

A close-up photograph of a man and a woman smiling warmly. The man is in the background, leaning towards the woman in the foreground. They are both wearing light blue turtlenecks. The background is a soft-focus outdoor setting, possibly a beach or a park with trees.

**THE AXA GROUP
IN 2001**





AXA Corporate Profile

AXA: global financial protection and wealth management expertise

- **50 million** individuals and businesses have placed their trust in us:
 - ▶ to insure their property (vehicles, housing, equipment)
 - ▶ to provide health and personal protection coverage for their families or employees
 - ▶ to manage their personal or corporate assets

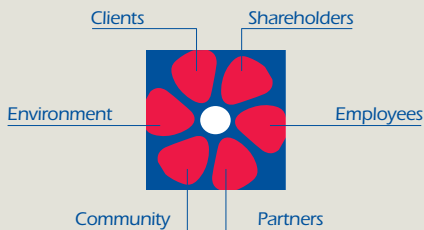
• **€ 75 billion** in revenues

• **€ 910 billion** in assets under management

- **140,000** employees and distributors worldwide working to deliver the right solutions and top quality service

• **€ 1.2 billion** in net cash earnings

- **12,000** volunteers donating their time and skills to community organizations



This daisy symbolizes our way of doing business. Our values, which guide our relationships with our stakeholders, are at the center of the daisy.



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Letter from the Chairman



Claude Bébéar

Chairman of the Supervisory Board

Corporate management trends come and go. The first major movement was Taylorism, originally applied in factories and then later extended to office work. While it led to unprecedented gains in productivity, which in turn increased corporate profits and employee wages, it was also Charlie Chaplin's *Modern Times*: working man, dehumanized by the machine and the Industrial Age, reduced to performing repetitive and demoralizing tasks. The role of management was limited to supervision. Purchasing power increased, but at the price of monotony.

This situation could not last indefinitely. A number of management gurus – the most famous of whom is undoubtedly Peter Drucker – correctly intuited that greater gains in productivity could be achieved by motivating workers than by applying Taylor's scientific division of labor into a series of tasks. The era of "participatory management by objectives" was born, and none too soon: an increasingly well-educated workforce was beginning to balk at the old working methods. The resulting tension was particularly acute in the 1960s and 1970s. Then along came the Japanese, touting discipline, rigor, and the new buzzwords "quality" and "zero defect."

Process once again took center stage and quality circles bent over their "Ichikawa" quickly sprung up. Once again, in spite of the tendency to bureaucratize the concept of quality, real progress was made. But then Japan became mired in a long-term economic crisis, and its vaunted methods lost their luster as the 1987 financial collapse was succeeded by a series of real estate market fallouts in the early 1990s. Capital came back into fashion: businesses needed equity and therefore had to attract it. And in the same way that "enriched tasks" had earlier been supplanted by the notion of "quality," CEOs began replacing "quality" with the idea of "shareholder value."

To some extent, this is where things still stand. One gets the impression, from reading quarterly and annual reports or listening to CEOs, that today's businesses are not in the game to satisfy clients or create wealth for the benefit of all stakeholders, including employees – who are not even mentioned any more – but only to enrich investors, whether faithful or not.

of the Supervisory Board

At the same time new planetary concerns have surfaced: What are we doing with the earth? Where will the unchecked race for wealth lead? Are certain working methods morally unacceptable? Is it normal that a few people are getting richer while others are getting poorer? What is the role of the corporation – which is going global, gaining power and dematerializing, all at the same time – in this rapid evolution? The concept of “sustainable development” is an attempt to address these issues. Sustainable development also has its prophets, who say businesses that fail to pay as much attention to clients, employees, and the physical and human environment as to their shareholders are doomed to disappear.

And so another fad is born. Like its predecessors, this one is useful and has arrived at just the right time. The notion of “shareholders only” has been replaced by the notion of “stakeholders.” And this makes sense. Businesses need clients to survive, and they need motivated employees to compete in the marketplace. Without shareholders, except in certain types of social market economies, they cannot grow. And if they do not take the environment into account, social life will quickly become unbearable and life on our planet will ultimately become impossible.

The so-called ethical or alternative funds proliferating today are a good sign – even if the word “ethics” has come to mean different things to different people. And there is nothing wrong with criticizing corporate behavior, except when ideology or base ulterior motives win out over the truth.

AXA believes in sustainable development ... within reason. Respect for the environment, respect for the truth, and generous corporate giving are necessary but not sufficient to move businesses and society as a whole forward. Like all business organizations, AXA must begin by creating wealth and making decisions that guarantee its own longevity. This is the most basic prerequisite for sustainable development.



Claude Bébéar

Chairman of the Supervisory Board

Interview with the President



Henri de Castries

President of the Management Board

For many observers, 2001 will be remembered as a very dark year. What impact did the year's events have on AXA?

Henri de Castries: The year 2001 was the worst in history for the insurance industry. It was the first time that a global economic recession, financial market depreciation, and a series of severe losses – in particular those related to the tragic terrorist attacks on the US – occurred simultaneously. These were all external events over which the AXA Group had no control whatsoever. Our situation was analogous to that of a ship caught in the eye of a storm. While some of our sails were torn to shreds, the ship came out unscathed and its crew is both stronger and wiser. In the final analysis, this storm left a number of positive elements in its wake. First of all, in the property-casualty sector. The successive jolts served as an effective wake-up call for clients, because they helped shed light on the need to insure risks and to seek coverage from sound and reliable carriers. Adequate cover has a price, but the good news is that clients are beginning to realize that factors other than price – such as service quality – are also important. Clients now fully understand the importance of establishing effective prevention programs. Ultimately, this will help reduce both the number of claims and their severity.

In the area of savings and investment, market volatility and economic uncertainty have only served to underscore the importance of sound investment advice. Increasingly, our clients will need the advice of qualified specialists to guide them through the waters of finance and investment. Here we have genuine added value to offer. Our core business and our expertise will also grow stronger.

Is our positioning as a provider of financial protection and wealth management services still relevant?

H. de C: Our strategic choices remain valid. The important decisions we made in 2000 – to buy out minority interests in the US and the UK, to sell the investment bank DLJ at the right time, to acquire US asset manager Sanford C. Bernstein and Nippon Dantai in Japan – helped refocus the Group on its core business and key markets. Our positioning in geographic markets where affluence is on the rise is definitely an advantage, and it strengthens our core business fundamentals. The importance of insuring property, protecting human beings, and setting aside money for the future is deeply entrenched in developed nations, and the outlook for these businesses has not changed. The series of mergers we have completed has given us critical mass. The time has now come to focus our energies on attaining operational excellence.

ent and CEO

So you remain basically optimistic. Do you think that today's difficulties can be transformed into opportunities in the long run?

H. de C: Absolutely. The AXA Group is profitable and its revenues and business continue to grow. Our financial structure is sound, and the Group's key subsidiaries have excellent financial strength ratings. But we also need to be realistic. We are coming off a speculative bubble, and it is important not to be overly reliant on market appreciation to boost earnings. Going forward, success will necessarily depend on our ability to improve operational performance. We have acquired an extraordinary level of expertise, which will support our bid to improve by offering our clients better service, acquiring additional market share, reducing operating costs and improving underwriting results. The Group has what it needs to reach these goals, and that is why I am confident: the answers to the challenges we face are in our hands.

What is your view of recent stock price volatility?

H. de C: The AXA stock price fell because of the general decline in the world's stock markets and the even steeper decline in insurance sector stocks. However, it is important to put this situation into perspective. Until 2001, our exposure to the US and Japanese markets, and our success in developing unit-linked product sales, were seen as critical strengths. In 2001, when the crisis kicked in, they suddenly came to be viewed as possible sources of weakness. This reaction is excessive. And it is not new: it happened in 1991, when AXA acquired control over Equitable. The wisdom of this acquisition was not widely understood at the time, and AXA's stock price plummeted as a result. It happened again in 2000, when we bought out the outstanding minority interests in AXA Financial, and in particular when we sold DLJ. In general, however, these overreactions don't last long.

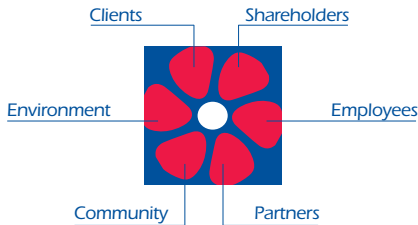
What do you see as the key challenges in the months and years ahead?

H. de C: We have to go down the road that will lead us to excellence in our relationship with our three key stakeholders: our clients, our employees and our shareholders. We will also focus on further developing and coordinating our commitments in the areas of the environment and civil society in general. These are related challenges, in the sense that they all contribute to the same objective, which is to improve the way we do business in order to ensure the long-term survival of AXA. Our performance should improve now that the operating environment appears to have stabilized and economies are taking off again. Three key factors will combine to support higher performance for AXA: investments in customer service quality improvements, and efforts to reduce our costs and improve our underwriting results. These objectives are within our reach, and we will succeed if every single AXA employee plays a genuine role in meeting these challenges, and if every single AXA employee brings the highest standards of professionalism and team spirit to the endeavor.



The AXA Vision

It's how we see financial protection and wealth management and how we do business.



This daisy symbolizes our way of doing business. Our values, which guide our relationships with our stakeholders, are at the center of the daisy.

Financial protection and wealth management mean responding to the evolving needs of our clients – whether they are individuals, small or medium-sized businesses or large corporations – in the areas of insurance, personal protection, savings and estate planning.

We have opted to unite our businesses **under a global brand** that stands for a shared set of **values** and **commitments**.

► For our clients, **the AXA brand** is synonymous with proximity and expertise.

► **Our values:** professionalism, innovation, pragmatism, team spirit, and integrity.

► **Commitments** to our three key stakeholders: our **clients**, our **shareholders**, and our **employees**.



CLIENTS

- We will work to build lasting, trust-based relationships with our **clients**, by delivering solutions that meet real needs and services that are responsive and efficient, and by upholding business practices that are consistent with our values.



SHAREHOLDERS

- We will strive to improve performance consistently and cultivate relationships with our **shareholders** based on total transparency.



EMPLOYEES

- We will ensure that our **employees** excel professionally by making available the resources they need to constantly acquire new skills and knowledge, and by encouraging teamwork and empowerment in the workplace.



PARTNERS

- With respect to our **business partners, vendors and suppliers**, we are committed to high standards of quality and on-time delivery.



COMMUNITY

- With respect to the community, we seek to fully live up to our responsibilities in terms of **corporate citizenship** and the **environment**.



ENVIRONMENT

We are working together to achieve the shared goal of setting the standard worldwide in our business.

BUSINESS

BUILDING A LASTING PARTNERSHIP WITH OUR CLIENTS

Our goal of setting the standard worldwide in financial protection and wealth management raises a number of challenges. Words alone will not make us the standard setter in our industry. Consumers and industry peers alike must recognize the uncontestable quality of our products and services, our delivery systems, and our way of doing business.



PROXIMITY

Supporting clients at each stage in their lives

The first set of challenges we must meet in order to achieve our ambition is threefold: getting closer to our clients, supporting them throughout their lives, and learning how to manage personalized, long-term customer relationships.

Why have we decided to call our core business “financial protection and wealth management”? Because the words “insurance” and “savings” no longer suffice to encompass the changing needs of our clients.

Insurance, the AXA Group’s original business, was a key driver in the development of modern society. It moved economies forward by providing individuals and businesses with the protection against life’s hazards that they needed to carry out their projects and dreams. The historical development of insurance is comparable to that of a human being or a business.

Stage 1: protecting property and assets against partial or total destruction or theft. Young people insure their cars or studio apartments, while fledgling entrepreneurs insure their plants and equipment. People protect their property against material damage, but they also protect themselves against liability for the financial consequences of damage caused by their property to others.

Stage 2: Founding a family or a business gives rise to new needs related to the desire and the duty to protect others. People take out life insurance policies

so that their loved ones can cope with untimely demise. People take out medical or health insurance policies in anticipation of an accident or illness. People set aside money so that their children can go to college, particularly in countries where the system of higher education is private. Employers subscribe to group protection plans for their employees.

Stage 3: New investment needs arise at this stage – a bigger apartment, a holiday home, leasehold improvements or a new facility for the business.

AXA has developed a comprehensive range of credit and saving solutions to help its clients pay for these projects: consumer credit, mortgage lending, investment credit, mutual funds designed for different investor profiles, debt financing for businesses, etc. They enable clients to accumulate wealth without jeopardizing the financial condition of their family or business.

Stage 4: The children grow up, leave the nest and strike out on their own. The time has come to give serious thought to preparing for retirement by making the investment and financial planning

BUILDING RELATIONSHIPS BASED ON TRUST



CLIENTS

When it comes to their financial protection and wealth management needs, clients are more concerned about trust than anything else. They need

to know that their confidence in the company’s financial strength and expertise is not misplaced; they need to feel that their contact with the company is transparent, dynamic and ongoing; and they need to be convinced that the solutions offered are competitive and attractive. AXA in Italy crafted its corporate communications campaign around this simple observation. Playing on the fact that the word “AXA” is a palindrome – i.e. a word that is spelled the same backwards as forwards – advertising featured a tagline that read: “In a world that is often two faced, it’s reassuring to have a name with only one face.”

In December of 2001, the company took top honors in Milan for its brand strategy, marking the first time that this distinction has gone to an insurance company.



AXA GROUP	BUSINESS	EXPERTISE	CULTURE
CITIZENSHIP	FINANCIAL STRENGTH	OPERATING PERFORMANCE	PRACTICAL INFORMATION

decisions that will provide income that matches lifestyle choices. This is also the time to start thinking about estate planning, so that wealth is passed down under the best possible terms and conditions.

The business of financial protection and wealth management encompasses all of this. It covers the protection of property and people, investments, savings and lending, and virtually every solution that may contribute to the long-term viability of an economic activity. The financial protection and wealth management business is flexible, evolving in response to the changing needs and expectations of our clients. The experience of the last few years has shown that the range of risks is expanding, insurance techniques are becoming more sophisticated, and client demands are constantly evolving.

Faced with new needs, AXA has consistently come up with new solutions. In the late 1980s, saving and preparing for the future became increasingly important given the inadequacy of public health and pension systems combined with rising life expectancy. AXA responded by adding asset management to its core insurance business. And after focusing for many years on a single objective, that of maximizing profitability, the asset management business must now deal with new concerns.

Receptive to changing needs

For an increasing number of investors, the ability of an investment to deliver financial performance is no longer enough. Demands on the part of investors that ethical factors be taken into consideration have given rise to the concept of socially responsible investing (SRI), which seeks to promote sustainable development for society as a whole, i.e. growth *“that enables present generations to meet their needs without compromising those of future generations”*¹.

To satisfy the need for sustainable investment options, asset managers must be able to present clients an array of funds consistent with their ethical values or create new funds that reconcile financial performance goals with social and environmental concerns.

In line with the core values it espouses, the AXA Group is naturally sensitive to ethical issues.

AXA Investment Managers has emerged as a key player in the field of socially responsible investing. It has been managing one of the largest SRI funds dedicated to employee savings for more than three years now in France. The fund invests in small and medium-sized businesses that are committed to reducing unemployment and promoting social goals. In September 2001, AXA Investment Managers won a pan-European request

¹ The Brundtland Commission Report (Our Common Future), for the United Nations, published in 1987.

Socially responsible investing: where things stand



CLIENTS COMMUNITY

While the available data is not yet conclusive, one thing is abundantly clear. When it comes to the issue of ethical investing, the United States is far ahead of Europe. The US alone accounts for 90% of all socially responsible investments made worldwide.

In France, although the first such funds saw the light of day in 1997, most of the 21 ethical investment funds currently on the market were established in 1999. In the United Kingdom, thanks to pension fund legislation that went into effect on July 1, 2000¹, the industry's biggest fund managers are gradually increasing their ethical fund offering.

Recent legislation in Germany, which requires employees to fund supplemental pension plans, includes measures designed to encourage socially responsible investing (SRI).

But does SRI make good financial sense? For a tentative response, only the United States has much data to offer thus far. The Domini 400 Social Index, created in 1990, regularly ranks among the top performing indices, beating out such Wall Street stalwarts as the S&P 500.

¹ Pension funds must specify how social, environmental and ethical criteria are integrated into their investment and divestment decisions as well as into the exercise of voting rights.



MOVING FORWARD TOGETHER

"We took out our very first contract with AXA Assistance in France in 1979, before the company was even called AXA Assistance. The experience was so positive that we decided to continue. In time, our relationship with AXA extended to Argentina, then to Japan, then to the United States, and then to other European countries. AXA has always been able to grow with us, and this may be because we share the same values: the desire to offer our clients the best possible service

and to do business differently. We also share the same commitment to constant innovation. In the eyes of our customers, AXA Assistance was the first business partner to become "American Express." When a client calls American Express, an AXA Assistance employee picks up the telephone. The continuity is absolute. When we expressed the need for a European contact to support our bid to offer global solutions beyond national borders, AXA Assistance was able to make the organizational adjustments required

to respond to our requirements. Our partnership is built on trust, clear objectives, and full financial disclosure. There are no gray areas. Perhaps that explains why our collaboration has stood the test of time!"

Etty Jauffret
American
Express Head
of Insurance
for Europe



for proposal launched by Arese and Euronext¹ to manage the first mutual fund tracking the ASPI Eurozone Index. This European stock market index, the first of its kind on the European continent, measures the financial performance of stocks on the basis of social and environmental track records. It covers 116 European stocks representing 18 different economic sectors.

The business of assistance is also multi-faceted and closely tied in with the international environment. For companies that send employees on expatriate assignments, **AXA Assistance** has developed a range of services that go far beyond medical assistance alone: before their departure, employees receive vital information and, if necessary, intercultural training; when the time comes to leave home, AXA Assistance organizes the move and relocation of employees and their families; once they are settled in abroad, the legal and tax aspects of expatriation can also be handled for them. Last but not least, especially in light of the tragic events of 2001, AXA Assistance can ensure the safety of employees on expatriate assignments. It has devised an array of services for this purpose, ranging from advice on preparing for an assignment in a high-risk country to the provision of bodyguards, negotiating with kidnappers, and paying ransom if an expatriate is taken hostage.

The AXA Group also seeks to provide solutions that are global and customized. In certain cases, AXA may even go so far as to find and build a solution that fits the needs of a single client. For its key account clients, **AXA Corporate Solutions** set up a department dedicated to all aspects of alternative risk transfer: research, design, engineering, development and carrying. The department designs and develops solutions that combine insurance, reinsurance and finance techniques, and that supplement traditional insurance and reinsurance products when the latter prove to be inadequate or ill adapted. Since the needs of its clients tend to be confidential and singular, AXA Corporate Solutions generally devises solutions that are one-of-a-kind. ■

¹ Arese is a social and environmental rating agency covering European companies. Founded in 1997, it is the first of its kind in the French financial market. Euronext, the first pan-European stock exchange, was launched in September 2000 after the merger of the Amsterdam, Brussels and Paris stock exchanges.



QUALITY

Making the resources of a global group available to clients

Being able to recommend an investment vehicle developed in New York to a client in Australia; bringing new services to market more rapidly than the competition thanks to inter-company cooperation and teamwork; enhancing service quality in the areas of IT security, response time or performance: these are just a few of the advantages that come with AXA's size and international reach. In addition, AXA is able to leverage this scale into effective knowledge management.

Cooperation between AXA companies takes a variety of forms, from pooling resources, to reusing or adapting solutions that have proven their effectiveness elsewhere within the Group, or establishing a joint venture. **AXA Australia** opted for the latter option in its bid for a top spot in the Australian investment and pension fund market.

A broader spectrum to choose from

In 2001, the company formed a joint venture with **Alliance Capital Management**, an AXA Group subsidiary based in the United States. Alliance Capital ranks among the world's very best asset managers. The joint venture gives Australian investors access to world-class expertise and a full range of retail and wholesale investment funds. The leading independent research and fund rating agency in Australia has given the funds a series of ratings that place them well ahead of AXA's main rivals in the domestic market.

In **Belgium**, two new investment products were developed for retail clients through a joint venture between AXA Belgium and AXA Investment Managers: a structured product and a variable mutual fund with an optimal risk-reward tradeoff.

In **France**, AXA France and AXA Investment Managers joined forces, combining their know-how to build a new range of AXA employee savings products. This innovative and creative range was inspired by legislation passed in February 2001 in France extending eligibility for employer-sponsored savings plans. The offer is made available



New services



AXA companies in Germany, Belgium, France and the UK

CLIENTS all wanted to develop and streamline their e-Commerce activities. The question was how to tackle the problem. Gradually, a global solution took shape. They would build a financial services portal together, since the task would be daunting for a single company working alone. They thought it would be easier if four companies got together and pooled their resources. They believed they would reach their objective more quickly and generate economies of scale by doing so. Although this seemed like a great idea in theory, the four companies had different ways of working, used different distribution channels and had different aims. Despite these divergences, AXA decided to create a division dedicated to helping these companies produce a shared solution, and AXA European e-Services was formed in July 2000. Operating as an internal service provider, AXA European e-Services seeks to build a solution around the needs of its clients – the various Group companies – and then sell it to them.

After identifying the needs of the four companies involved in the portal project, AXA European e-Services developed a modular portal, delivering services that could be tailored by the client company to fit its own strategy and markets. The portal has been up and running since October 2001, enabling Web clients to take their first steps in the world of investment, run portfolio simulations, open accounts, carry out transactions (join mutual funds, for example) and review historical performance data. In light of this initial success, other Group companies are likely to join the project. AXA European e-Services is already planning to enhance its portal with new services.

to small and medium-sized businesses through AXA's distribution channels in France (agents, brokers and salaried sales associates), and to large businesses via AXA Investment Managers Paris.

Better quality of service

Working alone, it was practically impossible for **AXA Life Insurance Japan** to resolve all the IT problems it faced. Its mainframe system was obsolete and could not easily be upgraded, the level of security was insufficient, and operating costs were prohibitively high. The solution came from the United States, and more specifically, from the **AXA Financial** data center. Based in New Jersey, it had just successfully completed the transfer of AXA Canada and Alliance Capital data. The complex process of transferring the Japanese company's operations was successfully completed in October 2001, and the center now consolidates data for all four Group companies. Its high level of skills, the quality of its technical team, and its backup and rollback capabilities in the event of an incident tipped the scales in its favor. These transfers improve the level of IT security considerably. For example, **Alliance Capital** used to process and validate all the previous day's operations overnight. If a problem occurred during the night, the company ran the risk of losing data. Backups now take only four hours to complete, allowing enough time for two. In addition, online services, which clients can access directly, are now available 24-7.

A regional platform was recently set up in **Hong Kong**, for all the life companies in the region, in the interest of extending a successful experiment. The role of the new structure is to develop and strengthen the functional and strategic expertise available in the six Southeast Asian companies, providing them with more effective support functions and harmonizing risk management, business policies and IT systems. The initiative is based primarily on a similar project carried out for all property-casualty operations in the region, which were recently equipped with a regional support services platform. ■



EXPERTISE RESPONDING TO REAL NEEDS

Adopting a client-centric strategy means allocating the resources required to give clients what they expect and need, wherever AXA is present. It means offering a full and attractive range of financial protection and wealth management products, services and advice, delivered by highly skilled professionals who know how to listen. It also means evolving along with clients and constantly striving to do better.



OFFER

Relevant solutions

Our responses to client needs have evolved along with the latter. This may mean adapting existing products and services or devising new ones. In every case, however, our primary aim is to make accessing everything AXA has to offer as simple as possible.

What do a new health insurance product, a range of homeowners comprehensive solutions designed in partnership with a confederation of consumer associations, and insurance coverage against weather-related risks have in common? The answer is summed up in three letters: AXA. We could mention dozens of other examples that attest to a single goal: that of identifying the needs of our clients more effectively in order to provide the best possible response.

In **Japan**, AXA conducted a nationwide survey, asking its clients what needs were not being met by existing health insurance products. Feedback revealed that there was high demand for short-term hospitalization coverage, particularly for young people. The company responded by designing and offering a medical policy offering this kind of coverage. It was an overnight success.

In the **United Kingdom**, AXA Assistance created a customized expert medical sorting system in response to a request from the National Health Service, which wanted to standardize the software used in its 22 call centers nationwide. Individual callers with health-related questions now obtain rapid and consistent responses from trained personnel. The software application developed by AXA Assistance includes

PROTECTION AGAINST RAIN OR SLEET: NOT JUST HOT AIR!



In the West, 25% of a country's gross domestic product (GDP) is vulnerable to weather-related disruptions. For many businesses, a shortage of sunshine, too much rain, or not enough snow can mean lower revenues and other financial difficulties. The phenomenon has even been quantified, giving rise to a market for "weather derivatives," otherwise known as insurance against weather risks. This type of insurance coverage is devised on the basis of indices such as average temperature in a given region during the winter months, measured rainfall or wind speed – the range of possibilities is nearly endless. Under the terms of a partnership between Météo France and AXA Corporate Solutions that began in 2001, the latter is developing a new range of products designed to protect businesses against the impact of the weather on their bottom line or optimize earnings by tracking weather patterns.

Take the example of an energy producer that decides to plant a new field of wind generators. If there isn't enough wind, then output will fall short of initial forecasts and it will take that much longer

to recoup on the investment. The producer may in this case seek insurance either for itself or for those from whom it has borrowed to finance the project. Every farmer knows that if it has rained too much, he will have to dry his corn crop before he sells it, thereby incurring an added cost that is insurable. Tour operators will find it much easier to sell package holidays in countries where the sun usually shines if they are able to offer their clients compensation if the weather is bad. The possibilities are endless, and insurance situations are nearly as numerous as clients, which means that tailor-made solutions are the rule rather than the exception.



AXA GROUP	BUSINESS	EXPERTISE	CULTURE	15
CITIZENSHIP	FINANCIAL STRENGTH	OPERATING PERFORMANCE	PRACTICAL INFORMATION	



FINANCIAL PROTECTION AND WEALTH MANAGEMENT IN TANDEM



CLIENTS
EMPLOYEES

In Italy, AXA has a network of 1,000 tied agents, plus 350 financial advisors specialized in mutual fund sales, and clients who are increasingly adept at using multi-service points of sale. In order to capitalize on this defining feature of the Italian market, AXA launched its “financial boutique” experiment. Several dozen volunteer agents have agreed to host a financial advisor at their point of sale. Clients who come to visit can thus find information on traditional insurance and retirement savings products, in addition to a broad range of investment opportunities and, above all, expert investment advice. For participating insurance agents, the experiment allows them to enhance their profile and win client loyalty by offering a broader range of products. If successful, it will be rolled out to other agencies across Italy.

a detailed questionnaire that helps staff quickly determine how serious the caller's health problem is. The caller is oriented accordingly, and can obtain an emergency referral if the problem is serious. In addition to developing and installing the application, AXA Assistance provided staff training and now ensures maintenance. The company now plans to adapt the concept for export.

In **France**, AXA Investment Managers now offers an exclusive telephone conferencing service for its distributors, institutional investors and employee savings plan decision-makers. Baptized “Ligne Financière,” the service presents the information and rationale behind the company's investment and asset allocation strategies. Generally updated every two weeks, the conferences may be revisited more frequently if current events so warrant. For investors, the quality of the information given by a fund manager is becoming just as important as effective management and regular performance.

Based on the same observation, AXA set up financial conferencing services for its clients in **Spain**. Organized in conjunction with AXA's networks of agents and brokers, these conferences are tailored to the needs of different client segments: retail clients, professional clients or business leaders. The conferences offer an overview of the market for life insurance and financial products, explaining AXA's financial protection, wealth management and financial planning approach and addressing topics of particular interest to the target audience. Launched in November 2001, they have already met with considerable success.

In **Portugal**, AXA implemented a solution to answer its clients' day-to-day questions. What are my rights as a co-owner? When should I take my car in for emission control testing? What precautions should I take before going on vacation? To find out the answers, clients simply visit the company's Internet site. The site also presents the company's newest products: SafeCar for motor insurance, CasaMia for home and contents and ByeNow for travel insurance.

In the **Netherlands**, AXA designed and rolled out a portal dedicated to employee benefits. The Web site is a virtual meeting place for insurance agents, employers (AXA's business clients in the Netherlands) and their employees. It offers detailed information on a variety of topics, including early retirement options, the management of disability pensions, accidental death benefits, the management of employee absenteeism, individual and group savings plans, and sickness allowances. Employees can get instant and totally secure access to pension fund values or medical expense reimbursements. They can also take out individual life or personal property insurance contracts, order meal delivery at home or at work, send flowers, and get special deals on luxury goods.

In a similar vein, **AXA Corporate Solutions** rolled out a new “automobile fleet” service for clients and brokers on its Internet portal. This groundbreaking service offers clients and brokers secure access to key claims details on their automobile fleet insurance program. They can now obtain a rapid and reliable picture of the status of claims directly from their personal computers. The site also features a tool that allows them to refine their analyses to suit their information needs. Information is updated and double-checked every month before being published online. ■

ADVICE

Experts who also know how to listen

An essential link in the chain comprising our relationship with clients, AXA's distribution channels are fully involved in the commercial dynamic that will enable us to achieve our goals.

AXA's strategy with respect to its proprietary distributors (tied agents and salaried sales forces), who have always played a key role within the Group, has a three-fold objective: enhance their availability, enhance their efficiency and enhance their professionalism.

To achieve these goals, we began by redistributing roles. Organizations are being rethought and re-engineered to free agents and brokers from administrative tasks and enable them to spend more "value-added" time helping their clients and generating new business. In **France**, this strategy has resulted in the creation of service and expert centers to handle client claims directly.

In **Spain**, call centers are being set up to handle homeowners comprehensive





SERVICE CENTERS IN FRANCE: TIED AGENTS HAVE THEIR SAY

“The service and expert center? Without a shadow of a doubt, the center saves time for the agency. And the feedback from clients has been fairly positive. The concept is very promising.”

Primo Tosato,
Forbach

“It helps me save valuable time that I can spend on my real business: listening to my clients and suggesting the products and services that meet their needs. I am optimistic about the future – once we achieve cruising speed.”

Franklin Laforest,
Biarritz

claims over the phone. **Belgium** has set up a communication center and sales and management platform, and **Germany** has its Customer Care Center. The second pillar of the strategy is to provide these networks with tools to make their contacts with clients and prospects more efficient in terms of frequency and/or opportunity. This is just one of the advantages offered by the electronic client databases that AXA makes available to its exclusive channels only. The solution implemented by AXA in **France**, a pioneer in this field, has been operational since early 2002. It will be rolled out in other countries in the near future.

The importance of training and development

The third and final pillar is training and development. In the **United States**, AXA Financial took unprecedented steps to convert its life insurance agents into accredited financial advisers. A financial planning skills and development center has been set up, regional infrastructure skills and resources have been strengthened, and new IT tools have been developed. In parallel, a series of advertising campaigns has been run to promote the role of advisers and build awareness of the AXA brand. In **Italy**, AXA also set up a program to transform its agency network, which was heavily oriented towards motor insurance. Agents were offered training designed to enable them to sell savings products as well. Innovative advertising support was implemented in this market, dominated by vendor sites or service sites linked directly to the insurance company. AXA decided to offer its agents the option of building their very own personalized Internet site. Each site, designed as a joint shop window that unites the AXA brand and the agent's reputation, has a password-protected section for the agent that features a range of self-selected client services. A genuine network support tool, the site will eventually offer “connected” agents a global view of their policies and a messaging system linked to client cellular phones. This is a key advantage in Italy, where a high percentage of the population owns a mobile phone.

*We will begin
by fully leveraging
our existing
networks...*



In **France**, continuing education programs designed to ensure that skills and knowledge are kept up to date supplement the initial training given to all new employees. The curriculum is segmented on the basis of distributor profiles to maximize impact and effectiveness. A special training program devoted to financial planning was set up in conjunction with the *Chambre de Commerce et d'Industrie in Nice and the Université de Sophia-Antipolis*.

A variety of initiatives, involving all of our traditional networks, attests to AXA's commitment to providing ongoing support for its sales professionals.

In **Belgium**, where training is now considered a key driver of sales performance, training needs are analyzed in terms of initial outlay and return on investment. To help the various players in the AXA Group's distribution channels achieve their goals as efficiently as possible, a novel approach to training has been adopted. First, in each district (Belgium has four for each distribution channel): define needs accurately, e.g. train sixty or so agents to provide advice on financial protection products or train property-casualty brokers so that they can provide quality advice on life products for their clients. A highly targeted program will therefore be designed a la carte, factoring in the different skill levels of agents or brokers. At the end of each training cycle, a quantifiable action plan is drawn up. The last step involves measuring the results of this plan and making adjustments as needed.

All traditional networks are involved

This new approach was successfully tested in 2001 with some 250 brokers, and is being rolled out to all networks this year. Naturally, this entails working closely with AXA's sales managers, as training is part of the global strategy for distribution channels.

Also in the domain of training, a new Internet site (AXA Campus) has been developed for brokers and their teams in the **United Kingdom**. Users first assess their needs and then select online training modules designed to build skills in particular areas. The modules, specially designed to meet their needs, may be enhanced and altered on the basis of their feedback and input.

In parallel, sales support services are being scaled up. In the **United States**, AXA Distributors – AXA Financials wholesale distribution subsidiary – has just launched "Virtual Wholesaler" for its financial advisors. This extensive range of online services has been designed to enable them to offer their clients integrated solutions and move away from the traditional sales approach. One of the services features a detailed presentation of each fund manager and his or her investment strategy, as well as portfolio fact sheets, fund benchmark indices, and fund manager biographies.

In a similar initiative, **AXA Canada** rolled out an Extranet designed to provide brokers with secure access to a centralized databank, enabling them to provide their clients with enhanced services. In just a few clicks, they can access detailed descriptions of products, selling points, a directory of key contact persons, training courses, management tools, information and newsgroups. ■

OPEN ARCHITECTURE

Partnering to offer a wider range of services

In addition to our own product and distribution resources, we are ready to form mutually beneficial relationships with third parties.

To meet certain specific needs, particularly in the realm of investment products and services, or to make life easier for our clients, by offering more complete solutions, the Group also makes use of the open architecture concept. The idea is very simple: we can offer our clients products developed by other manufacturers (in general, insurance companies, banks and lending institutions) or have our products distributed through alternative distribution channels in addition to our own. Open architecture enables our own channels to enlarge the range of products and services they offer or to increase the market share of AXA branded products.

AXA companies in a variety of businesses, markets and countries are currently adapting this distribution model for use. In the United States, where this concept is much more commonplace than in Europe, AXA Financial's savings products are successfully distributed by Merrill Lynch, and Merrill Lynch's investment products are incorporated into the range of services offered by AXA Advisors. In the same way, Alliance Capital has been working for some time now with various third-party distribution channels, including a number of leading financial institutions in the **United States**, as well as other insurance companies such as AIG and Prudential.

In **Italy**, AXA Sim's 315 financial advisors also distribute non-AXA products, while AXA designs special policies for its partners in the banking sector. In Italy, banks generate 70% of all new life insurance business.

In **France**, partnership agreements are becoming increasingly popular. AXA has already developed new products and services with several partners. For example, a joint venture has been set up with Cetelem (AXA Crédit) to distribute consumer credit and automobile loans. With BNP Paribas Lease Group, AXA distributes long-term leasing products for company vehicles. For clients who are looking to buy property, AXA joined forces with Crédit Foncier de France (CFF) to build a global real estate solution: AXA homeowners insurance combined with CFF mortgage lending products.

Belgium has a long history of distributing products through alternative channels. Since 1995, AXA Belgium has distributed its life and property-casualty insurance products via *Les Assurances de La Poste*, a 50-50 joint venture between *La Poste*



*... seek out
new partners
where necessary.*

and AXA Belgium. Its motor insurance products have been sold by various automakers, including Opel, Nissan and Peugeot.

AXA Corporate Solutions has also adopted an open architecture approach. As the Group's single point of entry for large corporations seeking property-casualty coverage, AXA Corporate Solutions – and hence its clients – has access to the full range of skills available in other AXA companies or offered by its external partners.

The asset management business has also followed this trend. For several years now, **AXA Investment Managers** has been successfully diversifying its distribution channels, using not only AXA agents, but also third-party channels such as banks and independent financial advisors. In August 2001, the company reached a new stage in this process, entering into a global distribution agreement with UBS, the number one bank in Switzerland. All UBS points of sale in France, Germany and the UK now offer their clients AXA Investment Managers funds. Moreover, these funds were selected for the "model" portfolio created for the Swiss bank's retail clients in France. **AXA Multimanager**, a subsidiary of AXA Investment Managers, uses open architecture to design investment solutions based on the best funds or fund managers selected by its experts from a huge databank. As in the other examples provided, the aim is to be able to provide solutions that meet the specific objectives set by clients. ■



CARE

Powerful tools

Getting to know clients better and paying close attention to their level of satisfaction or the reason for their discontent: two prerequisites to making the necessary adjustments or changing the way things are done.

How can we tell if a product or service is really what clients want? The only way is by knowing who they are, and this presupposes obtaining as much relevant information about them as possible. But what does this mean in practice? In fact, it ultimately means that when an AXA client – who has auto insurance here, life insurance there, and invests his savings with yet another AXA expert – contacts a call center to file a claim for water damage in his apartment, the person who answers the phone has access to this information and to the history of this client's relationship with AXA. To make this vision a reality, AXA companies are working to retrieve data gathered at the various entry points to the Group, consolidate this information, and ultimately deliver it to everyone in the Group who has contact with AXA clients. Distributors and call center managers alike should be able to access this database, find relevant information¹, and update it.

The result is **better client service** beginning with a friendlier welcome. It is more pleasant and reassuring when the person who answers the phone already knows who you are. Claims handling, where the ability to react rapidly is a key factor in building customer loyalty, is also improved. Have you received the loss adjuster's report? Can I start the repair work? Are the funds available? Clients are happy when they get immediate answers to these important questions. In the longer term, the data collected enables us to build client profiles and develop our products and services that match their expectations and financial capabilities. This information can be leveraged to adapt the products on offer, create new services and, more importantly, devise and run effective sales campaigns. Successful customer relationship management also hinges on the ability **to measure satisfaction**. AXA companies have a long history of conducting **nationwide client surveys**. Today, the aim is to standardize the approach throughout the Group by conducting client opinion surveys at company level on a regular basis. The survey tool and method were tested at the end of 1999 in three pilot countries: Germany, Spain and France. They had been rolled out in 11 countries and 19 companies by the end of 2001, and **will eventually be used by all AXA companies**.

The results, which are compiled every six months, are used to measure the extent to which AXA has kept its promises in each of its six core business lines: motor

¹ Pursuant to privacy legislation in force.



Does AXA live up to its brand promise? Customer satisfaction surveys are conducted on a regular basis to help us find out.

insurance; homeowners comprehensive insurance; health insurance; life insurance; savings; and banking and lending services. This critical review focuses on each of the four critical “moments of truth” in the customer relationship: the initial contact and prospecting period; the sale; the settlement of a claim or the payment of a benefit; and the renewal and/or termination of a policy.

The questionnaire sent to clients covers their **three main expectations: care, support, and efficiency**. Several items deal with each of these key expectations, and clients respond using a five-point satisfaction scale. A section for comments and suggestions is also included. The company administering the survey undertakes to reply to clients within two or three days of receiving their input. The findings of the survey are used to identify areas where improvement is needed and devise an appropriate response.

In **Germany**, the response was to improve customer orientation by setting up a dedicated hotline with only one phone number. In addition, the company committed to processing deadlines for complaints, and revised the style and tone of its health insurance correspondence for greater clarity and warmth.

In **Spain**, surveys are used to measure the extent to which the company is meeting its three commitments: the provision of towing services in under one hour in the event of a breakdown; the development of personalized homeowners insurance; and free tax advice for life insurance policyholders.

In the **United Kingdom**, AXA PPP healthcare developed a number of new services based on client feedback: direct physician payment, immediate confirmation of coverage when patients are admitted to the hospital, repatriation within 48 hours for policyholders traveling abroad, etc.

In addition to the satisfaction of their clients, certain companies also take into account the satisfaction of their key influence channels.

AXA Australia incorporates the results of a survey carried out each year by an independent research organization into its five key performance indicators. ASSIRT, which rates the Australian financial planning and advice market, ranks

companies on the basis of how financial advisors feel they measure up to quality of service standards. Every company has access to how its own performance is ranked and how it compares with the competition, and can make comparisons with previous years, measure the impact of improvement-oriented actions taken, and decide whether or not new initiatives are needed. ■





CREDIBILITY

Keeping our word

To earn the loyalty of existing clients and acquire new ones, every AXA company – from the largest to the smallest – is striving to raise the quality of services it provides to clients. The delivery of consistently high-quality service adds tangible content to the AXA brand.

In 1998, **AXA New Zealand** focused on improving customer service and raising brand awareness. Three years later, the company's efforts paid off.

In 2001, it received the “*Call Center of the Year*” award and the “*Performance Excellence Award*.” As a result, it is currently ranked as the leading insurance company in the domestic market in terms of customer service, ahead of 100 other competitors. These awards were based on a range of criteria, including leadership, strategic planning, market and customer focus, information and analysis, human resources, process management, and business results. Its next challenge is to stay at the top.

Another company that has been rewarded for its customer service efforts is **AXA Life Indonesia**, the first Indonesian insurance company to be



ISO 9001

The ISO 9001 standard was introduced in 2001 in line with the more general ISO 9000 certification standards that define the quality management system, i.e. the company's “best practices,” and focus on the quality of products and services.



ISO 9001- certified. The new version of the standard is client-focused and requires a special audit. The company sought to demonstrate the excellence of its procedures by developing more stringent and measurable working methods in its new business, claims handling, premium payment and client service departments. Obtaining ISO certification will help it become the standard-setter in its business.

In **Belgium**, AXA's Communication Center has also obtained ISO 9001 certification for claims handling, one of its core activities. The quality standards cover not only the management of claims, but also the range of services provided by external suppliers: loss adjustment firms, auto mechanics and assistance service providers. All policyholders who file a motor claim will now be able to benefit from the quality of service that goes with this certification.

In **Turkey**, AXA Oyak set up a claims call center a few months ago to make life easier for its clients and deliver consistent service quality nationwide. Open 24-7, the call center promises to return client calls within 30 minutes from the time the claim is filed, and to keep customers informed of its status. Performance is monitored on a daily basis, and more than 90% of all clients have expressed satisfaction with the level of service provided. In parallel, a claims department has been set up to service loss adjusters, lawyers, auto mechanics and assistance service providers and manage the relationship with these key experts.

Another approach has been developed in the **United Kingdom**, where AXA is closely involved in work being carried out by the General Insurance Standards Council (GISC), the regulator committed to raising the standards of the general insurance industry and improving customer service. Since July 2000, AXA has made efforts to ensure that GISC requirements are embodied in its working practices. In the run-up to full compliance, all business areas reviewed their training and development programs to support staff in achieving and maintaining their skills levels and their personal development. AXA also helped its external long-term partners meet the new regulatory challenge, since the Group may work only with GISC members as of January 2002.

At **AXA Investment Managers**, quality rhymes with transparency. In 2001, the company's global investment and operational processes (in place since 1999) were verified as compliant with GIPS (Global Investment Performance Standards) and AIMR-PPS (Association for Investment Management and Research – Performance Presentation Standards) standards. These standards were devised to ensure that third-party account investment managers present the performances of all discretionary-managed funds in accordance with defined levels of transparency and rigor. Acceptance of these standards by consultants and institutional investors has contributed to their widespread development. Twenty-four composites, representing AXA Investment Manager's core expertise, were verified as conforming to AIMR-PPS level-two standards. Attaining level-two verification involves a much deeper investigation of selected composites in terms of data, processes and calculations.

¹ This Communication Center is a multimedia platform (phone, fax, mail and e-mail). It manages relationships with clients acquired through the alternative distribution channels (notably La Poste and car manufacturers), as well as with clients from traditional channels if they wish. In addition to handling claims, this center provides advice, sells products and services and manages portfolios.

² Composites are groupings of locally managed funds that are guided by the same globally defined investment strategy and investment process.

AXA GROUP	BUSINESS	EXPERTISE	CULTURE
CITIZENSHIP	FINANCIAL STRENGTH	OPERATING PERFORMANCE	PRACTICAL INFORMATION

Coping with crisis

Alongside these long-term initiatives, the Group has also demonstrated that it can marshal its strengths and respond quickly in the face of unforeseen events.

In the **United States**, just a few hours after the September 11th attacks in New York and Washington, D.C., AXA Financial launched a vast action plan:

- Confidential crisis counseling was made available to employees and financial professionals nationwide, and during the weeklong closing of the US financial markets, associates got regular updates on available broker/dealer services.
- Both temporary and longer-term relief programs were put in place, including a toll-free number for clients, discussing the markets and the company's response to the disaster.
- Emergency centers were opened in Manhattan and in Falls Church, Virginia (near Washington, DC). Company representatives were authorized to write and present claims-payment checks on the spot. Complimentary grief counseling and the services of a financial professional were also made available.
- Back-up support for both disaster centers and their clients was provided by the National Operations Center in Charlotte, North Carolina.

AXA Financial also took steps to help its local business community, offering 500 displaced employees of the Bank of New York temporary refuge in mid-town Manhattan space previously occupied by AXA. In Chicago, where the authorities evacuated the city center, AXA Assistance's US platform managed to reroute all the calls from English-speaking clients to its center in Montreal, Spanish calls to Mexico, and Japanese calls to Paris. Not a single call was lost and there was absolutely no discontinuity in information and assistance services. Ten days later, in **France**, a serious explosion occurred at the AZF factory in Toulouse. This was the worst and most costly industrial disaster ever in France. AXA immediately set up special services for its clients and distribution channels in the region. The contractual timeframe for reporting claims was extended, the deductible on property claims was waived for both individuals and professional clients and, to ensure that policyholders received compensation more quickly, the caps on settlement without adjustment were removed. An emergency relief unit was set up to reassure sales associates and clients, and to offer suggestions as to immediate measures they could take to protect their property. As of September 22nd, the day after the explosion, a claims reporting call center with some twenty operators was up and running. Information on the initiative was published in the regional press, leading to hundreds phone calls from AXA clients. In parallel, AXA Assistance found temporary accommodations for AXA policyholders whose homes had become uninhabitable. ■

SUPPORTIVE AND EFFICIENT



AXA Financial employees show their support for the victims of the September 11th tragedy.

United States, September 11, 2001: Terrorist attacks in New York and Washington, D.C.

In the days following the tragedy, the AXA Group joined efforts to raise relief funds for victims by launching the AXA 9/11 Relief Fund, a worldwide corporate fundraising drive. The funds collected through this wholly voluntary effort were sent to the AXA Foundation, which distributed monies to relief organizations selected by AXA Financial employees. The AXA Management Board offered to double employee generosity, using a \$2-for-\$1 matching gift program. Some 1,300 AXA employees in North America contributed a total of 584,000 dollars, out of the more than 2 million dollars donated by AXA worldwide.



Joëlle Gagnoulet, chief financial and administrative officer of CIR, a local firm that was severely impacted by the AZF explosion.

France, September 21, 2001: A chemical products plant in Toulouse explodes

"I can't even count the number of times Stéphane Joubert, our insurance agent, called me at home in the evening to give me the latest information on the status of our claim. Plus, he reacted immediately, commissioning a loss adjustment firm just a few hours after the explosion. The next morning, the adjuster came to assess the damage, and advised us to take the first emergency measures. Two and a half months later, I have to admit that I sometimes got irritated with all the calculations and estimates and the like. But between AXA and me, everything was transparent and the level of trust was total."

Joëlle Gagnoulet

CULTURE INSPIRING MOTIVATION AND ENCOURAGING EXCHANGE

The quality promise implicit in the AXA brand is also a core component of our corporate culture. The fruit of a tradition that was born with the AXA Group and then enriched with its growth, this culture is built on faith in the men and women of AXA and on professionalism. All of AXA's human resources initiatives seek to inculcate this culture across the Group.



TRADITION

Explaining where the AXA Group is headed

AXA executives have always believed that employees should receive pertinent information at the same time as, if not before, external partners.

Disclosure is one of the foundations of AXA culture.

According to the AXA Group Human Resources Philosophy, “every employee should be fully informed of the business strategies, objectives and performance of the Group, their company and their work team. Employees are expected to inform and exchange information with their manager, other employees and colleagues.”

In addition to the internal communications vehicles developed by individual AXA companies, the Group makes information available in online and offline formats.

- **Leaders**, a quarterly publication for all AXA employees, is published in 10 different languages, as are the Group’s corporate brochure and video. Every year a special issue of Leaders is devoted to the presentation and analysis of annual results for the year ended. The French-language version is distributed in paper form and published online at the same time as AXA’s executive officers present this information to financial analysts and journalists.
- **The AXA Intranet**, offers information via a secure internal network, and is also a virtual meeting place for employees spread out across the globe. To solve the problem of multiple internal sites with few or no automatic links to one another, as well as harmonize site content and promote efficient information flows, AXA has launched a project to develop a common Intranet portal. The portal will provide AXA Group employees from around the world with access to informative and interactive modules. Prior to full rollout, the portal is being deployed and tested with approximately 10,000 employees. This phase in the project is scheduled to end in September 2002.

Three major initiatives

In 2001, Corporate Internal Communications focused on three major events – one internal, and two external. The internal event was **Shareplan 2001**, AXA’s employee stock ownership program, for which explanatory documents were prepared and translated into all of AXA’s working languages.

The second and third major events of 2001 were the **switchover to the euro** and the **communication and support following the terrorist attacks**. In light of their impact

Employees have a right to know and managers have an obligation to inform: two key precepts of the AXA culture.



PROMOTING DIALOGUE AND CONSTRUCTIVE CHANGE



Established in June 1996, AXA's European-level forum for labor-management dialogue – officially known as the Group European Works Council since January 1998 – brings together personnel representatives from all of AXA's operations in the European Union. Representing nearly two-thirds of the Group's total workforce, the Group European

Works Council's mission is to inform and consult with representatives on AXA's strategy, operating performance, as well as on any organizational changes being contemplated that have ramifications for at least two EU countries. The formation of AXA Technology Services, the latest developments on the PanEuroLife matter, or changes in the AXA Manager seminar – these are just

some of the issues that came up for discussion in 2001. By actively working to promote an ongoing, constructive exchange with AXA's labor-management partners, which helps to find common denominators across the Group, the Group European Works Council contributes to harmonizing practices and disseminating AXA culture.

Two questions for Jean-Pierre Chemin, Group European Works Council Secretary

The EWC bureau meets once a month. Why does it need to meet so frequently?

Our aim is to make the EWC a vital component of the organization. AXA's is the only EWC in the banking or insurance industry that meets on a monthly basis. The agenda for these monthly meetings are set by the Secretariat and validated by executive management. Generally, we discuss both domestic issues and issues that concern all European operations. The minutes of these meetings are made available to the EWC's 54 elected officeholders and alternatives, giving them a steady stream of information that they can relay at company level.

How would you define the role of the EWC?

It is basically a structure for gathering and disseminating information. Perhaps its consultative dimension will be developed as part of the next step. The European directive that gave rise to the EWC will soon be reviewed and revised, and the new directive will undoubtedly include the concept of negotiation. What is important for the EWC in the years to come is to move beyond merely informing and develop its negotiating capability. Having said this, when you look at what goes on in other companies, it is difficult to be too critical of our EWC.

on the insurance industry and the financial markets, the tragic events of September 11th necessitated close monitoring of the aftermath and frequent updates to all employees on AXA's economic, financial and stock market situation.

Management role in information flow

Management plays a critical role in disseminating AXA culture, and the annual meetings that bring together the 300 or so Group senior managers attest to the importance placed on exchanging information. The series of conventions that accompanied the Group's development between 1990 and 2000 also played an important role in keeping employees informed. They enabled Group senior managers to address employees directly, answer their questions and explain the relationship between global and local strategy – a point that is not always clear to employees.

This duty to inform goes hand in hand with the duty to evaluate.

This evaluation takes place at least once a year with an annual meeting between each employee and his or her direct manager. This meeting enables each party to take stock of their respective expectations and objectives. At least once a year, each employee should be given a clear vision of what is expected of him or her. In parallel, use of 360-degree feedback to observe and assess individual management practices is on the increase. As its name implies, this new tool considerably widens the appraisal circle: it is no longer limited to the line manager, but rather extends to all direct colleagues and co-workers. Although 360-degree feedback was introduced into AXA Université programs (the AXA Manager and Columbus seminars) several years ago, it only recently went online, with a dedicated Intranet site for electronic processing of questionnaires. This job was previously outsourced. Up and running since January of 2001, the site has facilitated the proliferation of the 360, notably in Portugal, France, Spain and Austria. Already widely used in English-speaking nations, especially the United Kingdom and Australia, this form of feedback on management performance has already been adopted by 20,000 AXA Group managers. For managers – and in many cases, for non-managers as well – it enables a reversal of habitual roles, giving everyone the chance to assess and be assessed. ■

INNOVATION

Promoting individual growth and fulfillment

Today, our ambition is to be recognized as an employer of choice, and the human resources policies adopted across the Group reflect this goal. They clearly express what we expect from our employees and what we can offer them in return.

Just for you" could be the motto of AXA Belgium's human resources department. In 1999, after reviewing its missions and practices from A to Z, it launched a program to reengineer its organization. The actions to be taken were identified and priorities defined. And today, the results are there for all to see.

The most innovative step was to deploy in-house HR consultants in each department. These experienced HR professionals act as the interface with managers and employees on all matters relating to organizational change, HR management and training. They play a pivotal role, defining the HR implications of changes initiated by the company and communicating needs to HR department specialists.

In this role, they are supported by the Helpdesk, to which employees can turn for answers to practical questions or advice on how to solve problems.

What is the Helpdesk? It is a structure reserved exclusively for AXA Belgium employees, to listen to their questions, provide information and give advice. And, what sectors does it cover? It handles all questions concerning remuneration,



"A BARRIER HAS FALLEN"



EMPLOYEES

"It's an excellent idea!"

The feedback from our "clients" was immediate, spontaneous and very positive. The Helpdesk is seen as the sign of a major paradigm shift. People no longer line up for service at the human resources "desk." Instead, they are welcomed. It is as if a barrier had fallen. The relationship between those who handle employee requests – there are usually two people – and the support team has also changed. If one is absent, the other takes over. Our clients no longer hear "come back later, there's nobody around now." We have all become multitask, which means that any one of us can answer any questions asked, and our work is much more diversified. That is a lot more motivating. The employees who call on us now feel like they are being treated as real clients, because we have the same focus on customer services and efficiency."

Dominique Philips,
Helpdesk technician
in Brussels



Turkey: one of the best pension plans in the domestic market



EMPLOYEES

According to a survey conducted by Kalder, a non-profit Turkish quality standards organization, on the employee benefits packages offered by some 40 employers in the country, AXA Oyak was among those at the head of the pack. Kalder singled out the innovative nature of the employee pension fund that AXA Oyak set up in April 2000. The fund is noteworthy not only for its special features – enrollment is not mandatory, the employer matches the employee contribution, and there is a death benefit – but also for its mere existence. Only 5% of all Turkish employers currently offer plans designed to help employees prepare for retirement. The fact that the workforce is young – 80% of AXA Oyak's employees are between the ages of 17 and 35 – has not turned out to be a handicap. On the contrary, 77% of the company's employees have opted to enroll in the fund, and it is a key driver of employee loyalty.

fringe benefits, paid leave, as well as certain administrative formalities: change of address, requests for family allowance, certificates of employment, etc. The first Helpdesk opened in Brussels in the summer of 2000, followed by a second one in Antwerp at the beginning of 2001 and a third smaller one in Liege. Nothing was left to chance when the centers were designed – from location and furniture to colors and layout. Considerable effort was made to create settings where, because staff members “feel good,” they feel like giving their clients the best possible service.

Yesterday's telephone operators have become today's “helpdesk technicians.”

The new job title, which has nothing to do with fashion or the need to be politically correct, actually reflects a real change in this profession. All the members of the team received special training, and spent time working in different HR work units, learning who does what and how best to advise and refer employees.

After completing this initial training, they all requested ongoing training to ensure that their information and added value remain up to date. They were also the driving force behind the creation of an open-ended document that is constantly enhanced with suggestions from team members and other employees. And nobody is resting on their laurels: people based at other sites are guaranteed

a response to their telephone or email queries within 24 hours.

Attracting young talent

Becoming an Employer of Choice requires winning the loyalty of both current employees of the AXA Group and the young talent of tomorrow that AXA needs to succeed. **The focus of a pilot initiative known as “the Cyber Odyssey,”** which was conducted in 2001 across Europe, was on the future. Seven AXA companies joined forces to host an assessment seminar for 27 potential new hires

who had survived the pre-screening process. In particular, the AXA employers were interested in finding out which of the recent graduates showed the most potential to evolve.

After completing a first job assignment in their native land, these young people will be offered the chance to take part in the Group's international exchange program. The pilot program was an unqualified success, and “the Cyber Odyssey” will undoubtedly be repeated.

A similar initiative was launched in **Germany**. Over one weekend, 40 students and graduates were invited to discover the world of e-Business at AXA and offer their ideas for the content of the company's future site. Their suggestions were consolidated and presented to company management in a three-minute video. Those whose proposals were selected will be invited to take part in a preliminary study at AXA Germany, during which they will have the chance to put their ideas into practice. ■

QUALITY INITIATIVE



EMPLOYEES

Since October 1, 2001, Grégoire Guinot has been an asset allocation specialist with the AXA France Assurance investment department.

A recent business school graduate, he took part in the Cyber Odyssey.

“The seminar was divided into two distinct parts. On the one hand, a company role-play, Cyberisk, which simulated the management of an insurance company and was used as a basis for the evaluation. The participants were split into six teams and were observed by a number of assessors in turn, so that they would be able to crosscheck and compare their impressions. What made it an even more interesting and totally new experience was the fact that the twenty-seven candidates came from five different countries.

The other key element was the presentation of AXA's corporate culture. Various senior managers presented the Group's strategy, core values and management style. They also described a number of training courses we might be able to take. All in all, we got a clear picture of the AXA culture. I was really impressed by the number of AXA people who participated.

I know this program was the first of its kind, but at no point did we feel as though we were being put through a “dry run.” It really made you want to be a part of the Group.”





PROFESSIONALISM

Encouraging people to acquire new skills

Employees must be aware that they share responsibility for their professional development, and must be willing to undertake any action deemed necessary to help them improve their performance.

The training programs conducted within the Group, whether they are provided by AXA Université or organized by the companies themselves, have a common goal: enabling employees to acquire new skills or consolidate their knowledge, with the dual aim of improving company performance and fostering professional development.

In the **United Kingdom**, for example, 2001 saw the launch of a training program designed to strengthen employee commitment and motivation. It is based on the simple observation that motivated employees are more likely to deliver better quality customer service. As the company's operating and financial performances improve, employees also benefit, establishing a virtuous circle. Initially designed for senior managers, the training was later extended to all staff.

Aquarius, AXA PPP healthcare's leadership development program, is designed to enable managers to identify and analyze their own management practices,


In China, AXA works hand in hand with academia



EMPLOYEES

Two years ago, AXA Minmetals began offering its employees the opportunity to receive training that the company co-developed with Fudan University in Shanghai, one of China's top institutions of higher learning. The training targets agents, sales inspectors and managers alike, with continuing education modules that cover marketing, insurance, management practices and leadership. Above all, the courses enable participants to compare what they see in the field with what they learn in the classroom. The program is considered locally as a pioneering example of successful cooperation between business and academia.

EFFECTIVE SUPPORT

 **Two AXA PPP healthcare employees give their impressions of the Aquarius leadership training program.**

“Through Aquarius, I developed greater self awareness and a better understanding of how my attitudes and behaviors impact those around me. This training program offers a broad array of tools and insights on leadership, and suggests ways of adapting them to our own work situation. For me, the effect has been very positive. I have a much clearer idea of what style of leadership is required in different situations, and I am constantly looking for ways to improve current work methods. I also have a clearer vision of how to encourage my team to operate at consistently high performance levels. In a word, the program was very challenging but also extremely rewarding. Some of the lessons I have learned will stay with me throughout my career.”

Leigh Calton

“More than anything else, the Aquarius program was an exciting opportunity to assess our own styles of leadership and compare them with the latest academic thinking on the subject as well as with AXA values and competencies. Another highlight of the program was looking at how we work together in order to leverage our knowledge and difference, so that one plus one adds up to three. Each Aquarian now has an implementation plan – both an individual and team version– designed to improve efficiency and relationships with customers. This training program was hard work, but well worth the effort. I am convinced that it will help us make the leadership difference in healthcare.”

Lynda Pillidge



compare them with AXA vision and values, and identify personal strengths and weaknesses with the aim of improving leadership skills. This process of analysis and reflection results in detailed personal and business development plans designed to achieve rapid and identifiable improvements. Confidential coaching/mentoring teams have been set up to ensure that the benefits of training are ongoing. The programs run by AXA Université, which bring together people from different professional and geographical horizons, also serve to build unity within the Group. AXA Manager and Columbus, AXA Universités two leading seminars, are co-led by Group senior manager-instructors and professional facilitators. A train the trainer program is offered to prepare them for this role, which is a logical extension of their management position. In 2001, 162 senior managers co-led AXA Université seminars.

Sharing know-how

Through its **professional families** initiative, AXA seeks to encourage employees to pool and share expertise. These communities cut across organizational and geographic boundaries, bringing together employees in the same professional domain who have related yet different skills and practices. The rationale behind these professional families is to leverage practice and improve collective skills.

“A CLEARER VISION”



Alain Hugentobler is part of AXA’s CRM team based in France. He took part in the seminar organized for around 20 members of the “marketing” family. This is what he thought:

Alain Hugentobler, CRM AXA France



EMPLOYEES

A WEEK OF REFLECTIONS

The Senior manager/instructor has two clients:

the AXA Group, to which it has to deliver a high quality product, and the 24 program participants, who expect a rich and value added week. And as the deliverer of a product and a service to these two clients, the senior manager embarks on an intense and busy week, frantically trying to keep up with emails in the hour or two before midnight. The course content is delivered in conjunction with an external consultant, but at the same time, there is the ever-present requirement to ensure that the participants keep pace. In a multilingual group, despite the fact that we are aided by the simultaneous interpreters, we need to make sure that each team fully understands

and properly integrates the concepts and work methods. I am always fascinated by the changes that the delegates undergo over the week – from their reserve at dinner on the first evening to the sense of team spirit that bonds them at the end of the week, regardless of nationality or business entity. You can't talk about AXA Manager without mentioning the chateau, which clearly attests to the Group's commitment to AXA Manager as a fundamental vehicle for communicating the values and vision on which the culture of the Group is founded. So to all senior managers who have attended AXA Manager as participants but have not yet given something back, I offer the following piece of advice: do it!

Peter Bygate,

Head of Human Resources,
AXA Investment Managers UK



Suiduiraut, one of the chateaux that serve as an AXA Université campus.

AXA Université: key statistics

As of December 31, 2001

16,127 people –
19% of AXA's total workforce –
had completed the
AXA Manager program
launched in mid-1995.

2,688 AXA employees had
taken part in the **Columbus**
seminar initiated in 1998.
In 2001, **475** employees
completed Columbus training.

800 of AXA's **senior
managers** had co-led
AXA Manager seminars,
and **152** had done so
for **Columbus**.

Each professional family has a "head of the family," who is in charge at Group level, and an "occupational committee" made up of family managers in different countries. The first step is to draw up an inventory of the family's strengths and weaknesses, and define priorities for actions accordingly. For the Marketing family, this first stage highlighted the need for a training seminar, due to the relatively high number of new hires within the Group. Held at the end of 2001 at AXA Université and run by AXA senior managers and external specialists, this training offered insight into AXA's external communications, marketing and customer relationship management practices. The teaching materials used in the seminar were published online. After feedback from participants was incorporated, they became the standard reference documents for the family, and are being made available to all of its members. ■

"I really appreciated having a clearer vision of the Group's brand policy, notably in terms of communication, as well as its global customer-focused strategy. Eleven companies were represented and we were able to determine how much progress they had each made with CRM (Customer Relationship Management).

In light of the differences within the Group with respect to CRM, there should maybe be less of a focus on certain topics – which, all things considered, are still essential – in favor of a greater exchange of experiences with the operational implementation of CRM, from the development and use of databases through to training for

customer account managers on the associated concepts and tools. Nevertheless, this seminar was high in quality content and provided me with a good visibility of tomorrow's client strategy, highlighting once again, all the benefits that can be achieved through synergies between Group companies."

INVOLVEMENT

Inspiring people to move forward

Being an employer of choice also involves encouraging our employees to become our clients and shareholders as well – by doing what it takes to fully satisfy them.



In 2001, AXA offered its employees the opportunity to become company shareholders for the eighth year in a row.

A solid customer segment

In France, two-thirds of AXA employees are also clients of the Group. To make them clients in “their own right,” AXA Partenaires – a dedicated support structure – launched an initiative aimed at revolutionizing its culture, moving away from the values and logic of an administrative center to those of a profit center. *“We went from passive management to dynamic sales-focused management,”* explains Christian Blaise, head of operational services. *“This means that, just like AXA’s other clients, these clients now have access to a full range of Group products and special services designed just for them.”* Getting there required a total rethink of the role of AXA Partenaires. The team was equipped with new resources – in particular a state-of-the-art telephone system – and provided with comprehensive training. *“Thanks to the training program and refresher courses, we have been able to build a cohesive team,”* explains Martine Madar, group leader. *“Every team member can now handle any file, take customer calls, speak with clients face to face, and deliver rapid responses.”* AXA Partenaires seems to be on the right track: in 2001, it carried out its first customer satisfaction survey and found that **more than 95% of its clients were happy.**

Special shareholders

Every year since 1994, the AXA Group has offered its employees the opportunity to become AXA shareholders under preferential terms, through a special equity issue reserved just for them. As was the case in 2000, the 2001 program featured two investment options:

- The traditional plan, whereby employees acquire shares by purchasing mutual fund units under the AXA Group Savings Plan.
- The investment leverage plan, whereby the amount initially invested by the employee is multiplied by 10 thanks to a loan granted by a partner bank.

When the plan matures, in July 2006, the capital gain realized on the total number of shares acquired on behalf of the employee is divided between the latter and the lending bank. In the event of a capital loss, the employee recoups his or her initial investment. While fairly simple to set up when the company’s operations are national in scope, launching an employee stock ownership plan is far more complex when the company’s operations are international. Not only must the plan be adjusted to take into account the legal and tax environment of each country, but the intricacies of financial packaging must be adjusted as well.

Thirty-nine countries took part in Shareplan 2001, and participating employees invested a total of **323 million euros**. Topping the list were France, the United States, the United Kingdom and Belgium. Today, 2.3% of AXA’s equity capital is in the hands of its employees. More than **two out of five AXA employees are now AXA shareholders**. In some countries the percentage is much higher: four-fifths of all AXA employees in France have opted to invest in AXA. ■

CITIZENSHIP

EXTENDING

OUR SPHERE OF

ACCOUNTABILITY

By providing jobs, making goods and services available, and contributing to global prosperity, corporate employers have come to play a pivotal role in community life. This extension of corporate influence has been accompanied by a new set of demands placed on businesses in the areas of environmental protection and human development.



ENVIRONMENT

Helping to protect our collective heritage

A specialist in financial protection and wealth management, the AXA Group's concern for environmental issues is apparent on two levels:

- Environmental risk management on behalf of our industrial clients, directly related to our insurance business
- Management of the environmental impacts of our own business: energy use, waste recycling, the environmental quality of our offices...

AXA adheres to the principles set forth in the Global Charter for the Insurance Industry, published in 1995 under the auspices of the United Nations Environment Programme. AXA also participates in and is a founding member of *Entreprises pour l'Environnement (EPE)*, a non-profit organization that groups some 50 large corporations committed to proactive support for sustainable environmental development. The EPE is also a partner of the World Business Council for Sustainable Development (WBCSD).

To promote a strong and viable market for environmental risk insurance, AXA participates in co-reinsurance pools in France, Italy and Spain. And since 1977, AXA has participated in *Assurpol* (formerly Garpol), the French co-insurance pool for environmental risks. A founding member of the pool, AXA presently contributes nearly 10% of total funding, making it one of the three largest contributors. AXA employees play an active role in determining *Assurpol's* co-reinsurance policy and developing its pricing tools. More recently, AXA joined the *Inquinamento* pool in Italy and the *Riesgos de Medioambiental* pool in Spain.

An environmental risk specialist

There are two broad schools of thought on the subject of insuring industrial risks. One is to rule out doing business in certain sectors of the economy – such as arms manufacturers and agrochemical companies – by applying the kinds of socially responsible investing criteria used throughout the English-speaking world –



and the other is to accept this type of business, provided that the policyholder has adopted a **proactive risk prevention policy** and applies standard “best practices” for its sector. AXA has opted for the second approach.

AXA was the first French insurance company to build a team of environmental risk specialists servicing businesses and local governments, and wrote its first environmental insurance policy in 1981. In 1992, the Group set up an Environmental division, which has since been incorporated into AXA Corporate Solutions. Until 1998, the Group’s acquired expertise in underwriting and analyzing environmental risks for all types of clients was concentrated in this operating unit. Recently, AXA Corporate Solutions shifted its focus to multinationals, and domestic companies now handle other risks.

Over the years, AXA has built up **considerable expertise** in this field, and its specialized engineering and underwriting teams have developed proprietary risk analysis and rating tools. Making these tools and expertise available to our business clients can contribute significantly and positively to protecting the environment and effectively managing environmental risks.

Our engineers have three key missions:

- identify and assess all such risks to which the business is exposed
- raise awareness among company leaders of the potentially adverse environmental impact of these risks
- recommend a prevention-oriented plan of action aimed at eliminating obvious risks, which will be excluded from the scope of coverage provided under the insurance contract, and take steps to reduce inherent risks and their impacts.

The importance of this analysis is heightened by the numerous property-casualty risks that are likely to have an impact on the soil, air or water. A few years ago, what began as a simple fire in a fertilizer warehouse turned into an ecological disaster for a nearby river: the water used by the firemen to put the fire out ran into the river. A preliminary study of water flows, combined with the deployment of retention tanks, would have averted the disaster.

Sometimes the environmental wake-up call comes with a change in shareholders. When a pension fund became a shareholder in a French mechanical engineering firm, the latter appointed a Chief Environmental Officer, who asked AXA to perform an audit. Our engineers audited the firm’s physical facilities and their recommendations were integrated into its action plans.

In a parallel measure, AXA and EcoRisk co-designed and -developed a special training curriculum for environmental officers.

In 1993, AXA formed Ecorisk, a 50/50 joint venture with URS Corporation, the world’s number one environmental engineering firm. In addition to enabling AXA to better meet emerging needs in this area, the partnership offers exclusive access to the largest repository of skills and expertise ever assembled in this field: URS employs 6,500 individuals whose territory is the entire world.

AXA’s specialized teams also offer **support to clients wishing to set up risk management programs**. By recommending improvements in facility design and layout, further investigation into less clear-cut risk factors, and the adoption of more stringent procedures, they contribute to reducing environmental risk factors. AXA’s awareness raising and training initiatives, which target company leaders, are designed to promote safer conduct. While there is no such thing as zero risk,



THE COST OF ENVIRONMENTAL CLEAN-UP



ENVIRONMENT

How much does it cost to clean up a contaminated facility?

In general, a lot more than was initially believed. Between the first estimate and the final bill, the cost often doubles or even triples. This uncertainty is one of the reasons that many facility owners or operators are reluctant to tackle clean-up projects. But in France alone, there are some 800 facilities known to be environmentally impaired. This is what gave AXA the idea of providing partial coverage for surplus clean-up costs, as a way of removing at least one of the obstacles to eradicating pollution. Manufacturers and, in some cases, local governments, will be encouraged to adopt a more proactive approach and our common natural heritage will become healthier. The recently conceived XS DE POLL® joins the range of environmental preservation products already developed by AXA, including a number of environmental impairment liability contracts, comprehensive environmental risks coverage and a product that covers the cost of coastline clean-ups. A preliminary environmental audit or certificate from an earlier environmental inspection is a prerequisite to coverage under XS DE POLL®.



The Jacquemart-André Museum in France: a piece of furniture from the 18th century undergoing restoration

ART: ANOTHER CULTURAL ASSET WORTH SAFEGUARDING



COMMUNITY

A leading insurer of works of art for more than 40 years, AXA

Art is also a key player in projects whose aim is to conserve our shared artistic heritage. In France, AXA Art is currently involved in a partnership with the Jacquemart-André Museum to restore 18th century furniture and objects of art. In the United States, the company is working with both the Guggenheim Museum and the Museum of Modern Art in New York on research into the preservation of minimalist and monochromatic works of art. Today's specialists in the conservation of works of art benefit from a rich repository of skill and knowledge in the restoration of the works of the great masters of old, gleaned over the centuries. But refreshing contemporary works of art poses problems of a radically new kind. To facilitate experiments in new techniques, AXA Art donated a painting by Ad Reinhardt that was seriously damaged in transport and had been written off as unsalvageable. AXA Art is also helping to finance the AXA Art Conservation Project, which seeks to preserve prime specimens of 20th century art for contemplation by future generations.

a proactive, prevention-driven approach – such as that practiced by AXA specialists – can substantially reduce the frequency and severity of loss.

Sharing this know-how

Today, the Group intends to optimize this expertise and make it available to our 400,000 client companies around the world, whatever their size and whatever their business. **Prevention is still the hallmark of our approach.**

We strive to constantly improve our tools for rating and analyzing environmental risks, and to make them available throughout the Group. AXA companies also freely share the audit and prevention techniques offered to our clients. One of the main thrusts of our environmental policy is to provide each company with the know-how required to comprehend and measure environmental risks and be aware of the uncertainties.

Our ultimate aim is to transform “customized” solutions devised for multinational clients into “packaged” solutions that can be incorporated into comprehensive policies small and medium-sized companies can afford to acquire. This project requires the development of a special range of products in most of the companies concerned, in addition to training for employees and distributors, and **efforts to educate** our own clients.

To convince AXA companies of the importance of this approach, as well as to lend credence to our commitment to the environment, AXA Group executive management decided to define a set of **best environmental practices** to ensure responsible daily operation of every AXA office in the world. The project, which involves more than 50 countries, began in early 2002 with a pilot audit of AXA headquarters in Paris.

The primary aim of the pilot audit is to test the environmental scorecard worked up by our environmental engineers against the environmental challenges faced by office buildings like ours. In addition, it will allow AXA to define best management practices and indicators to measure improvements in environmental performance over the long term.

From the lessons learned in this process, we will build **a common environmental management platform** that AXA companies may use for their own facilities.

Similarly, we would like to define and implement a set of minimum environmental management standards for our real estate holdings. ■

AUTOMOBILE

Preventing road accidents

As a carrier that also offers motor insurance, AXA plays an active role in initiatives to prevent road accidents, particularly in France and Ireland.

50% of all work-related accidents reported in **France** are in fact automobile accidents that occur on the way to and from work.

Faced with these alarming figures, AXA has developed numerous tools to build awareness and track risks in companies for which it insures motor fleets. To raise employee awareness of the risks of the road, AXA offers training sessions and driving lessons aimed at improving the skills of licensed drivers. Client companies that have adopted the program report tangible results and fewer claims. In July 2001, AXA France Assurance entered into a three-year partnership with the French Ministry of Transport, seeking to accredit and broaden the prevention programs AXA has been offering since 1994. Under the terms of this agreement, the company has promised to apply the preventive measures it recommends for its clients to its own fleet of 1,200 vehicles.

In **Ireland**, where AXA insures one out of three vehicles, another approach was adopted, with priority given to building awareness among young drivers. The country's track record for motor accidents makes sorry reading: Ireland is ranked just behind Greece and Portugal in the European Union. Moreover, half of all road accidents involve young drivers under the age of 25. For the first time, a nationwide communications campaign was launched in conjunction with the National Security Council and the Environmental Department in Northern Ireland. It targets three main risks: excessive speed, driving while under the influence and the failure to buckle up seatbelts.

John O'Neill, CEO of AXA Ireland and the father of two young drivers, made this combat his hobbyhorse, and did not hesitate to appeal to the desire to keep insurance costs down. *"If young people and their parents want to pay lower premiums, they have to change the way they behave."* And at the same time, he recommends educating young people about their responsibility as drivers, and he is working with the government on devising ways of improving driver safety by improving infrastructure and signage. ■

Schoolchildren first...



COMMUNITY

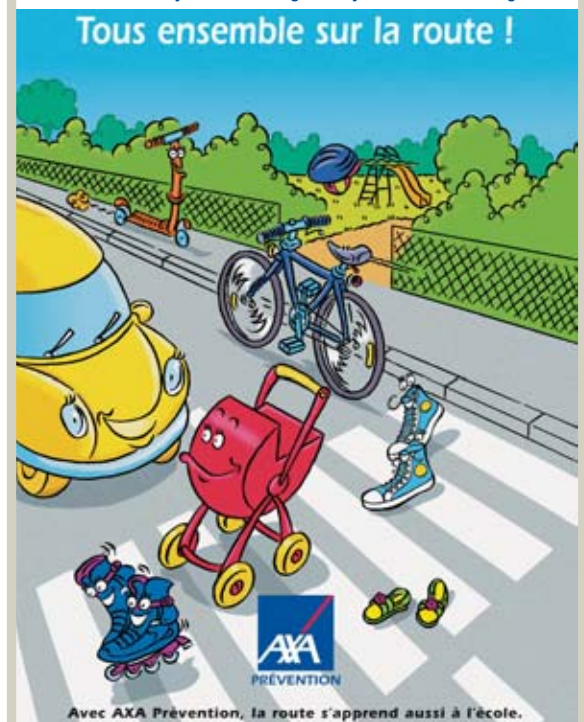
In 2000, more than 7,600 people lost their lives on the motorways of France. Worse still, some 162,000 others were injured – 27,400 seriously. 8.2 percent of them were children.

To help improve these statistics, behind which hide shattered lives and dreams, AXA set up AXA Prévention, a public-interest organization, in 1985. This highly decentralized organization conducts a nationwide campaign every year and sponsors some 200 local initiatives.

Working in partnership with government officials at both the national and local levels, as well as with a number of road safety experts, AXA Prévention seeks first and foremost to change driver attitudes and behaviors.

In 2001, AXA Prévention launched a sweeping project known as "Together on the road," a field campaign involving more than one million schoolchildren between the ages of 10 and 12. The aim was not only to protect young children, but also to prepare them for that day in the future when they will get behind the wheel. The children participated in a classroom project that entailed devising a set of nationwide road safety guidelines. In connection with the contest, participating classrooms received a road safety newsletter and took part in a survey on their own attitudes toward driving.

AXA France distributors played a key role in the project, handing out posters and brochures explaining the campaign and mailing other related documents to their own clients. This most recent initiative of AXA Prévention attests to AXA France's commitment to offering its clients practical services designed to enhance their daily lives, and that go far beyond insurance coverage.



Building the future with senior citizens



COMMUNITY

"Building futures." AXA Financial's promise does not just hold for its own clients. AXA's US operating unit extends this commitment to the entire community, and is particularly concerned with improving the quality of life for senior citizens. One of numerous initiatives AXA Financial has launched targeting senior citizens, "Senior Solutions" was good enough to garner the Council on Foundation's Gold Award for Excellence in Communications for AXA Foundation, AXA Financial's corporate philanthropy arm. Senior Solutions is a nationwide information campaign designed to help senior citizens get practical answers to their questions and concerns in areas as varied as housing, home health care options, and funeral and burial arrangements. According to the latest demographic data, 20% of the US population will be over the age of 65 by the year 2030. Understandably, the problems faced by today's senior citizens concern or will concern an increasingly large number of people, which is why preparing for the brightest possible future is a top priority today.

SOLIDARITY

Encouraging every employee to get involved

Conscious of its role in the community as a responsible corporate citizen, AXA has been encouraging its employees to participate in philanthropic activities since 1991, the year in which it set up an in-house volunteer structure.

Closely linked to the principle of solidarity that underlies the Group's business, the corporate philanthropy program is based on the dual notion of promoting volunteer work and establishing partnerships with community organizations. AXA has chosen to support and work with existing structures and players, not to replace them. The company provides the structure for corporate philanthropy initiatives by selecting organizations, enabling contacts between them and AXA volunteers, and making resources available. The program is coordinated by the local AXA Hearts in Action chapters set up in numerous countries where AXA operates.

Why has AXA chosen this strategy? Because it enables the company to address a variety of issues that are important to the employees who wish to volunteer.



AXA Atout Cœur

VOLUNTEERS SPEAK OUT



EMPLOYEES COMMUNITY

After having spent a few hours or a few days on the front line, volunteers give their first impressions:



"The handicapped people have very few activities, so we try to organize outings with them once a month. It's a real joy to give them an opportunity to live 'just like everybody else.' They're happy, and so am I..."

Linda de Luca, Canada



"You experience so many strong feelings that you are really motivated and forget how tired you actually are ... it's a hugely rewarding experience."

Eric Prétot, France



"I've got a family, three children and a good job: I consider myself to be fortunate and I feel like I should 'give back' a little bit of what life and society have given me. I try to do this through AXA Hearts in Action."

Agustín Ruiz, Spain

First of all, by helping volunteers choose where to give their time and energy, the quality of the organization, as well as its professionalism, philosophy and honesty, is guaranteed. Second, by respecting their free time: volunteers who “donate” their time to helping others may have a few hours or a whole year to give. Such requests can be more effectively managed if there is a structure that serves as the interface between community organizations and volunteers. The third key factor is diversity: volunteers may wish to work on a variety of initiatives. Offering a broad selection of good works helps ensure the success of the entire program. And, last but not least: the cost of volunteering. Community organizations generally do not have deep pockets. Making a budget available to support the actions of volunteers ensures the long-term viability of the system.

One out of 10 AXA employees worldwide is involved in volunteer activities

through community outreach organizations that support the disabled, those suffering from serious illnesses, or senior citizens; that listen to disadvantaged young people and those on the margins of society; and that promote literacy, fight against drug addiction or offer suicide prevention services.

“Businesses are about much more than financial performance,” says Henri de Castries. *“They also have a moral obligation to play an active role in community life, regardless of where they do business or what their business is. AXA created AXA Hearts in Action to offer as many of our employees as possible the opportunity to get involved, personally and physically, in social causes that are relatively close to our own business concerns.*

We aren’t interested in assuaging our conscience by giving money to those who do the actual work. What we are trying to do, through our resources and the goodwill of the men and women of AXA, is make a meaningful contribution to the well being of our fellow citizens. This is important to the communities in which AXA is present, for the sake of the business as well as for the sake of employee satisfaction. The next challenge facing AXA Hearts in Action is to develop initiatives which, like the AXA Group, span the globe.”



Volunteers from AXA Cuiuri in Azione handing out souvenirs to two of the 100 senior citizens who participated in the year 2001 National Volunteer Day in Turin, held in association with the Servizio Emergenza Anziani (a relief agency for the elderly).

2001 NATIONAL VOLUNTEER DAYS



EMPLOYEES
COMMUNITY

In light of the
enthusiasm generated
by the AXA 2000

World Event, which mobilized more than 30,000 AXA volunteers on June 16 and 17, 2000, resulting in the completion of more than 1,000 community projects, a number of AXA companies wanted to repeat the experience. The AXA Hearts in Action National Volunteer Days in 2001 provided AXA volunteers in some 20 different countries with another opportunity to come directly to the aid of people in need or to raise funds for non-profit organizations that do so.



“I really enjoy helping out those who need it. I feel the warmth of their smiles and eyes, and I want to share this with my son.”

Stephen Kwok, Hong Kong



“I volunteer because it gives me a great deal of satisfaction. I feel good, at peace with myself.”

Simonetta Bellisai, Italy



“When you feel good about working for a company – like AXA – you just naturally want to take part in projects like this one, which quickly turns into a celebration.”

Jean-Marie de Wulf, Belgium



“What pushes me to volunteer is the need to feel that I can be of use to others. This is what I feel when I manage to get really close to people.”

Clement Alloughby, United States

48-HOUR ASSAULT ON AIDS



EMPLOYEES
COMMUNITY

AXA Atout Cœur, the French chapter of AXA Hearts in Action, and Ensemble Contre le Sida, a French organization that fights against AIDS, have worked hand in hand for a number of years.

When the organization decided to stage a repeat of its 2001 program entitled "48 heures contre le sida" (48-hour assault on AIDS) in May 2001, it naturally turned to AXA for help.

According to Ensemble Contre le Sida member Frédérique Camize,

"We were looking for a partner that would be able to handle all the logistical aspects. This meant ensuring that the specially designed communications materials got delivered to the 25 cities where a roller-walk was being held – our organization doesn't have a network of local or regional chapters. We also needed to have access to a volunteer structure so that pledges could be taken over the phone. Last but not least, we needed help in coordinating the actions of roller-skating organizations, groups of performers, and others active in the fight against AIDS. AXA Atout Cœur financed, delivered and distributed equipment. Direct Assurance, one of AXA's operating units in France, lent its call center capability, and was able to mobilize enough people so that a staff of 50 was always on hand to man the phones. This was not as easy as it sounds, because everything had to be done very quickly. Since the televised initiative took place over a weekend, many employees showed up to help with family or friends in tow. Everyone seemed happy to be part of this effort. We formed an effective partnership and worked together in a warm and friendly atmosphere."

Over a three-day period, nearly 250 volunteers took turns taking phone pledges that totaled more than 100,000 euros.



Community service odyssey for managers

This involvement is promoted at the highest levels through Telemaque, a training program that seeks to transform today's high-potential managers into tomorrow's leaders. The Telemaque curriculum includes a project that promotes



community involvement: the Social Odyssey. Since its inception in 1997, some 150 managers have participated.

Célia Esteves is one of them. At the Jacob Rodriguez Pereira Institute in **Portugal**, she took part in recreational activities with deaf children.

"It was my first contact with disabled people and I really felt like I was the one who was handicapped! I didn't know sign language so I had to begin by learning how to communicate with children and figure out how to get involved in their activities. It is important for them to have contact with different people and a variety of subjects. I was able to broaden my own horizons by discovering other forms of communication."

Satoshi Ishikawa undertook his Odyssey in **Japan**, a country where publicly funded community projects are few and far between. His project, "the neighborhood" as he dubs it, involved supporting a community group that helped three disabled people go hiking. *"I am not a mountaineer... but what I can offer this group is sound trip planning and field support. The biggest challenge was putting myself in a disabled person's place: how do you navigate in certain places on crutches? What's the best route for someone who needs the help of four volunteers? What kind of help is needed and how should it be provided? Plus, there are no briefings and no fancy slide presentations. This reminds me of one of the key lessons of Telemaque: communications are 70-80% about what you do, not what you say."*

Lydia Pitts was a coordinator of an AIDS prevention program in **New York**, targeting adolescents and women.

"I gained insight into the obstacles to disseminating this type of information: many families deny that they have a problem; schools don't want to attract political controversy. Nevertheless, the experience was gratifying. The program reached its objectives and received additional financing to create a social work model. Telemaque gave me the push I needed to venture into the arena." ■

FINANCIAL STRENGTH

BUILDING

OUR BUSINESS

FOR THE LONG TERM

The AXA Group has adopted strategies in the areas of business risk assessment, long-term sales development and financial management that are designed to provide the resources required to achieve lasting and profitable growth. This strategy is supported by structures built to achieve a transparent balance of power within the organization.





BALANCE

Spreading risk

Present in the world's most promising financial protection and wealth management markets, the Group manages its exposure to risk through careful geographic and sector diversification.

The **desire to achieve the right balance** has been part of the Group's strategy since its inception. To achieve our goal of becoming a global player, we had to diversify our operations in the leading insurance and asset management markets worldwide. Over time, this led to our focus on three major regions: Europe, North America and the Asia-Pacific. Why? Because our clients are in these regions. The business of financial protection and wealth management is inseparable from a relatively high standard of living, a stable social and political environment, an extensive legal framework and a culture that is receptive to the idea that protecting property and people against potential risks is important. Today, this concept of balance is closely tied to our long-term vision. Our business seeks to reduce the impact of the risks faced by our clients by assuming all or a part of the financial consequences. Given that all risks cannot occur at the same time in every country, our presence in these three regions enables us to reduce the Group's overall exposure. This geographic balance helps guarantee the long-term viability of the Group. Similarly, the Group does business in a range of sectors subject to different economic cycles – property and casualty, life and savings, and asset management – which also helps **maintain balanced operations**. This strategy is not just based on experience. It is backed up by the analyses and calculations used to measure exposure to risk. In more concrete terms, consider AXA's earnings. They can be impacted by any number of random or unforeseeable events: a storm that sweeps across France, a sudden downturn in the financial markets, a wrong underwriting decision in one of our lines of business, or a sudden adverse deviation in the property-casualty loss ratio. These contingencies have an impact on our earnings and returns, and the magnitude of this impact depends on the potential combination of these events. For example, it is highly unlikely that the financial markets will take a nosedive at the same time that a storm hits and we elect to underwrite a bad risk. We can only hope that, in this respect, 2001 will go down in history as a rare exception to the rule, which nevertheless demonstrated the Group's ability to cope with a combination of adverse events in the same year. Similarly, there is little chance of the same type of event occurring simultaneously in Paris, Hong Kong and Rome.

AXA measures the risks to which each of its lines of business is exposed – the auto insurance or homeowners insurance portfolio, for example – and then each segment and finally each operating unit, to determine the extent to which each contributes to the Group's aggregate exposure. In recent years, the Group has worked to develop a methodological framework for consistently measuring the risks

AXA GROUP	BUSINESS	EXPERTISE	CULTURE
CITIZENSHIP	FINANCIAL STRENGTH	OPERATING PERFORMANCE	PRACTICAL INFORMATION

facing all of its businesses. Every potential risk (storm, flood, industrial accident, plunge in the financial markets) is measured, as is the probability that it will occur at the same time and in the same place as other risks. This is where the all-important notion of geographic and business diversification comes into play. It holds that the sum of individual risks is greater than the aggregate risk. This is one of the very rare cases when $1 + 1$ is not equal to 2, but maybe to 1.5. It can be summed as follows: the larger the Group becomes, the more intelligently it can diversify its risks and the lower its economic capital is – i.e. the capital required to guarantee the long-term viability of its business and its long-term development. The value of this approach is that it makes it possible to optimize the factors that comprise global risk: business development choices, asset management strategy, or pricing policy. It also enables the Group to better evaluate the **value creating potential** of each line of business. ■



ECONOMIC CAPITAL

The capital required to ensure the long-term development and viability of the Group.

THREE LEADING REGIONS

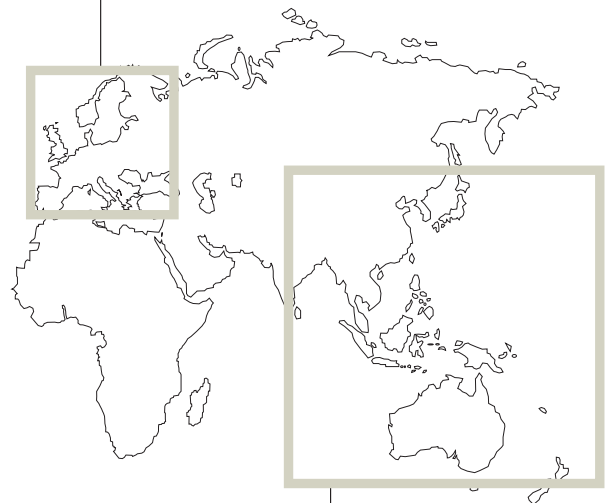
North America

- Insurance revenues: €12 billion, 18% of consolidated insurance revenues
- Insurance operating earnings: €631 million
- Workforce: 13% of AXA's employees worldwide



Europe

- Insurance revenues: €42 billion, 60% of consolidated insurance revenues
- Insurance operating earnings: €698 million
- Workforce: 68% of AXA's employees worldwide (26% in France)



Asia-Pacific

- Insurance revenues: €10 billion, 14% of consolidated insurance revenues
- Insurance operating earnings: €276 million
- Workforce: 17% of AXA's employees worldwide

PROFITABILITY

Putting the accent on long-term policies

To guarantee its development over the long term, the Group focuses simultaneously on profitability and growth.

If required by circumstances, however, profitability takes precedence over growth.

The loyalty of our clients and the confidence of our shareholders are two significant factors in ensuring our long-term survival. To satisfy our clients, our strategy is wholly focused on the quality of the solutions and services provided. To maintain the trust of our shareholders, we strive to offer a fair return on the funds they have invested in the company. This return is directly linked to our profitability, and it can be increased by lowering costs.

In property-casualty insurance, the ratio between the risks we cover and the prices we charge is measured by the combined ratio: when we receive €100 in premiums, how much are we going to spend, on average, on administrative costs and claims? The higher the ratio, the lower the profitability of our business. Clearly, this would not be sustainable over the long term. Even if, up until now, we have been able to offset the impact of less profitable business thanks to market performances and a balanced risk profile, this will not guarantee long-term viability. Consequently, AXA has set itself the objective of achieving a total combined ratio, for all property-casualty operations, of 104% by the end of 2003.

Life and savings have focused on another aspect that is just as important: operational efficiency. The intermediation costs inherent to this activity need to be looked at more closely in light of three key factors: the downturn in the financial markets, which pushes down financial margins; the greater transparency on pricing, imposed by governments in many countries; and finally, the competition.



It is therefore now more than ever necessary **to cut our costs**, both at local level and at Group level. The implementation of a suitable pricing structure must be accompanied by initiatives designed to improve operational performance. AXA initiated a number of major cost cutting programs: consolidating and rationalizing IT infrastructures (data centers and networks), standardizing information systems, centralizing procurement, and pooling human and technical resources to develop shared solutions. These programs should contribute, at least in part, to driving down administrative costs, one of the main objectives the Group has identified for 2002.

But just cutting costs is not enough. It is also important to develop pricing policies that **guarantee consistently high service quality for the client**. Over the last few years, several AXA companies have bucked market trends and adopted “realistic” pricing policies.

The events of 2001 have heightened the complexity of our operating environment. The September 11th terrorist attacks in the United States, the explosion of an oilrig off the coast of Brazil, and the explosion at the AZF chemical factory (the worst industrial accident ever in France) drove up claims-related costs to an unprecedented level.

The destruction of the World Trade Center compelled businesses to better evaluate the probability of terrorist attacks and seek ways of pooling this risk more broadly – in some countries even calling on the government to play a role.

In parallel, the financial market downturn that began before the terrorist attacks in the United States took a sharp turn for the worse afterwards, pushing down earnings and investment returns. The combined impact of these two phenomena – substantially higher claims and financial market depreciation – only heightens the need to restore underwriting results and **implement realistic pricing policies**.

The price hikes that will inevitably result are a particularly delicate issue in markets where intense competition has led to the persistent underpricing of risks.

The price of risk

Intense media coverage accompanied the announcement by AXA Corporate Solutions, the Group subsidiary specializing in global risks and reinsurance, that it would raise premium rates. Given the highly specific nature of this market, it is important to put the percentages reported at the time – of between 35 and 80 percent depending on the type of coverage – into some perspective. First of all, competition has been especially stiff in recent years in these lines of business, forcing insurers to lower their rates repeatedly. Consequently, even though premium rates were doubled in 2001, they remain lower than they were in 1994. Secondly, unlike personal property and casualty insurance, large corporate risk coverage is not priced on the basis of a statistical system as sophisticated as that governing the pricing of routine risks. At least part of the price reflects negotiations between client and insurer. AXA Corporate Solutions decided, at the end of 2001, to renegotiate all of its business in force so that the loss experience and history of each contract could be better incorporated into the premium, as well as each client's prevention policy.

In parallel, efforts were made to encourage governments in some countries to review their thinking on the risk of terrorism. In France, the insurance industry

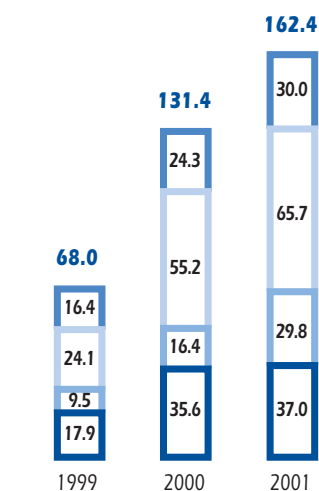
CUTTING COSTS

In 1997, the AXA Group initiated a vast program aimed at reducing IT and telecommunications procurement costs.

In 2001, aggregate savings totaled 162.4 million euros, exceeding the initially set target of 120 million euros.

IT procurement savings/per year/all domains

(in euro millions)



- Telecommunications
- Software and related services
- Mainframes
- Distributed products (PCs, laptops, servers)

A similar program was launched in the year 2000 in other areas, such as corporate services, travel management, messenger services, temporary manpower and office furniture. In North America, AXA achieved savings of more than 34 million euros for on demand services.

A bidding process was launched in France, the US and the UK to find a solution for travel management, which led to the selection of two providers. A database and cost analysis tool were developed to enable a global vision of spending with vendors and suppliers. Already in use in the United States and in Europe, it will soon be rolled out in the Asia Pacific region.



LEARNING

THREE KEY CONCEPTS

1 Insurance reserves:

Amounts set aside by the insurer to meet its obligations to policyholders, as defined in the insurance policies they hold. Insurance reserves are set aside for all types of policies, since the payment of premiums precedes the provision of benefits (in life insurance, payment of a death benefit, an annuity or in the form of accumulated savings) or the settlement of claims

(in property-casualty insurance, the compensation paid to the policyholder or to a third party in the event of a loss).

These amounts are “provisioned” or reserved, and recorded as liabilities on the balance sheet of the insurance company, which invests the premiums it has received.

2 Actuarial reserves:

The portion of insurance reserves that is calculated on the basis of actuarial analyses, which factor in a set of random variables relative to human life and investment returns. For example, they may be calculated as the difference between the insurer’s liabilities or contractual obligations (policy coverage) and the policyholder’s obligations (premiums that remain to be paid on a policy).

3 Embedded value:

The ratio of the surplus value of business in force to solvency margin requirements, plus the present value of future distributable earnings generated by the company’s business portfolio. This value depends on the estimated future profitability of this business.



and the government were able to reach an agreement on the inclusion of this risk in property insurance contracts, thereby putting an end to the impasse the market was trapped in due to domestic legislation. The new system combines private coverage via an insurance pool and the involvement of reinsurers, with a pledge by the government to step in if aggregate losses exceed a pre-defined threshold.

Buyout of minority interests

The decision to buy out minority interests is also in line with our desire to improve profitability over the long term. This objective underlies the operations carried out by the Group in 2000 concerning two major subsidiaries: AXA Financial in the United States and Sun Life & Provincial Holdings in the United Kingdom. The fact that the Group is now the sole shareholder of these companies gives it greater freedom to implement its development strategy and accelerate moves to rationalize resources. ■

RELIABILITY

Acquiring significant resources

The financial structure of the Group, both balanced and sound, guarantees that it will have the financial resources required to pursue its business in the long term.

AXA is a highly capitalized corporation, with shareholders' equity of nearly €30 billion at December 31, 2001. Its financial structure has evolved considerably in recent years, reflecting the Group's business development strategy, which combines external growth through acquisitions and a refocus on its core business.

A number of important acquisitions were made in 1999 and 2000. In addition to the UK-based insurance group Guardian Royal Exchange and the Japanese life insurer Nippon Dantai, AXA also acquired asset managers Barr Rosenberg and Sanford Bernstein. To strengthen its positioning, AXA also bought out the remaining minority interests in AXA Financial, in the United States, and in Sun Life & Provincial Holdings, in the United Kingdom. AXA also capitalized on an extremely favorable market environment to sell the investment bank Donaldson, Lufkin & Jenrette (DLJ), which was a subsidiary of AXA Financial.

In 2000, more than €20 billion was spent on acquisitions, while disposals netted more than €10 billion. The change in AXA's financial structure reflects the impact of these transactions.

At the end of 2000, the ratio of financial plus subordinated debt to total consolidated equity was 63%, due to the buyout of AXA Financial minority interests, a transaction that was not fully completed until January 2001. The Group announced its intention of reducing this ratio by 10 percentage points. At year-end 2001, this ratio was 49%, reflecting active long-term debt management, the sale of Crédit Suisse securities acquired in the sale of DLJ, and an optimal use of available resources.

The ratio of financing debt to total consolidated equity plus subordinated debt,



(in billions of euros)

	12.31.2001	12.31.2000
Financial debt	5.0	9.0
Subordinated debt	8.9	8.3
Total debt	13.9	17.3
Total consolidated equity	28.2	27.6
Financial + Subordinated debt/ Total consolidated equity	49%	63%
Financial debt/Total consolidated equity + Subordinated debt	13%	25%



SUBORDINATED DEBT

Subordinated debt (also known as quasi-equity) is comprised of debt securities whose maturities are very long or even undated. They rank below other debts in terms of their claim on assets, and hence are repaid only after ordinary creditors have been repaid. They generally include deferred interest payment terms.



Financial strength ratings (FSR) of the Group's principal subsidiaries:

AA

Standard & Poor's

Aa3

Moody's

AA

Fitch

which provides a clearer and more accurate picture of the Group's financial structure given the type and average maturity of its debt, had fallen to 15% by the end of 2001, comparable to its 1999 level. By making use of subordinated debt, AXA has been able to improve its **financial flexibility** considerably, while at the same time driving down the cost of debt refinancing over a long period. Its financial structure is appropriately balanced between long-term financing debt, long-term subordinated debt and equity. **Debt maturities are also well distributed.** The first major due date is in fiscal year 2007, followed by 2010 and 2013. Moreover, the Group's refinancing policy seeks to maintain the long-term nature of its resources. Indeed, the average maturity of the holding's debt is 17 years. This structure makes it possible to optimize the funds made available by our shareholders while securing the long-term financing the Group needs to pursue its business objectives.

AXA's ratings affirmed

Does fluctuation in AXA's stock price, and hence its market capitalization, jeopardize the Group's financial structure? The answer is no. The depreciation in AXA's stock trading price in 2001 was primarily attributable to a series of events that occurred during the year¹. For equity analysts and investors alike, AXA remains a leading insurance company, and AXA's principal subsidiaries benefit from superior financial strength ratings.

- On November 9, 2001, the international rating agency **Fitch** affirmed its ratings of Group subsidiaries (insurer financial strength and debt ratings).
- On January 9, 2002, **Standard & Poor's** also affirmed its ratings of Group subsidiaries. At the same time, Standard & Poor's revised the outlook of the Group's financial strength and long-term debt ratings from stable to negative. This change in outlook reflects the important challenge facing AXA in the next two years, which is that of restoring its operating performance. Standard & Poor's indicated that its ratings reflected the Group's extremely strong and unrivaled global business position in the world's leading insurance markets, superior geographic diversification, very strong capitalization, albeit more leveraged, its very strong management team and its unrivaled strategic track record.

The clear and consistent strategy now in place, based on a set of realistic goals, will enable the Group to transform its extremely strong business position into operating performance.

- On February 19, 2002, **Moody's** also affirmed its financial strength and debt ratings of the Group. Moody's considers that the Group's rating strengths have not been affected by recent market events to date, and that they are underpinned by its superior diversification, positive long-term growth and low risk profile. Moody's stressed AXA's strong track record, superior franchise strength, focused strategy and execution capabilities.

The Group has successfully integrated recent acquisitions, offering opportunities to generate enhanced organic growth and improve profitability through restructuring. The key challenges facing the AXA Group entail successfully leveraging its superior distribution capacity in its key markets and diversifying into financial services. ■

¹ For a more detailed analysis of AXA stock price trends in 2001, see page 62.

EFFICIENCY

Management and supervision: two separate powers

The corporate governance structure in place at AXA since 1997 distributes power evenly at the highest level, separating the supervisory function, fulfilled by the Supervisory Board and the special sub-committees that support it, from the management and steering role, which is assumed by the Management Board with support from the Executive Committee.

Independent review functions

The **Supervisory Boards** role is to review the management of the company's business and that of its subsidiaries. The Supervisory Board appoints the Chairman and members of the Management Board, and reports the results of its review to shareholders.

The Supervisory Board is made up of **14 members**, appointed at the Annual General Meeting of the Shareholders. Most of its members are deemed to be independent, since they are not directors or officers of companies in which the AXA Group is a material shareholder, nor are they retired former senior executives of the Group.

They are **recognized members of the business world**, with extensive financial, industry or institutional experience, most often at the international level.

At the same time, AXA believes it is important for the members of its Supervisory Board to have a personal stake in the successful management of the Group's business. This is why, since 1994, they are required to own AXA stock options of a value that is at least equal to the annual directors' fees they have received.

PRESERVING HUMAN CAPITAL

The AXA Group has a special department dedicated to executive career management, which is one of AXA's core governance principles. In 2000, the department developed an executive succession process for all Group executives, in connection with its succession risk coverage program.

This process features both an immediate replacement scenario and a replacement within a three-year horizon scenario, and has three components: an analysis of the skills repository of current executives, the identification of potential successors, and a skills development plan for the latter. It is updated each year on the basis of information gathered in an annual review process involving some 300 of AXA's top executives.





Jacques Calvet,
Chairman of the Audit Committee.

“A GREAT DEAL OF FREEDOM AND A LOT OF RESPONSIBILITY”

The role of the Audit Committee extends over a broad spectrum that goes well beyond an examination of the financial statements. How exactly does it carry out its mission?

Both the Supervisory Board and the Management Board give us free reign to perform our duties as we see fit. We are kept fully informed at all times – of the Group’s business and operations as well as its strategy and projects. We participate in the process of selecting and defining audit assignments, and we receive the resulting reports as well as feedback and comments from the subsidiary or department under audit. I recently asked Management Board to keep the Audit Committee informed of its decisions relating to matters of general interest that cut across organizational or business boundaries, such as the reorganization of the Group’s IT division, and the Board now does this as a matter of course. Our requests are always well received. We work in a climate of total transparency, and my report to the Supervisory Board is not subject to any restrictions as to form or content.

What does a review of the financial statements entail?

As you know, we play a very clearly defined and decisive role in the process of selecting AXA’s independent auditors. As for the financial statements themselves, we begin by reviewing them with the auditors to resolve issues related both to presentation and selection of material to be highlighted. For example, with respect to the sale of Banque Worms, how should the impaired loans be handled? Or how can we accurately assess the adequacy of allowances made for the impact of the September 11th

attacks or for the impacts of other major events, particularly given the extent to which these risks were reinsured?

What is the extent of your liability?

In the English-speaking countries, the liability of members of the audit committee in both civil and criminal law is greater than that of the members of the Supervisory Board or Board of Directors. While French law is moving in this direction, it still has a way to go. However, beyond any legal liability we may or may not have as members of the Audit Committee, we are fully accountable from a moral or ethical perspective. First of all, we have access to all the information made available within the company. In addition, company management has defined our objectives quite precisely. We are required to make every effort to “ensure that no unforeseen risks materialize,” and to ensure that the Management Board seeks and achieves “the most cost effective organization possible” while “providing the best possible service for our policyholders.”

How would you describe your level of involvement?

We feel very much involved in the Group’s development and fully empowered to perform our mission. We really feel we are “part of the Group,” and we want to contribute to its success in every possible way. We are at the service of the company, its employees, its clients and its shareholders. With respect to executive management, we see ourselves as a kind of “in-house consulting firm” whose task is to provide AXA’s leaders with the information they need to assess the validity of their strategy or make any minor adjustments they feel are necessary.

The international reach and stature of the AXA Group is reflected in the composition of the Supervisory Board. More than one-fourth of its members are not French. The average age of Supervisory Board members currently stands at 62.5 years, compared with 66 years in 2000.

In 2001, as in the prior year, the AXA Supervisory Board met eight times, compared with 6.5 times on average for other CAC 40 companies in France. The global rate of attendance is very high (81.5%), reflecting the AXA Supervisory Board's commitment to corporate governance.

The general principles pertaining to the organization, operating procedures and compensation of the Supervisory Board are described in a set of internal regulations.

The Supervisory Board has formed **four special sub-committees** to help it successfully fulfill its role and duties. AXA established these sub-committees early on – in 1990 – unlike most companies governed by French law, which did so only at the end of the 1990s. These sub-committees carry out detailed reviews within its domain of expertise.

The five-member **Audit Committee**, chaired by Jacques Calvet, examines 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 closing of the accounts for each reporting period. Consulted on the selection of the Independent Auditors, the committee reviews audit programs, findings and recommendations, and any actions taken in light of these recommendations.

Any event presenting a significant risk for AXA is referred to the committee by the Management Board or by the Independent Auditors. The committee is also informed of the accounting rules in force at AXA, reviews any proposed changes and examines the program and objectives of AXA's Internal Audit Department, as well as the reports drawn up by this division or by audit firms. It may request internal or external audits where necessary and is responsible for tracking internal audits.

This committee also notifies AXA management of any issue likely to have an impact on the Group's net worth. In 2001, the Audit Committee reviewed the Banque Worms sale and the impact of September 11th on AXA Corporate Solutions.

The **Finance Committee**, chaired by Claude Bébéar, has seven members. It reviews and issues opinions on projects submitted by the Management Board relating to the following matters: the issuance of securities with a direct or indirect claim on equity; proposed share buyback programs to be submitted to the approval of the shareholders; financial transactions that could have a material impact on the financial structure of the company; all projected acquisitions and strategic partnership agreements; and the earnings appropriation and dividend recommendations submitted annually to the shareholders in respect of the year ended, as well as the payment date of the latter.

It reviews all proposed material financial transactions involving AXA put forward by the Management Board, as well as the broad outlines governing AXA's asset management policy and, more generally, all issues that pertain to AXA's investment management policy.

The Supervisory Board

Claude BÉBÉAR,

Chairman

Director or member of the Supervisory Boards of Mutuelles AXA, Finaxa, AXA Financial (US), Schneider Electric and BNP Paribas

Jean-René FOURTOU,

Vice-Chairman

Vice-Chairman of the Management Board and CEO, Aventis

Thierry BRETON,

Chairman of the Boards of Directors, Thomson SA and Thomson Multimédia

Jacques CALVET,

Chairman of the Supervisory Board, Bazar de l'Hôtel de Ville (BH-V)

David DAUTRESME,

Chairman, Parandé Développement (Euris Group)

Michel FRANÇOIS-PONCET,

Vice-Chairman of the Board of Directors, BNP Paribas

Alfred FREIHRER von OPPENHEIM,

Chairman of the Supervisory Board, Banque Oppenheim Jr.&Cie (Germany)

Anthony HAMILTON,

Chairman, AXA UK Plc and Fox Pitt, Kelton Group (United Kingdom)

Henri HOTTINGUER,

Chairman of the Supervisory Board, Crédit Suisse Hottinguer and Emba NV (Netherlands)

Henri LACHMANN,

Chairman and CEO, Schneider Electric

Gérard MESTRALLET,

Chairman and CEO, Général de Suez

Edward D. MILLER,

President, Phoenix House (United States)

Michel PÉBEREAU,

Chairman and CEO, BNP Paribas

Bruno ROGER,

Member of the Executive Committee of Lazard

TWO QUESTIONS FOR ANTHONY HAMILTON



Anthony Hamilton,
President of AXA UK
and member of the
Group's Compensation
Committee.

What role does the Compensation Committee play in helping AXA obtain its objectives?

To succeed in an increasingly competitive environment, AXA has given top priority to employing the best people. But to attract the best talent, motivate them and develop their skills, we must implement a compensation policy that is properly related to performance measurement and evaluation of individual contribution. This is a major challenge for top management. My experience in the investment banking business, which is one of the purest people businesses, has given me much experience in trying to strike a fair balance between the rewards of the employees and those of the shareholders. This is what the committee strives to do.

And how do you strike that balance?

Through the management compensation policy that AXA has defined for its senior executives. The fixed compensation of each senior employee is set within the bottom quartile of the remuneration range paid by a peer group of comparable companies for a similar job. On top of this, if senior managers achieve their targets each year they will receive a bonus that will take their total cash compensation to the top quartile of the peer group, or more if they exceed their target. The proportion of performance-related bonus to fixed salary varies with seniority. To this is added the meaningful use of stock options. These significant performance-linked elements of remuneration are unusual in the insurance industry and are designed to ensure that executives are strongly focused on delivering shareholder value.

The **Compensation Committee**, chaired by Henri Hottinguer, has four members. It recommends compensation levels for the Chairman of the Supervisory Board and the members of the Management Board, the amount of director's fees to be submitted to the approval of the Annual Meeting of Shareholders, and Company stock subscription and purchase options granted to members of the Management Board. It also reviews Management Board proposals pertaining to the determination of compensation levels for AXA executives, and proposed employee stock option subscription and purchase plans.

The **Selection Committee**, chaired by Jean-René Fourtou, has five members. It recommends nominees to the Supervisory Board and the Management Board and nominates their President, Chairman and Vice-Chairmen, as well as the Chairmen and members of Supervisory Board sub-committees. It also reviews all nominees to key senior management positions at AXA, in particular the members of the Executive Committee.

A team of experts at executive level

AXA's business is managed by a Management Board consisting of five members, assisted by an Executive Committee.

The **Management Board** is the collegial decision-making body of the company. Its current members, appointed for a period of three years, are the following AXA senior executives: Henri de Castries (President), Françoise Colloc'h, Christopher "Kip" Condron, Gérard de La Martinière, and François Pierson. They have significant industry experience in AXA's core financial protection and wealth management



10	11	12	13	14	15	16	17	
01	02	03	04	05	06	07	08	09

THE EXECUTIVE COMMITTEE

01 Bruce Calvert Chairman and Chief Executive Officer, Alliance Capital (United States) **02 Michel Pinault** CEO, Asia Pacific business unit
03 François Pierson Member of the Management Board, Chairman of AXA France Assurance (France) **04 Michael W. Short** President and Chief Executive Officer of AXA Life Insurance Company (Japan) **05 Françoise Colloc'h** Member of the Management Board, Senior Executive Vice President of Human Resources, Brand and Communications **06 Christopher Condron** Member of the Management Board, President and Chief Executive Officer, AXA Financial (United States) **07 Henri de Castries** President of the Management Board **08 Alfred Bouckaert** Acting CEO, AXA Belgium
09 Stanley Tulin Vice-Chairman and Chief Financial Officer, AXA Financial (United States) **10 Philippe Donnet** Chairman and Chief Executive Officer, AXA Corporate Solutions; Chairman, AXA Italia (Italy) **11 Les Owen** Managing Director, AXA Asia Pacific Holdings **12 Claus-Michael Dill** President of the Management Board, AXA Colonia Konzern **13 Dennis Holt** Chief Executive Officer, AXA UK (United Kingdom) **14 Gérard de La Martinière** Member of the Management Board, Senior Executive Vice-President of Finance, Control and Strategy **15 Denis Duverne** Executive Vice-President of Finance, Control and Strategy **16 Donald Brydon** CEO, AXA Investment Managers **17 Claude Brunet** Executive Vice President of Transversal Operations and Projects

business. The Management Board holds weekly meetings to discuss Group strategy and operations.

The seventeen-member **Executive Committee** helps the Management Board define Group strategy and is responsible for managing operations. Its composition reflects the structure of the AXA Group: members of the Management Board, CEOs of the Group's business or operating units, and heads of Group Management Services. It conducts *quarterly business reviews* (QBR), during which the prior period's performance is examined. Launched in 2000, QBRs optimize the flow of information and foster the exchange of information, with a threefold aim:

- examine operating unit performance transparently, using a consistent standard of measure (KPIs or key performance indicators), and monitor the status of key projects
- measure the progress of the Group's transversal projects, i.e. those that cut across organizational and business boundaries
- trade ideas and information relative to key strategic initiatives. ■

The 17 members of the Executive Committee conduct quarterly business reviews to examine the prior period's performance.

TRANSPARENCY

Guaranteeing fair and equal access to information

The Group's communications policy, particularly with respect to shareholder information, as well as its regulations governing stock ownership, seeks to protect the interests of all of AXA's financial stakeholders.

A strict code of ethics

In the early 1990s, AXA adopted a code of ethics applicable to all employees of Group companies who own shares of AXA stock. This code was designed to prevent conduct that runs counter to stock market regulations in force concerning such matters as the use of insider information to which certain Group managers and employees have access.

In addition, Supervisory Board members must adhere to a general non-disclosure agreement with respect to the information they receive in their governance capacity and the content of the proceedings of the board and its various sub-committees. They also must uphold the company's code of ethics when it comes to their private financial transactions. A copy of the code is attached to the statement of internal rules and regulations. The Group may ask any member of the Supervisory Board to provide information that may be required to satisfy stock market or insurance commission disclosure requirements in force in other countries, particularly with respect to trading in the stock of publicly listed companies. Members of the Supervisory Board are also required to notify the Group of any situation that could create a conflict of interest with respect to an AXA company.

Disclosure of information on compensation and benefits

Although not legally required to do so in France, Claude Bébéar nonetheless made public the details of his compensation package in 1993 – one of the first French executives to do so. This information was first published in the press and then in the AXA annual report. Since then, the Group has adopted an executive compensation and benefits policy that was submitted to the Supervisory Board Compensation Committee for review. As this policy rolls out, its status is regularly reported to the Committee. The policy, applicable to all Group and company senior executives,



COMPENSATION OF MANAGEMENT BOARD MEMBERS

The table below provides the following information:

- gross compensation paid to directors and officers of the Company in respect of fiscal year 2001 (e), i.e. the fixed component paid in 2001 (a), the variable component (bonus) earned in fiscal year 2001 and paid in 2002 (b), any directors' fees paid in 2001 (c) and benefits in kind that were paid in 2001, relating primarily to use of a company car (d);
- gross compensation paid in the course of fiscal year 2001 (g), i.e. the fixed component paid in 2001 (a), the variable component (bonus) earned in fiscal year 2000 and paid in 2001 (f), any directors' fees paid in 2001 (c) and benefits in kind that were paid in 2001 (d).

(euro)

Members of the Management Board	Fixed component for 2001 (€), paid in 2001	Variable component earned in 2001 (€) and paid in 2002	Directors' fees paid in 2001 (€)	Benefits in kind 2001 (€)	Total compensation paid in respect of fiscal year 2001 (€)	Variable component for 2000, paid in 2001 (€)	Total compensation paid in the course of fiscal year 2001 (€)
	(a)	(b)	(c)	(d)	(e) = (a)+(b)+(c)+(d)	(f)	(g) = (a)+(f)+(c)+(d)
H. de Castries (President)	500,000	635,817	135,226	2,934	1,273,977	1,381,373	2,019,533
F. Colloc'h	356,000	585,520	0	2,934	944,454	794,622	1,153,556
C. Condron⁽¹⁾ (in the United States)	695,972	4,480,000	0	22,317	5,198,289	2,688,000	3,406,289
G. de La Martinière	305,000	434,239	79,816	2,934	821,989	579,259	967,009
F. Pierson⁽²⁾	176,125	368,930	44,385	2,934	592,374	272,943	496,387

⁽¹⁾ (1) C. Condron joined the AXA Group on July 4, 2001 and has been a member of the Management Board and the Executive Committee since that date. The fixed component of C. Condron's compensation is €1,120,000 per annum, prorata over 6 months in 2001. The variable component of his compensation for fiscal year 2001 was a guaranteed €4,480,000. He received a signing bonus of €2,688,000 when he was hired.

⁽²⁾ (2) F. Pierson became a member of the Management Board and the Executive Committee effective November 28, 2001.

is adapted to comply with local regulations and supervised by subsidiary executive boards. The compensation package for executive management teams includes a fixed and a variable component. The fixed component is calculated on the basis of local market data, and falls within the lowest quartile of prevailing market wages. The variable component is related to the overall performance of the Group, the performance of the company, and the extent to which individual objectives have been met, weighted for seniority. In a successful year, this represents the largest portion of annual pay and places total compensation (fixed + variable) in the top quartile. Detailed compensation information is provided for all members of the Executive Committee in the Group annual report, along with information on the equity ownership interest and stock options and warrants held by Management Board members in both AXA and FINAXA.



More information at www.axa.com

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Listening to our shareholders

With its institutional investors, AXA seeks to cultivate and sustain a close relationship built on trust.

When its interim and annual financial statements are made public, AXA hosts a series of **presentations in the world's major financial centers** that bring together Group executive officers and its largest shareholders.

In 2001, more than 250 investors' meetings were held in 15 different countries.

In addition to these gatherings, AXA also hosted a series of **individual meetings**

with its major investors, as well as thematic meetings that touch on topics ranging from the economic indicators that are relevant to the Group's core business – such as embedded value (EV, defined on page 48) and ROE – to detailed comments on the financial statements and overviews of the Group's core businesses and main subsidiaries.

Based in Paris and New York, the Group's financial communications specialists remain in constant contact with the investment community: brokerage house analysts, fund managers, and investment company analysts. They provide a steady stream of information on events that shape the Group's business and operating performance, respond to inquiries, and are testimony to the Group's commitment to **offering maximum information and transparency**.

Group corporate communications – press releases, presentation of results, proceedings from thematic conferences – are available on the corporate Web site: www.axa.com. Results are broadcast live via the Group portal and are accessible by teleconference.



With its individual shareholders, who make up roughly 9% of its shareholder base, AXA maximizes opportunities for information exchange and meetings:

- **business and financial press** inserts announcing major Group events (annual and interim results, the annual shareholders' meeting)
- the **axa.com** Web site
- the Minitel **3616 AXA** (in France).

Shareholders can also contact the Group's individual shareholder relations team if they have specific questions or requests.

Since 1997, the Group has brought together registered shareholders and interested holders of shares in bearer form in the **AXA Shareholders' Circle**. As members of the Circle, shareholders receive:

- the *Shareholders' Circle newsletter*, published to coincide with the issuance of interim and annual financial statements as well as with the annual meeting of shareholders
- mailings on major Group-related events
- invitations to local trade shows and presentation meetings.

Regular meetings are held throughout the year with AXA shareholders in France. Some 1,200 investors attended the last annual shareholders' meeting held in May 2001, while a total of 3,000 were represented.

AXA has also set up an **individual shareholders' committee**, comprised of 15 members from the Shareholders' Circle. The Committee meets twice a year with Group executives to discuss and make recommendations on AXA's disclosure and communications policy with respect to individual shareholders.

As of November 2001, the management of registered shares has been entrusted to BNP Paribas Securities Services, which makes a dedicated telephone platform available to AXA shareholders. ■

"THEY ALSO KNOW HOW TO LISTEN"



SHAREHOLDERS

"Before joining the AXA Individual Shareholders' Committee, I had mixed feelings. Although I was convinced that the idea was a good one in theory – for AXA and its shareholders – I was a bit skeptical. I was afraid it would be more symbolic and "decorative" than really useful.

Now nearly two years have gone by since I joined the Committee, and I can say without a doubt that it is truly of great value, and that the meetings provide a forum for useful discussion. Everyone is encouraged to speak their mind, make suggestions, and offer constructive criticism. And believe me, commenting on a presentation given by Henri de Castries or Gérard de La Martinière is really something when you're a simple shareholder. But the dialogue becomes meaningful when the shareholders see – at the annual meeting or in the Letter – that their suggestions have been listened to, taken into consideration, and acted upon. Like any shareholder, I already knew that AXA people were good talkers. Since I've been a member of the Committee, I realize that they also know how to listen."

Arnaud Bunel,

Member of the AXA Individual Shareholders' Committee



The annual shareholders' meeting

OPERATING PERFORMANCE

A DIFFICULT YEAR,
AN ENCOURAGING
OUTLOOK



Although the AXA Group's performance in 2001 was impacted by the global economic slowdown and an exceptionally difficult operating environment, several positive points warrant mention:

- AXA Group operations have become more efficient, as reflected in the 28% increase in operating earnings, from 1.2 billion euros in 2000 to 1.5 billion in 2001.
- AXA's earnings have become less dependent on capital gains attributable to shareholders, the level of which is directly linked to financial market trends. From 48% of earnings in 2000, they accounted for only 19% in 2001.
- AXA's debt to equity ratio fell by 14 percentage points in one year.

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ENVIRONMENT

Four major setbacks

In 2001, the global economy took an even sharper turn for the worse compared with 2000. In the space of three years, the world economy and its financial markets suffered four major setbacks, the full impact of which were felt in 2001:

- Restrictive monetary policies between August 1999 and October 2000
- Oil price hikes in 1999 and 2000
- The burst of the speculative bubble surrounding tech stocks
- The September 11th terrorist attacks in the United States.

These events combined to produce the strongest global economic slowdown the world has seen since 1974, which in turn led to a sharp decline in corporate earnings and sent stock markets tumbling.

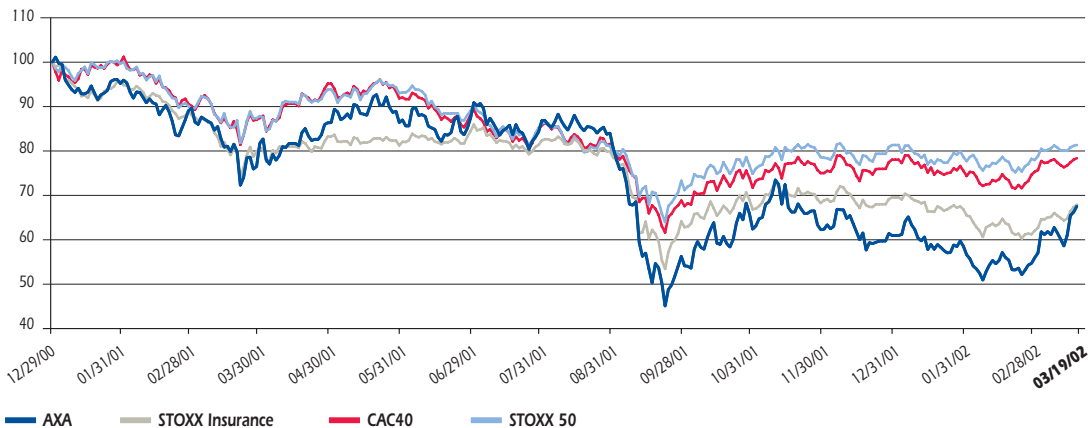
The world's central banks responded to the deepening recession by easing monetary policy. The US Federal Reserve Bank cut its key interest rates 11 times in one year, bringing them down from 6.5% to a low of 1.75%. The European Central Bank also cut its rates, from 4.75% to 3.25%, and the other large central banks followed suit.

While there was some recovery in the markets in the fourth quarter, all the major indices produced negative returns for the second year in a row. In Europe, the CAC 40 (Paris), the Footsie (London) and Eurostoxx 50 all closed down on the year, by 22%, 16% and 205%, respectively. In the United States, the Dow Jones fell 7%, while the S&P 500, down 13%, experienced its worst year since 1974. Nasdaq, the main technology stock market, lost more than 21% in 2001, while in Asia the Nikkei 225 plunged 23.5%. The stock market tumble did not spare a single industry or sector.

AXA STOCK PRICE TRENDS

Mixed performance

AVERAGE MONTHLY STOCK PRICE SINCE JANUARY 1, 2001



(in euros)

	12.29. 2000	03.19. 2002
AXA	38.5	26.0
Stoxx Insurance	463.6	314.9
CAC 40	5,926.4	4,644.9
Stoxx 50	4,557.1	3,707.1

+10.9%:

AXA stock price increase between January 1, 2002 and March 19, 2002.

14%:

Total return provided by AXA stock over five years. For the sake of comparison, over the same period stocks in the Stoxx Insurance, Stoxx 50 and CAC 40 provided a total return of 13.75%, 11.7% and 13.85%, respectively.

The insurance industry, which was naturally one of the hardest hit by the financial consequences of the terrorist attacks, under-performed the general indices, with the DJ Stoxx Insurance index down 30.5% in 2001. Recovery in property and casualty pricing was offset to some extent by a potential margin squeeze, arising from lower equity returns, lower interest rates and higher default rates, and by a slowdown in sales of mutual funds and investment-linked life products. The defensive characteristics of the insurance industry (i.e. long-term growth driven by the demographic requirement for people to save for their retirement) were overshadowed by the perceived sensitivity to financial markets, making the sector as a whole more volatile.

The impact of the September 11th events also weighed heavily on the sector, marking the most expensive insured event ever. Estimates of the total insured loss range from \$50-\$70 billion, though the collapse in the equity markets wiped out an even greater amount of capital. Not only were insurers' profits impacted by the cost of claims from the World Trade Center, they also suffered from significantly lower investment returns, a sharp reduction in their stocks of unrealized capital gains, and lower revenues.

This turbulent environment focused investors' attention on balance sheet strength, and companies perceived to have leveraged balance sheet positions relative to overcapitalized companies were penalized by the markets.

AXA's share price declined by 39% in 2001 due to several factors:

- AXA's geographic diversification. While this gives AXA a strategic advantage over the medium to long term, in 2001 it exposed the Group to the economic difficulties in Japan and the US.
- Focus on AXA's balance sheet. Historically, the Group has focused on optimizing its financial structure rather than running a high excess capital position. All of AXA's ratings were reaffirmed (see section on rating agencies, page 50).
- Falling life and savings revenues in the US and France.

In 2002, the markets have remained volatile, due to concerns that Enron-style corporate failures may be repeated. Investors have been wary of companies with opaque financial reporting and aggressive accounting methodology. The insurance industry got off to a shaky start in 2002. Profit warnings, rating agency downgrades and capital concerns have exerted downward pressure on the sector. Between January and March, seven insurance companies issued profit warnings, and rating agencies downgraded their recommendations and/or outlook on four insurers. The reporting of full year 2001 results did little to reassure investors. Most companies reported significant declines in their net asset values and some companies re-based their dividend policy to conserve capital.

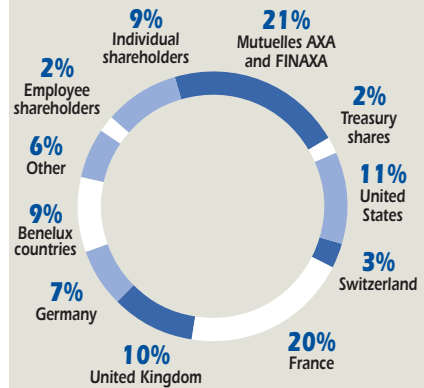
At the end of February, the chairman of the US Federal Reserve Bank cautiously remarked that the US recession was coming to an end. This was supported by economic data showing a reduction in unemployment and an increase in productivity. As a result, equity markets have rebounded, with the Dow Jones rising by 6.1% and the Japanese Nikkei up 11.9% since the start of the year. AXA's full-year earnings for 2001 were announced on March 14, 2002, impressing the markets on several levels:

- The underlying operating performance showed strong improvement over 2000 (+28% to €1.5 billion, +15% on a per share basis) despite difficult market conditions.
- The balance sheet was de-leveraged, from 63% at year-end 2000 to 49% 12 months later, reassuring analysts of the capital strength of the Group.
- The 4% decline in net asset value was lower than expected, confirming the resilience of AXA's capital in the face of volatile equity markets.

The expectation for growth of at least 20% in operating earnings in 2002 was welcomed, particularly in an environment where competitors have been unwilling to provide guidance for the coming year. This has provided analysts with a clear "roadmap" for their profit forecasts.

Four analysts upgraded their recommendations on AXA following the release of the 2001 results: CSFB, JP Morgan, Merrill Lynch and Cazenove. Of the 38 analysts following AXA, 26 rate AXA a buy, six are neutral and three have under-perform recommendations. ■

AXA SHAREHOLDERS AT FEBRUARY 4, 2002



€0.56

Net dividend per share that the shareholders will be asked to approve for payout at their May 3, 2002 meeting, compared with €0.55 in 2001.

+14.5%

Growth in the dividend paid out over the last five years.

A LEADING STOCK



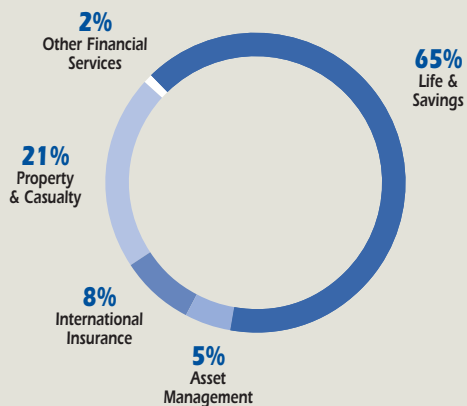
SHAREHOLDERS

For analysts and investors alike, AXA remains one of the leading insurance stocks. AXA also ranks among the largest corporations in terms of market capitalization. The AXA share is included in the major European indices as well as the Dow Jones Global Titan Index, which is comprised of the stocks of 50 of the world's largest US, European and Japanese multinational corporations, and Standard & Poor's 100 Index, the first global index that groups the world's 100 largest corporations based on earnings.

Financial highlights

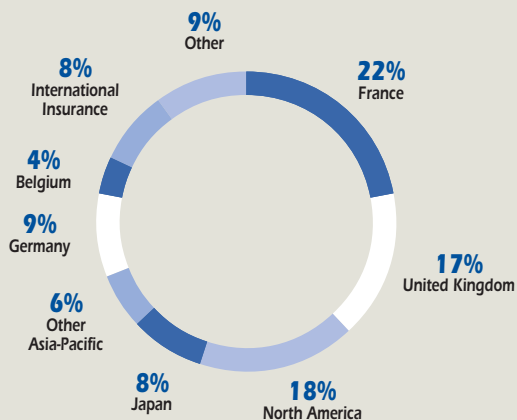
GROSS REVENUES

CONSOLIDATED GROSS REVENUES
BY BUSINESS SEGMENT



TOTAL : €74.8 billion

CONSOLIDATED INSURANCE GROSS REVENUES
BY GEOGRAPHIC REGION

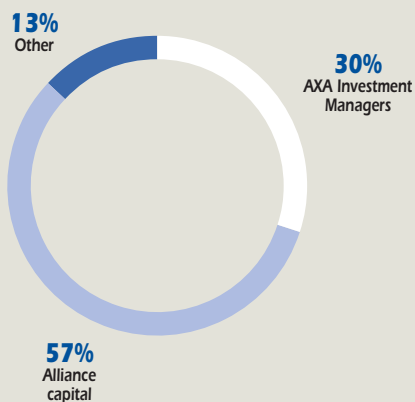


TOTAL : €70.0 billion

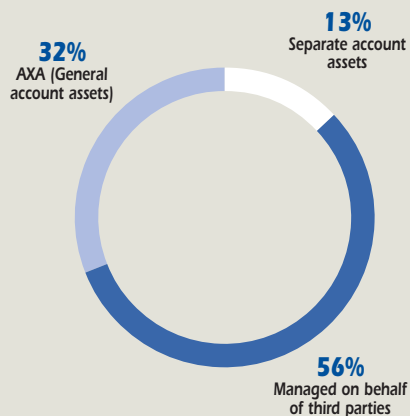
TOTAL CONSOLIDATED GROSS REVENUES IN 2001: €74.8 BILLION
(+2.1% on a comparable basis)

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT
BY COMPANY



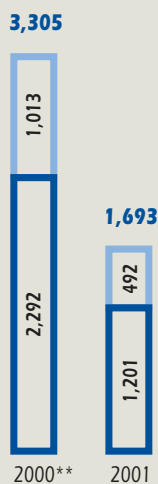
ASSETS UNDER MANAGEMENT
BY CATEGORY



**TOTAL ASSETS UNDER MANAGEMENT
AS AT DECEMBER 31, 2001: €910 BILLION**
(€895 billion as at December 31, 2000)**

CASH EARNINGS*

(in euro millions)



■ Minority interests
■ Group share

OPERATING EARNINGS

(in euro millions)

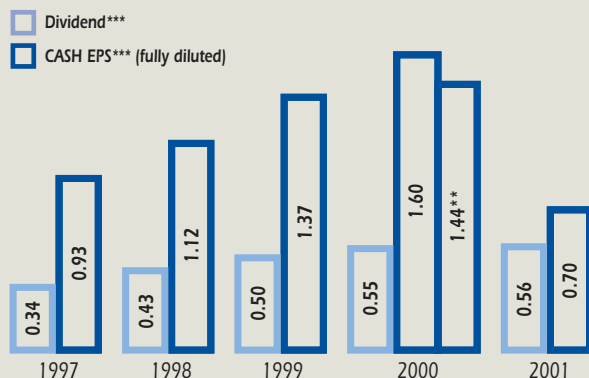
CONTRIBUTION TO CONSOLIDATED
NET INCOME, CASH EARNINGS
AND OPERATING EARNINGS

(in euro millions)

	2001	2000**
Operating earnings	1,533	1,196
September 11 th impacts	(561)	-
Net capital gains	229	1,096
Cash earnings	1,201	2,292
of which: <i>Life & Savings</i>	1,225	1,401
<i>Property & Casualty</i>	182	237
<i>International Insurance</i>	(378)	112
<i>Asset Management</i>	346	211
<i>Other Financial Services</i>	144	273
<i>Holding companies</i>	(318)	58
Cash earnings	1,201	2,292
Impact of exceptional operations	-	1,431
Goodwill amortization (group share)	(681)	(279)
Net Income	520	3,444

CASH EARNINGS AND NET DIVIDEND
PER SHARE

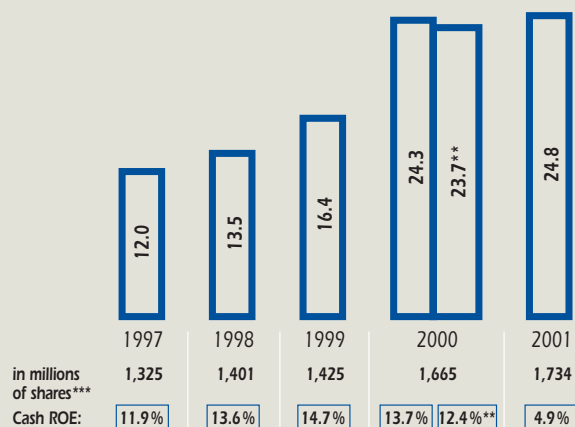
(in euros)



■ Dividend***
■ CASH EPS*** (fully diluted)

CONSOLIDATED SHAREHOLDERS' EQUITY
(GROUP SHARE)

(in euro billions)



in millions of shares***
Cash ROE:

* Cash earnings represent net income before the impact of exceptional operations and amortization of goodwill. Cash earnings represent a non-GAAP measure, therefore may not be comparable with similarly titled measures reported by other companies as it is not defined under French GAAP.

** December 31, 2000 financial statement as reported has been presented under a new basis of presentation following the implementation of new French Regulations effective January 1, 2001.

*** 2000 and previous years per ordinary share data restated the effect of the 4-1 stock split approved by the shareholders at the annual general meeting held on May 9, 2001.

Consolidated gross revenues

(in euro millions)

	Life & Savings	2001 Property & Casualty	Total	Life & Savings	2000 Property & Casualty	Total
Europe (and Morocco)	27,064	14,981	42,045	26,674	14,735	41,409
France	10,997	4,171	15,168	12,528	4,001	16,530
United Kingdom	9,086	2,480	11,565	7,939	2,683	10,622
Germany	2,997	3,142	6,139	2,912	3,085	5,997
Belgium	1,686	1,323	3,009	1,099	1,297	2,396
Italy	358	1,081	1,439	390	1,038	1,428
Spain	525	1,000	1,525	420	897	1,317
The Netherlands	912	245	1,158	924	274	1,198
Portugal	143	324	466	121	304	425
Ireland	-	492	492	-	424	424
Austria/Hungary	116	246	362	90	220	310
Turkey	50	205	255	40	252	291
Morocco	73	140	212	69	139	209
Luxembourg	56	56	112	79	52	131
Switzerland	66	76	142	62	69	131
North America	11,696	693	12,389	12,527	663	13,191
United States	11,642	-	11,642	12,483	-	12,483
Canada	54	693	747	45	663	708
Asia-Pacific	9,639	222	9,861	6,796	180	6,976
Australia/New Zealand	2,587	-	2,587	2,399	-	2,399
Japan	5,475	70	5,545	3,353	26	3,379
Hong Kong	1,353	96	1,449	837	96	933
Singapore	216	56	271	127	59	186
South Korea	-	-	-	76	-	76
China	9	-	9	4	-	4
International Insurance			5,678			3,651
AXA Corporate Solutions			5,288			3,297
AXA Assistance, other			390			354
TOTAL INSURANCE			69,974			65,226
Asset Management			3,730			2,984
Other Financial Services			1,128			11,760
TOTAL			74,832			79,971

CHANGES IN SCOPE OF CONSOLIDATION:

Life insurance and savings: AXA's ownership of AXA Financial in the United States went from 58% to 100% following the buyout of minority interests on January 2, 2001. AXA's ownership of AXA UK (formerly SLPH) in the United Kingdom increased from 56% to 100% following the buyout of minority interests on July 12, 2000. In March 2000, AXA acquired a 96% equity interest in Nippon Dantai. The figures for fiscal year 2000 include revenues over a nine-month period for former AXA Life Japan and over six months for the new company, AXA Japan, created following the acquisition of Nippon Dantai. The annual reporting period for companies operating in Japan ends on September 30th.

For the first time, Australia/New Zealand and Hong Kong aligned their cut-off dates with the reporting periods used by other Group subsidiaries. Consequently, the year ended December 31, 2001 reflects 15 months of operation.

Contribution to consolidated cash earnings and operating earnings

(in euro millions)

	CASH EARNINGS						OPERATING EARNINGS*	
	2001			2000			2001	2000
	Life & Savings	Property & Casualty	Total	Life & Savings	Property & Casualty	Total		
Europe (and Morocco)	739	233	972	922	265	1,187	698	462
France	345	266	610	392	222	614	362	325
United Kingdom	167	(133)	33	179	(150)	29	60	(109)
Germany	21	85	106	46	44	90	97	68
Belgium	65	(5)	60	172	200	372	53	143
Italy	36	(6)	30	45	(66)	(22)	32	(44)
Spain	22	5	26	14	6	19	12	(5)
The Netherlands	70	(31)	39	57	8	66	23	57
Portugal	9	2	11	7	18	26	13	17
Ireland	-	30	30	-	(17)	(17)	31	(14)
Austria/Hungary	2	2	4	3	1	3	2	1
Turkey	0	2	2	1	9	10	4	4
Morocco	1	14	15	2	(14)	(12)	6	15
Luxembourg	1	2	3	2	3	5	4	4
Switzerland	1	0	2	3	1	4	0	0
North America	521	18	540	377	22	399	631	434
United States	518	-	518	373	-	373	617	416
Canada	4	18	22	4	22	27	15	18
Asia-Pacific	(36)	(69)	(105)	101	(50)	51	276	(7)
Australia/New Zealand	29	-	29	1	-	1	13	(27)
Japan	(99)	(46)	(145)	52	(58)	(6)	194	(47)
Hong Kong	37	(27)	10	44	7	50	69	62
Singapore	(2)	4	2	2	1	3	1	1
South Korea	-	-	-	4	-	4	-	4
China	(2)	-	(2)	(2)	-	(2)	(2)	(2)
International Insurance	(378)		(378)	112		112	92	(57)
AXA Corporate Solutions			(350)			132	117	(36)
AXA Assistance, others			(28)			(20)	(25)	(21)
TOTAL INSURANCE			1,029			1,750	1,697	832
Asset Management			346			211	328	209
Other Financial Services			144			273	115	253
Holding companies			(318)			58	(607)	(98)
TOTAL			1,201			2,292	1,533	1,196

Property & casualty: The Group's equity interest in the United Kingdom and Ireland increased from 56% to 100% following the buyout of minority interests in AXA UK on July 12, 2000.

Asset management: The Group's equity interest in Alliance Capital (Alliance) increased from 34% to 53% following the buyout of minority interests in AXA Financial on January 2, 2001. Alliance acquired Sanford C. Bernstein on October 2, 2000 and formed a joint venture with AXA Australia/New Zealand on February 1, 2001. AXA Investment Managers (AXA IM) acquired AXA Real Estate Investment Managers (AXA REIM) on January 1, 2001. AXA IM increased its interest in AXA IM UK from 56% to 100% following AXA's buyout of minority interests in AXA UK on July 12, 2000. National Mutual Funds Management switched its cut-off date from September 30 to December 31, 2001. Consequently, the year ended December 31, 2001 reflects 15 months of operation.

* Operating earnings include net cash earnings, excluding capital gains net of valuation allowances, and excluding the impact of September 11, 2001.

The insurance and asset management markets in 2001

Life and Savings

The life and savings markets in which AXA operates were affected by certain changes in financial market conditions, reflected in declining stock prices and a trend towards safe investments. Although the impact is difficult to quantify, the life and savings market in 2001 exhibited the following characteristics:

- an overall decrease in unit-linked investment products, for which demand is closely linked to stock market performances
- an increase in traditional life and financial protection contracts, especially investment contracts that provide fixed rates of return.

Despite the events of 2001, the long-term outlook suggests that demand for insurance products will increase. In Europe, as the post-World War II baby boom generation ages, many governments are reducing the level of state-funded welfare systems. This trend has led to growing demand for retirement and other savings-oriented products, as well as for expert advice and services related to financial, tax and estate planning needs.

Property and Casualty

After several years of intense competition and, consequently, low premium rates, principally in automobile and commercial risk lines, premium rates in European countries began to rise in 1999, increasing significantly in 2001. This improvement in prices has helped offset the following adverse factors:

- a general deterioration in claims experience due to a number of natural disasters that occurred over the last few years
- an increase in the cost of claims, particularly bodily injury claims, due to changes in legislation or court awards
- a general increase in the frequency of claims, particularly relating to automobile insurance cover.

International Insurance

The global reinsurance and large corporate property and casualty market was significantly impacted by a series of exceptional major losses in 2001, in particular the terrorist attacks in the United States on September 11th. As a result of these losses, reinsurance companies have begun to accept fewer proportional reinsurance risks, with the aim of improving their control over specific risk exposures. In addition, reinsurers are seeking new underwriting terms and conditions that specifically exclude terrorism, and will attempt to restrict reinsurance coverage in general through improved documentation and controls, as well as by significantly raising premium rates.

These changes in the international insurance environment should impact the 2002 renewal season. It is likely as well that the market will see a trend towards alternative risk transfer products. Finally, the events of 2001 could lead to further industry consolidation, with weaker players possibly disappearing from the reinsurance market or merging with other competitors.

Asset Management

Asset management business conditions were difficult in 2001, as stock markets around the world suffered sizable losses, reducing the market value of assets under management and, consequently, fees collected on funds managed by asset management companies. The market experienced a general shift away from speculative equity investments and into more secure, historically stable, high-quality investment options such as fixed income and money market funds.

Earnings by segment and by country

Cash earnings for 2001 totaled €1,201 million, versus €2,292 in 2000, reflecting:

- €704 million in valuation allowances for other than temporary impairment of financial assets (€636 million for equities and €68 million for Enron bonds)
- €561 million related to the September 11th attacks.

Operating earnings increased by 28.2% to €1,533 million, versus €1,196 million in 2000. This increase primarily reflects the significant improvement in the Group's operating performance.

Life and savings benefited from the impact of acquisitions completed in 2000. The cost-reduction program implemented in the latter part of 2001 should enable the Group to swiftly adjust to its new environment.

Property & casualty insurance is beginning to show signs of improvement, which is very encouraging with respect to AXA's combined ratio target of 104% by the end of 2003. The loss ratio has improved in all the major countries except Germany, which was heavily impacted by claims related to the events of September 11th.

Asset management business reported a strong increase in net inflows across distribution channels. Cash earnings were very strong, despite the shift to safer investments and a lower margin.

Insurance

FRANCE

Cash earnings from life insurance and savings operations totaled €345 million, a decrease of 12% compared with 2000 (€392 million), primarily attributable to an increase in income tax expense due to a higher effective tax rate. While fees and revenues decreased due to a drop in unit-linked product sales, and expenses increased by €50 million before taxes due to costs related to strategic initiatives and process reengineering, their combined impact was offset by improvement in both the technical margin and the investment margin. Operating earnings totaled €284 million, up 2% versus the previous year.

Cash earnings from property and casualty operations totaled €266 million, versus €222 million in 2000. The 20% increase can be attributed to higher net investment results and an improved technical margin, reflecting rate increases and a more stringent risk selection policy, partly offset by higher general expenses (up €55 million before taxes), due to strategic initiatives and the process reengineering program under way, and higher income tax expense. Operating earnings increased by €32 million to €78 million.

UNITED KINGDOM

Cash earnings from life insurance and savings operations totaled €167 million, a 7% decrease compared with 2000 (€179 million). Excluding the increased contribution of the UK following the minority buyout (€61 million) and the impact of the depreciation of the British pound versus the euro (-€3 million), cash earnings decreased by €70 million (-39%). This decline is attributable to three principal factors: higher general expenses due to process and systems reengineering investments, investment in a new Internet capability to sell mutual funds, and lower management fees and revenues due to financial market depreciation, partly offset by the positive impact of the financial reorganization and the change in the basis for determining profit from participating With Profit funds. Operating earnings decreased €4 million, by (-2%) versus 2000 on a comparable basis.

Cash earnings from property and casualty insurance operations improved by €17 million compared with 2000 to a loss of €133 million. Excluding the increased contribution of the UK following the minority buyout and the impact of the depreciation of the British pound versus the euro, cash earnings increased by €87 million. This performance was primarily driven by an improved technical result (lower level of unfavorable loss reserve development than in previous years) and lower expenses, partly offset by a decrease in net investment results (including a €91 million loss related to valuation allowances on assets). Operating earnings improved by €214 million, to a loss of €133 million on a comparable basis.



BELGIUM

Cash earnings from life insurance and savings operations totaled €65 million, compared with €172 million in 2000. The sharp drop in cash earnings reflects a decrease in the investment margin resulting from valuation allowances on assets (€88 million) and higher income tax expense (taxable realized gains on fixed maturity securities in 2001 versus non-taxable realized gains on equity investments in 2000). Operating earnings decreased by €34 million (-42%), to €47 million, mainly due to the higher tax expense.

Cash earnings from property and casualty insurance operations were a loss of €5 million, versus a profit of €200 million in 2000, attributable to a decrease in the net investment result, stemming from a lower level of capital gains (of which a loss of €90 million related to valuation allowances on assets), and a deterioration in the technical result due to less favorable loss reserve development in automobile insurance and workers' compensation. Operating earnings fell by €56 million versus 2000, to €5 million.



GERMANY

Cash earnings from life insurance and savings operations totaled €21 million, versus €46 million in 2000, reflecting a decrease in the investment margin, due to lower investment income. This decrease was partly offset by a reduced policyholder crediting rate on participating contracts and higher expenses related to strategic initiatives. Operating earnings fell by €23 million versus the prior year, to €20 million.

Cash earnings from property and casualty insurance operations were €85 million, compared with €44 million in 2000. The primary driver of this improvement was the exceptional tax gain generated by German tax reforms (€190 million in 2001, versus €70 million in 2000), partially offset by a lower technical result (due to the dual combined effect of claims related to the September 11th terrorist attacks and unfavorable loss reserve development in professional liability insurance, marine and assumed business), strategic investment costs and a decrease in net investment results (lower dividends). Operating earnings increased by €51 million versus 2000, to €77 million, reflecting the impact of tax reform.



UNITED STATES

Cash earnings from life insurance and savings operations rose by €145 million (+39%), to €518 million. Excluding the impact of the change of scope following the buyout of minority interests in AXA Financial (€252 million) and the appreciation of the US dollar versus the euro (€15 million), cash earnings decreased by €122 million (-33%), reflecting three factors:

- lower management fees and revenues, as a result of the decrease in separate account product sales
- a lower investment margin, due to lower investment yields on the fixed maturity portfolio
- higher expenses, attributable to severance packages related to downsizing (€114 million before taxes), partly offset by the initial effects of the cost reduction program (€99 million before taxes).

Conversely, earnings were boosted by lower tax expense, reflecting the combined effect of lower taxable income and a lower effective tax rate.

On a comparable basis, operating earnings fell by €102 million (15%), to €616 million.

ASIA/PACIFIC

Cash earnings from life insurance and savings operations decreased by €137 million, primarily due to Japan's valuation allowances on assets. Operating earnings increased by €300 million, to €345 million.

Australia/New Zealand

Cash earnings for the 15 months ended December 31, 2001 were €29 million. For the 12-month period ended September 30, 2001, cash earnings totaled €36 million, versus €1 million for the corresponding prior period. This performance reflects a €19 million increase in health business and a €16 million increase in life and savings (reduction in administrative expenses and an exceptional VBI write-off in 2000). For the three months ended December 31, 2001, operating earnings were a loss of €6 million, reflecting a profit of €8 million in health and a loss of €14 million in life and savings, due to a strengthening of income protection reserves as a result of a poor claims experience.

Operating earnings for the 15 months ended December 31, 2001 totaled €13 million, an increase of €40 million versus the corresponding prior period.

Japan

Cash earnings were a loss of €99 million, down sharply from a profit of €52 million in 2000, reflecting €273 million (net group share) in valuation allowances on assets.

Operating earnings of €240 million (versus €18 million in 2000) were positively impacted by the increase in investment yield, a change in the product mix in favor of certain term life and health insurance products with higher policyholder charges, and a stringent cost-cutting program.

Hong Kong

Cash earnings for the 15-month period ended December 31, 2001 totaled €37 million. For the 12 months ended September 30, 2001, cash earnings totaled €66 million, up €22 million versus the corresponding period one year earlier, attributable to a higher investment margin. For the three months ended December 31, 2001, cash earnings were a loss of €29 million, due to €35 million in valuation allowances on assets. Operating earnings for the 15 months ended December 31, 2001 increased by €31 million over 2000, to €95 million.

OTHER COUNTRIES

Cash earnings from life insurance and savings operations rose 6%, to €145 million, mainly due to the contribution of the Netherlands and Spain. Operating earnings were €142 million, up 15% versus 2000.

Cash earnings from property and casualty insurance operations for 2001 were a loss of €31 million, compared with a profit of €78 million in 2000. Although technical results improved significantly in Ireland and Italy, they deteriorated elsewhere, particularly in the Netherlands (reflecting reserve strengthening in automobile insurance bodily injury and a deterioration in run-off business) and Hong Kong (reflecting a deterioration in the claims experience in construction disability business, currently in run-off).

Operating results improved by €52 million versus 2000, to a loss of €70 million.

International Insurance

International Insurance primarily includes AXA Corporate Solutions, which covers reinsurance and large corporate risks.

Cash earnings were a loss of €378 million, versus a profit of €112 million in 2000, mainly due to a loss of €18 million related to valuation allowances on assets, and claims of €515 million associated with the September 11th terrorist attacks. Operating earnings increased by €149 million, to €92 million, compared with a loss of €57 million in 2000.

AXA CORPORATE SOLUTIONS

Cash earnings decreased by €482 million compared with 2000, to a loss of €350 million, primarily reflecting the decline in the net technical margin (due to claims associated with the September 11th terrorist attacks) and a lower investment result (due to lower net capital gains), partly offset by a decrease in income tax expense due to a decline in operating income. Operating earnings increased by €153 million versus 2000, to €117 million.

Asset Management

Cash earnings were €346 million, up 64% versus 2000. Assets under management by Alliance Capital and AXA Investment Managers increased from €739 billion at year-end 2000 to €794 billion at the December 31, 2001 reporting date, an increase of 7.4%. Net cash inflows were €73 billion, including €8 billion from joint ventures (primarily Alliance Capital/AXA Australia/New Zealand) and €14 billion from AXA Real Estate Investment Managers, more than offsetting market depreciation of €53 billion.

ALLIANCE CAPITAL

At December 31, 2001, Assets under management totaled €517 billion, an increase of €34 billion compared with December 31, 2000. This increase is primarily due to net cash inflows across all distribution channels, despite a very difficult stock market environment.

Cash earnings increased by €113 million (€105 million on a constant exchange rate basis), reflecting the increase in AXA's ownership of Alliance Capital as a result of the buyout of minority interests in AXA Financial.

AXA INVESTMENT MANAGERS

Assets under management increased by 8% (2% on a comparable basis) in 2001, to €277 billion at the December 31, 2001 reporting date. The impact of net cash inflows of €26 billion – including €14 billion from AXA Real Estate Investment Managers – was partly offset by equity market depreciation (€8 billion).

Cash earnings rose to €58 million, an increase of €10 million, reflecting an increase in fees, commissions and revenues, and additional earnings generated by the increase in AXA's ownership of AXA Investment Managers UK, partially offset by an increase in operating expenses due to incoming businesses and higher personnel expense related to business growth.

Consolidated statements of income

(in euro millions, except per ordinary share amounts)

Years ended December 31,	2001	2000(a)
Gross premiums written	69,471	64,788
Bank revenues	1,127	11,754
Fees, commissions and other revenues	4,234	3,429
Gross revenues	74,832	79,971
Change in unearned premium reserves	(355)	(439)
Net investment results	(1,244)	14,629
Total revenues	73,233	94,161
Insurance benefits and claims	(56,668)	(62,160)
Reinsurance ceded, net	1,163	459
Insurance acquisition expenses	(6,394)	(5,892)
Bank operating expenses	(838)	(6,509)
Administrative expenses	(8,755)	(11,859)
Operating Income	1,721	8,200
Income tax expense	(45)	(2,445)
Equity in income (loss) of unconsolidated entities	17	(23)
Goodwill amortization	(788)	(353)
Minority interests	(385)	(1,935)
NET INCOME	520	3,444
<i>Net Income Per Ordinary Share:(b)</i>		
- Basic	0.30	2.27
- Diluted	0.32	2.15
Impact of exceptional operations (d)	-	(1,431)
Goodwill amortization (group share)	681	279
CASH EARNINGS (c)	1,201	2,292
<i>Cash earnings Per Ordinary Share: (b)</i>		
- Basic	0.70	1.51
- Diluted	0.70	1.44

(a) December 31, 2000 financial statement as reported has been presented under a new basis of presentation following the implementation of new French Regulations effective January 1, 2001.

(b) 2000 per ordinary share data restated for the effect of the 4-for-1 stock split approved by the shareholders at the annual general meeting held on May 9, 2001.

(c) Cash earnings represent net income before the impact of exceptional operations and amortization of goodwill. Cash earnings represent a non-GAAP measure, therefore may not be comparable with similarly titled measures reported by other companies as it is not defined under French GAAP.

(d) The exceptional operations included. In 2000:

- the consolidated net realized gain on the sale of Donaldson, Lukfin & Jenrette ("DLJ"), which totaled euro 2,004 million net group share (euro 2,071 million net group share and net of realized and unrealized losses on Credit Suisse Group shares received in respect of that transaction of euro 67 million);
- realized losses and valuation allowances of euro 236 million (net group share) relating primarily to the Equitable Life high yield bond portfolio as a result of broad weaknesses in credit markets from a slowing economy during the third and fourth quarter of 2000, coupled with a review of investment strategy following AXA's acquisition of the minority interests in AXA Financial ; and
- provision of euro 125 million recorded during the period in connection with the sale of Banque Worms, which was completed in April 2002.

Consolidated balance sheets

(in euro millions)

ASSETS	12.31.2001	12.31.2000 (a)
Goodwill	15,879	15,865
Value of purchased life business inforce	3,739	3,724
Other intangible assets	396	403
Total other intangible assets	4,135	4,127
Real estate	13,409	13,825
Investments in participating interests	3,828	3,113
Fixed maturities	143,527	134,214
Equity investments	64,537	65,773
Mortgage, policy and other loans	22,907	26,316
Total investments from insurance activities	248,208	243,241
Separate account (unit-linked) assets	115,723	117,261
Total investments from non-insurance activities	10,355	10,773
Investment in affiliated companies (equity method)	1,570	1,217
Reinsurers' share of insurance liabilities	11,591	9,142
Reinsurers' share of separate accounts (unit-linked) liabilities	28	92
Reinsurers' share of insurance liabilities	11,619	9,234
Receivables from insurance and reinsurance activities	15,571	13,817
Receivables (bank customers)	7,130	6,577
Receivables (other)	4,303	4,142
Receivables from non-insurance activities	11,433	10,719
Cash and cash equivalents	17,646	28,728
Tangible assets	1,944	1,790
Other assets	7,493	5,841
Other assets	9,437	7,631
Deferred acquisition costs	10,917	9,359
Other prepayments and deferred charges	13,106	14,540
Prepayments and accrued income	24,023	23,899
TOTAL ASSETS	485,599	486,513

(a) December 31, 2000 financial statement as reported has been presented under a new basis of presentation following the implementation of new French Regulations effective January 1, 2001.

(in euro millions)

LIABILITIES	12.31.2001	12.31.2000(a)
Ordinary shares of €2.29 nominal value per share	3,971	3,809
Capital in excess of nominal value	13,627	12,379
Retained earnings brought forward	6,662	4,230
Retained earnings for the financial year	520	3,904
Shareholders' equity	24,780	24,322
Minority interests in retained earnings brought forward	3,024	1,578
Minority interests in retained earnings for the financial year	385	2,124
Minority interests	3,409	3,702
Total minority interests and shareholders' equity	28,189	28,023
Mandatorily convertible bonds and notes	-	192
Subordinated debt	8,867	8,261
Insurance liabilities, gross of reinsurance	272,125	263,174
Separate account (unit-linked) liabilities, gross of reinsurance	115,305	117,469
Provisions for risks and charges	10,553	11,530
Payables arising from insurance and reinsurance activities	8,806	9,543
Payables (bank customers)	9,985	10,385
Payables (other)	16,556	18,955
Payables arising from non-insurance activities	26,541	29,340
Non-subordinated debt instruments issued	6,140	6,897
Amounts owed to credit institutions	6,609	9,412
Accrued expenses	2,464	2,671
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	485,599	486,513

(a) December 31, 2000 financial statement as reported has been presented under a new basis of presentation following the implementation of new French Regulations effective January 1, 2001.

(in euro millions)

OFF BALANCE SHEET COMMITMENTS	12.31.2001	12.31.2000
Other commitments received		
- Insurance activities	3,450	2,295
- Banking activities	7,176	6,339
- Other activities	4,640	45
Total	15,267	8,679
Other commitments given		
- Insurance activities	3,471	3,648
- Banking activities	9,837	6,751
- Other activities	2,269	882
Total	15,577	11,282

Simplified organization chart

Europe		Americas	Africa
AUSTRIA AXA VERSICHERUNG	LUXEMBOURG AXA LUXEMBOURG	ARGENTINA AXA SEGUROS	CAMEROON AXA ASSURANCES AXA VIE
BELGIUM AXA BELGIUM	NETHERLANDS AXA NEDERLAND	BRAZIL AXA SEGUROS	GABON AXA ASSURANCES AXA VIE
FRANCE AXA ASSURANCES AXA CONSEIL AXA COURTAGE AXA PROTECTION JURIDIQUE AXA ART DIRECT ASSURANCE MAXIS	PORTUGAL AXA PORTUGAL	CANADA AXA ASSURANCES AXA INSURANCE	IVORY COAST AXA ASSURANCES AXA VIE
GERMANY AXA KONZERN AXA ART	SPAIN AXA SEGUROS AXA ART DIRECT SEGUROS	CHILE AXA SEGUROS	MOROCCO AXA ASSURANCE MAROC
HUNGARY AXA BIZTOSITO	SWITZERLAND AXA ASSURANCES AXA ART	UNITED STATES AXA FINANCIAL AXA ART	SENEGAL AXA ASSURANCES SENEGAL
IRELAND AXA IRELAND	TURKEY AXA OYAK	URUGUAY AXA SEGUROS	
ITALY AXA ASSICURAZIONI AXA ART	UNITED KINGDOM AXA UK AXA SUN LIFE AXA INSURANCE AXA ART AXA PPP HEALTHCARE		

The aforementioned company names are commercial trademarks and not corporate names. AXA has a direct

at March 19, 2002

Asia-Pacific

AUSTRALIA

AXA AUSTRALIA

CHINA

AXA MINMETALS
ASSURANCE

HONG KONG

AXA CHINA REGION

AXA GENERAL
INSURANCE

INDONESIA

AXA LIFE INDONESIA
ASURANSI AXA
INDONESIA

JAPAN

AXA LIFE INSURANCE

AXA DIRECT JAPAN

MALAYSIA

AXA AFFIN ASSURANCE

NEW ZEALAND

AXA NEW ZEALAND

PHILIPPINES

PHILIPPINE AXA LIFE

SINGAPORE

AXA INSURANCE

AXA LIFE INSURANCE

TAIWAN

AXA ASSURANCES

THAILAND

KRUNGTHAI AXA LIFE

AXA INSURANCE

International Insurance

GLOBAL RISKS AND REINSURANCE

AXA CORPORATE
SOLUTIONS

ASSISTANCE

AXA ASSISTANCE

Asset Management and Other Financial Services

AXA INVESTMENT
MANAGERS

AXA REAL ESTATE
INVESTMENT MANAGERS

AXA ROSENBERG

AXA PRIVATE EQUITY

AXA MULTI MANAGER

ALLIANCE CAPITAL
MANAGEMENT

BELGIUM

AXA BANK BELGIUM

FRANCE

AXA BANQUE

AXA CRÉDIT

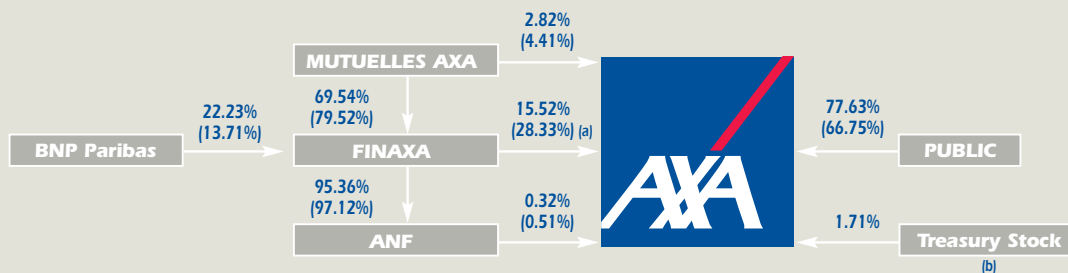
AXA FRANCE FINANCE

COMPAGNIE FINANCIÈRE
DE PARIS

GERMANY

AXA BANK

or indirect controlling interest in these companies (controlling economic interest and/or majority shareholding)



() : voting power

(a) : directly and indirectly

(b) : treasury shares are distributed to AXA Financial's employee stock option plan

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