its European organizational structure.

The company should invest its resources selectively in the most promising markets, distribution networks and products. This strategy is aimed at achieving a twofold objective: to provide insurance companies with outstanding service and pursue growth in third-party management on behalf of institutional and retail investors throughout Europe.

Business at AXA Investment Managers, which should integrate asset management for AXA's Japanese companies, is expected to grow rapidly, driven by the development of the AXA World Funds umbrella fund. This fund, which offers eighteen investment options, is managed by the Group's seven asset management companies. A genuine cross-border investment product, it will be marketed directly and through the separate account life insurance contracts offered by AXA insurance companies.





AUSTRALIA AND NEW ZEALAND

National Mutual Funds Management manages the assets of the life insurance company as well as on behalf of institutional and retail investors. The company also has its own sales force, which markets a comprehensive range of retirement savings and investment products.

At December 31, 1998, assets managed by NMFM totaled AU\$ 24.5 billion.

The contribution of NMFM to net earnings totaled FF 8 million.

Outlook in 1999

In a market that is expected to grow by over 10%, National Mutual Funds Management will focus on the most dynamic sectors, in particular the pension funds of small- and medium-sized companies and unions, and retail investment. This strategy is expected to lead to a streamlining of the product range. To fully capitalize on market opportunities, the company will refocus on Australian and New Zealand markets and implement a cost-cutting program.

Other Financial Services

DONALDSON, LUFKIN & JENRETTE (DLJ)

DLJ, a subsidiary of Equitable, is a leading US investment bank. After posting record earnings in the first half of the year, the company's low exposure to emerging markets and hedge funds helped it resist the effects of the financial crisis.

Thanks to a record number of mergers and acquisitions transactions, fee income was up 55%. The company also raised its share in the high-yield bond market, which it leads, and in convertible bond issues, where it ranks second. In securities brokerage, trans-

actions conducted on the Internet through DLJ Direct, which receives over 20,000 trading orders a day, increased by 80%, doubling assets under management to US\$ 1.2 billion.

In 1998, DLJ also stepped up its expansion into Europe. In London, DLJ's more than 1,000 employees are active in mergers and acquisitions. DLJ also handles European capital market transactions and securities brokerage. Its subsidiary, London Global Securities, leads the international market in securities loans. In Paris, the company has also opened an office specialized in mergers and acquisitions.

By keeping exposures to emerging markets and hedge funds low, DLJ withstood the financial crisis.



BE POSITIVE

Positive employees are open-minded. Before passing judgment, managers and their teams review new ideas and proposals in a positive light.

Asset Management and Other Financial Services

DLJ Direct has signed an agreement with the second-largest commercial bank in Japan, Sumitomo Bank, to set up a jointly-held online brokerage firm.

Overall, DLJ posted revenue growth of 14% in 1998. The slowdown in growth was due to the impact of the financial crisis on investment banking and the capital markets in the second half of the year.

The financial crisis and the cost of European expansion resulted in a 9% decrease in earnings compared to 1997.

The contribution of DLJ to net earnings, FF 855 million, was the company's second best performance on record.

Outlook in 1999

DLJ's revenues and earnings should get a boost from growth in European business and from strong markets in mergers and acquisitions and brokerage.

AXA BANQUE

AXA Banque's activities are an extension of those of insurance companies and asset management companies within the Group. It operates mainly as the AXA Group bank, providing savings management and custodial services, centralizing the steering of security and cash flows and delivering traditional banking services to Group policyholders and tied agents.

AXA CRÉDIT

AXA Crédit is specialized in consumer loans marketed mainly to AXA customers.

BANQUE IPPA / ANHYP

A subsidiary of Royale Belge, Banque Ippa offers a comprehensive range of investment products to individuals, professionals and small companies. Its network also sells the insurance products of Royale Belge. The 1998 acquisition of the savings bank Anhyp will add to the complementary of the company's insurance and retail banking operations.

Despite high volatility in the financial markets in the second half of the year, DLJ recorded its second best earnings ever.



THE RIGHT FIT

Although there should be a perfect fit between people and jobs, managers must nonetheless make sure that challenges exist to encourage employees to do their job, learn to adapt and thereby contribute to business development.



Consolidated Statements of Income

	Year ended December 31 (in FF millions except per share amounts)			Year ended December 31 (in EUR* millions except per share amounts)		
	1998	1997	1996	1998	1997	1996
Revenues						
Gross premiums	309,406	307,546	130,838	47,169	46,885	19,946
Asset management and other financial services	62,505	57,082	36,368	9,529	8,702	5,544
Change in unearned premium reserve	212	(8)	(236)	32	(1)	(36)
Net investment results	92,284	84,044	35,407	14,069	12,812	5,398
Total Revenues	464,407	448,664	202,377	70,798	68,398	30,852
Benefits, claims and other deductions						
Insurance benefits and claims	326,793	316,647	134,291	49,819	48,273	20,473
Reinsurance ceded, net	(2,497)	3,519	1,489	(381)	536	227
Acquisition expenses	32,279	30,100	12,451	4,921	4,589	1,898
Other insurance company expenses	23,477	22,497	10,687	3,579	3,430	1,629
Financial and holding company expenses	59,362	54,166	34,756	9,050	8,258	5,299
Amortization of goodwill, net	613	1,051	(163)	93	160	(25)
Total Benefits, claims and other deductions	440,027	427,980	193,511	67,082	65,246	29,501
Income before income tax expense	24,380	20,684	8,866	3,717	3,153	1,352
Income tax expense	(8,018)	(7,797)	(2,900)	(1,222)	(1,189)	(442)
Minority interests in income of consolidated subsidiaries	(6,390)	(5,264)	(2,098)	(974)	(802)	(320)
Equity in income (loss) of unconsolidated entities	70	297	(59)	11	45	(9)
NET INCOME	10,042	7,920	3,809	1,531	1,207	581
Net income Per Ordinary Share						
Basic	29.65	24.34	20.36	4.52	3.71	3.10
Diluted	27.83	22.84	18.31	4.24	3.48	2.79

* The 1998, 1997 and 1996 euro amounts were converted using the French franc – euro exchange rate established on January 1, 1999.



Consolidated Balance Sheets

(in FF millions)

December 31,	1998	1997
Assets		
Investments		
Fixed maturities	743,608	690,434
Equity investments	206,347	184,619
Mortgage, policy and other loans	148,140	134,034
Real estate	88,071	100,056
Assets allocated to UK with-profits contracts	122,748	116,216
Trading account securities	92,087	129,009
Securities purchased under resale agreements	133,706	151,270
Investments in companies accounted for by the equity method	7,827	13,544
Total Investments	1,542,534	1,519,182
Cash and equivalents	68,357	53,832
Broker-dealer related receivables	193,634	168,922
Deferred acquisition costs	38,812	35,868
Value of purchased business inforce	15,912	18,682
Goodwill	11,692	5,702
Accrued investment income	18,169	17,648
Other assets	133,959	142,142
Separate account assets	501,280	452,364
TOTAL ASSETS	2,524,439	2,414,342

Consolidated balance sheet information in euros*

December 31, (in EUR millions)	1998	1997
Total Assets	384,835	368,064
of which:		
Total Investments	311,577	300,560

* The 1998 and 1997 euro amounts were converted using the French franc – euro exchange rate established on January 1, 1999.



Now
Once a decision is made,
it should be implemented
(now!) without delay.



(in FF millions)

December 31,	1998	1997
Liabilities		
Future policy benefits and other policy liabilities	861,091	859,521
UK with-profits contract liabilities	122,748	116,502
Insurance claims and claims expenses	203,393	195,374
Unearned premium reserve	28,223	27,887
Securities sold under repurchase agreements	225,797	219,883
Broker-dealer related payables	148,418	156,198
Short-term and long-term debt:		
– Financing debt	27,220	28,569
– Operating debt	40,328	36,157
Accrued expenses and other liabilities	221,823	178,777
Separate account liabilities	501,294	452,002
Total Liabilities	2,380,335	2,270,870
Commitments and contingencies		
Minority interests	34,353	46,506
Subordinated debt	17,752	15,185
Mandatorily convertible bonds and notes	3,111	3,111
Shareholders' equity		
Ordinary shares, FF 60 nominal value, 400.29 million and 381.35 million shares authorized, 350.29 million shares issued and outstanding	21,017	19,881
Capital in excess of nominal value	33,574	25,621
Retained earnings and reserves	34,206	33,168
Total Shareholders' equity	88,797	78,670
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT, MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	2,524,349	2,414,342

Consolidated balance sheet information in euros*

December 31, (in EUR millions)	1998	1997
Total Liabilities, Minority interests, Subordinated debt, Mandatorily convertible bonds and notes, and Shareholders' equity	384,835	368,064
of which:		
Total Shareholders' equity liabilities for insurance	13,537	11,993
Benefits (net of reinsurance)	261,717	251,737

* The 1998, 1997 and 1996 euro amounts were converted using the French franc – euro exchange rate established on January 1, 1999.



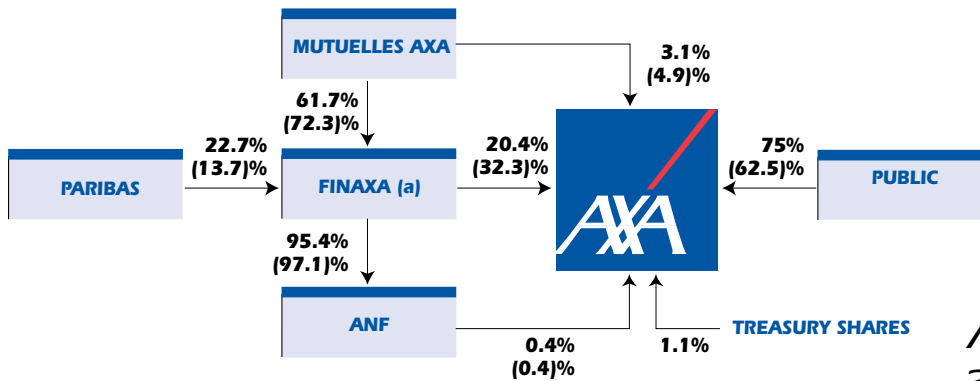
Group simplified organizational chart

March 31, 1999

Insurance

North and South America	Europe				Africa
CANADA	GERMANY	FRANCE	ITALY	UNITED KINGDOM	CAMEROON
AXA ASSURANCES	AXA COLONIA	AXA ASSURANCES	AXA ASSICURAZIONI	AXA SUN LIFE	CIE CAMEROUNAISE D'ASSURANCE ET DE RÉASSURANCE
AXA INSURANCE	NORDSTERN	AXA COURTAGE	LUXEMBOURG AXA ASSURANCES	AXA INSURANCE	IVORY COAST AXA ASSURANCES
UNITED STATES	SICHER DIRECT	AXA CONSEIL	NETHERLANDS AXA VERZEKERINGEN	AXA DIRECT	GABON AXA ASSURANCES
EQUITABLE LIFE ASSURANCE	AUSTRIA	DIRECT ASSURANCE	PORTUGAL AXA SEGUROS	AXA ASSURANCE	GUINEA UNION GUINÉENNE D'ASSURANCE ET DE RÉASSURANCE
ARGENTINA	AXA COLONIA	AXIVA	SWITZERLAND AXA ASSURANCES	KENYA PROVINCIAL INSURANCE	
AXA SEGUROS	BELGIUM	THEMA VIE	TURKEY AXA OYAK	MOROCCO AXA AL AMANE	
BRAZIL	AXA ROYALE BELGE	HUNGARY COLONIA BIZTOSITO		NIGER UNION GÉNÉRALE DES ASSURANCES DU NIGER	
AXA (UAP MULTIPLIC)	SPAIN			SENEGAL AXA ASSURANCES	
CHILE	AXA SEGUROS				
AXA BCI	DIRECT SEGUROS				
URUGUAY					
AXA SEGUROS					

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).



Asset management and financial services

Asia/Pacific

AUSTRALIA NEW ZEALAND

NATIONAL MUTUAL LIFE

AXA DIRECT

NATIONAL MUTUAL HEALTH INSURANCE

MALAYSIA

SIME AXA

AUSTRALIAN CASUALTY & LIFE

PHILIPPINES

PHILIPPINE AXA LIFE

CHINA

AXA

SINGAPORE

AXA INSURANCE

SOUTH KOREA

DONGBU AXA

AXA LIFE

HONG KONG

AXA INSURANCE

TAIWAN

NATIONAL MUTUAL HOLDING

AXA CHINA REGION

THAILAND

KRUNGTHAI AXA LIFE

INDONESIA

ASURANSI AXA INDONESIA

AXA INSURANCE

TEMPO NATIONAL MUTUAL LIFE

VIETNAM

AXA

JAPAN

AXA LIFE

International risks

AXA GLOBAL RISKS

Assistance

AXA ASSISTANCE

Reinsurance

BELGIUM

ROYALE BELGE RÉ

UNITED STATES

AXA REINSURANCE

AXA RE LIFE

AXA SPACE

FRANCE

AXA RÉ

AXA RÉ FINANCE

MONACO

CGRM

UNITED KINGDOM

AXA RE UK

SINGAPORE

AXA RE ASIA

Asset management

ALLIANCE CAPITAL MANAGEMENT

AXA INVESTMENT MANAGERS:

- AXA COLONIA ASSET MANAGEMENT
- AXA COLONIA KAG
- AXA INVESTMENT MANAGERS BRUXELLES
- AXA INVESTMENT MANAGERS DEN HAAG
- AXA INVESTMENT MANAGERS HONG KONG
- AXA INVESTMENT MANAGERS MILANO
- AXA INVESTMENT MANAGERS PARIS
- AXA INVESTMENT MANAGERS QUANTATIVE AND STRUCTURED INVESTMENTS
- AXA ROSENBERG
- AXA SUN LIFE ASSET MANAGEMENT
- AXA INVESTMENT MANAGERS TOKYO

NATIONAL MUTUAL FUNDS MANAGEMENT

Other financial services

GERMANY

COLONIA BAUSPARKASSE

BELGIUM

BANQUE IPPA/ANHYP

FRANCE

AXA BANQUE

AXA CRÉDIT

BANQUE WORMS

AXA IMMOBILIER

INTERNATIONAL

DONALDSON LUFKIN & JENRETTE

(): voting rights
(a): directly and indirectly

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Investment and Financial
Services

International Headquarters
Holdings

Group Planning,
Budget and Results

Central Legal Department

Central Finance Department

Corporate Human Resources
and Communications

Group Management Audit

Corporate Office for Insurance
Operations outside of France,
the United States and the
United Kingdom

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