

PROSPECTUS SUPPLEMENT TO  
PROSPECTUS DATED NOVEMBER 30, 2000.



**\$900,000,000 8.60% Subordinated Notes due December 15, 2030**  
**£325,000,000 7.125% Subordinated Notes due December 15, 2020**  
**€650,000,000 6.75% Subordinated Notes due December 15, 2020**

AXA will pay interest on the U.S. dollar notes on June 15 and December 15 of each year beginning on June 15, 2001. AXA will pay interest on the sterling notes on December 15 of each year beginning on December 15, 2001. AXA will pay interest on the euro notes on December 15 of each year beginning on December 15, 2001 until December 15, 2010, and on March 15, June 15, September 15 and December 15 of each year thereafter. The notes will be issued only in denominations of \$1,000, £1,000 or €1,000 and integral multiples of \$1,000, £1,000 or €1,000, as applicable. The respective note offerings are not conditional upon each other.

AXA will be required to redeem the notes if certain events occur and it has the option to redeem the notes and to defer the payment of interest under certain circumstances, in each case, as more fully described in this prospectus supplement.

AXA has applied to list the notes on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange.

**See "Risk Factors" on page S-28 to read about certain factors you should consider before buying notes.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

This prospectus supplement has not received the *visa* of the French *Commission des opérations de bourse*. Accordingly, this prospectus supplement may not be used to make offers or sales to the public in France in connection with the offer described herein.

	Price to Public	Underwriting Discounts and Commissions	Proceeds, Before Expenses, to AXA(1)
Per U.S. dollar note . . . . .	99.712%	0.875%	98.837%
Total . . . . .	\$897,408,000	\$7,875,000	\$889,533,000
Per sterling note . . . . .	99.885%	0.600%	99.285%
Total . . . . .	£324,626,250	£1,950,000	£322,676,250
Per euro note . . . . .	99.787%	0.550%	99.237%
Total . . . . .	€648,615,500	€3,575,000	€645,040,500

(1) The underwriters have agreed to reimburse AXA for certain of its expenses. See "Underwriting".

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from December 15, 2000 and must be paid by the purchaser if the notes are delivered after December 15, 2000.

The underwriters expect to deliver the U.S. dollar notes in book-entry form through the facilities of The Depository Trust Company, Clearstream, Luxembourg and Euroclear and the sterling notes and the euro notes in book-entry form through the facilities of Clearstream, Luxembourg and Euroclear, in all cases, against payment in immediately available funds on or about December 15, 2000.

**BNP PARIBAS**

**Goldman, Sachs & Co.**

**Lehman Brothers**

Prospectus Supplement dated December 12, 2000.

***U.S. Dollar Notes***

**BNP PARIBAS**

**Goldman, Sachs & Co.**

**Lehman Brothers**

**Credit Suisse First Boston**

**J.P. Morgan & Co.**

**Salomon Smith Barney**

**UBS Warburg LLC**

***Sterling Notes***

**BNP PARIBAS**

**Goldman Sachs International**

**Lehman Brothers**

**Barclays Capital**

***Euro Notes***

**BNP PARIBAS**

**Goldman Sachs International**

**Lehman Brothers**

**ABN AMRO**

**Crédit Agricole Indosuez**

**Deutsche Bank**

**HSBC CCF**

**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where such offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date. We accept responsibility for the information contained in this prospectus supplement and in the accompanying prospectus.**

**In connection with this offering, BNP Paribas, Goldman, Sachs & Co. and Lehman Brothers Inc. or their respective affiliates may over-allot or effect transactions which stabilize or maintain the market price of the notes at levels which might not otherwise prevail. In any jurisdiction where there can be only one stabilizing agent, Lehman Brothers Inc. or its affiliates shall effect any such transactions. This stabilizing, if commenced, may be discontinued at any time.**

This prospectus supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. The offer or sale of the notes may be restricted by law in certain jurisdictions, and you should inform yourself about, and observe, any such restrictions.

A portion of the notes offered hereby are being offered and sold outside the United States without registration under the U.S. Securities Act of 1933.

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It is expected that delivery of the U.S. dollar notes will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which is the fifth business day following the date of the pricing agreement relating to the U.S. dollar notes (such settlement cycle being herein referred to as "T+5"). Purchasers of the U.S. dollar notes should note that trading of these notes on the date of the pricing agreement for these notes may be affected by these settlement dates. See "Underwriting".

#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus contain both historical and forward-looking statements concerning the financial condition, results of operations and business of AXA. All statements other than statements of historical fact are, or may be construed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements, including those discussed elsewhere in this prospectus supplement, the accompanying prospectus and in other public filings, press releases, oral presentations and discussions by AXA. Forward-looking statements include, among other things, discussions concerning the potential exposure of AXA to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

Forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus are identified by use of the following words and other similar expressions, among others:

- “anticipate”
- “believe”
- “could”
- “estimate”
- “expect”
- “goals”
- “intend”
- “may”
- “objectives”
- “outlook”
- “probably”
- “project”
- “risks”
- “seek”
- “should”
- “target”

The following factors could affect the future results of operations of AXA and could cause those results to differ materially from those expressed in the forward-looking statements included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus:

- the intensity of competition from other financial institutions;
- AXA’s experience with regard to mortality and morbidity trends, lapse rates and policy renewal levels relating to its life operations which also include health products;
- the frequency, severity and development of property and casualty claims including catastrophic events which are uncertain in nature, and policy renewal rates relating to AXA’s property and casualty insurance business;
- market risks related to (i) fluctuations in interest rates, equity and debt market prices and foreign currency exchange, (ii) the use of derivatives and AXA’s ability to hedge such exposures effectively, and (iii) counterparty credit risk;
- AXA’s ability to develop, distribute and administer competitive products and services in a timely, cost-effective manner and its ability to develop information technology and management information systems to support strategic goals while continuing to control costs and expenses;
- AXA’s visibility in the market place and the financial and claims paying ratings of its insurance subsidiaries, as well as AXA’s access to adequate financing to support its future business;
- the effect of changes in laws and regulations affecting AXA’s businesses, including changes in tax laws affecting insurance and annuity products as well as operating income and changes in accounting and reporting practices;
- the costs of defending litigation and the risk of unanticipated material adverse outcomes in such litigation;
- adverse political developments around the world, particularly in the principal markets in which AXA and its subsidiaries operate;
- the performance of others on whom AXA relies for distribution, investment management, reinsurance and other services; and
- the effect of any future acquisitions.

The above factors are in addition to those factors discussed:

- in this prospectus supplement under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; and
- in the documents that AXA incorporates by reference into the accompanying prospectus, including “Item 1—Description of Business—Additional Factors which may Affect Business”, “Item 9—Management’s Discussion and Analysis of Financial Condition and Results of

Operation” and “Item 9A—Quantitative and Qualitative Disclosures about Market Risk” sections of AXA’s Annual Report on Form 20-F for the year ended December 31, 1999, as amended by Amendment No. 1 on Form 20-F/A filed with the SEC on October 12, 2000 to include “Item 18—Financial Statements”, which is referred to in this prospectus supplement as the “1999 AXA Form 20-F”.

AXA claims the protection provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. AXA undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise. In light of these risks, AXA’s results could differ materially from the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in the accompanying prospectus.

## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights selected information from this prospectus supplement and the accompanying prospectus and may not contain all the information that is important to you. This prospectus supplement and the accompanying prospectus include specific terms of the notes, information about our business and financial data. You should carefully read this prospectus supplement, including the "Risk Factors" section, the accompanying prospectus and the documents we incorporate by reference before making an investment decision.*

### AXA

AXA is the holding company for an international group of financial services companies focusing on insurance and asset management. With gross premiums and financial services revenues of €66.5 billion for the year ended December 31, 1999 and €41.0 billion for the six months ended June 30, 2000, AXA is one of the largest insurance groups in the world and the largest French insurance group.

AXA's insurance operations include activities in life insurance, property and casualty insurance and international insurance, including reinsurance. The insurance operations are diverse geographically, with activities principally in Western Europe, North America and the Asia/Pacific region and, to a lesser extent, in Africa and South America.

AXA is actively engaged in the asset management business. As of June 30, 2000 and based on the market value of assets at that date, AXA had funds under management of €882 billion, including assets managed on behalf of third party clients of €429 billion. AXA's two principal asset management companies are Alliance Capital Management and AXA Investment Managers.

In addition to insurance and asset management, AXA is engaged in certain other financial services activities principally in Western Europe. Previously, AXA had been engaged in investment banking, primarily in the United States, through Donaldson, Lufkin & Jenrette. On November 3, 2000, AXA, AXA Financial, The Equitable Life Assurance Society of the United States and AXA Participations Belgium sold their 71% interest in Donaldson, Lufkin & Jenrette to Credit Suisse Group. For a description of the basic terms of that transaction, see "Recent Developments" below.

AXA is a *société anonyme à directoire et conseil de surveillance*, a form of limited liability company with a Management Board and a Supervisory Board, organized under the laws of France.

### Recent Developments

In June 2000, AXA notified Banco Bilbao Vizcaya Argentaria, SA that AXA intends to exercise its right to acquire the 30% interest of Banco Bilbao Vizcaya Argentaria in AXA Aurora, their Spanish insurance joint venture. Pursuant to the terms of that right, AXA has offered to acquire the interest of Banco Bilbao Vizcaya Argentaria for €161 million. AXA and Banco Bilbao Vizcaya Argentaria are currently negotiating the final terms and conditions of this transaction and AXA expects that the acquisition will be completed prior to December 31, 2000.

In July 2000, AXA completed the acquisition of the outstanding minority interests in Sun Life & Provincial Holdings, a subsidiary in the United Kingdom, for approximately £2.3 billion (€3.7 billion based on the exchange rate as of July 12, 2000, the date on which the acquisition was declared fully unconditional). This acquisition was financed primarily with the net cash proceeds of approximately €3.7 billion from an offering of 30.2 million newly issued AXA ordinary shares. You should read AXA's unaudited pro forma financial information included elsewhere in this prospectus supplement which gives pro forma effect to, among others, the acquisition of the outstanding minority interests in Sun Life & Provincial Holdings.

On July 25, 2000, AXA proposed a financial reorganization of AXA Equity & Law, one of its life insurance subsidiaries in the United Kingdom, pursuant to which a portion of the assets of AXA

Equity & Law that have accumulated over the years (which we refer to in this prospectus supplement as the "Inherited Estate") will be attributed to AXA as the shareholder and a portion will be allocated to policyholders in the form of policy bonuses and cash distributions. The amount to be distributed to the shareholder will be subject to a series of stringent safeguards and in any case may not be distributed before 2006.

On October 2, 2000, Alliance Capital Management L.P. and Alliance Capital Management Holding L.P., both affiliates of AXA Financial, acquired substantially all the assets and assumed substantially all the liabilities of Sanford C. Bernstein & Co. Inc., an asset management company based in New York, for a total consideration of approximately \$3.5 billion, consisting of approximately \$1.4 billion in cash and 40.8 million units of limited partnership interest of Alliance Capital Management L.P. In connection with this transaction, AXA Financial has agreed to provide liquidity to the former shareholders of Sanford C. Bernstein after a two-year lock out period to allow the 40.8 million private units of limited partnership interest to be sold to AXA Financial over the subsequent eight years. Generally, not more than 20% of such units may be sold to AXA Financial in any one annual period. To fund the cash portion of the acquisition consideration, in June 2000 AXA Financial purchased 32.6 million units of limited partnership interest of Alliance Capital Management L.P. for an aggregate purchase price of \$1.6 billion.

On October 17, 2000, AXA, AXA Merger Corp., a Delaware corporation and a wholly owned subsidiary of AXA and AXA Financial entered into a Merger Agreement relating to the acquisition of the minority interests in AXA Financial which AXA does not currently own. The acquisition is to be effected by means of an exchange offer and subsequent merger. Under the terms of the Merger Agreement, AXA Financial minority shareholders will receive 0.295 of an AXA American Depositary Share, or ADS, and \$35.75 in cash for each share of AXA Financial common stock. The same consideration will be offered to the minority shareholders of AXA Financial in the subsequent merger. In connection with the exchange offer and subsequent merger, AXA will issue up to 25.62 million ordinary shares, represented by 51.24 million ADSs based on the number of shares of AXA Financial common stock outstanding on November 6, 2000 and not taking into account stock options or other equity-based awards vesting and becoming exercisable in connection with the offer and merger. In addition, AXA and AXA Merger Corp. will pay an aggregate of up to approximately \$6.2 billion in cash to AXA Financial shareholders. The exchange offer is subject to a number of conditions. A portion of the goodwill arising from this transaction can be charged directly to consolidated shareholders' equity under French GAAP to the extent that shares are issued in connection with the transaction. The resulting goodwill will be recorded as an asset and amortized over an estimated useful life of 30 years. This offering is not conditional upon the closing of our exchange offer and subsequent merger with AXA Financial. We have filed with the SEC a registration statement on Form F-4 for the shares in the form of ADSs we will issue as part of the exchange offer and subsequent merger. This registration statement includes financial and other information about AXA Financial, including certain financial projections for years 2000 to 2004. You should read AXA's unaudited pro forma financial information included elsewhere in this prospectus supplement which gives pro forma effect to, among others, the proposed acquisition of the minority interests in AXA Financial which AXA does not currently own.

In connection with the acquisition of the minority interests in AXA Financial, Bank of America International Limited, Chase Manhattan plc, SG Investment Banking and UBS Warburg Ltd. have committed on October 18, 2000, subject to specified conditions, to provide AXA with a \$5 billion multi-currency, dual tranche credit facility. See "Recent Developments" for a description of this proposed credit facility.

On October 24, 2000, AXA and Deutsche Bank executed a non-binding letter of intent relating to the sale of Banque Worms to Deutsche Bank. In connection with this transaction, it is anticipated that a subsidiary of AXA (the obligations of which will be guaranteed by AXA) will (i) make representations and warranties customary for a transaction of this nature, (ii) retain certain of

Banque Worms' assets, including those relating to discontinued business activities with respect to shipping finance, commodity financing and the closure of foreign branches as well as the majority of Banque Worms' investment securities, and (iii) provide a guaranty to Deutsche Bank covering certain losses incurred by Banque Worms as a result of payment defaults with respect to loans transferred with Banque Worms in the transaction.

On November 3, 2000, AXA Financial and certain of its affiliates sold their 71% interest in Donaldson, Lufkin & Jenrette to Credit Suisse Group. Total proceeds from the sale were \$7,342 million (€8,528 million) and included cash of \$3,577 million (€4,155 million) and Credit Suisse Group shares with a market value as of November 3, 2000 of \$3,765 million (€4,373 million). In this paragraph, U.S. dollar amounts have been translated to euro using the Euro Noon Buying Rate on November 3, 2000 of €1.00 = \$0.861. You should read AXA's unaudited pro forma financial information included elsewhere in this prospectus supplement which gives pro forma effect to, among others, the sale of Donaldson, Lufkin & Jenrette.

#### **Financial Information for the Nine Months Ended September 30, 2000**

On November 14, 2000, AXA announced unaudited revenue figures for the nine months ended September 30, 2000. AXA's gross premiums and financial services revenues for the nine months ended September 30, 2000 were € 61.8 billion, an increase of € 13.9 billion, or 28.9%, as compared to the nine months ended September 30, 1999. Excluding Donaldson, Lufkin & Jenrette, AXA's gross premiums and financial services revenues for the nine months ended September 30, 2000 would have been € 51.1 billion, an increase of 24%, as compared to the nine months ended September 30, 1999 after excluding Donaldson, Lufkin & Jenrette.

On November 14, 2000, AXA Financial published its unaudited financial statements for the nine months ended September 30, 2000. Consolidated assets under management of AXA Financial at September 30, 2000, excluding amounts held by Donaldson, Lufkin & Jenrette, increased to approximately \$417 billion, an increase of 22.4% from September 30, 1999.

Total sales of life insurance, annuity and mutual fund products by the Financial Advisory/ Insurance Segment increased to approximately \$11 billion for the nine months ended September 30, 2000, an increase of 10.9%, as compared to approximately \$10 billion in the corresponding prior period. Mutual fund sales by Alliance Capital Management for the nine months ended September 30, 2000 increased to approximately \$59 billion, an increase of 56.4%, as compared to the corresponding prior period. Sales in the institutional business increased to nearly \$10 billion, an increase of 62.6%, as compared to the corresponding prior period.

For the nine months ended September 30, 2000, AXA Financial's net income was \$483 million, after a \$407 million charge for taxes required as a result of management's decision to dispose of Donaldson, Lufkin & Jenrette, compared with \$834 million in the nine months ended September 30, 1999. The results for the nine months ended September 30, 1999, included an after-tax gain of \$212 million relating to the sale of *DLJdirect* tracking stock. The gain on the sale of Donaldson, Lufkin & Jenrette, as well as the remaining taxes on that gain, will be reported in the fourth quarter of 2000.

For the nine months ended September 30, 2000, AXA Financial incurred investment losses of \$232.7 million due to \$136.3 million of writedowns primarily on high yield and emerging market securities and \$96.4 million of losses on sales.



### The Offering

Notes being offered .	<b>U.S. dollar notes</b>	\$900,000,000 8.60% Subordinated Notes due December 15, 2030
	<b>Sterling notes</b>	£325,000,000 7.125% Subordinated Notes due December 15, 2020
	<b>Euro notes</b>	€650,000,000 6.75% Subordinated Notes due December 15, 2020

We refer to the U.S. dollar notes, the sterling notes and the euro notes in this prospectus supplement as the “notes”.

The notes will be issued under an indenture dated as of December 15, 2000 between us and The Bank of New York, as trustee, as supplemented by a supplemental indenture dated as of December 15, 2000 which will set forth the specific terms of the notes. The indenture and the supplemental indenture are more fully described in this prospectus supplement and in the accompanying prospectus. The U.S. dollar notes, the sterling notes and the euro notes will each be treated as a separate series of notes and as such will vote and act, and may be redeemed, separately.

We may issue as many distinct series of notes under the indenture as we wish. We may, without the consent of holders, “reopen” any series of notes and issue additional notes of each issued series having the same ranking and the same interest rate, maturity and other terms as the issued series.

Ranking;  
subordination . . . . .

The notes constitute our direct, unsecured, dated subordinated obligations and will rank, without any preference among themselves, equally and ratably with all our other present or future unsecured, dated subordinated obligations.

Subject to applicable law, in the event of our voluntary or judicial liquidation (*liquidation judiciaire ou amiable*) or, following an order for judicial reorganization (*redressement judiciaire*), the sale of our whole business (*cession totale de l’entreprise*), all payments on the notes will:

- be subordinated, and subject in right of payment, to the prior payment in full of all claims of all our unsubordinated creditors, and
- rank prior to any payments due on our existing undated subordinated debt securities or on any *prêts participatifs* granted to us or on any *titres participatifs* issued by us.

The indenture does not limit the amount of unsubordinated claims that we or our subsidiaries may incur or assume at any time. In the event that we are unable to pay our unsubordinated creditors in full, our obligations under the notes will become null and void.

Interest rates . . . . .

**U.S. dollar notes** The U.S. dollar notes will bear interest until maturity at a fixed rate per annum equal to 8.60%.

**Sterling notes** The sterling notes will bear interest until maturity at a fixed rate per annum equal to 7.125%.

**Euro notes** The euro notes will initially bear interest from the date of issue to December 15, 2010 at a fixed rate per annum equal to 6.75%. After December 15, 2010, the euro notes will convert to floating rate notes which will bear interest at a floating rate equal to the euro reference rate as defined in "Description of Notes—Principal, Maturity and Interest" in this prospectus supplement plus a margin of 2.20%, calculated on the relevant interest determination date.

See "Description of Notes—Principal, Maturity and Interest" for a complete description of the calculation of interest rates for the euro notes.

Interest payment dates . . . . .

All interest on the notes will accrue from December 15, 2000 and will be payable in arrears on the following "interest payment dates":

**U.S. dollar notes** Every June 15 and December 15, beginning on June 15, 2001.

**Sterling notes** Every December 15, beginning on December 15, 2001.

**Euro notes** Every December 15, beginning on December 15, 2001 until December 15, 2010, and every March 15, June 15, September 15 and December 15 thereafter.

Record dates . . . . .

**U.S. dollar notes** June 1 and December 1.

**Sterling notes** December 1.

**Euro notes** December 1 until December 1, 2010, and March 1, June 1, September 1 and December 1 beginning with March 1, 2011.

Calculation of interest . . . . .

If interest is required to be calculated for any period of less than a year, it will be calculated on the following basis:

**U.S. dollar notes & Sterling notes** A 360-day year consisting of twelve 30-day months.

**Euro notes** Until December 15, 2010, the actual number of days elapsed since the issue date of such notes or, if more recent, the last interest payment date divided by 365 (or, if any portion of this period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

After December 15, 2010, the actual number of days elapsed since the issue date of such notes or, if more recent, the last interest payment date divided by 360.

Deferral of interest

payments . . . . .

Under certain circumstances, we will be permitted to defer the current payment of interest with respect to a series of notes which would otherwise be payable on that interest payment date. We call this an "optional interest payment date". An optional interest payment date is any applicable interest payment date if:

- the trustee has received a notice from us confirming that (A) a regulatory intervention (as defined below) has occurred and is continuing on such interest payment date and (B) no dividend distribution has been declared on any class of our share capital since the date of that regulatory intervention, or
- no dividend distribution on any class of our share capital was declared at the annual general meeting of our shareholders immediately prior to that interest payment date.

The deferral of any interest payment on any optional interest payment date will not constitute a default by us and will not give you or the trustee any right to accelerate the notes under the indenture. However, if any payment of interest on notes of any series is deferred, the deferred interest will be considered "arrear of interest" and will accrue interest at the rate applicable to that series of notes. The interest accrued on the arrears of interest with respect to any series of notes will be considered "additional interest" and will become due and payable when the applicable arrears of interest become due and payable. If we defer interest on any series of notes, we will provide the trustee and the holders of such notes with at least fifteen days' notice before the relevant optional interest payment date. So long as the applicable notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, we will publish such notice at least once in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and provide such notice to the Luxembourg Stock Exchange.

We may defer paying interest on each optional interest payment date until:

**U.S. dollar notes** five years from the first interest payment date on which the payment of interest on the U.S. dollar notes was deferred or any earlier date on which the U.S. dollar notes are paid in full. This means that we must pay all accrued arrears of interest and additional interest at the end of this five-year period or at such earlier date. We may again defer the current payment of interest which would otherwise be payable on interest payment dates following the end of this five-year period, with any subsequent deferral period also not to exceed five years.

**Sterling notes & Euro notes** the maturity of the respective series of notes or any earlier date on which the respective series of notes are paid in full.

We refer in this prospectus supplement to the period during which the payment of interest is deferred as a "deferral period".

A "regulatory intervention" means (i) a request to us from any relevant supervisory authority to restore either our applicable minimum solvency margins or capital adequacy levels or (ii) in respect of any of our principal subsidiaries, a request to that principal subsidiary by its relevant supervisory authority to restore either its applicable minimum solvency margins or capital adequacy levels.

A "relevant supervisory authority" means any relevant regulator having jurisdiction over us, in the event that we are regulated on a consolidated basis and are required to comply with any applicable minimum solvency margins or capital adequacy levels, or over any of our principal subsidiaries.

A "principal subsidiary" means any of our consolidated subsidiaries engaged in the insurance business and regulated as such, and whose contribution to our consolidated gross written premiums or consolidated gross technical reserves represents 5% or more of our consolidated gross written premiums or consolidated gross technical reserves, respectively, as shown in our most recent audited consolidated financial statements as of the relevant interest payment date.

As of December 31, 1999, our principal subsidiaries were AXA Conseil Vie, AXA Collectives, AXA Colonia Leben, The Equitable Life Assurance Society and Sun Life Assurance Society.

The term "accrued interest" as used in this prospectus supplement also includes arrears of interest (as defined below), additional interest (as defined below) and additional amounts (as defined below), if any.

Mandatory interest  
payment . . . . .

If we defer any payment of interest with respect to any series of notes, we will notify the holders of such series of notes of the record date for entitlement to receive arrears of interest and additional interest when we determine, or otherwise become obligated, to pay it. We will become obligated to pay arrears of interest and additional interest on each series of notes on the interest payment date for such notes following the date, during any deferral period for such notes, on which we:

- declare a dividend distribution on any class of our share capital,
- notify the trustee that (i) no regulatory intervention that has occurred is or will be continuing on such interest payment date for such series of notes and (ii) we have declared a dividend on any class of our share capital at the annual general meeting of our shareholders immediately preceding the occurrence of such regulatory intervention, or
- commence and do not abandon a public tender offer to redeem, purchase or acquire any of our ordinary shares which we intend to cancel on completion of such an offer.

If any of these events occurs, then we will become obligated to pay all arrears of interest and additional interest with respect to each series of notes on the next interest payment date for such series of notes.

**Additional amounts** . France (or, if any successor entity (as defined below) or successor person (as defined below) is organized, or in the case of a successor entity, is tax resident, in a jurisdiction other than France, such jurisdiction) may require us to withhold amounts from payments of principal or interest on any series of the notes for taxes or any other governmental charges. If France (or any such successor jurisdiction) requires a withholding of this type, we will, subject to some exceptions and to the extent we are legally permitted to do so, pay additional amounts in respect of those payments of principal and interest so that the amount you receive after such taxes and governmental charges will equal the amount that you would have received if no such taxes and governmental charges had been applicable. See “Description of Notes—Additional Amounts”.

**Optional redemption** Except for the other events described below, we will have only the following optional redemption rights with respect to the notes:

**U.S. dollar notes** Non-callable prior to maturity.

**Sterling notes** Non-callable prior to maturity.

**Euro notes** Non-callable prior to December 15, 2010.  
Callable on any interest payment date thereafter.

If we exercise our optional redemption right on the euro notes, we may do so in whole or in part at 100% of their aggregate principal amount plus accrued interest. You have no right to require us to redeem the notes.

**Optional tax redemption** . . . . .

If at any time, with respect to any series of notes,

(i) we are required to pay additional amounts as a result of a change in French law (or, if any successor person or successor entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, a change in the law of such jurisdiction), or

(ii) we are no longer permitted to deduct interest paid on such notes for purposes of computing our tax liabilities as described in this prospectus supplement under “Description of Notes—Redemption”,

then we may redeem all, but not less than all, the notes of that series at 100% of their aggregate principal amount, plus accrued interest or, in the case of the U.S. dollar notes and the sterling notes redeemed pursuant to (ii) above, at the greater of 100% of their aggregate principal amount plus accrued interest, or a make-whole amount (as defined below).

Notwithstanding clause (i) above, we will also have the option to redeem any series of notes where we are required to pay additional amounts upon or after any merger, conveyance, transfer or lease as described under “Description of Notes—Merger and Similar Events” where we are not the surviving person. We are not required to use reasonable measures to avoid the obligation to pay additional amounts in this situation.

Notwithstanding clause (ii) above, a successor entity will only be permitted to redeem the notes if such successor entity loses the entitlement to claim an interest deduction for tax purposes as a result of a change in law after such successor entity assumes our obligations under the notes.

Mandatory redemption if prohibited from paying additional amounts . . . . .

If French law (or any applicable law in the event we merge with, or our obligations are assumed by, another entity) does not allow us to pay additional amounts although we have undertaken to do so, we will (subject to any prior authorization of the relevant supervisory authority if we become subject to consolidated regulatory supervision) redeem the applicable notes in their entirety at 100% of their aggregate principal amount plus accrued interest. In this case we will provide you with at least seven but not more than thirty days' notice of the date of redemption of the applicable series. In these circumstances, to the extent practicable, we intend to redeem the notes of the applicable series on the latest possible date before we become obligated to pay any additional amounts with respect to that series.

Optional redemption due to regulatory event . . . . .

If a regulatory event (as defined below) occurs after the date of this prospectus supplement, we may redeem all, but not less than all, the notes of the applicable series at 100% of their aggregate principal amount plus accrued interest with respect to the euro notes and at the greater of 100% of their aggregate principal amount plus accrued interest or a make-whole amount with respect to the U.S. dollar notes and the sterling notes. The make-whole amount is calculated as described below.

A "regulatory event" will be deemed to occur if we are subject to consolidated regulatory supervision by the relevant supervisory authority, including after the assumption of our obligations under the notes by a successor entity, and we are not permitted:

- under the applicable rules and regulations adopted by the relevant supervisory authority to treat at the time such rules and regulations are implemented the entire aggregate principal amount of any series of notes as regulatory capital for the purposes of the determination of the solvency margin or capital adequacy ratios, or
- as a result of any change made by the relevant supervisory authority to the rules and regulations as originally implemented, to treat at the time such change is made the entire aggregate principal amount of any series of notes as regulatory capital for the purposes of the determination of the solvency margin or capital adequacy ratios.

A regulatory event will also be deemed to occur if a successor entity that is an insurance company or insurance holding company is not permitted, as a result of a change made by the relevant supervisory authority in the rules and regulations after the assumption of our obligations by the successor entity, to treat the entire aggregate principal amount of any series of notes as regulatory capital for the purposes of the determination of the solvency margin or capital adequacy ratios.

See "Description of Notes—Redemption—Optional Redemption Due to a Regulatory Event."

The “make-whole amount” will be calculated by the trustee, and will equal the sum of the present value (as defined below) of the remaining scheduled payments of principal and interest on the notes of that series to maturity.

The “present value” will be calculated by the calculation agent by discounting the remaining principal and interest payments to maturity on a semiannual basis, in the case of the U.S. dollar notes, and on an annual basis, in the case of the sterling notes, in each case, assuming a 360-day year consisting of twelve 30-day months and using the adjusted comparable yield (as defined below) plus 75 basis points. If the optional redemption due to regulatory event or the optional tax redemption pursuant to clause (ii) under the section “—Optional tax redemption” occurs prior to the 18-month anniversary of the issuance of the U.S. dollar notes and the sterling notes, the amount will be adjusted using the adjusted comparable yield plus 1.500% in the case of the U.S. dollar notes and 1.225% in the case of the sterling notes.

The “adjusted comparable yield” will be, in the case of the U.S. dollar notes, the U.S. Treasury security selected by the calculation agent with the prior written consent of AXA as having a maturity comparable to the remaining term of the U.S. dollar notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the U.S. dollar notes and, in the case of the sterling notes, the U.K. government gilt-edged security selected by the calculation agent with the prior written consent of AXA which has a maturity comparable to the remaining term of the sterling notes.

Event of default;  
defaults . . . . .

Our voluntary or judicial liquidation (*liquidation judiciaire ou amiable*) and, following an order for *redressement judiciaire*, the sale of our whole business (*cession totale de l'entreprise*) will constitute the only “event of default” under the notes. If an event of default occurs, the notes will automatically become immediately due and payable.

Our failure to pay interest or principal when due on a series of notes will be, subject to certain grace periods, the only “default” with respect to such series. If a default occurs and is continuing with respect to a series of notes, the only right the trustee or the relevant noteholders will have is to institute a judicial proceeding to collect the amounts then due and unpaid on such series of notes. There will not be a right to accelerate payment in full on such series of notes if a default occurs.

Merger; assignment .

The indenture permits us to merge with a company or firm, which we refer to as a “successor person”, if certain conditions are met. The indenture also permits us to assign our obligations under the notes to a wholly-owned subsidiary of ours, which we refer to as a “successor entity”, if we unconditionally guarantee on a subordinated basis the obligations of such successor entity under the notes.

Trustee . . . . .

The Bank of New York. See “Description of Notes—Event of Default, Defaults and Limitation on Remedies” in this prospectus supplement for a description of the trustee’s procedures and applicable remedies.

Paying agents . . . . .

The Bank of New York and BNP Paribas Luxembourg, the paying agent in Luxembourg.

Form of the notes . . . We will issue the notes as global notes registered in the name of The Depository Trust Company (DTC) or its nominee in the case of the U.S. dollar notes and in the name of a common depository for Clearstream société anonyme, Luxembourg, and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear system (or its successor), in the case of the euro and sterling notes.

You may hold book-entry interests in a global note through organizations that participate, directly or indirectly, in the DTC, Clearstream, Luxembourg and Euroclear systems, as applicable. If the depository notifies us that it is unwilling or unable to continue as a depository and we do not appoint a successor within 120 days, if an event of default has occurred and not been cured or if we determine at our option and in our sole discretion, the relevant global notes will terminate and interests in them will be exchanged for physical certificates representing the relevant notes. See "Description of Notes—Form of Debt Securities" in the accompanying prospectus.

Book-entry interests in the U.S. global notes and all transfers relating to the U.S. dollar global notes will be reflected in the book-entry records of DTC or its nominee. Book-entry interests in the euro and sterling global notes and all transfers relating to the euro and sterling global notes will be reflected in the book-entry records of Euroclear and Clearstream, Luxembourg. See "Description of Notes—Clearance and Settlement" in the accompanying prospectus.

Clearance and  
Settlement . . . . .

**U.S. dollar notes** The U.S. dollar notes have been accepted for clearance by DTC, Clearstream, Luxembourg and Euroclear. The distribution of the U.S. dollar notes will be cleared through DTC. Any secondary market trading of book-entry interests in the U.S. dollar notes will take place through DTC participants, including Euroclear and Clearstream, Luxembourg, and will settle in same-day funds through DTC's same-day funds settlement system.

Owners of book-entry interests in U.S. dollar notes will receive payments relating to their notes in U.S. dollars.

The CUSIP number for the U.S. dollar notes is 054536AA5, the common code is 012195893 and the ISIN is US054536AA57.

**Sterling notes &  
Euro notes** The sterling notes and euro notes have been accepted for clearance by Clearstream, Luxembourg and Euroclear. The distribution of the sterling notes and the euro notes will be cleared through Clearstream, Luxembourg and Euroclear. Any secondary market trading of book-entry interests in the sterling or euro notes will take place through Euroclear and Clearstream, Luxembourg participants and will settle in same-day funds.



Owners of book-entry interests in sterling notes will receive payments relating to their notes in sterling and owners of book-entry interests in euro notes will receive payments relating to their notes in euro.

The common code for the sterling notes is 012202890 and the ISIN is XS0122028904. The common code for the euro notes is 012202954 and the ISIN is XS0122029548.

See “Description of Notes—Clearance and Settlement” in the accompanying prospectus.

- Governing law . . . . . The notes will be governed by the laws of the State of New York except for the subordination provisions, which will be governed by the laws of France.
- Prescription . . . . . Claims relating to payment of principal and interest on the notes will be prescribed after two years.
- Notices . . . . . Notices to holders of the notes will be valid (i) if mailed first-class postage prepaid to the applicable depository for the holders of the notes at the addresses appearing on the register of notes and (ii) so long as such notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, if published at least once in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).
- Listing . . . . . We have applied to list the notes on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange.
- Use of proceeds . . . . . We estimate that the net proceeds, after deducting the underwriting discounts and commissions, to be received by us from the sale of the U.S. dollar notes will be approximately \$889,533,000, the sterling notes will be approximately £322,676,250 and the euro notes will be approximately €645,040,500. We estimate that we will have to pay expenses in connection with the offering, excluding underwriting discounts and commissions and after reimbursement, of approximately \$50,000. See “Underwriting”. The net proceeds of this offering are expected to be used by us or our subsidiaries to finance in part the acquisition of the shares in AXA Financial that we do not already own. Any remaining proceeds will be used for general corporate purposes. See “Recent Developments” for a description of the acquisition and “Use of Proceeds”. This offering is not conditional upon the closing of our merger with AXA Financial.

#### **Risk Factors**

You should carefully consider all the information in this prospectus supplement and the accompanying prospectus and, in particular, should evaluate the information provided under “Risk Factors” in this prospectus supplement for risks involved with an investment in the notes.

### Ratio of Earnings to Fixed Charges

The consolidated financial data used to prepare the financial information provided in the table below have been derived from the consolidated financial data used to prepare our unaudited interim consolidated financial statements for the six months ended June 30, 2000 included elsewhere in this prospectus supplement and our audited consolidated financial statements for the years ended December 31, 1999, 1998, 1997, 1996 and 1995. The consolidated financial statements for the year ended December 31, 1999 are contained in the 1999 AXA Form 20-F which is incorporated by reference in the accompanying prospectus.

#### Differences between French GAAP and U.S. GAAP

AXA's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in France (which we refer to in this prospectus supplement as "French GAAP"), which differs in certain material respects from generally accepted accounting principles in the United States (which we refer to in this prospectus supplement as "U.S. GAAP"). Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F provides a description of the significant differences between French GAAP and U.S. GAAP as they relate to AXA for the year ended December 31, 1999. A reconciliation of AXA's consolidated net income for the year ended December 31, 1999 and 1998 and consolidated shareholders' equity as of December 31, 1999 and 1998 is provided in Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F.

#### Historical ratios of earnings to fixed charges

The following table sets forth our historical consolidated ratio of earnings to fixed charges for each of the periods indicated below. Such ratios have been calculated using financial information prepared in accordance with:

- (i) French GAAP;
- (ii) U.S. GAAP; and
- (iii) U.S. GAAP, except with an adjustment for unrealized investment gains or losses on assets allocated to U.K. with-profit contracts described in more detail below.

Historical Ratios of Earnings to Fixed Charges	Six Months Ended June 30, 2000	Years Ended December 31,				
		1999	1998	1997	1996	1995
French GAAP	1.57	1.72	1.73	1.67	1.48	1.36
U.S. GAAP	1.59	1.34	1.34	1.33	1.24	1.21
U.S. GAAP, except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts	1.47	1.79	1.62	1.75	1.33	1.41

For purposes of calculating the ratios:

- "earnings" consist of our consolidated income from continuing operations before taxation and before adjustment for minority interests in consolidated subsidiaries or equity income or loss from unconsolidated entities plus fixed charges, and
- "fixed charges" consist of interest expense on long and short term debt plus the portion of operating lease rentals representative of the interest factor. In addition, the "fixed charges" under U.S. GAAP includes amortization of premium on the €1,524 million 2.5% subordinated convertible notes issued in February 1999 and on the €1,009 million 3.75% subordinated convertible notes issued in February 2000.

In accounting for U.K. with-profit contracts under French GAAP, revenues and expenses are matched in net income since both changes in the estimated fair values of assets allocated to

U.K. with-profit contracts and the corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits are included. U.S. GAAP, which was developed in a different environment than that in which the U.K. with-profit contract was developed, requires the change in unrealized investment gains or loss on assets allocated to U.K. with-profit contracts to be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. A rise in the estimated fair value of these assets results in an increase in the liability for contractholder benefits and a reduction in AXA's consolidated U.S. GAAP net income or shareholders' equity and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for contractholder benefits and an increase in AXA's consolidated U.S. GAAP net income. The table above includes AXA's consolidated net income in accordance with U.S. GAAP except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts, which presentation AXA believes is more meaningful under the circumstances. For more details on the U.K. with-profit contracts, please refer to Item 1, "Description of Business—U.K. Life Insurance Group" in the 1999 AXA Form 20-F.

**Pro Forma ratios of earnings to fixed charges**

Subsequent to June 30, 2000:

- AXA, AXA Financial, The Equitable Life Assurance Society of the United States and AXA Participations Belgium sold their 71% interest in Donaldson, Lufkin & Jenrette to the Credit Suisse Group on November 3, 2000.
- In connection with AXA's acquisition of the minority interests in AXA Financial which it does not currently own (i) Bank of America International Limited, Chase Manhattan plc, SG Investment Banking and UBS Warburg Ltd. have committed, subject to specified conditions, to provide AXA with a \$5.0 billion multi-currency dual tranche credit facility of which we have assumed, for purposes of the pro forma calculation, \$3,503 million (€4,081 million) will be used to finance this acquisition, and (ii) AXA intends to partly finance this acquisition with the net proceeds of the offering described in this prospectus supplement, which we have assumed, for purposes of the pro forma calculation, to be approximately \$1.5 billion. Aggregate borrowings are assumed to be approximately \$5,003 million (€5,828 million).

The pro forma ratios of earnings to fixed charges presented in the table below take account of the subsequent events described above. You should read the pro forma ratios set out below in conjunction with the historical ratios of earnings to fixed charges also presented in this section and the unaudited pro forma financial information included elsewhere in this prospectus supplement.

The table below presents the computations of the pro forma ratios of earnings to fixed charges in accordance with (i) French GAAP, (ii) U.S. GAAP and, (iii) U.S. GAAP, except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts relating to our life insurance operations in the United Kingdom.

Pro Forma Ratios of Earnings to Fixed Charges	Six Months Ended June 30, 2000	Year Ended December 31, 1999
French GAAP .....	3.11	3.14
U.S. GAAP .....	3.15	1.75
U.S. GAAP, except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts .....	2.55	3.36

### Selected Historical Financial Information

The selected historical consolidated financial data presented below have been derived from AXA's audited consolidated financial statements and related notes for the years ended December 31, 1999, 1998, 1997, 1996 and 1995, which have been audited by Befec—Price Waterhouse, independent accountants, and the unaudited interim consolidated financial statements for the six months ended June 30, 2000. The historical data set out below is only a summary. You should read it in conjunction with the financial statements and related notes for the years ended December 31, 1999, 1998 and 1997 and as of December 31, 1999 and 1998 and "Item 9—Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. The data for the six months ended June 30, 2000 and June 30, 1999 should be read in conjunction with the unaudited interim consolidated financial statements of AXA for the six months ended June 30, 2000 included elsewhere in this prospectus supplement. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods. Interim results are not necessarily indicative of results which may be expected for any other period or for the full year. It is also important that you read the unaudited pro forma financial information included elsewhere in this prospectus supplement.

AXA's consolidated financial statements for periods ended prior to January 1, 1999 have been prepared in French francs and translated into euro at the legal conversion rate of €1.00 = FF6.55957.

AXA's consolidated financial statements have been prepared in accordance with French GAAP. French GAAP is based on requirements set forth in French law and European regulations. Please refer to Note 1 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F for further information about the accounting principles used in preparing AXA's consolidated financial statements. French GAAP differs in certain material respects from U.S. GAAP. For a description of the material differences between French GAAP and U.S. GAAP relevant to AXA, please see "Item 9—Management's Discussion and Analysis of Financial Condition and Results of Operations—Reconciliation of French GAAP to U.S. GAAP" and Note 28 to the consolidated financial statements included in the 1999 AXA Form 20-F. For the six months ended June 30, 2000, there were no material changes in accounting principles from those described in Note 28.

As a result of the sale of Donaldson, Lufkin & Jenrette, revenues and net income generated by the Other Financial Services Segment will decrease significantly in future periods. For U.S. GAAP purposes, AXA's consolidated net income and net income per ordinary share (on a basic and diluted basis) will be restated for the year ending December 31, 2000 and for the prior reporting years ended December 31, 1999 and 1998 to reflect Donaldson, Lufkin & Jenrette as a discontinued operation. For information regarding the impact of the sale of Donaldson, Lufkin & Jenrette on AXA's consolidated net income and consolidated net income per share (on a basic and diluted basis) in accordance with U.S. GAAP, see Note 13 to the unaudited pro forma financial information included elsewhere in this prospectus supplement.

For additional information on significant events affecting the comparability of financial results, please see "Item 9—Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 1999 AXA Form 20-F which is incorporated by reference in the accompanying prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating to the six-month period ended June 30, 2000 included elsewhere in this prospectus supplement.

Various amounts set out in this prospectus supplement have been rounded to millions, and accordingly may not total. Rounding differences also exist for percentages.

	Six months ended June 30			Year ended December 31				
	2000(l)	2000	1999	1999	1998	1997(k)	1996	1995(j)
	(in \$ millions except per ordinary share and ADS amounts)	(unaudited) (in euro millions except per ordinary share and ADS amounts)		(audited) (in euro millions except per ordinary share and ADS amounts)				
<b>Income Statement Data:</b>								
<b>In accordance with French GAAP:</b>								
Gross premiums and financial services revenues . . . . .	35,198	41,009	31,825	66,528	56,698	55,587	25,490	19,907
Net investment results (a) . . . . .	7,477	8,711	8,596	15,639	14,069	12,812	5,398	4,263
Total revenues . . . . .	41,240	48,049	39,195	82,167	70,798	68,395	30,852	24,110
Income before income tax expense . . . . .	2,159	2,515	2,486	4,182	3,717	3,153	1,352	893
Income tax expense . . . . .	(642)	(748)	(626)	(1,292)	(1,222)	(1,189)	(422)	(307)
Minority interests in income of consolidated subsidiaries . . . . .	(481)	(560)	(410)	(858)	(974)	(802)	(320)	(155)
Equity in income (loss) of unconsolidated entities . . . . .	(1)	(1)	19	(10)	11	45	(9)	(14)
Net income . . . . .	1,034	1,205	1,469	2,021	1,531	1,207	581	416
Net income per ordinary share: (b)								
—basic . . . . .	2.85	3.32	4.17	5.73	4.52	3.71	3.10	2.57
—diluted . . . . .	2.67	3.11	3.90	5.39	4.24	3.48	2.79	2.36
Net income per ADS: (d)								
—basic . . . . .	1.42	1.66	2.09	2.86	2.26	1.86	1.55	1.29
—diluted . . . . .	1.34	1.56	1.95	2.70	2.12	1.74	1.40	1.18
Dividends per ordinary share (e) . . . . .	n/a	n/a	n/a	2.00	1.70	1.37	1.14	0.99
Dividends per ADS (d)(e) . . . . .	n/a	n/a	n/a	1.00	0.85	0.69	0.57	0.50
<b>In accordance with U.S. GAAP:</b>								
Gross premiums (c) . . . . .	n/a	n/a	n/a	31,649	29,203	26,276	8,155	8,384
Total revenues . . . . .	n/a	n/a	n/a	56,343	44,657	39,719	15,140	14,161
Income before income tax expense . . . . .	n/a	n/a	n/a	2,012	1,748	1,559	678	529
Net income . . . . .	1,016	1,184	919	1,209	749	1,310	328	49
Net income per ordinary share: (b)								
—basic . . . . .	2.83	3.30	2.68	3.46	2.24	0.98	1.83	0.30
—diluted . . . . .	2.69	3.13	2.50	3.32	2.11	0.90	1.73	0.26
Net income per ADS: (d)								
—basic . . . . .	1.42	1.65	1.34	1.73	1.12	0.49	0.91	0.15
—diluted . . . . .	1.34	1.56	1.25	1.66	1.05	0.45	0.86	0.13
<b>In accordance with U.S. GAAP, except for adjustment for unrealized investment gains or losses on assets allocated to U.K. with-profit contracts: (f)</b>								
Net income . . . . .	829	966	1,515	2,239	1,457	1,263	493	378
Net income per ordinary share: (b)								
—basic . . . . .	2.31	2.69	4.41	6.41	4.36	3.99	2.75	2.28
—diluted . . . . .	2.20	2.56	4.11	6.08	4.09	3.74	2.50	2.22
Net income per ADS: (d)								
—basic . . . . .	1.16	1.35	2.21	3.21	2.18	2.00	1.37	1.14
—diluted . . . . .	1.10	1.28	2.06	3.04	2.04	1.87	1.25	1.11

	As at June 30		As at December 31				
	2000(i)	2000	1999	1998	1997(k)	1996	1995(j)
	(unaudited) (in \$ millions except per ordinary share and ADS amount)	(in euro millions except per ordinary share and ADS amount)	(audited) (in euro millions except per ordinary share and ADS amounts)				
<b>Balance Sheet Data:</b>							
<b>In accordance with French GAAP:</b>							
Total investments (l) . . . . .	274,833	320,206	293,069	235,158	231,598	105,147	86,257
Total assets . . . . .	506,017	589,557	507,480	384,835	368,064	171,857	143,841
Insurance liabilities (g) . . . . .	218,227	254,255	214,946	185,295	170,634	71,669	63,061
Long-term debt:							
Financing debt (h) . . . . .	n/a	n/a	3,290	2,842	3,607	3,365	3,969
Operating debt (h) . . . . .	n/a	n/a	4,821	3,299	2,292	1,170	928
Mandatorily convertible bonds and notes (h) . . . . .	165	192	474	474	474	192	320
Subordinated debt (h) . . . . .	5,815	6,775	4,832	2,706	2,315	1,294	708
Shareholders' equity . . . . .	18,355	21,385	16,357	13,537	11,993	6,835	5,090
Shareholders' equity per ordinary share (b) . . . . .	46.89	54.40	45.90	38.65	36.19	35.39	30.96
Shareholders' equity per ADS (d) . . . . .	23.35	27.20	22.95	19.32	18.10	17.70	15.48
<b>In accordance with U.S. GAAP:</b>							
Total investments (l) . . . . .	n/a	n/a	299,123	242,245	229,030	91,988	74,601
Total assets . . . . .	n/a	n/a	533,052	407,702	380,913	160,582	133,810
Insurance liabilities . . . . .	n/a	n/a	218,598	189,485	179,652	57,609	49,554
Long-term debt:							
Financing debt (h) . . . . .	n/a	n/a	8,596	6,023	6,396	4,444	4,652
Operating debt (h) . . . . .	n/a	n/a	4,821	3,299	2,292	1,170	928
Shareholders' equity . . . . .	23,444	27,315	22,672	20,355	16,747	6,933	5,449
Shareholders' equity per ordinary share (b) . . . . .	60.35	70.31	64.29	58.72	51.54	38.67	33.14
Shareholders' equity per ADS (d) . . . . .	30.17	35.15	32.15	29.36	25.77	19.34	16.57
<b>In accordance with U.S. GAAP, except for adjustment for unrealized investment gains on real estate allocated to U.K. with-profit contracts (f)</b>							
Shareholders' equity . . . . .	23,621	27,521	22,886	20,545	16,922	7,105	5,598
Shareholders' equity per ordinary share (b) . . . . .	60.80	70.84	64.89	59.27	52.08	39.63	34.04

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

(b) All per share amounts calculated in accordance with French GAAP and U.S. GAAP are based on the weighted average number of ordinary shares outstanding for each period presented. Shareholders' equity per ordinary share is calculated based on the number of ordinary shares outstanding at each period-end presented. The U.S. GAAP calculations deduct ordinary shares held by AXA (that is, treasury shares) in the calculation of ordinary shares outstanding. The calculation of basic and diluted net income per ordinary share for each of the three years ended December 31, 1999 is presented in Note 16 to the AXA consolidated financial statements included in the 1999 AXA Form 20-F incorporated by reference in the accompanying prospectus. The calculation of basic and diluted net income per share for the six months ended June 30, 2000 is presented in Note 10 to the unaudited interim consolidated financial statements included elsewhere in this prospectus supplement.

(c) Gross premiums received from policyholders in respect of life insurance products which are classified as "investment contracts" (such as separate account products), in accordance with U.S. GAAP, are recorded as

revenue under French GAAP. Under U.S. GAAP, such amounts received are recorded as deposits, and only the policy-related fees charged to the policyholders, for cost of insurance, administration, investment management, etc., are recorded as revenue.

- (d) Prior to June 25, 1996, no ADSs representing the ordinary shares were outstanding. Solely for convenience, the historical per share amounts for periods prior to such date have been divided by two, the number of ADSs representing one ordinary share. This same calculation has also been performed for periods after such date.
- (e) An annual dividend generally is paid each year in respect of the prior year after the annual ordinary general meeting of shareholders (customarily held in May or June) and before September of that year. Dividends are presented above in the year to which they relate, not the year which they are declared and paid. At the annual ordinary general meeting of shareholders of AXA held on May 3, 2000, the shareholders declared a dividend in respect of 1999 of €2.00 per ordinary share. Dividends per ordinary share and per ADS do not include any French *avoir fiscal* which may be receivable from the French Treasury. Dividends per ordinary share are based on the number of ordinary shares outstanding at the end of the year for each year presented.
- (f) Under French GAAP, in accounting for U.K. with-profit contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to U.K. with-profit contracts and corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits. U.S. GAAP, which has developed in an environment that differs from the one in which the U.K. with-profit contract was developed, requires that the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts be excluded from net income while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. A rise in the estimated fair value of these assets results in an increase in the liability for policyholder benefits and a reduction in AXA's consolidated U.S. GAAP net income or shareholders' equity and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for policyholder benefits and an increase in AXA's consolidated U.S. GAAP net income. Set forth below is AXA's consolidated net income and shareholders' equity in accordance with U.S. GAAP except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts. AXA believes that this presentation is more meaningful under the circumstances. See Notes 28 and 29 to the consolidated financial statements and see "Item 1—Description of Business—Life Insurance Segment—U.K. Life Insurance Group—Products" for a description of U.K. with-profit contracts, each in the 1999 AXA Form 20-F incorporated by reference in the accompanying prospectus.
- (g) Includes future policy benefits and other policy liabilities, insurance claims and claims expenses, U.K. with-profit contract liabilities and unearned premium reserve and excludes separate account (unit linked) liabilities.
- (h) Operating debt includes debt, principally of AXA's financial services subsidiaries, to provide working capital. Financing debt includes debt of AXA other than operating debt. Subordinated debt and mandatorily convertible bonds and notes are considered mezzanine capital for French GAAP purposes.
- (i) The financial data have been translated from euro to U.S. dollars using the euro/\$ rate at November 7, 2000 of €1.00=\$0.8583. These translations are solely for the convenience of the reader and should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could have been (at the relevant date) converted into U.S. dollars at the rate indicated or at any other rate.
- (j) AXA Asia Pacific Holdings (formerly National Mutual Holdings) and its subsidiaries have been consolidated in AXA's consolidated financial statements since September 1, 1995, the date of acquisition. Since AXA Asia Pacific Holdings and its subsidiaries use a fiscal year ending September 30 and are consolidated as of that date in AXA's consolidated financial statements only one month of AXA Asia Pacific Holdings consolidated operating results were included in AXA's consolidated operating results for the year ended December 31, 1995.
- (k) Compagnie UAP and its subsidiaries were acquired in a public offer of exchange on January 1, 1997 and, accordingly, UAP's operating results have been included for the full year ended December 1997.
- (l) Excluding separate account (unit linked) assets.

### **Selected Unaudited Pro Forma Financial Information**

The following selected unaudited pro forma condensed consolidated financial information gives pro forma effect to the following transactions:

- the buyout of the minority interests in Sun Life & Provincial Holdings, which was completed on July 26, 2000;
- the sale of the 71% interest in Donaldson, Lufkin & Jenrette held by AXA Financial and certain of its affiliates, which was completed on November 3, 2000; and
- the buyout of the minority interests in AXA Financial in connection with the exchange offer and subsequent merger of AXA Financial described under "Recent Developments."

The unaudited pro forma financial information gives effect to each of the three transactions described above as if each of the transactions had occurred on June 30, 2000, for the pro forma balance sheet, and on January 1, 1999, for the pro forma income statements, subject to the assumptions and adjustments described in the notes to the unaudited pro forma financial information. The details of each transaction and the notes explaining the assumptions and adjustments relating to the unaudited pro forma financial information have not been presented in this summary. See "Unaudited Pro Forma Financial Information" for a description of these transactions and the related pro forma assumptions and adjustments.

**The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to be indicative of what the actual results of operations or financial condition of AXA and its subsidiaries would have been had these transactions been consummated on or as of the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that may be achieved in the future.**

Prior to the three transactions reflected in the unaudited pro forma information, the results of operations and financial condition of Sun Life & Provincial Holdings, AXA Financial and Donaldson, Lufkin & Jenrette, all of which were subsidiaries of AXA, were consolidated and included in AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000, included elsewhere in this prospectus supplement, and in AXA's historical audited consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. The net assets and net income attributable to the minority shareholdings in Sun Life & Provincial Holdings and in AXA Financial, which included a minority interest in Donaldson, Lufkin & Jenrette, were excluded from AXA's consolidated shareholders' equity and net income and included in the balance sheet and income statement as a separate line item entitled "Minority Interests".

The unaudited pro forma financial information has been prepared in accordance with French GAAP. As French GAAP differs in certain significant respects from U.S. GAAP, AXA's consolidated net income and shareholders' equity on a pro forma basis under French GAAP have been reconciled to (i) U.S. GAAP, and (ii) U.S. GAAP, except for the adjustment for the change in unrealized investment gains and losses on assets allocated to the U.K. with-profit contracts in Sun Life & Provincial Holdings' life insurance operations, net of deferred tax. See "Unaudited Pro Forma Financial Information" for the reconciliation from French GAAP to U.S. GAAP.

The unaudited pro forma financial information is presented in euro. For your convenience, we have translated the euro amounts to U.S. dollars using the Euro Noon Buying Rate as of November 7, 2000 of €1.00 = \$0.8583.



**Unaudited Pro Forma Condensed Consolidated Balance Sheet**

	<b>AXA Pro Forma French GAAP At June 30, 2000 (unaudited)</b>	
	<b>(€m)</b>	<b>(\$m)</b>
Goodwill . . . . .	12,237	10,503
Investments including separate account assets . . . . .	383,816	329,429
Cash and cash equivalents . . . . .	25,921	22,248
Deferred acquisition costs and value of purchased business in force . . . . .	12,705	10,904
Broker-dealer receivables . . . . .	2,715	2,330
Other assets . . . . .	39,976	34,311
<b>Total assets . . . . .</b>	<b><u>477,368</u></b>	<b><u>409,725</u></b>
Future policy benefits, other policy liabilities, insurance claims and claims expenses (including separate account liabilities) . . . . .	372,939	320,094
Total short and long term debt (excluding subordinated debt and mandatorily convertible notes) . . . . .	15,252	13,090
Securities sold under repurchase agreements . . . . .	4	3
Broker-dealer related payables . . . . .	541	464
Accrued expenses and other liabilities . . . . .	52,705	45,237
<b>Total liabilities, excluding subordinated debt and mandatorily convertible notes . . . . .</b>	<b><u>441,441</u></b>	<b><u>378,889</u></b>
Minority interests . . . . .	3,615	3,103
Subordinated debt and mandatorily convertible notes . . . . .	7,877	6,761
Shareholders' equity:		
Ordinary shares and share premium . . . . .	16,935	14,535
Retained earnings . . . . .	7,503	6,440
<b>Total shareholders' equity (net assets) . . . . .</b>	<b><u>24,438</u></b>	<b><u>20,975</u></b>
<b>Total liabilities, minority interests, subordinated debt, mandatorily convertible notes and shareholders' equity . . . . .</b>	<b><u>477,368</u></b>	<b><u>409,725</u></b>

**Unaudited Pro Forma Condensed Consolidated Statements of Income**

	<b>AXA Pro Forma French GAAP (unaudited)</b>			
	<b>Six months ended June 30, 2000</b>		<b>Year ended December 31, 1999</b>	
	<b>(€m)</b>	<b>(\$m)</b>	<b>(€m)</b>	<b>(\$m)</b>
Gross premiums and financial services revenues, including change in unearned premium reserve . . . . .	32,276	27,702	56,866	48,808
Net investment result . . . . .	8,384	7,196	15,186	13,034
<b>Total revenues . . . . .</b>	<b>40,660</b>	<b>34,899</b>	<b>72,052</b>	<b>61,842</b>
Insurance benefits and claims . . . . .	(32,129)	(27,576)	(56,681)	(48,649)
Reinsurance ceded, net . . . . .	53	45	808	694
Acquisition expenses . . . . .	(2,987)	(2,564)	(5,616)	(4,820)
Administrative expenses . . . . .	(3,805)	(3,266)	(6,919)	(5,939)
Amortization of goodwill, net . . . . .	(197)	(169)	(859)	(737)
<b>Total benefits, claims and other deductions . . . . .</b>	<b>(39,065)</b>	<b>(33,530)</b>	<b>(69,267)</b>	<b>(59,452)</b>
Income before income tax expense . . . . .	1,597	1,371	2,785	2,391
Income tax expense . . . . .	(463)	(397)	(887)	(761)
Minority interests . . . . .	(171)	(147)	(95)	(82)
Equity in income from unconsolidated entities . . . . .	(1)	(1)	(10)	(9)
<b>Net income . . . . .</b>	<b>961</b>	<b>825</b>	<b>1,793</b>	<b>1,539</b>

**AXA's Unaudited Pro Forma Financial Information under U.S. GAAP**

	<b>U.S. GAAP Pro Forma (unaudited)</b>		<b>U.S. GAAP, except for adjustment for unrealized investment gains or losses on assets allocated to the U.K. with-profit contracts, net of deferred tax Pro Forma (unaudited)</b>	
	<b>(€m)</b>	<b>(\$m)</b>	<b>(€m)</b>	<b>(\$m)</b>
AXA shareholders' equity at June 30, 2000 . . .	32,210	27,646	32,416	27,823
AXA net income:				
Six months ended June 30, 2000 . . . . .	1,002	860	614	527
Year ended December 31, 1999 . . . . .	32	27	1,897	1,627

## RISK FACTORS

### **The recent consolidation in the global financial services industry has increased competition in all our business lines.**

We face strong and increasing competition in all our business lines. Our competitors include mutual funds companies, asset management firms, commercial banks and other insurance companies, many of which are regulated differently than we are and offer alternative products or more competitive pricing than we do. The recent consolidation in the global financial services industry has also enhanced the competitive position of some of our competitors by broadening the range of their products and services and increasing their access to capital. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the internet, may result in increasing competition as well as pressure on margins for certain types of products. These competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase our profitability.

The growth of our asset management business depends to a significant extent on factors such as investment returns and risk management. We will not be able to accumulate and retain assets under management if our investment results underperform the market or the competition. Such underperformance would likely result in asset withdrawals and reduced sales.

### **Significant shareholders of AXA may have interests conflicting with your interests.**

Upon completion of the exchange offer and subsequent merger with AXA Financial and after giving effect to the issuance of AXA ordinary shares in the form of ADSs in connection with these transactions, the Mutuelles AXA, four French mutual insurance companies, acting as a group, will own, directly and indirectly through Finaxa, a holding company they control, approximately 21.2% of the issued ordinary shares of AXA representing approximately 33.5% of the voting power. Most of the shares owned by the Mutuelles AXA have double voting rights pursuant to the provisions of AXA's *statuts*. The Mutuelles AXA are parties to agreements pursuant to which they have stated their intention to collectively exercise majority control over Finaxa. Given the long-term nature of their relationship with AXA, we cannot assure you that the interests of the Mutuelles AXA will not, from time to time, conflict with your interests as a noteholder. For example, Finaxa has the right to terminate, under certain circumstances, or limit AXA's rights to use the AXA trademark, as described under "—Finaxa may terminate the licensing to AXA of the AXA trademark which we consider to be important to the marketing of our products and services". We cannot assure you that the Mutuelles AXA will not decide to increase their interest in AXA, or to sell all or a portion of the ordinary shares they own, at some future date.

The life insurance and property and casualty insurance businesses of the Mutuelles AXA and the life insurance and property and casualty insurance businesses of our French insurance subsidiaries use similar distribution channels but are managed in such a way as to maintain the legal distinctions between their respective businesses. There are no agreements between the Mutuelles AXA and AXA's insurance subsidiaries that restrict in any way their ability to compete with one another. The Mutuelles AXA, which have no employees, use employees of our French insurance subsidiaries. Most of the costs and expenses of operating the life insurance and property and casualty insurance businesses of our French insurance subsidiaries (other than commissions) are shared by the relevant members of the AXA group and the Mutuelles AXA and allocated among them through *Groupements d'Intérêt Economique*, or GIEs. GIEs are partnerships between various companies of the AXA group and the Mutuelles AXA that perform various common services for their members and allocate associated costs and expenses. These costs and expenses currently are allocated on the basis of actual use of the specific service, to the extent practicable. The manner of

managing these insurance businesses or allocating these costs and expenses may change in the future in a way that may increase AXA's operating costs and adversely affect its results of operations.

**The sale of Donaldson, Lufkin & Jenrette may adversely affect our future operating results.**

On November 3, 2000, AXA Financial, AXA, The Equitable Life Assurance Society of the United States and AXA Participations Belgium completed the sale of their 71% equity interest in Donaldson, Lufkin & Jenrette to the Credit Suisse Group. Over the last several years, the results of Donaldson, Lufkin & Jenrette have been at historically high levels. For the year ended December 31, 1999 and the six months ended June 30, 2000, Donaldson, Lufkin & Jenrette contributed 15% and 17%, respectively, of our gross premiums and financial services revenues and 11% and 14%, respectively, of our consolidated net income and was a major contributor to our growth. Following the disposition of Donaldson, Lufkin & Jenrette, we will no longer be active in investment banking. The loss of Donaldson, Lufkin & Jenrette's contribution to our revenues and net income may adversely affect our future operating results as revenues and net income from the Other Financial Services Segment will decrease significantly in future periods.

**Fluctuations in currency exchange rates may affect our earnings.**

AXA's obligations are denominated either in euro or other currencies, the value of which is subject to exchange rate fluctuations. AXA's interest obligations on its outstanding debt, however, are generally matched to cash dividends to be received by AXA in the same currencies. Approximately €264 million of the cash dividends received by AXA in 1999 were paid in currencies other than the euro. Approximately €94 million of interest payments were made by AXA in 1999 in currencies other than the euro.

AXA publishes its consolidated financial statements in euro. For the six months ended June 30, 2000, approximately 57% of AXA's gross premiums and financial services revenues and 55% of AXA's benefits, claims and other deductions were denominated in currencies other than the euro, primarily U.S. dollars, Pounds sterling and Australian dollars. Consequently, fluctuations in the exchange rates used to translate these currencies, and the Japanese Yen following our acquisition of Nippon Dantai in March 2000, into euro may have a significant impact on AXA's reported results of operations from year to year.

**A decline or increased volatility in the securities markets, and other economic factors, may adversely affect our business, particularly in respect of certain of our insurance products, mutual funds and asset management businesses.**

Fluctuations in the securities markets and other economic factors may adversely affect sales of our separate account unit linked products, participating life insurance and pension products, variable annuities, mutual funds, and asset management services. In particular, a protracted or steep decline in the stock or bond markets would likely reduce the popularity of these products.

The level of volatility in the markets in which we invest and the overall investment returns earned in those markets also affect our profitability. In particular, our assets, earnings and our ability to generate new sales in recent years have increased due to significant growth in the retirement-oriented investment market and very strong stock market appreciation, coupled with solid bond market appreciation spurred by declining interest rates. We cannot guarantee that these economic and market trends will continue, and if they do not, our net income, revenues and assets will likely decline significantly. For example, in the first nine months of 2000, AXA Financial realized investment losses of \$232.7 million due to \$136.3 million of writedowns primarily on high yield and

emerging market securities held in its fixed maturity portfolio and \$96.4 million of losses on sales. We may realize additional losses on holdings of such securities in the future.

**Interest rate volatility may adversely affect our profitability.**

Changes in interest rates affect many aspects of our business and can significantly affect our profitability. In periods of increasing interest rates, withdrawals of life insurance policies and fixed annuity contracts may increase as policyholders choose to forego insurance protection and seek higher investment returns. Obtaining cash to satisfy these obligations may require us to liquidate fixed income investment assets at a time when the market prices for those assets are depressed because interest rates have increased. This may result in realized investment losses. Regardless of whether we realize an investment loss, these cash payments would result in a decrease in total invested assets, and a decrease in net income. Premature withdrawals may also cause us to accelerate amortization of policy acquisition costs, which would also reduce our net income.

Conversely, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive to consumers, resulting in increased premium payments on products with flexible premium features, and a higher percentage of insurance policies remaining in force from year to year. During such a period, our investment earnings may be lower because the interest earnings on our fixed income investments likely will have declined in parallel with market interest rates. In addition, mortgages and bonds in our investment portfolio will be more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates, and we may be required to reinvest the proceeds in securities bearing lower interest rates. Accordingly, during periods of declining interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to policyholders and returns on our investment portfolio.

The profitability of our spread-based businesses depends in large part upon our ability to manage interest rate spreads, and the credit and other risks inherent in our investment portfolio. We cannot guarantee, however, that we will successfully manage our interest rate spreads or the potential negative impact of those risks.

**Elimination of tax benefits for our products and other changes in laws and regulations may adversely affect sales of our insurance and investment advisory products.**

Changes to tax laws may affect the attractiveness of certain of our products which currently have favorable tax treatment. For example, an unfavorable change in the tax treatment of life insurance products in France in 1998 had an adverse impact on the market for these products. From time to time, governments in the jurisdictions in which we do business, including the United States government, have considered proposals for tax law changes that could adversely affect our products. These proposals have included, for example, proposals to tax the undistributed increase in value of life insurance policies. The enactment of any such tax legislation would likely result in a significant reduction in sales of our currently tax-favored products.

We are subject to detailed and comprehensive regulation and supervision in all the jurisdictions in which we transact business. Our insurance operations are subject to insurance laws and regulations which are generally intended to protect policyholders, not our shareholders. Changes in existing insurance laws and regulations may materially affect the way in which we conduct our business and the products we may offer. In addition, changes in pension and employee benefit regulation, social security regulation, financial services regulation, taxation and the regulation of securities products and transactions may also adversely affect our ability to sell new policies or our claims exposure on existing policies.

Our asset management operations are subject to securities laws which are primarily intended to protect investors in the securities markets or investment advisory clients and generally grant

supervisory authorities broad administrative powers. Changes to these laws and regulations could have a material adverse effect on our asset management operations and on the company as a whole.

In 2000, the U.K. government adopted new legislation relating to employee pension schemes, which will be introduced in April 2001. The new legislation imposes a limit on the fee that insurance companies are allowed to charge for administering stakeholders' pensions, the simplified individual pensions promoted by the new legislation. Insurance companies in the United Kingdom have already begun offering regulated stakeholders' pensions for low fees in line with the new legislation. In addition, certain of our competitors have begun charging the same low fees for unregulated pension products, thus increasing the pricing pressure on our U.K. life insurance business. As a result of this legislative change and the ensuing pricing and competitive pressure, the profitability of operating in the U.K. life insurance market may decrease significantly.

**If our established claims reserves are insufficient to cover claims under our property and casualty insurance and reinsurance policies, our earnings will be adversely affected.**

In accordance with industry practice and accounting and regulatory requirements, we establish reserves for claims and claims expenses related to our property and casualty insurance and reinsurance businesses. We do not discount our insurance reserves for claims and claims-handling expenses for which final settlement has been agreed and the payments are generally fixed over a period of time.

The process of estimating the insurance claims reserve is based on information available at the time the reserve is originally established. However, claims reserves are subject to change due to the number of variables which affect the ultimate cost of claims, such as:

- *development in claims (frequency, severity and pattern of claims) between the amount estimated and actual experience,*
- *changes arising from the time lag between the occurrence of the insured event, notification of the claim (from the insured party, a third party or a ceding company) and the final settlement (payment) of the claim, primarily attributable to long tail casualty claims which may take several years to settle due to size and nature of claim, and the occurrence of large natural catastrophes late in the financial year for which limited information may be available at year end,*
- *judicial trends,*
- *regulatory changes, and*
- *inflation.*

As a result, actual losses may deviate from the original gross reserves established. Consequently, the reserve may be re-estimated reflecting those changes resulting in loss reserve redundancies (in cases where the original gross claims reserve was overstated) or deficiencies (in cases where the original gross claims reserve was understated).

In addition, certain of our property and casualty insurance operations are required by local regulations in the countries in which they operate to establish catastrophe and equalization reserves. You can find a description of these regulations in the section entitled "Item 1—Business Description—Additional Factors Which May Affect AXA's Business—Regulation" in the 1999 AXA Form 20-F.

We continually review the adequacy of the established claims reserves, including emerging claims development, and actual claims compared to the original assumptions used to estimate

initial gross claims reserves. Based on current information available, we consider that these provisions are sufficient. Insurance claims provisions are subject to audit on an annual basis by our auditors. However, because the establishment of claims reserves is an inherently uncertain process, we cannot assure you that ultimate losses will not materially exceed our claims reserves and have a material adverse effect on our earnings.

As with other property and casualty insurers and reinsurers, our operating results and financial condition can be adversely affected by volatile and unpredictable natural and man-made disasters, such as hurricanes, windstorms, earthquakes, fires and explosions. We generally seek to reduce our exposure to these events through individual risk selection and the purchase of reinsurance. We have experienced in the past, and could experience in the future, material losses from such catastrophic events.

**Our acquisitions may divert management and may involve risk of undisclosed liabilities.**

In recent years we have effected a number of acquisitions around the world and we may make further acquisitions in the future. Growth by acquisition involves risks that could adversely affect our operating results, including the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions, difficulties in managing and integrating the additional operations and personnel of acquired companies, significant delays in completing the integration of acquired companies and the potential loss of key employees or customers of these companies. Our acquisitions could result in the incurrence of additional indebtedness, costs, contingent liabilities and amortization expenses related to goodwill and other intangible assets, all of which could materially adversely affect our businesses, financial condition and results of operations.

The businesses we have acquired include life insurance, property and casualty insurance and investment management operations. There could be unforeseen liabilities that arise out of the businesses we have acquired and may acquire in the future which may not be covered by, or exceed the amount of, the indemnification obligations of sellers.

**As a global business, we are exposed to different local political, regulatory and business risks and challenges which may affect the demand for our products and services, the value of our investments portfolio and the credit quality of local counterparties.**

We offer our products and services in approximately 60 countries in Europe, North and South America, the Far East and Africa through wholly-owned and majority-owned subsidiaries, joint ventures, companies in which we hold a non-controlling equity stake, agents and independent contractors. Our international operations expose us to different local political, regulatory, business and financial risks and challenges which may affect the demand for our products and services, the value of our investment portfolio, the required levels of our capital and surplus and the credit quality of local counterparties. These risks include, for example, political, social or economic instability in countries in which we operate, fluctuations in foreign currency exchange rates, credit risks of our local borrowers and counterparties, lack of local business experience in certain markets, risks associated with the exposure to insurance industry insolvencies through policyholder guarantee funds or similar mechanisms set up in foreign markets and, in certain cases, risks associated with the potential incompatibility with foreign partners, especially in countries in which we are conducting business through entities we do not control.

Our expansion in emerging markets requires us to respond to rapid changes in market conditions in these countries. Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not continue to

succeed in developing and implementing policies and strategies that are effective in each location where we do business.

**We may be unable to retain personnel who are key to our business.**

As a global financial services enterprise with a decentralized management structure, we rely to a considerable extent on the quality of local management in the various countries in which we operate. The success of our operations is dependent, among other things, on our ability to attract and retain highly qualified professional personnel. Competition for key personnel in the various countries in which we operate is intense. Our ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent, which may offer compensation packages that include considerable equity based incentives through stock option or similar programs.

**Finaxa may terminate the licensing to AXA of the AXA trademark which we consider to be important to the marketing of our products and services.**

The name "AXA" and the AXA trademark are owned by Finaxa. On May 22, 1996, our company and Finaxa entered into a licensing agreement pursuant to which Finaxa

- granted us a non-exclusive license to use the AXA trademark in the jurisdictions in which we currently have operations and in any additional jurisdictions in which the AXA trademark is registered, and
- agreed not to grant licenses to use the AXA trademark to any other company or partnership unless that company or partnership (i) holds an ownership interest in Finaxa or (ii) is, directly or indirectly, controlled by us.

The non-exclusive license grants us the right, subject to the prior written approval of Finaxa, to grant sublicenses to companies controlled, directly or indirectly, by us. Finaxa has no obligation to grant any such approval. Over the past several years, a number of our principal subsidiaries around the world have begun to use the AXA name pursuant to sublicenses granted by us. We are obligated to pay Finaxa pursuant to the licensing agreement an annual fee of FF5,000,000 (€762,245) as well as 50% of any net royalties we receive from sublicensees. The non-exclusive license to us may be terminated at any time by either party three months after delivery to the other party of a written notice of termination. Finaxa has, however, agreed not to exercise its right to terminate the license to us so long as Finaxa is our largest shareholder. Upon termination, we and our subsidiaries are required to cease utilization of the AXA trademark and any sublicenses will immediately terminate. In the event that Finaxa ceases to be our single largest shareholder, Finaxa may decide at a future date to terminate the non-exclusive license of the AXA trademark to us or to seek to alter the terms upon which the license is granted in a way unfavorable to us. Our inability to use the AXA trademark or any adverse change to the terms of the license could have a negative impact on the marketing of our products and services and on our profitability.

**As a holding company, we are dependent upon our subsidiaries to cover our operating expenses and dividend payments.**

Our insurance and other financial services operations are generally conducted through direct and indirect subsidiaries. As a holding company, our principal sources of funds are dividends from subsidiaries and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings. As of June 30, 2000, AXA, the holding company, had short term and long term financing debt outstanding of \$1,503 million and subordinated debt



and mandatorily convertible notes outstanding of \$4,617 million. As of June 30, 2000, AXA's consolidated short term and long term financing and operating debt outstanding was \$20,317 million. In addition, as of that date, AXA had consolidated subordinated debt and mandatorily convertible notes outstanding of \$6,967 million. See "Capitalization". For information regarding the changes in our outstanding debt following the consummation of our outstanding transactions, see "Unaudited Pro Forma Financial Information" included elsewhere in this prospectus supplement.

We expect that dividends received from subsidiaries will continue to cover our operating expenses, including interest payments on our outstanding debt which includes our subordinated debt and mandatorily convertible bonds, and dividend payments with respect to our ordinary shares during each of the next three years. We expect that future acquisitions and strategic investments will be funded from available cash flow remaining after payment of dividends and operating expenses, cash on hand from previous securities offerings, proceeds of future offerings of securities, and proceeds from the sale of non-core assets.

Certain of our significant subsidiaries, including AXA Financial, AXA Asia Pacific Holdings and Sun Life & Provincial Holdings are also holding companies and are dependent on dividends from their own subsidiaries for funds to meet their obligations. In addition, certain of our principal insurance subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to us and our affiliates. While we do not believe that these restrictions constitute a material limitation on our ability to meet our obligations or pay dividends on our shares, these restrictions may constitute a material limitation in the future.

**The notes are unsecured, dated subordinated obligations and the indenture limits your rights to receive interest and accelerate the notes as well as allows us to incur an unlimited amount of senior debt.**

The notes constitute our direct, unsecured, dated subordinated obligations. Subject to applicable law, in the event of our voluntary or judicial liquidation or, following an order for *redressement judiciaire*, the sale of our whole business (*cession totale de l'entreprise*), all payments on the notes will be subordinated, and subject in right of payment, to the prior payment in full of all claims of all our unsubordinated creditors. See "Capitalization". In the event that we are unable to pay our senior creditors in full, our obligations under the notes will become null and void.

Under certain circumstances, we may elect to defer paying accrued interest on the sterling and the euro notes until their redemption or maturity and on the U.S. dollar notes for up to five years from the date of such deferral. This means that we may defer paying interest on the notes, even while we continue to pay interest on other outstanding debt that ranks equally with, or is subordinated to, the notes.

Additionally, the indenture provides for only one "event of default", which is in the case of a voluntary or involuntary liquidation or bankruptcy (*liquidation judiciaire ou amiable*) of AXA or, following an order of judicial reorganization (*redressement judiciaire*), the sale of our entire business. The notes may not be accelerated under any other circumstances. For example, if we fail to pay interest of, or principal on, the notes, the only right you or the trustee would have is to institute, after certain cure periods, a judicial proceeding to collect the amounts then due and unpaid.

Finally, we are subject to no covenants other than certain limitations on our ability to merge or sell our assets. For example, we can incur an unlimited amount of senior debt.

## **AXA**

AXA is the holding company for an international group of financial services companies focusing on insurance and asset management. With gross premiums and financial services revenues of €66.5 billion for the year ended December 31, 1999 and €41.0 billion for the six months ended June 30, 2000, AXA is one of the largest insurance groups in the world and the largest French insurance group. At December 31, 1999 AXA had nearly 140,000 employees and agents working in more than 60 countries.

AXA has five operating business segments:

- Life Insurance,
- Property and Casualty Insurance,
- International Insurance,
- Asset Management, and
- Other Financial Services.

### **Life Insurance Segment**

AXA's Life Insurance Segment offers a range of life insurance products primarily in the United States, France, the United Kingdom, Australia, Japan, Germany and Belgium, as well as in certain other countries in Western Europe, North America and the Asia/Pacific region. These products include both retirement products and life and health products for individuals and groups, with an emphasis on separate account (unit-linked) products and other savings-oriented products. In 1999, the Life Insurance Segment accounted for €37.1 billion or 56% of AXA's gross premiums and financial services revenues. For the six months ended June 30, 2000, the Life Insurance Segment accounted for €21.4 billion or 52% of AXA's gross premiums and financial services revenues.

### **Property and Casualty Insurance Segment**

AXA's Property and Casualty Insurance Segment offers a range of property and casualty insurance products principally in France, Germany, the United Kingdom and Belgium, and to a lesser extent in other countries in Western Europe, North America and the Asia/Pacific region. In 1999, the Property and Casualty Insurance Segment accounted for €13.6 billion or 20% of AXA's gross premiums and financial services revenues. For the six months ended June 30, 2000, the Property and Casualty Insurance Segment accounted for €8.4 billion or 20% of AXA's gross premiums and financial services revenues.

### **International Insurance Segment**

AXA has recently completed the reorganization of its reinsurance operations and large commercial risk insurance operations. The reorganization was prompted by the global presence and corresponding needs of AXA's largest clients and would enable AXA to provide a range of global insurance products and services on a worldwide basis. As a result of the reorganization, AXA Reinsurance, AXA Global Risks and AXA Cessions, the principal companies in this segment, were integrated into one company named AXA Corporate Solutions. The services offered by AXA Corporate Solutions include loss prevention, actuarial studies/risk analysis, run-off management (claims administration) and insurance and reinsurance risk transfer. Insurance and reinsurance risk transfer includes non-traditional reinsurance through the capital markets, a service in which the insurer retains risk but financial instruments, such as derivatives, are used to finance the risks either prior to or after the loss has occurred. In 1999, the International Insurance Segment accounted for

€3.1 billion or 5% of AXA's gross premiums and financial services revenues. For the six months ended June 30, 2000, the International Insurance Segment accounted for €2.3 billion or 6% of AXA's gross premiums and financial services revenues.

### **Asset Management Segment**

Asset management has become increasingly important to AXA both from a strategic and profitability perspective. The development of third party asset management activities is a key part of AXA's financial services strategy, capitalizing on existing strengths and expanding client base. As of June 30, 2000 and based on the market values of the assets as of that date, AXA had funds under management of €882 billion, including assets managed on behalf of third party clients of €429 billion. AXA has asset management specialists in each of its major markets: Western Europe, the United States and the Asia/Pacific region. Its two principal asset management subsidiaries are Alliance Capital and AXA Investment Managers. AXA has traditionally offered asset management services to institutional clients. In recent years, AXA has experienced strong growth in sales of mutual funds to individuals and retail clients. In 1999, the Asset Management Segment accounted for €1.9 billion or 3% of AXA's gross premiums and financial services revenues. For the six months ended June 30, 2000 the Asset Management Segment accounted for €1.2 billion or 3% of AXA's gross premiums and financial services revenues.

### **Other Financial Services Segment**

Prior to the sale of Donaldson, Lufkin & Jenrette, the operations of the Other Financial Services Segment consisted primarily of the U.S.-based investment and merchant bank Donaldson, Lufkin & Jenrette. Donaldson, Lufkin & Jenrette was sold to the Credit Suisse Group on November 3, 2000, see "Recent Developments". In addition, AXA conducts other financial services activities, primarily through subsidiaries in Belgium and France. The Other Financial Services Segment in 1999 accounted for €10.8 billion or 16% of AXA's gross premiums and financial services revenues. For the six months ended June 30, 2000, the Other Financial Services Segment accounted for €7.6 billion or 19% of AXA's gross premiums and financial services revenues. In 1999 and for the six months ended June 30, 2000, approximately 90% of AXA's financial services revenues were attributable to Donaldson, Lufkin & Jenrette.

## **RECENT DEVELOPMENTS**

*This information should be read in conjunction with other events which have occurred subsequent to December 31, 1999 as disclosed in note 27 of AXA's consolidated financial statements in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus, and the information provided in AXA's unaudited interim consolidated financial statements for the six months ended June 30, 2000 included elsewhere in this prospectus supplement.*

In June, 2000, AXA notified Banco Bilbao Vizcaya Argentaria, SA that AXA intends to exercise its right to acquire the 30% interest of Banco Bilbao Vizcaya Argentaria in AXA Aurora, their Spanish insurance joint venture. AXA Aurora was established in 1992 as a joint venture and sells both life insurance and property/casualty insurance products in the Spanish market. Assuming consummation of this transaction, AXA will own 100% of AXA Aurora which will continue to be AXA's primary insurance operation in Spain. Pursuant to the terms of that right, AXA has offered to acquire the interest of Banco Bilbao Vizcaya Argentaria for €161 million. AXA and Banco Bilbao Vizcaya Argentaria are currently negotiating the final terms and conditions of this transaction. AXA anticipates that the transaction will be completed prior to December 31, 2000.

In July 2000, AXA acquired the outstanding minority interests in Sun Life & Provincial Holdings for approximately £2.3 billion (€3.7 billion, based on the exchange rate as of the date of the

acquisition). The transaction was approved by the minority shareholders of Sun Life & Provincial Holdings during their extraordinary general meeting held on June 20, 2000, and subsequently approved by the High Court of Justice in England and Wales on July 10, 2000. On July 12, 2000, the transaction was declared fully unconditional, at which time, Sun Life & Provincial Holdings was delisted from the London Stock Exchange. On July 26, 2000, the transaction was completed. AXA financed the acquisition primarily through the issuance of 30.2 million new ordinary shares in June, 2000. The net cash proceeds of this offering were approximately €3.7 billion. Each minority shareholder of Sun Life & Provincial Holdings received 500 pence in cash and a special dividend of 5 pence for each Sun Life & Provincial Holdings ordinary share. As a consequence of this transaction, AXA's direct and indirect interest in Sun Life & Provincial Holdings increased from 56.2% as of June 30, 2000 to 100%. You can find information regarding the financial impact on AXA of this transaction in "Unaudited Pro Forma Financial Information" contained elsewhere in this prospectus supplement.

On July 25, 2000, AXA proposed a financial reorganization relating to the Inherited Estate of AXA Equity & Law, one of its life insurance subsidiaries in the United Kingdom. As a consequence of the financial reorganization, a portion of the assets of AXA Equity & Law that have accumulated over the years in the Inherited Estate will be attributed to AXA as the shareholder, and a portion will be allocated to policyholders in the form of policy bonuses. To facilitate this attribution to shareholders, AXA will, in addition, make cash payments to policyholders who elect in favor of the proposal. These cash payments will amount to approximately £300 million if all policyholders elect in favor of the proposal. The amount to be distributed to the shareholder will be subject to a series of stringent safeguards and in any case may not be distributed before 2006. After review by the Financial Services Authority, which supervises life insurance operations in the United Kingdom, this proposal has been submitted to the relevant policyholders for approval. The proposal is subject to the approval of policyholders holding at least 35% of the value of with-profit policies. As of November 7, 2000, policyholders holding approximately 78% of the value of with-profit policies had elected to accept the proposal. The proposal is also subject to final court approval. This transaction is not expected to be completed before January 1, 2001, at the earliest. Assuming that the required court approval is obtained, the financial impact of this reorganization in AXA's consolidated financial statements will depend on the valuation of the Inherited Estate at December 31, 2000 and the percentage of policyholders, by contract value, who elect in favor of the proposal. At December 31, 1999, the fair value of the Inherited Estate, including the value of the portfolio and before deducting the incentive payment to be made to policyholders who accept the proposal, was estimated at £1.7 billion (€2.7 billion). This reorganization will lead to a change in accounting principles relating to U.K. with-profit contracts and the way income is calculated for AXA's life insurance subsidiaries in the United Kingdom and will impact shareholders' equity under French GAAP. The impact of the financial reorganization on AXA's consolidated results of operations, liquidity and financial condition under both French GAAP and U.S. GAAP in future periods is currently under review.

On October 2, 2000, Alliance Capital Management L.P. and Alliance Capital Management Holding L.P., both affiliates of AXA Financial, completed the acquisition of substantially all of the assets and assumed substantially all of the liabilities of Sanford C. Bernstein, a New York based asset management company, and its subsidiaries for a total consideration of \$3.5 billion (€3.6 billion), consisting of approximately \$1.4 billion in cash and 40.8 million units of limited partnership interest of Alliance Capital Management L.P. In connection with this transaction, AXA Financial has agreed to provide liquidity to the former shareholders of Sanford C. Bernstein after a two-year lock out period by allowing the 40.8 million private units of limited partnership interest to be sold to AXA Financial over the subsequent eight years. Generally, not more than 20% of such units may be sold to AXA Financial in any one annual period. To fund the cash portion of the acquisition, Alliance Capital Management L.P. entered into a financing agreement with AXA Financial, pursuant to which, in June 2000 AXA Financial purchased 32.6 million units of limited

partnership interest of Alliance Capital Management L.P. for an aggregate purchase price of \$1.6 billion. Following the consummation of this acquisition, AXA Financial owned an approximate 53% economic interest in Alliance Capital's operations.

On October 17, 2000, AXA, AXA Merger Corp., a Delaware corporation and a wholly owned subsidiary of AXA, and AXA Financial entered into a Merger Agreement relating to the acquisition of the minority interests in AXA Financial which AXA does not already own. The acquisition is to be effected by means of an exchange offer and subsequent merger. Under the terms of the Merger Agreement, AXA Financial minority shareholders will receive 0.295 of an AXA ADS and \$35.75 in cash for each share of AXA Financial common stock. The same consideration will be offered to the minority shareholders of AXA Financial in the subsequent merger. In connection with the exchange offer and subsequent merger, AXA will issue up to 25.62 million ordinary shares, represented by 51.24 million ADSs based on the number of shares of AXA Financial common stock outstanding on November 6, 2000 and not taking into account stock options or other equity-based awards vesting and becoming exercisable in connection with the offer and merger. In addition, AXA and AXA Merger Corp. will pay an aggregate of up to approximately \$6.2 billion in cash to AXA Financial shareholders. The exchange offer is subject to various conditions. A portion of the goodwill arising from this transaction can be charged directly to consolidated shareholders' equity under French GAAP to the extent that shares are issued in connection with the transaction. The remaining goodwill will be recorded as an asset and amortized over an estimated useful life of 30 years. We have filed with the SEC a registration statement on Form F-4 for the shares in the form of ADSs we will issue as part of the exchange offer and subsequent merger. This registration statement includes financial and other information about AXA Financial, including certain financial projections for years 2000 to 2004. You can find information regarding the financial impact on AXA of this transaction in "Unaudited Pro Forma Financial Information" contained elsewhere in this prospectus supplement.

AXA Merger Corp. will obtain from AXA Financial the funds necessary to pay its portion of the consideration (up to approximately \$3.2 billion) to be paid for the shares of AXA Financial common stock tendered in the offer. AXA will guarantee the obligation of AXA Merger Corp. to repay that amount. Pursuant to a letter dated October 18, 2000, Bank of America International Limited, Chase Manhattan plc, SG Investment Banking and UBS Warburg Ltd., as lead arrangers, have committed, subject to specified conditions, to provide AXA with a \$5.0 billion multi-currency dual tranche credit facility, which will be fully underwritten by affiliates of the lead arrangers. The credit facility may only be used to finance or refinance the acquisition of the AXA Financial shares. AXA intends to borrow an aggregate of \$2.75 billion of unsecured term loans under this credit facility. These term loans will mature in three years, but in no event later than December 31, 2003, and will accrue interest at a rate equal to LIBOR or EURIBOR, as applicable, plus a margin of 0.275% per year during the first year (plus a utilization fee of 0.025% payable in that year), a margin of 0.325% per year during the second year, and a margin of 0.35% per year during the third and final year. In addition, AXA plans to borrow an aggregate of approximately \$753 million of unsecured indebtedness under the \$2.25 billion 364-day revolving facility also provided by this credit facility. The interest rate on such drawn short-term indebtedness will be LIBOR or EURIBOR, as applicable, plus a margin of 0.275% per year. The initial amount of the borrowings under the credit facility will depend on the level of proceeds received in this offering and other factors.

AXA has also agreed to pay certain other fees in connection with the credit facility, including commitment fees and utilization fees. The default interest rate is 1% plus the interest rate that would otherwise be applicable.

The availability of the credit facility will be subject to the satisfaction of various conditions precedent, including the following: (i) all conditions precedent to the offer for the shares representing minority interests in AXA Financial which AXA does not already own have been satisfied; (ii) all conditions precedent to the merger with AXA Financial as set out in the Merger

Agreement have been satisfied; (iii) the accuracy and fairness of the 1999 audited consolidated financial statements and subsequent audited consolidated financial statements; (iv) no material adverse change in financial condition since the 1999 audited consolidated financial statements; (v) no material litigation that would have a material adverse effect; and (vi) no impermissible encumbrances.

Other than a requirement to reimburse lenders for any funding losses caused by the prepayment of a drawdown on a day other than the last day of the term for which an amount is drawn, amounts borrowed under the credit facility can be repaid at any time without cost, premium or penalty. Specified circumstances involving a change in control will lead to a requirement for mandatory prepayment and/or the cancellation of future availability of funds. Early termination may also be triggered from the insolvency or cross acceleration of indebtedness of a material subsidiary.

The credit facility will be subject to covenants typical for such type of facility, including, but not limited to the following: (i) restrictions on liens and other encumbrances, (ii) compliance with financial covenants, (iii) financial reporting requirements, (iv) maintenance of consents, authorizations and qualifications to do business in applicable jurisdictions and (v) maintenance of a specified percentage of consolidated revenues derived from insurance business, asset management and other financial services.

The credit facility will also contain events of default typical for these types of facilities (subject to mutually agreeable grace periods and materiality thresholds), including, without limitation, (i) non-payment of amounts due and payable under the credit facility, (ii) breach of specified undertakings, (iii) breach of any undertaking or other obligation of AXA under the credit facility in the event such breach is not remedied within 30 days of the agent giving notice to AXA, (iv) default in payment (after expiry of any applicable grace period) of indebtedness of AXA exceeding in aggregate €115,000,000, unless such default is contested in good faith by AXA (v) insolvency, and (vi) the occurrence of an event that, in the reasonable opinion of the agent, acting on instruction of the majority lenders under the credit facility, irretrievably compromises the ability of AXA to perform in a timely manner any of its payment obligations under the credit facility.

On October 24, 2000, AXA and Deutsche Bank executed a non-binding letter of intent relating to the sale of Banque Worms to Deutsche Bank. In connection with this transaction, it is anticipated that a subsidiary of AXA (the obligations of which will be guaranteed by AXA) will (i) make representations and warranties customary for a transaction of this nature, (ii) retain certain of Banque Worms' assets, including those relating to discontinued business activities with respect to shipping finance, commodity financing and the closure of foreign branches as well as the majority of Banque Worms' investment securities, and (iii) provide a guaranty to Deutsche Bank covering certain losses incurred by Banque Worms as a result of payment defaults with respect to loans transferred with Banque Worms in the transaction.

On November 3, 2000, AXA, AXA Financial, The Equitable Life Assurance Society of the United States and AXA Participations Belgium sold their 71% interest in Donaldson, Lufkin & Jenrette. Total proceeds included cash of \$2,377 million and 25.7 million shares of the Credit Suisse Group. On November 6, 2000, the Credit Suisse Group repurchased 6.4 million of its shares from AXA Financial and its affiliates that were parties to the stock purchase agreement relating to the sale of Donaldson, Lufkin & Jenrette for a consideration of \$1,200 million. As a result, total cash received on the sale of Donaldson, Lufkin & Jenrette amounted to \$3,577 million (€4,155 million) and the market value as of November 3, 2000 of the remaining 19.3 million shares of the Credit Suisse Group was \$3,765 million (€4,373 million). Total consideration in respect of this transaction therefore totaled \$7,342 million (€8,528 million). All translations of U.S. dollars to euro in this paragraph have been based on the Euro Noon Buying Rate on November 3, 2000 of €1.00 = \$0.861. The stock consideration corresponds approximately to a 6.4% ownership interest in the Credit Suisse Group.

You can find information regarding the financial impact of this transaction on AXA in "Unaudited Pro Forma Financial Information" included in this prospectus supplement.

### Financial information for the nine months ended September 30, 2000

The unaudited interim financial data are not necessarily indicative of the revenues or operating results which may be expected for any other period or for the full year.

#### AXA

On November 14, 2000, AXA announced unaudited revenue figures for the nine months ended September 30, 2000. AXA's gross premiums and financial services revenues for the nine months ended September 30, 2000 were € 61.8 billion, an increase of € 13.9 billion, or 28.9%, as compared to the nine months ended September 30, 1999. On November 3, 2000, Donaldson, Lufkin & Jenrette was sold to the Credit Suisse Group. Excluding Donaldson, Lufkin & Jenrette, AXA gross premiums and financial services revenues for the nine months ended September 30, 2000 would have been € 51.1 billion, an increase of 24%, as compared to the nine months ended September 30, 1999 after excluding Donaldson, Lufkin & Jenrette.

Gross premiums and financial services revenues for the nine months ended September 30, 2000 and 1999 by operating business segment (and reporting groups) are set out in the table below. On a comparable basis (as defined in note 1 to the table below), AXA's gross premiums and financial services revenues increased by 14.0%, or an increase of 10% after excluding financial services revenues of Donaldson, Lufkin & Jenrette.

Gross Premiums and Financial Services Revenues (amounts in euro million)	For the nine months ended		Percentage change	Percentage change on a comparable basis (1)
	September 30, 2000	September 30, 1999		
<b>Life Insurance</b> . . . . .	<b>33,009</b>	<b>26,226</b>	<b>25.9</b>	<b>11.8</b>
France . . . . .	9,195	7,357	25.0	25.0
United States . . . . .	9,600	7,665	25.2	10.7
United Kingdom . . . . .	5,909	5,330	10.9	(4.2)
Asia/Pacific . . . . .	3,946	2,026	94.8	18.7
Germany . . . . .	2,043	1,911	6.9	2.6
Belgium . . . . .	741	591	25.3	25.3
Other countries . . . . .	1,575	1,345	17.1	13.0
<b>Property and Casualty Insurance</b> . .	<b>11,965</b>	<b>10,212</b>	<b>17.2</b>	<b>3.3</b>
France . . . . .	3,063	3,060	0.1	0.1
Germany . . . . .	2,510	2,219	13.1	(1.7)
United Kingdom . . . . .	2,064	1,427	44.6	2.6
Belgium . . . . .	988	1,000	(1.3)	(0.3)
Other countries . . . . .	3,340	2,506	33.3	12.8
<b>International Insurance</b> . . . . .	<b>3,306</b>	<b>2,588</b>	<b>27.7</b>	<b>10.5</b>
AXA Corporate Solutions . . . . .	3,033	2,369	28.0	11.0
* AXA Reinsurance . . . . .	2,084	1,339	55.6	27.9
* AXA Global Risks . . . . .	938	1,019	(8.0)	(9.4)
* AXA Cessions . . . . .	12	11	8.2	8.2
Assistance . . . . .	236	209	12.9	8.1
Other transnational activities . . . . .	36	10	255.7	(59.9)
<b>Total Insurance</b> . . . . .	<b>48,279</b>	<b>39,026</b>	<b>23.7</b>	<b>9.4</b>

<b>Gross Premiums and Financial Services Revenues (amounts in euro million)</b>	<b>For the nine months ended</b>		<b>Percentage change</b>	<b>Percentage change on a comparable basis (1)</b>
	<b>September 30, 2000</b>	<b>September 30, 1999</b>		
<b>Asset Management</b> . . . . .	<b>2,016</b>	<b>1,340</b>	<b>50.5</b>	<b>37.9</b>
Alliance Capital . . . . .	1,718	1,155	48.8	37.8
AXA Investment Managers . . . . .	280	161	73.9	42.7
National Mutual Funds Management . . . . .	18	24	(24.8)	(1.3)
<b>Other Financial Services</b> . . . . .	<b>11,502</b>	<b>7,575</b>	<b>51.8</b>	<b>34.6</b>
Donaldson, Lufkin & Jenrette . . . . .	10,687	6,714	59.2	39.3
Other financial and real estate companies . . . . .	815	862	(5.4)	(2.9)
<b>Total Financial Services</b> . . . . .	<b>13,518</b>	<b>8,915</b>	<b>51.6</b>	<b>35.1</b>
<b>TOTAL OPERATING</b> . . . . .	<b>61,797</b>	<b>47,941</b>	<b>28.9</b>	<b>14.0</b>
<b>Holdings</b> . . . . .	—	—	—	—
<b>TOTAL</b> . . . . .	<b>61,797</b>	<b>47,941</b>	<b>28.9</b>	<b>14.0</b>

(1) On a comparable basis, revenues for the nine months ended September 30, 2000 are restated using the prevailing foreign currency exchange rates for the corresponding prior period, in this case for the nine months ended September 30, 1999 (constant exchange rate basis). Impacts of acquisitions, disposals and business transfers (constant structural basis) and of changes in accounting principles (constant methodological basis) are eliminated in the periods being compared.

All the figures presented below are presented on a comparable basis.

- **Life Insurance Segment.** For the nine months ended September 30, 2000, gross premiums increased by 11.8% as compared to the corresponding prior period. This increase was primarily attributable to continued growth in our retirement and savings-related products, in particular, our separate account (unit-linked) products.
- **Property and Casualty Insurance Segment.** For the nine months ended September 30, 2000, gross premiums increased by 3.3% as compared to the corresponding prior period, principally due to an increase in premium rates and growth in the insurance portfolios primarily relating to our insurance operations in the "Other Countries Property and Casualty Insurance Group", in particular, Spain and Italy.
- **International Insurance Segment.** For the nine months ended September 30, 2000, gross premiums increased by 10.5% as compared to the corresponding prior period, mainly due to an increase in premiums at AXA Corporate Solutions. This increase was primarily due to a significant increase in reinsurance premiums in the context of rate increases (or an increase in gross premiums of 27.9% on a comparable basis compared to gross premiums of the corresponding prior period), which was partly offset by the decrease in gross premiums of 9.4%, in respect of large insurance risk premiums of AXA Global Risks due to the decision taken to cease writing new business in some unprofitable lines.
- **Asset Management Segment.** For the nine months ended September 30, 2000, revenues increased by 37.9% as compared to the corresponding prior period, primarily attributable to the continued growth of assets under management, specifically in retail mutual funds invested in equities. These figures do not include the results of Sanford C. Bernstein, an asset management company based in New York, which was acquired by Alliance Capital on



October 2, 2000. The results of Sanford C. Bernstein will be included in AXA's consolidated results of operations and financial condition in the fourth quarter of 2000.

- **Other Financial Services Segment.** For the nine months ended September 30, 2000, financial services revenues increased by 34.6% as compared to the corresponding prior period, principally due to the strong growth in revenues at Donaldson, Lufkin & Jenrette of 39.3%. As Donaldson, Lufkin & Jenrette was sold on November 3, 2000, AXA's consolidated results of operations for the year ending December 31, 2000 will include the operating results of Donaldson, Lufkin & Jenrette for the first ten months of 2000.

### **AXA Financial**

On November 14, 2000, AXA Financial published its unaudited financial statements for the nine months ended September 30, 2000.

Consolidated assets under management at September 30, 2000, excluding amounts held by Donaldson, Lufkin & Jenrette, increased to approximately \$417 billion, an increase of 22.4% from September 30, 1999.

Total sales of life insurance, annuity and mutual fund products by the Financial Advisory/ Insurance Segment increased to approximately \$11 billion for the nine months ended September 30, 2000, an increase of 10.9%, as compared to approximately \$10 billion in the corresponding prior period. Mutual Fund sales by Alliance Capital Management for the nine months ended September 30, 2000 increased to approximately \$59 billion, an increase of 56.4%, as compared to the corresponding prior period. Sales in the institutional business increased to nearly \$10 billion, an increase of 62.6%, as compared to the corresponding prior period.

For the nine months ended September 30, 2000, AXA Financial's after-tax earnings from continuing operations rose to \$521 million, compared with \$351 million, reported in the corresponding prior period. By reason of the sale of Donaldson, Lufkin & Jenrette, results of the Investment Banking and Brokerage Segment are now reported as discontinued operations.

For the nine months ended September 30, 2000, AXA Financial's net income was \$483 million, after a \$407 million charge for taxes required as a result of management's decision to dispose of Donaldson, Lufkin & Jenrette, compared with \$834 million in the nine months ended September 30, 1999. The results of the nine month period ended September 30, 1999 included an after tax gain of \$212 million relating to the sale of an approximately 18% interest in DLJdirect's financial performance through the sale of DLJdirect tracking stock. The gain on the sale of Donaldson, Lufkin & Jenrette, as well as the remaining taxes on the gain, will be reported in the fourth quarter 2000.

For the nine months ended September 30, 2000, AXA Financial incurred investment losses of \$232.7 million due to \$136.3 million of writedowns primarily on high yield and emerging market securities and \$96.4 million of losses on sales.

## **USE OF PROCEEDS**

We estimate that the net proceeds, after deducting the underwriting discounts and commissions, to be received by us from the sale of the U.S. dollar notes will be approximately \$889,533,000, the sterling notes will be approximately £322,676,250 and the euro notes will be approximately €645,040,500. We estimate that we will have to pay expenses in connection with the offering, excluding underwriting discounts and commissions and after reimbursement, of approximately \$50,000. See "Underwriting". The net proceeds of this offering are expected to be used by us or our subsidiaries to finance in part the acquisition of the shares in AXA Financial that we do not already own. Any remaining proceeds will be used for general corporate purposes which may include financing our operations, funding various new business initiatives, as well as funding growth opportunities that may arise from time to time through acquisitions or otherwise. See "Recent Developments" for a description of the AXA Financial share acquisition and see the 1999 AXA Form 20-F for a description of AXA Financial. This offering is not conditional upon the closing of the AXA Financial share acquisition.

## CAPITALIZATION

Subsequent to June 30, 2000, the date of the most recent financial statements of AXA, AXA has:

- acquired the minority interests in Sun Life & Provincial Holdings, which was completed in July 2000;
- sold the 71% equity interest in Donaldson, Lufkin & Jenrette held by AXA, AXA Financial, The Equitable Life Assurance Society of the United States and AXA Participations Belgium on November 3, 2000; and
- signed a Merger Agreement with AXA Financial and AXA Merger Corp. on October 17, 2000, whereby AXA and AXA Merger Corp. will offer to exchange all the outstanding shares of AXA Financial common stock for 0.295 of an AXA ADS and \$35.75 in cash.

Further information on these transactions is set forth in "Recent Developments".

The table below presents the consolidated capitalization of AXA as follows: (i) on an actual basis as at June 30, 2000, as derived from the unaudited interim consolidated financial statements for the six months ended June 30, 2000 prepared in accordance with French GAAP, which are included elsewhere in this prospectus supplement, and (ii) on a pro forma basis, as derived from the unaudited pro forma financial information, in respect of the three significant transactions described above, which is included elsewhere in this prospectus supplement.

AXA prepares its consolidated financial statements in accordance with French GAAP. As AXA is listed on the New York Stock Exchange, it is also required to reconcile net income and shareholders' equity from French GAAP to U.S. GAAP in respect of the significant differences in accounting principles between French GAAP and U.S. GAAP.

	As at June 30, 2000 (unaudited)		
	Actual	Pro Forma(4)(6)	
	€ m	€ m	U.S.\$m(5)
Cash and equivalents	29,263	25,921	22,248
<b>Shareholders' equity:</b>			
Ordinary shares(1)	3,597	3,831	3,288
Share premium	9,189	13,104	11,247
Retained earnings and reserves	8,599	7,503	6,440
<b>Total shareholders' equity</b>	<b>21,385</b>	<b>24,438</b>	<b>20,975</b>
Minority interests	8,342	3,615	3,103
Subordinated debt(2)(6)	6,775	7,685	6,596
Mandatorily convertible bonds and notes(2)	192	192	165
<b>Short term and long term debt:(3)</b>			
Financing debt(6)	7,171	11,291	9,690
Operating debt	13,146	3,961	3,400
<b>Total short term and long term debt</b>	<b>20,317</b>	<b>15,252</b>	<b>13,090</b>
<b>Total capitalization</b>	<b>57,011</b>	<b>51,182</b>	<b>43,929</b>

- (1) As at June 30, 2000, the number of AXA ordinary shares outstanding and in issue was 393.1 million under French GAAP, which includes 4.5 million of shares held in treasury and 30.2 million of ordinary shares issued by AXA in June 2000, the proceeds of which were used

primarily to fund the acquisition of the minority interests in Sun Life & Provincial Holdings in July 2000.

As at June 30, 2000, the potential number of ordinary shares which would arise upon conversion of AXA's convertible debt was 23.2 million ordinary shares, which according to the terms and conditions of the convertible debt would occur generally at maturity. In addition, as at June 30, 2000 there were 7.2 million share options outstanding.

- (2) In accordance with the French insurance code, debt for which reimbursement is subordinated to other creditors in the event of a company's liquidation, insolvency or bankruptcy and which has an original maturity date of at least five years (notice period of at least five years in the case of perpetual, that is, undated, debt) is considered mezzanine capital.
- (3) The classification between short-term debt and long term debt is not required under French GAAP as at June 30, 2000.
- (4) In connection with the three significant transactions subsequent to June 30, 2000, the consolidated capitalization of AXA has been impacted as follows:
  - **Sun Life & Provincial Holdings transaction.** AXA's consolidated financing debt increases by €39 million.
  - **Sale of Donaldson, Lufkin & Jenrette.** AXA's consolidated operating debt decreases by €9,185 million and consolidated subordinated debt decreases by €837 million; and
  - **AXA Financial exchange offer and subsequent merger.** Based on the information provided in the unaudited pro forma financial information included elsewhere in this prospectus supplement, in respect of this transaction, (i) AXA will issue 25.62 million ordinary shares in the form of ADSs, which on an aggregate basis have a nominal value of €9.15, therefore totalling approximately €234.2 million (\$201 million), and (ii) pursuant to a letter dated October 18, 2000, Bank of America International Limited, Chase Manhattan plc, SG Investment Banking and UBS Warburg, Ltd. have committed to provide AXA with a \$5.0 billion multi-currency dual tranche credit facility. Their affiliates have also agreed to fully underwrite the credit facility. The availability of the credit facility will be subject to the satisfaction of certain conditions precedent. For purposes of the pro forma calculations, AXA assumed borrowings of up to \$753 million under the \$2.25 billion 364-day revolver provided by this credit facility and up to an aggregate of \$2.75 billion of unsecured term loans maturing in three years provided by this credit facility. These amounts were dependent on the aggregate net proceeds to be raised pursuant to this offering, which was assumed for purposes of the pro forma calculations to be approximately \$1.5 billion. The actual amounts expected to be borrowed under the various tranches of the credit facility will now be less since the aggregate net proceeds from the offering of the subordinated notes will now be approximately \$1.923 billion. See Note 6 below. For purposes of the pro forma financial information, the total amount of cash obtained through debt is assumed to be approximately \$3,503 million (€4,081 million) from bank financing and \$1,500 million (€1,747 million) from subordinated debt, totalling \$5,003 million (€5,828 million). AXA's ordinary shares at nominal value increases by €234 million and share premium increases by €3,915 million, or €4,149 million in the aggregate.
- (5) The financial data have been translated from Euro to U.S. dollars using the Euro Noon Buying Rate at November 7, 2000 of €1.00 = U.S.\$0.8583. These translations are solely for the convenience of the reader. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could have been, at the relevant date, converted into U.S. dollars at the rate indicated or at any other rate.

- (6) The pro forma subordinated debt and financing debt included in the capitalization table assumed the issuance of \$1.5 billion of subordinated notes offered pursuant to this prospectus supplement. After giving effect to this offering, the total amount of cash obtained through debt in order to finance the AXA Financial transaction and the change in the aggregate principal amount of subordinated debt and financing debt is set out below.

	Assumed for pro forma		Actual	
	€m	\$m	€m	\$m
Financing debt . . . . .	4,081	3,503	3,588	3,080
Subordinated debt . . . . .	1,747	1,500	2,240	1,923
Aggregate . . . . .	<u>5,828</u>	<u>5,003</u>	<u>5,828</u>	<u>5,003</u>

Therefore, AXA's total financing debt would decrease from €11,291 million (\$9,690 million) to €10,798 million (\$9,267 million), or a decrease of €493 million (\$423 million), and AXA's total subordinated debt would increase from €7,685 million (\$6,596 million) to €8,178 million (\$7,019 million), or an increase of €493 million (\$423 million). Total capitalization remains unchanged at €51,182 million (\$43,929 million).

Other than as described above, there has been no material change in the capitalization of AXA since June 30, 2000.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information should be read in conjunction with (i) the audited historical consolidated financial statements and the related notes for the years ended December 31, 1999, 1998 and 1997 and as of December 31, 1999 and 1998 and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 1999 AXA Form 20-F incorporated by reference in the accompanying prospectus and AXA Financial's Current Report on Form 8-K filed with the SEC on November 14, 2000, (ii) AXA's unaudited consolidated financial statements and related notes for the six months ended June 30, 2000 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2000, included elsewhere in this prospectus supplement; and (iii) AXA Financial's unaudited consolidated financial statements and related notes and the section entitled "Management's Discussion and Analysis of Financial Condition, and Results of Operations" for the nine months ended September 30, 2000 included in its Quarterly Report on Form 10-Q. The AXA Financial Current Report on Form 8-K filed with the SEC on November 14, 2000 includes audited historical consolidated financial statements for the financial years indicated above which have been restated to reflect Donaldson, Lufkin & Jenrette as a discontinued operation. See "Where You Can Find More Information" in the accompanying prospectus for information on how to obtain copies of the documents referred to in this prospectus supplement.

The unaudited pro forma financial information gives the pro forma effect of the following three transactions after giving effect to the pro forma assumptions and adjustments described in the notes to the unaudited pro forma financial information:

- **Buyout of 43.8% minority interests in Sun Life & Provincial Holdings.** As of June 30, 2000, AXA and its subsidiaries had a 56.2% economic interest in Sun Life & Provincial Holdings. On July 12, 2000 the acquisition of the minority interests in Sun Life & Provincial Holdings became fully unconditional, at which time Sun Life & Provincial Holdings was delisted from the London Stock Exchange. The transaction was completed on July 26, 2000. Each minority shareholder of Sun Life & Provincial Holdings received 500 pence in cash and a special dividend of 5 pence for each Sun Life & Provincial Holdings ordinary share. As a consequence of this transaction, the direct and indirect ownership interest of AXA in Sun Life & Provincial Holdings increased to 100%. The aggregate purchase consideration for the buyout of the minority interests in Sun Life & Provincial Holdings was approximately £2.3 billion (or approximately €3.7 billion based on the exchange rate as of July 12, 2000).
- **Sale of Donaldson, Lufkin & Jenrette.** As of June 30, 2000, AXA had a 58.5% economic (direct and indirect) interest in AXA Financial which, together with certain other of its affiliates, had a 71% interest in Donaldson, Lufkin & Jenrette. On November 3, 2000, AXA, AXA Financial, The Equitable Life Assurance Society of the United States and AXA Participations Belgium sold their 71% interest in Donaldson, Lufkin & Jenrette. Total proceeds included cash of \$2,377 million and 25.7 million shares of the Credit Suisse Group. On November 6, 2000, the Credit Suisse Group repurchased 6.4 million of its shares from AXA Financial and its affiliates that were parties to the stock purchase agreement relating to the sale of Donaldson, Lufkin & Jenrette for a consideration of \$1,200 million. As a result, total cash received on the sale of Donaldson, Lufkin & Jenrette amounted to \$3,577 million (€4,155 million) and the market value at November 3, 2000 of the remaining 19.3 million shares of the Credit Suisse Group was \$3,765 million (€4,373 million). Total consideration in respect of this transaction therefore was \$7,342 million (€8,528 million). All translations of U.S. dollars to euro in this paragraph have been based on the Euro Noon Buying Rate on November 3, 2000 of €1.00=\$0.861.

- **Buyout of minority interests in AXA Financial.** As of June 30, 2000, AXA had an economic (direct and indirect) interest of 58.5% of the issued and outstanding shares of AXA Financial's common stock. AXA's direct and indirect ownership interests in AXA Financial increased to 60.3% following AXA's acquisition of minority interests in Sun Life & Provincial Holdings in July 2000. As of October 25, 2000, AXA and its subsidiaries were the beneficial owners of 60.1% of the issued and outstanding shares of AXA Financial's common stock. In connection with the proposed exchange offer and subsequent merger, the minority shareholders of AXA Financial will receive \$35.75 in cash and 0.295 of an AXA ADS for each outstanding share of common stock of AXA Financial. Based on the closing price of the AXA ADS on November 6, 2000, this corresponds to \$56.25 for each AXA Financial share.

The tables below set forth unaudited pro forma condensed consolidated financial information of AXA as of and for the six months ended June 30, 2000 and for the year ended December 31, 1999. The unaudited pro forma financial information assumes that each of the three transactions occurred on June 30, 2000, for the pro forma balance sheet, and on January 1, 1999, for the pro forma income statements, subject to the assumptions and adjustments described in the notes to the unaudited pro forma financial information.

**The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to be indicative of what the actual results of operations or financial condition of AXA and its subsidiaries would have been had these transactions been consummated on or as of the dates indicated, nor does it purport to be indicative of the results of operations or financial condition that may be achieved in the future.**

Prior to the three transactions reflected in the unaudited pro forma information, the results of operations and financial condition of Sun Life & Provincial Holdings, AXA Financial and Donaldson, Lufkin & Jenrette, all of which were subsidiaries of AXA, were consolidated and included in AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000, included elsewhere in this prospectus supplement, and in AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. The net assets and net income attributable to the minority shareholdings in Sun Life & Provincial Holdings and in AXA Financial, which included a minority interest in Donaldson, Lufkin & Jenrette, were excluded from AXA's consolidated shareholders' equity and net income and included in the balance sheet and income statement as a separate line item entitled "Minority interests". Consequently, the unaudited pro forma financial information presented in the tables below is based on:

- AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000 and audited consolidated financial statements for the year ended December 31, 1999, which were prepared in accordance with French GAAP,
- Adjustments to reflect the buyout of minority interests in Sun Life & Provincial Holdings based on the purchase consideration at the date the transaction was declared fully unconditional (July 12, 2000) and the financial information used to prepare AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000 and audited consolidated financial statements for the year ended December 31, 1999,
- Adjustments to reflect the sale of Donaldson, Lufkin & Jenrette based on the selling price at the date of the transaction (November 3, 2000) and the historical financial information used to prepare AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000 and audited consolidated financial statements for the year ended December 31, 1999, and

- (iv) Adjustments to reflect the buyout of minority interests in AXA Financial based on the purchase consideration as set out in this prospectus supplement as of November 6, 2000 and the historical financial information used to prepare AXA's unaudited interim consolidated financial statements as of and for the six months ended June 30, 2000 and audited consolidated financial statements for the year ended December 31, 1999.

AXA's consolidated financial statements have been prepared in accordance with French GAAP, which differs in certain material respects from U.S. GAAP. Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F, and incorporated by reference in the accompanying prospectus, provides a description of the material differences between French GAAP and U.S. GAAP as they relate to AXA for the year ended December 31, 1999. For the six months ended June 30, 2000 there have been no material changes in accounting principles from those described in Note 28. A reconciliation of AXA's pro forma net income for the six months ended June 30, 2000 and for the year ended December 31, 1999 and AXA's pro forma shareholders' equity as of June 30, 2000 from French GAAP to U.S. GAAP is also provided in the information below.

The acquisition of the minority interests in Sun Life & Provincial Holdings and AXA Financial will be accounted for using the purchase method of accounting under French GAAP and U.S. GAAP. Under U.S. GAAP, the purchase consideration for each of these acquisitions will be allocated to the portion of assets acquired and the liabilities assumed based on their respective fair values at the respective date of acquisition. The excess of purchase price over the fair value of the portion of tangible and identifiable intangible assets acquired, net of liabilities assumed, will be recorded as goodwill, and will be amortized as a charge against income over 30 years. Under French GAAP, the portion of assets acquired and of liabilities assumed, in respect of acquisitions of minority interests, are not recorded at their fair value at the acquisition date but remain at their carrying values used to prepare the consolidated financial statements before the minority interest acquisition occurred. In addition, a portion of the goodwill, being the purchase consideration less the carrying amounts of the portion of assets acquired and liabilities assumed, can be charged directly to shareholders' equity (in proportion to the value of shares issued by the acquiror to finance the acquisition to total purchase price). Any remaining goodwill will be recorded as an asset and will be amortized as a charge against income over 30 years.

The pro forma adjustments reflecting the consummation of each of the three transactions are based upon the assumptions and adjustments set forth in the notes accompanying the unaudited pro forma financial information. The unaudited pro forma financial information is based on currently available information and assumptions and estimates which management believes are reasonable. These assumptions and estimates, however, are subject to change because, among other things:

- The basis for determining the fair value of the portion of tangible assets and identifiable intangible assets acquired, net of liabilities assumed, for the purposes of presenting the pro forma financial information in accordance with U.S. GAAP, has not yet been completed in respect of the acquisitions of minority interests in AXA Financial and Sun Life & Provincial Holdings. Therefore, the actual financial position and results of operations may differ, perhaps significantly, from the pro forma amounts reflected in this prospectus supplement because of a variety of factors, including:
  - adjustments made to reflect the fair value of the portion of tangible assets acquired and liabilities assumed on the closing date (as the acquired portion of net assets is based on carrying values under U.S. GAAP as of the date of the most recent balance sheet at June 30, 2000 for Sun Life & Provincial Holdings and AXA Financial for purposes of presenting the pro forma financial information below), that may increase or decrease



goodwill, perhaps materially, under U.S. GAAP depending on the nature of the adjustment, and

- the extent to which the excess of purchase price over the fair value of the portion of tangible net assets acquired is attributable to identifiable intangible assets, being the “Value of Purchased Business In-force”, to be amortized over the remaining insurance policy contract terms, which will decrease the amount allocated to goodwill once it is determined, but would increase the amount charged against income over the period of amortization, which is shorter than the 30-year goodwill amortization period.
- The capital gain on the sale of Donaldson, Lufkin & Jenrette under French GAAP and U.S. GAAP is dependent on the carrying value of Donaldson, Lufkin & Jenrette’s net assets at the disposal date. The carrying value of net assets of Donaldson, Lufkin & Jenrette is as of the date of the most recent balance sheet at June 30, 2000 for the purposes of presenting the pro forma financial information below.
- The purchase consideration for the minority interests in AXA Financial is not yet final as (i) part of the consideration is based on the value of an AXA ADS at the time of the consummation of the exchange offer and merger (French GAAP only), (ii) the number of AXA Financial shares tendered in the exchange offer may change as a result of the exercise of outstanding options (impact calculation under both French GAAP and U.S. GAAP), and (iii) under both French and U.S. GAAP the transaction costs associated with this acquisition will not be known fully until the transaction is completed and, therefore, an estimate has been used for the purpose of the pro forma financial information. In addition, the cash portion of the consideration will be primarily funded through debt financing. Pursuant to a letter dated October 18, 2000, Bank of America International Limited, Chase Manhattan plc, SG Investment Banking and UBS Warburg Ltd. have, subject to specified conditions, committed to provide AXA with a \$5.0 billion multi-currency dual tranche credit facility. AXA also currently intends to finance the exchange offer and subsequent merger of AXA Financial partially with the net proceeds of this offering. The allocation between the different sources of financing will be determined by AXA and may be modified based on the market conditions and such other factors as AXA may deem appropriate. For the purposes of presenting the pro forma financial information below, we have used the financing assumptions presented in Note 6.
- The cost of compensation attributable to outstanding options to acquire shares of AXA Financial common stock, which will become immediately and fully exercisable upon expiration of the initial offer period. The cost of compensation is based on the difference between the market price of a share of AXA Financial common stock at November 6, 2000 and the weighted average strike price of the outstanding stock options. This cost will be included in the purchase consideration under French GAAP and will likely be recorded as compensation expense under U.S. GAAP.
- The impact of foreign exchange rates on the unaudited pro forma financial information given that (i) the buyout of the minority interests in Sun Life & Provincial Holdings was effected in pound sterling and the sale of Donaldson, Lufkin & Jenrette and the buyout of minority interests in AXA Financial will be effected in U.S. dollars, and (ii) AXA’s functional and reporting currency is the euro. For the purposes of presenting the pro forma financial information below, the financial information has been based on the historical foreign exchange rates in effect as of June 30, 2000 and the average foreign exchange rates for the six months ended June 30, 2000 and for the year ended December 31, 1999 as set out

below. These exchange rates are different from the exchange rate used for convenience translations elsewhere in this prospectus supplement.

	<b>Sun Life &amp; Provincial Holdings</b>	<b>Donaldson, Lufkin &amp; Jenrette and AXA Financial</b>
Amounts for the year ended December 31, 1999 (average rate for the year) . . . . .	€1.00=£0.66	€1.00=\$1.06
Amounts as at June 30, 2000 (period-end rate) . . . . .	€1.00=£0.63	€1.00=\$0.95
Amounts for the six months ended June 30, 2000 (average rate for the period) . . . . .	€1.00=£0.61	€1.00=\$0.96

The amounts pertaining to pro forma French GAAP and as reconciled to U.S. GAAP for AXA, after taking effect of each of the three transactions, are also expressed in U.S. dollars, the latter being presented solely for your convenience and translated at the Euro Noon Buying Rate of €1.00 = \$0.8583 on November 7, 2000.

Accordingly, the allocations to goodwill and the determination of the capital gain (net of tax) on the sale of Donaldson, Lufkin & Jenrette set forth below are preliminary and have been made solely for the purpose of developing the pro forma financial information presented below.

In addition to these three transactions, we have disclosed in AXA's consolidated financial statements for the six months ended June 30, 2000 and for the year ended December 31, 1999 other acquisitions which have been made within the AXA group of companies since January 1, 2000, including (i) the buyout of the minority shareholders in AXA China Region, whose financial year end is September 30, (Hong Kong-December 1999), (ii) the acquisition of Nippon Dantai (Japan-March 2000), (iii) two acquisitions undertaken by AXA Reinsurance (John Hancock P&C Insurance Company and USF RE Insurance Company, which were consolidated on January 1, 2000), and (iv) Alliance Capital's acquisition of Sanford C. Bernstein & Co., Inc. (United States-October 2000). No pro forma financial information relating to these acquisitions has been provided.

**Unaudited Pro Forma Condensed Consolidated Balance Sheet**  
**French GAAP**  
**At June 30, 2000**

	Pro Forma Adjustments					
	AXA Historical Unaudited Condensed Balance Sheet	Minority Buyout of Sun Life & Provincial Holdings	Sale of Donaldson, Lufkin & Jenrette	Minority Buyout of AXA Financial		
	(€m)	(€m)	(€m)	(€m)	(€m)	(\$m)
Goodwill	5,434	1,923 (1)	(204)(4b)	5,085 (5)	12,237	10,503
Investments including separate account assets	439,321	—	(59,878)(4b) 4,373 (3)	—	383,816	329,429
Cash and cash equivalents	29,263	(3,625)(2a)	(1,879)(4b) 4,155 (3)	(1,993)	25,921	22,248
Deferred acquisition costs and value of purchased business in force	12,705	—	—	—	12,705	10,904
Broker-dealer receivables	61,382	—	(58,667)(4b)	—	2,715	2,330
Other assets	41,454	—	(1,478)(4b)	—	39,976	34,311
<b>Total assets</b>	<b>589,557</b>	<b>(1,702)</b>	<b>(113,579)</b>	<b>3,092</b>	<b>477,368</b>	<b>409,725</b>
Future policy benefits, other policy liabilities, insurance claims and claims expenses (including separate account liabilities)	372,939	—	—	—	372,939	320,094
Total short and long term debt (excluding subordinated debt and mandatorily convertible notes)	20,317	39 (2a)	(9,185)(4b)	4,081 (6b)	15,252	13,090
Securities sold under repurchase agreements	54,555	—	(54,551)(4b)	—	4	3
Broker-dealer related payables	51,412	—	(50,871)(4b)	—	541	464
Accrued expenses and other liabilities	53,641	67 (1)	(3,401)(4b) 2,360 (4c)	38 (5)	52,705	45,237
<b>Total liabilities, excluding subordinated debt and mandatorily convertible notes</b>	<b>552,864</b>	<b>106</b>	<b>(115,648)</b>	<b>4,119</b>	<b>441,441</b>	<b>378,889</b>
Minority interests	8,342	(1,808)(2c)	1,087 (4b, 4c)	(4,006)(6f)	3,615	3,103
Subordinated debt and mandatorily convertible notes	6,967	—	(837)(4b)	1,747 (6b)	7,877	6,761
Shareholders' equity:						
Ordinary shares and share premium	12,786	—	—	4,149 (5)	16,935	14,535
Retained earnings	8,599	—	1,820 (4c)	(2,916)(5, 6d)	7,503	6,440
<b>Total shareholders' equity (net assets)</b>	<b>21,385</b>	<b>—</b>	<b>1,820</b>	<b>1,233</b>	<b>24,438</b>	<b>20,975</b>
<b>Total liabilities, minority interests, subordinated debt, mandatorily convertible notes and shareholders' equity</b>	<b>589,557</b>	<b>(1,702)</b>	<b>(113,579)</b>	<b>3,092</b>	<b>477,368</b>	<b>409,725</b>
Net assets per ordinary share (see Note 10c)	54.40	—	4.63	2.94	58.36	50.09
Net assets per ADS (see Note 10a)	27.20	—	2.31	1.47	29.18	25.05

The number of AXA ordinary shares outstanding are as follows: as of June 30, 2000 — 393.13 million which includes the 30.22 million ordinary shares of AXA issued on June 15, 2000 to fund the acquisition of the minority interests in Sun Life & Provincial Holdings; and after the consummation of the exchange offer and subsequent merger — 418.75 million assuming acceptance of the offer by 100% of AXA Financial minority shareholders (see Note 10c).

See accompanying Notes to the Unaudited Pro Forma Financial Information which are an integral part of this information.

## Notes to Unaudited Pro Forma Financial Information

### Note 1—Sun Life & Provincial Holdings—Determination and Allocation of Purchase Price

For the purposes of the pro forma financial information, the buyout of the minority interests of Sun Life & Provincial Holdings is based on AXA's economic interest in Sun Life & Provincial Holdings of 56.2% at June 30, 2000.

**(Euro in millions):**

Consideration:

Cash payment of £2,239 million (see Note 2a) . . . . .	3,589
Additional cash payment through loan notes (see Note 2a) . . . . .	39
Cost to settle outstanding employee stock options of Sun Life & Provincial Holdings (see Note 2b) . . . . .	44
Professional fees and other direct transaction expenses . . . . .	<u>23</u>
Total cost to acquire the Sun Life & Provincial Holdings minority interests (the purchase price) . . . . .	3,695
Less: Preliminary book value of net assets acquired (see Note 2c) . . . . .	1,808
Less: Payment of special dividend (see Note 2d) . . . . .	<u>(36)</u>
Excess of the purchase price over the fair value of the tangible net assets acquired (goodwill on a preliminary basis) . . . . .	<u>1,923(*)</u>

(\*) Goodwill to be amortized over 30 years, approximately €64 million per year

### Note 2—Sun Life & Provincial Holdings—Pro Forma Balance Sheet Adjustments

All pound sterling to euro translations provided in Note 2 are based on the pound sterling to euro exchange rate of £1.00=€1.6028 as of the closing date of the transaction (July 12, 2000).

(a) On May 3, 2000, AXA announced a capital increase with preferential subscription rights. The total net proceeds from the offering of 30.2 million newly issued AXA ordinary shares was approximately €3,656 million (€277 million corresponding to the nominal value of the ordinary shares issued plus €3,379 million in share premium). Of the total net cash proceeds, approximately €3,589 million has been used to fund the minority buyout in Sun Life & Provincial Holdings.

According to the terms of the transaction, AXA obtained loan notes of £24 million (approximately €39 million). The loan notes have an interest rate of LIBOR less 0.75%, approximately 5.56%.

Total cash obtained from the capital increase and loan notes was approximately €3,695 million of which €3,656 million in respect of the newly issued ordinary shares was included in AXA's consolidated balance sheet at June 30, 2000. Of the €3,695 million, €3,625 million was used to finance the minority buyout in Sun Life & Provincial Holdings.

(b) The total cost of €44 million includes a cash payment of £8 million (€13 million) to settle outstanding employee stock options of Sun Life & Provincial Holdings which will not be exchanged for AXA share options, €4 million representing the cost attributable to the remaining outstanding employee stock options of Sun Life & Provincial Holdings to be exchanged for AXA share options, and £17 million (€27 million)

## Notes to Unaudited Pro Forma Financial Information

### Note 2—Sun Life & Provincial Holdings—Pro Forma Balance Sheet Adjustments (Continued)

relating to a continuation plan whereby the Sun Life & Provincial Holdings stock options will be retained by the optionholders and at date of exercise will be converted into an equivalent number of AXA shares.

- (c) Net assets attributable to minority interests in AXA's consolidated balance sheet at June 30, 2000.
- (d) In connection with the transaction, a special dividend of 5 pence per share has been paid by Sun Life and Provincial Holdings amounting, in the aggregate, to approximately £22 million (€36 million).

### Note 3—Donaldson, Lufkin & Jenrette—Determination of selling price and calculation of capital gains

For the purposes of the pro forma financial information, the capital gain from the sale of Donaldson, Lufkin & Jenrette is based on (i) total sales proceeds using the Euro Noon Buying Rate of €1.00 = \$0.861 on November 3, 2000, the date on which the sale was completed, (ii) AXA's economic interest of 60.1%, representing AXA's direct and indirect ownership interest of 58.5% in AXA Financial at June 30, 2000 adjusted to reflect the increase in AXA's ownership interest in AXA Financial as a result of AXA acquiring the outstanding minority interest in Sun Life & Provincial Holdings in July 2000 as well as stock options exercised up to November 6, 2000.

(Euro in millions):	<u>Total Net Proceeds</u>	<u>AXA Group Share</u>
Proceeds from sale of Donaldson, Lufkin & Jenrette:		
Cash received—\$3,577 million (see Note 4a) . . . . .	4,155	
Credit Suisse Group shares—\$3,765 million (see Note 4a) . . . . .	<u>4,373</u>	
Assumed proceeds from the sale of Donaldson, Lufkin & Jenrette . . . . .	<u>8,528</u>	
AXA's group share of the sale proceeds . . . . .		5,194
Less:		
Preliminary book value of net assets sold (group share) (see Note 4b) . . . . .		1,662
Income tax expense on proceeds (see Note 4c) . . . . .		1,401
Sale costs (net group share) . . . . .		<u>17</u>
Preliminary capital gain (after-tax, group share) (see Note 4c) . . . . .		<u>2,114</u>

### Note 4—Donaldson, Lufkin & Jenrette—Pro Forma Balance Sheet Adjustments

All translations of U.S. dollars to euro in Note 4 are based on the Euro Noon Buying Rate on November 3, 2000 of €1.00=\$0.861.

- (a) The sale of Donaldson, Lufkin & Jenrette was completed on November 3, 2000. Total proceeds included cash of \$2,377 million and 25.7 million shares of the Credit Suisse Group. On November 6, 2000, the Credit Suisse Group repurchased 6.4 million of its shares from AXA Financial and its affiliates that were parties to the stock purchase agreement relating to the sale of Donaldson, Lufkin & Jenrette for a consideration of \$1,200 million pursuant to the terms of that agreement. As a result, total cash received on the sale of Donaldson, Lufkin & Jenrette amounted to \$3,577 million (€4,155 million) and the market value as of November 3, 2000 of the remaining 19.3 million shares of the Credit Suisse Group after the

## Notes to Unaudited Pro Forma Financial Information

### Note 4—Donaldson, Lufkin & Jenrette—Pro Forma Balance Sheet Adjustments (Continued)

repurchase of a portion by Credit Suisse Group was \$3,765 million (€4,373 million). Total consideration in respect of this transaction therefore totaled \$7,342 million (€8,528 million).

- (b) Elimination of historical assets and liabilities of Donaldson, Lufkin & Jenrette (on a consolidated basis) as reported previously in AXA's consolidated balance sheet as of June 30, 2000.

Net assets of Donaldson, Lufkin & Jenrette, after elimination of its own minority interests, amounted to €1,956 million, as included previously in AXA's consolidated balance sheet at June 30, 2000. This amount is reduced by €294 million, which corresponds to the related cumulative translation adjustment which would be recorded against earnings at the date of the transaction and is recorded as a charge against retained earnings for the purposes of the unaudited pro forma financial information. The net amount is €1,662 million.

- (c) The capital gain has not been included in the pro forma income statement but reflected as an adjustment to AXA Financial's retained earnings and AXA Group's share in AXA Financial's retained earnings. Total proceeds and related tax expense, including transaction costs, for AXA before elimination of minority interests in AXA Financial were €8,528 million and €2,360 million, respectively; transaction costs were estimated to be approximately \$25 million (€29 million). The after-tax capital gain for AXA is €2,114 million (group share) which is included in AXA's pro forma retained earnings after the reduction of the cumulative translation adjustment of €294 million. Therefore, the impact on AXA's pro forma retained earnings is €1,820 million. The minority interest portion of the after-tax capital gain (before consummation of the buyout of the minority interests in AXA Financial) is included in AXA's pro forma minority interests.

### Note 5—AXA Financial—Determination and Allocation of Purchase Price

For purposes of the pro forma financial information, the buyout of minority interests of AXA Financial is based on AXA's 60.1% economic interest in AXA Financial, representing AXA's direct and indirect ownership interest of 58.5% in AXA Financial at June 30, 2000 adjusted to reflect the increase in ownership that resulted from AXA's acquisition of the minority interests in Sun Life & Provincial Holdings in July 2000 as well as stock options exercised up to November 6, 2000.

Pursuant to the terms of the exchange offer and subsequent merger of AXA Financial described under "Recent Developments", AXA proposes to acquire the entire common equity interest in AXA Financial by (1) exchanging AXA ADSs and cash for all outstanding shares of AXA Financial common stock other than shares already owned, directly or indirectly, by AXA or that are held by AXA Financial in treasury and (2) promptly after completion of the offer, merging a wholly owned subsidiary, AXA Merger Corp., with and into AXA Financial. Under the terms of the offer and subsequent merger, AXA is offering to exchange \$35.75 in

## Notes to Unaudited Pro Forma Financial Information

### Note 5—AXA Financial—Determination and Allocation of Purchase Price (Continued)

cash and 0.295 of an AXA ADS for each share of AXA Financial common stock (which corresponds to \$56.25 at November 6, 2000 based on the market price of an AXA ADS on that date).

**(Euro in millions):**

Assumed consideration:

Cash in hand—\$1,207 million (see Note 6a) . . . . .	1,405
AXA ADSs to be issued—\$3,561 million (see Note 6a) . . . . .	4,149
Cash from debt financing—\$5,003 million (see Note 6b) . . . . .	5,828
	11,382
Assumed cost to settle outstanding employee stock options of AXA Financial in cash (see Note 6c) . . . . .	587
Professional fees and other direct transaction expenses (see Note 6e) . . . . .	38
	12,007
Assumed total cost to acquire AXA Financial minority interests (the purchase price) . . . . .	12,007
Less: Preliminary book value of net assets acquired (see Note 6f) . . . . .	4,006
	8,001
Excess of the purchase price over the fair value of the tangible net assets acquired (goodwill on a preliminary basis) (see Note 6d) . . . . .	8,001
Allocation of Goodwill (see Note 6d):	
Charged directly to shareholders' equity . . . . .	2,916
Goodwill asset (*) . . . . .	5,085
Total . . . . .	8,001

(\*) Goodwill to be amortized over 30 years, approximately €169 million per year.

### Note 6—AXA Financial—Pro Forma Balance Sheet Adjustments

All translations of U.S. dollars to euro in Note 6 are based on the Euro Noon Buying Rate on November 6, 2000 of €1.00 = \$0.8584.

(a) For purposes of the pro forma financial information, it is assumed that all the AXA Financial minority shareholders will accept the offer. As of November 6, 2000, based on the market price of an AXA ADS of \$69.50 on that date and the number of outstanding shares of AXA Financial common stock held by minority shareholders (173.7 million), the consideration to be paid in the offer corresponds to \$56.25 per share of AXA Financial common stock. The price per share of AXA Financial common stock translates into an aggregate consideration to be paid of \$9,771 million (€11,382 million). Based on this assumed purchase consideration and the number of shares held by minority shareholders at November 6, 2000, the cost to AXA and AXA Merger Corp. of financing the exchange offer (excluding fees and expenses relating to such financing) is expected to be as follows:

- cash of \$6,210 million (€7,233 million), or \$35.75 per share, which will be provided partly from cash in hand and the remainder through the use of a \$5.0 billion multi-currency dual tranche credit facility (see Note 6b) and partly through the net proceeds of this note offering (see Note 6b); and

## Notes to Unaudited Pro Forma Financial Information

### Note 6—AXA Financial—Pro Forma Balance Sheet Adjustments (Continued)

- based on an exchange ratio of 0.295, approximately 25.6 million ordinary shares of AXA, represented by 51.2 million AXA ADSs (since one AXA ordinary share represents two AXA ADSs), will be issued by AXA, which based on a market value for the AXA ADSs of \$69.50 on November 6, 2000 represents \$3,561 million (€4,149 million).

Based on the above information, approximately 35% of the total purchase consideration will be funded by ordinary shares to be issued by AXA in the form of AXA ADSs.

- (b) Cash to be obtained through debt financing is as summarized below:

**\$5.0 billion credit facility.** The following amounts are available under the \$5.0 billion credit facility: (i) up to \$2.25 billion of unsecured indebtedness under a 364-day revolving facility with an interest rate on the amount drawn based on LIBOR plus a margin of 0.275% per year, and (ii) up to an aggregate principal amount of \$2.75 billion of unsecured term loans maturing in three years, but in no event later than December 31, 2003, with an interest rate on the amount drawn based on LIBOR or EURIBOR, as applicable, plus a margin of 0.30% per year during the first year (including a utilization fee of 0.025%), a margin of 0.325% per year during the second year, and a margin of 0.35% per year during the third and final year.

**Subordinated debt.** On November 17, 2000, AXA filed a registration statement on Form F-3 (Registration No. 333-12872), registering \$3.0 billion of debt securities to be issued from time to time. On November 28, 2000, AXA filed an amendment to this registration statement, increasing the principal amount of debt securities registered under the registration statement to \$5.0 billion.

Based on current prevailing market conditions and other factors relevant to the transaction, it is assumed, for purposes of presenting the unaudited pro forma financial information, that AXA expects to initially finance the acquisition as follows: (i) \$3,503 million (€4,081 million) drawn under the \$5.0 billion credit facility, consisting of \$753 million incurred under the revolving facility and \$2,750 million incurred under the term loan facility and (ii) \$1,500 million (€1,747 million) from the issuance of subordinated notes. Therefore, the total amount of cash obtained through debt is assumed to be \$5,003 million (€5,828 million), in the aggregate. The final allocation among the two tranches of the credit facility and the subordinated notes may differ from the allocation assumed in connection with the preparation of the unaudited pro forma financial information. The exact size and terms of the offering of subordinated notes will depend on a number of factors, including market conditions at the time of the offering.

For the purposes of preparing the unaudited pro forma financial information, an assumed blended average interest rate of 5.9% was used. The actual interest rates may differ from the interest rates assumed for the preparation of the unaudited pro forma financial information.

- (c) The estimated compensation expense attributable to the outstanding options to acquire shares of AXA Financial common stock which will become immediately and fully exercisable upon the expiration of the initial offer period is approximately \$775 million (€903 million). On an after-tax basis, using AXA Financial's statutory tax rate of 35%, the estimated cost associated with these stock options is approximately \$504 million (or €587 million).



## Notes to Unaudited Pro Forma Financial Information

### Note 6—AXA Financial—Pro Forma Balance Sheet Adjustments (Continued)

- (d) In accordance with French GAAP, a portion of the goodwill can be recorded as a charge directly against AXA consolidated shareholders' equity in proportion to the value of shares issued to total purchase price. It is assumed that approximately 35% (see Note 6a) of the total goodwill will be charged against AXA consolidated shareholders' equity, as 35% of the total purchase price is to be paid in AXA ordinary shares in the form of ADSs. The remaining goodwill will be recorded as an asset and amortized over 30 years.
- (e) Represents the estimated cost relating to professional fees and expenses in connection with the transaction of €60 million (€38 million net of AXA's statutory tax rate of 37.5%). Fees and expenses are preliminary and comprise principally legal, finance and advisory costs, but exclude professional fees and other direct expenses associated with the issuance of the debt to be used to partly finance the exchange offer and subsequent merger of AXA Financial.
- (f) Elimination of net assets previously attributable to minority interests as reported previously in AXA's consolidated balance sheet at June 30, 2000 and adjusted to reflect the sale of Donaldson, Lufkin & Jenrette which is presented separately in the pro forma financial information (see Note 4c).

**Unaudited Pro Forma Condensed Consolidated Statement of Income**

**French GAAP**

**For the six months ended June 30, 2000**

	AXA Historical Unaudited Condensed Statement of Income	Pro Forma Adjustments			AXA Pro Forma Unaudited Condensed Statement of Income	
		Minority Buyout of Sun Life & Provincial Holdings	Sale of Donaldson, Lufkin & Jenrette	Minority Buyout of AXA Financial	(€m)	(\$m)
	(€m)	(€m)	(€m)	(€m)		
Gross premiums and financial services revenues, including change in unearned premium reserve	39,337	—	(7,061)(8a)	—	32,276	27,702
Net investment result	8,711	(1)(7a)	(154)(8a)	(172)(9a)	8,384	7,196
<b>Total revenues</b>	<b>48,049</b>	<b>(1)</b>	<b>(7,215)</b>	<b>(172)</b>	<b>40,660</b>	<b>34,899</b>
Insurance benefits and claims	(32,129)	—	—	—	(32,129)	(27,576)
Reinsurance ceded, net	53	—	—	—	53	45
Acquisition expenses	(2,987)	—	—	—	(2,987)	(2,564)
Administrative expenses	(10,387)	—	6,582 (8a)	—	(3,805)	(3,266)
Amortization of goodwill, net	(85)	(32)(7b)	5 (8a)	(85)(9b)	(197)	(169)
<b>Total benefits, claims and other deductions</b>	<b>(45,534)</b>	<b>(33)</b>	<b>6,587</b>	<b>(85)</b>	<b>(39,065)</b>	<b>(33,530)</b>
Income before income tax expense	2,515	(33)	(628)(8a)	(257)	1,597	1,371
Income tax (expense) benefit	(748)	—	221 (8a)	64 (9a)	(463)	(397)
Minority interests	(560)	13 (7c)	238 (8a)	138 (9c)	(171)	(147)
Equity in income from unconsolidated entities	(1)	—	—	—	(1)	(1)
<b>Net income (loss) in accordance with French GAAP</b>	<b>1,205</b>	<b>(20)</b>	<b>(170)(8b)</b>	<b>(55)</b>	<b>961</b>	<b>825</b>
Net income (loss) per ordinary share (see Note 10b)						
—basic	3.32	(0.05)	(0.43)	(0.13)	2.29	1.97
—diluted	3.11	(0.05)	(0.40)	(0.12)	2.21	1.90
Net income (loss) per ADS (see Note 10a)						
—basic	1.66	(0.02)	(0.22)	(0.07)	1.15	0.98
—diluted	1.56	(0.02)	(0.20)	(0.06)	1.11	0.95

The weighted average number of AXA ordinary shares outstanding are as follows: for the six months ended June 30, 2000—389.31 million (basic) and 389.67 million (diluted); after the consummation of the Sun Life & Provincial Holdings transaction (and the issuance of 30.22 million ordinary shares of AXA on June 15, 2000 in connection therewith)—393.53 million (basic) and 393.89 million (diluted); and after the consummation of the exchange offer and subsequent merger with AXA Financial—445.15 million (basic) and 445.51 million (diluted) assuming acceptance of the offer by 100% of AXA Financial minority shareholders (See Note 10b).

See accompanying Notes to the Unaudited Pro Forma Financial Information which are an integral part of this information.

**Unaudited Pro Forma Condensed Consolidated Statement of Income**

**French GAAP**

**For the year ended December 31, 1999**

	AXA Historical Unaudited Condensed Statement of Consolidated Income	Pro Forma Adjustments			AXA Pro Forma Unaudited Condensed Statement of Income	
		Minority Buyout of Sun Life & Provincial Holdings	Sale of Donaldson, Lufkin & Jenrette	Minority Buyout of AXA Financial	(€m)	(\$m)
	(€m)	(€m)	(€m)	(€m)		
Gross premiums and financial services revenues, including change in unearned premium reserve . . . . .	66,537	—	(9,671)(8a)	—	56,866	48,808
Net investment result . . . . .	15,630	(2)(7a)	(98)(8a)	(344)(9a)	15,186	13,034
<b>Total revenues . . . . .</b>	<b>82,167</b>	<b>(2)</b>	<b>(9,769)</b>	<b>(344)</b>	<b>72,052</b>	<b>61,842</b>
Insurance benefits and claims . . . . .	(56,681)	—	—	—	(56,681)	(48,649)
Reinsurance ceded, net . . . . .	808	—	—	—	808	694
Acquisition expenses . . . . .	(5,616)	—	—	—	(5,616)	(4,820)
Administrative expenses . . . . .	(15,863)	—	8,944 (8a)	—	(6,919)	(5,939)
Amortization of goodwill, net . . . . .	(634)	(64)(7b)	8 (8a)	(169)(9b)	(859)	(737)
<b>Total benefits, claims and other deductions . . . . .</b>	<b>(77,986)</b>	<b>(64)</b>	<b>8,952</b>	<b>(169)</b>	<b>(69,267)</b>	<b>(59,452)</b>
Income before income tax expense . . . . .	4,183	(66)	(817)	(513)	2,785	2,391
Income tax expense . . . . .	(1,292)	1 (7a)	276 (8a)	129 (9a)	(887)	(761)
Minority interests . . . . .	(858)	179 (7c)	315 (8a)	269 (9c)	(95)	(82)
Equity in income from unconsolidated entities . . . . .	(10)	—	—	—	(10)	(9)
<b>Net income (loss) in accordance with French GAAP . . . . .</b>	<b>2,021</b>	<b>114</b>	<b>(226)(8b)</b>	<b>(115)</b>	<b>1,793</b>	<b>1,539</b>
Net income (loss) per ordinary share (see Note 10b)						
— basic . . . . .	5.73	0.30	(0.59)	(0.28)	4.39	3.76
— diluted . . . . .	5.39	0.28	(0.56)	(0.17)	4.21	3.61
Net income (loss) per ADS (see Note 10a)						
—basic . . . . .	2.86	0.15	(0.29)	(0.14)	2.19	1.88
—diluted . . . . .	2.70	0.14	(0.28)	(0.13)	2.10	1.81

The weighted average number of AXA ordinary shares outstanding are as follows: for the year ended December 31, 1999—352.99 million (basic) and 376.14 million (diluted); after the consummation of the Sun Life & Provincial Holdings transaction (and the issuance of 30.22 million ordinary shares of AXA on June 15, 2000 in connection therewith)—383.21 million (basic) and 406.36 million (diluted); and after the consummation of the exchange offer and subsequent merger of AXA Financial—408.83 million (basic) and 431.98 million (diluted) assuming acceptance of the offer by 100% of AXA Financial minority shareholders (see Note 10b).

See accompanying Notes to the Unaudited Pro Forma Financial Information which are an integral part of this information.

## Notes to Unaudited Pro Forma Financial Information

### Note 7—Sun Life & Provincial Holdings—Pro Forma Income Statement Adjustments

- (a) Based on an interest rate of 5.56% (see Note 2a), interest expense arising on the debt issued in connection with this transaction has been calculated as approximately €2 million per year before tax. This gives rise to an assumed tax benefit of approximately €1 million using AXA's statutory tax rate of 37.5%. Interest expense is included in the "net investment result" and not in "administrative expenses" under French GAAP.
- (b) Preliminary goodwill attributable to the acquisition of €1,923 million to be amortized over 30 years, or €64 million per year or €32 million for six months (see Note 1). There is no tax effect.
- (c) For the period indicated, reclassification of historical after-tax income previously attributable to and included under the separate heading, "Minority interests", in AXA's consolidated statements of income.

### Note 8—Donaldson, Lufkin & Jenrette—Pro Forma Income Statement Adjustments

- (a) Elimination of Donaldson, Lufkin & Jenrette's historical revenues and expenses (on a consolidated basis) as reported previously in AXA's historical consolidated statements of income for the periods indicated.
- (b) The capital gain from the sale of Donaldson, Lufkin & Jenrette has been included only in pro forma retained earnings and has not been reflected in the pro forma income statement (see Note 4c).

### Note 9—AXA Financial—Pro Forma Income Statement Adjustments

- (a) Using the assumed blended average interest rate of 5.9% (see Note 6), the pre-tax interest expense is approximately €344 million (or €215 million on an after-tax basis) for a full year, and €172 million (or €107 million on an after-tax basis) for a six-month period. AXA's statutory tax rate is 37.5%. The actual interest rates may differ from the interest rates assumed for purposes of preparing the unaudited pro forma financial information. In addition, the final allocation of funds among the two tranches of the credit facilities and this notes offering may change, further impacting on the interest expense.

If the blended average interest rate on these borrowings increases or decreases by 50 basis points, interest expense will increase or decrease by €29 million, or €18 million net of tax, per year.

The unaudited pro forma financial information provided is based on the assumption that all outstanding stock options would be exercised at the closing of the initial offer period for a total consideration of \$504 million net of tax (€587 million). This assumption is based on the terms of the offer whereby all outstanding stock options become immediately and fully exercisable at the close of the offer period. Assuming only 50% of the stock options are exercised and AXA Financial purchases AXA ADR call options for the remaining 50%, the total amount of cash obtained through debt financing would need to be increased by \$257 million (€300 million) to \$5,260 million (€6,128 million). Therefore, the increase in debt would increase interest expense by €13 million net of tax per year.

### Notes to Unaudited Pro Forma Financial Information

- (b) Preliminary goodwill attributable to the acquisition, to be amortized over 30 years, of €169 million for a full year, or €85 million for a six-month period (see Note 5). There is no tax effect.
- (c) For the period indicated, reclassification of historical after-tax income previously attributable to and included under the separate heading, "Minority interests", in AXA's consolidated statements of income.

#### Note 10—Net income per ordinary share adjustments

- (a) Solely for convenience, the net income per ordinary share amounts have been divided by two, the number of ADSs representing one ordinary share.
- (b) The pro forma weighted average number of ordinary shares of AXA presented below includes the capital increase to partly fund the buyout of the minority interests in AXA Financial in connection with the exchange offer and subsequent merger of AXA Financial, assuming 100% acceptance of the offer by the minority stockholders and without taking into account the exercise of any AXA Financial stock options.

	Pro Forma weighted average number of shares (millions)			
	For the six months ended June 30, 2000		For the year ended December 31, 1999	
	(basic)	(diluted)	(basic)	(diluted)
Existing AXA ordinary shares . . . . .	363.31	389.67	352.99	376.14
AXA shares issued to fund the Sun Life & Provincial Holdings transaction (registered on June 15, 2000) . . . . .	30.22	30.22	30.22	30.22
	<u>393.53</u>	<u>419.89</u>	<u>383.21</u>	<u>406.36</u>
Anticipated number of newly issued ordinary shares in the form of AXA ADSs assuming 100% acceptance of the exchange offer (see Note 6a) . . . . .	25.62	25.62	25.62	25.62
	<u>419.15</u>	<u>445.51</u>	<u>408.83</u>	<u>431.98</u>

- (c) The pro forma number of ordinary shares in issue of AXA presented below includes the capital increase to fund the buyout of the minority interests in Sun Life & Provincial Holdings and to partly fund the buyout of the minority interest in AXA Financial in connection with the exchange offer and subsequent merger of AXA Financial, assuming 100% acceptance of the offer by the minority stockholders and without taking into account the exercise of any AXA Financial stock options.

	Shares in issue (millions)
Existing AXA ordinary shares (at June 30, 2000)* . . . . .	393.13
Anticipated number of newly issued ordinary shares in the form of AXA ADSs assuming 100% acceptance of the offer (see Note 6a) . . . . .	25.62
	<u>418.75</u>

(\*) Already includes the 30.22 million ordinary shares of AXA issued on June 15, 2000 and used to fund the acquisition of the minority interests in Sun Life & Provincial Holdings.

### **Significant differences between French GAAP and U.S. GAAP**

The pro forma financial information has been prepared in accordance with French GAAP, which differs in certain material respects from U.S. GAAP.

The main differences between French GAAP and U.S. GAAP that are relevant to the pro forma financial information relate to:

- (i) **Purchase accounting for acquisition of minority interests.** Under French GAAP goodwill is determined based on the difference between the purchase price (at the closing date) including transaction costs, the cost of converting outstanding stock options of the target company in an acquisition of a minority interest and the carrying value of net assets at the date of acquisition. The difference represents goodwill. A portion of goodwill is charged directly to shareholders' equity to the extent that shares are issued in connection with the transaction. The remaining amount is recorded as a goodwill asset and amortized over the remaining estimated useful life.

Under U.S. GAAP goodwill is determined based on the difference between the purchase price (determined using the average market price over a period consisting of a number of days before and after the date the Merger Agreement was signed and announced, October 17, 2000) including transaction costs and the fair value of net identifiable assets at the date of acquisition. The difference represents total goodwill which is recorded as an asset and amortized over the remaining estimated useful life. The cost of converting outstanding stock options of the target company in an acquisition of a minority interest would likely be treated as a compensation expense and, therefore, excluded from the purchase price.

As previously described, the allocation to goodwill under both French GAAP and U.S. GAAP is preliminary and, therefore, the purchase accounting adjustment from French GAAP to U.S. GAAP is preliminary.

- (ii) **Treatment of the unrealized investment gains or losses attributable to U.K. with-profit contracts administered by Sun Life & Provincial Holdings' life insurance subsidiary.** Under French GAAP, in accounting for U.K. with-profit contracts, revenue and expense are matched in net income since both changes in the estimated fair values of assets allocated to the U.K. with-profit contracts and corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits. U.S. GAAP, which has developed in a different environment than that in which the U.K. with-profit contract was developed, requires that the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion under U.S. GAAP results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. An increase in the estimated fair value of these assets results in an increase in the liability for policyholder benefits and a reduction in AXA's consolidated U.S. GAAP net income and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for policyholder benefits and an increase in AXA's consolidated net income. As a result, under U.S. GAAP the unrealized investment gains or losses are not recognized in earnings but recorded in "Other comprehensive income", being a separate component within Shareholders' equity. Prior to the acquisition of the minority interests in Sun Life & Provincial Holdings, the amount of the net loss from the Sun Life & Provincial Holdings operations attributable to the minority interests would have been reflected under the balance sheet and income statement caption of "Minority interests". As a consequence of the acquisition of the minority interests, the amount of the net unrealized investment gains or losses previously attributable to the minority interests of Sun Life & Provincial Holdings will be recorded in AXA's "Other comprehensive income". Further details on the U.K. with-profit life contracts can be found in the 1999 AXA

Form 20-F, under "Item 1—Description of Business—U.K. Life Insurance Group", which is incorporated by reference in the accompanying prospectus.

We have presented below AXA's consolidated net income in accordance with both (i) U.S. GAAP and (ii) U.S. GAAP, except for the adjustment for the change in unrealized investment gains or losses on assets allocated to the U.K. with-profit contracts in Sun Life & Provincial Holdings' life insurance operations, net of deferred tax. AXA believes that this second presentation is more meaningful under the circumstances.

The differences, as they affect the historical consolidated financial statements of AXA, are described in more detail together, where appropriate, with an explanation of the method used to determine the adjustments to net income and shareholders' equity in Note 28 of the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus.

The following information summarizes the material adjustments which reconciles the pro forma net income and pro forma shareholders' equity under French GAAP to the amounts that would have been reported in accordance with U.S. GAAP.

**Unaudited reconciliation from French GAAP to U.S. GAAP:**

	Note	Net income				Shareholders' equity	
		Six months ended June 30, 2000		Year ended December 31, 1999		At June 30, 2000	
		€m	\$m	€m	\$m	€m	\$m
<b>AXA (Historical) - (*)</b>							
Amounts in accordance with French GAAP		1,205	1,034	2,021	1,735	21,385	18,355
Adjustments to reconcile from French GAAP to U.S. GAAP		(21)	(18)	(812)	(697)	5,930	5,090
Amounts as reported under U.S. GAAP (*)		1,184	1,016	1,209	1,038	27,315	23,445
<b>AXA (Pro Forma)- Pro Forma adjustments under French GAAP (***)</b>							
- Minority buyout in Sun Life & Provincial Holdings		(20)	(17)	114	98	-	-
- Sale of Donaldson, Lufkin & Jenrette		(170)	(146)	(226)	(194)	1,820	1,562
- Minority buyout in AXA Financial		(55)	(46)	(115)	(99)	1,233	1,058
		(244)	(209)	(227)	(195)	3,053	2,620
<b>Pro Forma French GAAP to U.S. GAAP adjustments (**)-</b>							
- Minority buyout in Sun Life & Provincial Holdings	(11c)	104	89	(892)	(766)	-	-
- Sale of Donaldson, Lufkin & Jenrette	(11d)	-	-	-	-	-	-
- Minority buyout in AXA Financial	(11a,e)	(42)	(36)	(58)	(50)	1,842	1,581
		62	53	(950)	(816)	1,842	1,581
<b>AXA (Pro Forma) Amounts in accordance with U.S. GAAP</b>		1,002	860	32	27	32,210	27,646
AXA (Pro Forma) Amounts in accordance with U.S. GAAP		1,002	860	32	27	32,210	27,646
Change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts, net of deferred tax							
- AXA (Historical) (*)		(218)	(187)	1,030	884	206	177
- Pro forma adjustment	(11c)	(170)	(146)	835	716	-	-
<b>AXA (Pro Forma) Amounts in accordance with U.S. GAAP, except for adjustment for unrealized investment gains or losses on assets allocated to U.K. with-profit contracts</b>		614	527	1,897	1,627	32,416	27,823

(\*) As previously reported in AXA's audited historical consolidated financial statements provided in the 1999 AXA Form 20-F, and AXA's unaudited interim consolidated financial statements for the six-month period ended June 30, 2000.

(\*\*) There were no material French GAAP to U.S. GAAP adjustments arising from the financing of either the buyout of the minority interests in Sun Life & Provincial Holdings or the buyout of the minority interests in AXA Financial. Adjustments primarily relate to material differences in purchase accounting between French GAAP and U.S. GAAP. Refer to Note 11 for further details on these differences.

(\*\*\*) See Unaudited Pro Forma Condensed Consolidated Balance Sheet and Statements of Income (as appropriate) which have been prepared under French GAAP.



### Net Income Per Ordinary Share/ADS:

	Six months ended June 30, 2000				Year ended December 31, 1999			
	AXA Historical		AXA Pro Forma		AXA Historical		AXA Pro Forma	
	€	\$	€	\$	€	\$	€	\$
<b>In accordance with U.S. GAAP</b>								
Net income per ordinary share (see Note 12b)								
— Basic	3.30	2.83	2.41	2.07	3.46	2.97	0.08	0.07
— Diluted	3.13	2.69	2.34	2.00	3.32	2.85	0.18	0.15
Net income per ADS (see Note 12a)								
— Basic	1.65	1.42	1.21	1.04	1.73	1.48	0.04	0.03
— Diluted	1.57	1.34	1.17	1.00	1.66	1.42	0.09	0.08
<b>In accordance with U.S. GAAP, except for adjustment for unrealized investment gains or losses on assets allocated to U.K. with-profit contracts</b>								
Net income per ordinary share (see Note 12b)								
— Basic	2.69	2.31	1.48	1.27	6.41	5.50	4.68	4.02
— Diluted	2.56	2.20	1.46	1.24	6.08	5.22	4.54	3.90
Net income per ADS (see Note 12a)								
— Basic	1.35	1.15	0.74	0.64	3.21	2.75	2.34	2.01
— Diluted	1.28	1.10	0.73	0.62	3.04	2.61	2.27	1.95

### Net Assets Per Ordinary Share/ADS:

	At June 30, 2000			
	AXA Historical		AXA Pro Forma	
	€	\$	€	\$
<b>In accordance with U.S. GAAP</b>				
Net assets (in euro millions)	27,315	23,445	32,210	27,646
— per ordinary share (see Note 12c)	70.31	60.34	77.78	66.76
— per ADS (see Note 12a)	35.15	30.17	38.89	33.38
<b>In accordance with U.S. GAAP, except for adjustment in unrealized investment gains on real estate allocated to U.K. with-profit contracts</b>				
Net assets (in euro millions)	27,521	23,621	32,416	27,823
— per ordinary share (see Note 12c)	70.84	60.80	78.27	67.18
— per ADS (see Note 12a)	35.42	30.40	39.14	33.59

See accompanying Notes to the Unaudited Pro Forma Financial Information which are an integral part of this information.

## Determination and Allocation of Purchase Price (French GAAP to U.S. GAAP adjustment)

<u>(In euro millions):</u>	<u>Sun Life &amp; Provincial Holdings</u>	<u>AXA Financial</u>
Preliminary goodwill in accordance with French GAAP (see Notes 1 and 5) . . . . .	1,923	5,085
Addback of goodwill charged directly to shareholders' equity under French GAAP . . . . .	—	2,916
Adjustment to the basis for determining the purchase price (see Note 11a) . . . . .	—	(360)
Less: Cost to settle outstanding employee stock options of Sun Life & Provincial Holdings and AXA Financial (see Notes 1, 5 and 11b) . . . . .	(44)	(587)
Preliminary book value of net assets acquired: (Increase) Decrease in Book value of net assets acquired (French GAAP to U.S. GAAP adjustment), previously included under the heading "Minority interests" in AXA's consolidated condensed balance sheet under U.S. GAAP (See Note 11c) . . . . .	<u>(617)</u>	<u>460</u>
Excess of the purchase price over the fair value of the tangible net assets acquired (goodwill on a preliminary basis) in accordance with U.S. GAAP (see Note 11b) . . . . .	<u>1,262</u>	<u>7,514</u>
<b>Goodwill amortization using 30 years:</b>		
Under French GAAP (see Notes 1 and 5) . . . . .	(64)	(169)
Under U.S. GAAP . . . . .	<u>(42)</u>	<u>(250)</u>
Increase (decrease) to net income under U.S. GAAP . . . . .	<u>22</u>	<u>(81)</u>

### Note 11—Pro Forma adjustments (French GAAP to U.S. GAAP)

- (a) **Determination of purchase price on an exchange offer:** Under French GAAP, the purchase price will be determined based on the market price of an AXA ADS at the closing date. Under U.S. GAAP, the purchase price will be determined based on the average market price of the AXA ADS represented by an ADR over a period starting before and ending after the date the Merger Agreement was signed and announced (October 17, 2000).
- (b) **Accounting for stock-based compensation:** Under French GAAP, the cost of settling or exchanging outstanding share options in connection with an acquisition of a minority interest in a subsidiary can be included in the total purchase price. Under U.S. GAAP, such costs are not permitted to be included in the purchase price as it is in connection with an acquisition by a principal stockholder and, accordingly, such costs would likely be treated as compensation expense, and, therefore, would be excluded from the purchase price.
- (c) **Sun Life & Provincial Holdings adjustments:** The French GAAP to U.S. GAAP adjustment is primarily attributable to the treatment of the unrealized investment gains or losses attributable to the U.K. with-profit contracts administered by Sun Life & Provincial Holdings' life insurance subsidiary. As previously stated, U.S. GAAP requires the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts to be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. This gives rise to a net loss from the Sun Life & Provincial Holdings operations under U.S. GAAP as the unrealized gains or losses are not recorded in operating results but recorded in "Other comprehensive income," a separate component within shareholders' equity. Consequently, prior to the acquisition the amount of the net loss from the Sun Life & Provincial Holdings operations attributable to the minority interests would have been reflected under the balance sheet caption of "Minority interests". As AXA has acquired the remaining 43.8% minority interests (at June 30, 2000), the amount of the net loss attributable to the minority interests must be reported within AXA's consolidated net income (group share),

**Note 11—Pro Forma adjustments (French GAAP to U.S. GAAP) (Continued)**

with a corresponding reclassification to “Other comprehensive income” in AXA’s consolidated shareholders’ equity, to record the unrealized investment gains previously attributable to the minority interests of Sun Life & Provincial Holdings. Because “Retained earnings” decreases and “Other comprehensive income” increases, Shareholder’s equity remains unchanged (except for real estate adjusted from market value to depreciated cost).

- (d) **Donaldson, Lufkin & Jenrette adjustments:** The French GAAP to U.S. GAAP adjustments attributable to Donaldson, Lufkin & Jenrette are not significant as there are relatively few differences in accounting principles.
- (e) **AXA Financial adjustments:** The net income French GAAP to U.S. GAAP adjustment for AXA Financial primarily relates to the additional goodwill expense recorded under U.S. GAAP of €93 million. In addition, net assets under U.S. GAAP are lower than under French GAAP for AXA Financial due to (i) purchase GAAP adjustments recognized under U.S. GAAP which have not been recognized in French GAAP in historical transactions, and (ii) the treatment of certain insurance liabilities. The impact on shareholders’ equity is comprised of: (i) the increase in shareholders’ equity under U.S. GAAP for the reversal of the €2,916 million excess of purchase price taken as a direct charge against shareholders’ equity under French GAAP (representing the proportion of purchase price funded by AXA ADSs), (ii) the decrease of €487 million due to a decrease in the purchase price under U.S. GAAP of €947 million offset by a decrease in net assets under U.S. GAAP of €460 million, and (iii) the decrease in shareholders’ equity under U.S. GAAP of €587 million relating to the non-recurring compensation expense associated with the AXA Financial stock options.

**Note 12—Net income per ordinary share adjustments under U.S. GAAP**

- (a) Solely for convenience, the net income per ordinary share amounts have been divided by two, the number of ADSs representing one ordinary share.
- (b) The pro forma weighted average number of ordinary shares of AXA presented below includes the capital increase to fund the buyout of the minority interests in Sun Life & Provincial Holdings and issuance of additional AXA ordinary shares in the form of AXA ADSs to partly fund the buyout of the minority interests in AXA Financial in connection with the exchange offer and subsequent merger of AXA Financial, assuming 100% acceptance of the offer by the minority stockholders and without taking into account the exercise of any AXA Financial stock options.

	For the six months ended June 30, 2000				for the year ended December 31, 1999			
	Historical		Pro forma		Historical		Pro forma	
	(basic)	(diluted)	(basic)	(diluted)	(basic)	(diluted)	(basic)	(diluted)
<b>Weighted average number of ordinary shares (In millions)</b>								
Under French GAAP (see Note 10b)	363.31	389.67	419.95	445.51	352.99	376.14	408.83	431.98
U.S. GAAP adjustment for Treasury shares	(4.15)	(4.15)	(4.15)	(4.15)	(3.67)	(3.67)	(3.67)	(3.67)
Under U.S. GAAP	359.16	385.52	415.00	441.36	349.32	372.47	405.16	428.31

- (c) The pro forma number of ordinary shares in issue of AXA presented below includes the capital increase to fund the buyout of the minority interests in Sun Life & Provincial Holdings and issuance of additional AXA ordinary shares to partly fund the buyout of the minority interests in AXA Financial in connection with the exchange offer and subsequent merger of

AXA Financial, assuming 100% acceptance of the offer by the minority stockholders and without taking into account the exercise of any AXA Financial stock options.

Number of ordinary shares of AXA in issue: (In millions)	At June 30, 2000*	
	Historical	Pro Forma
Under French GAAP (see Note 10c) . . . . .	393.13	418.75
U.S. GAAP adjustment for treasury shares . . . . .	(4.61)	(4.61)
Under U.S. GAAP . . . . .	<u>388.52</u>	<u>414.14</u>

\* Already includes the 30.22 million ordinary shares of AXA issued and registered on June 15, 2000 and used to fund the acquisition of the minority interests in Sun Life & Provincial Holdings.

**Note 13—Treatment of the sale of Donaldson, Lukfin & Jenrette**

On November 3, 2000, AXA's interest in Donaldson, Lukfin & Jenrette was sold to the Credit Suisse Group. The pro forma impact of this disposal on AXA's consolidated balance sheet as at June 30, 2000 and AXA's consolidated statement of income for the six months ended June 30, 2000 and for the year ended December 31, 1999 is included in the tables presented previously within this section of the prospectus supplement.

In accordance with U.S. GAAP, the sale of Donaldson, Lukfin & Jenrette is regarded as a discontinued operation and, therefore, the net income and net income per ordinary share (on a basic and diluted basis) will be restated for the year ending December 31, 2000 and for the prior reporting years ended December 31, 1999 and 1998 to reflect net income from continuing operations and net income from the discontinued operations of Donaldson, Lukfin & Jenrette. Such presentational requirements do not exist under French GAAP and, therefore the presentation of the consolidated statement of income for AXA in accordance with French GAAP will not change in future periods. The changes to the presentation in accordance with U.S. GAAP will be reflected in the notes to the consolidated financial statements which will be included in AXA's Annual Report on Form 20-F for the year ended December 31, 2000. In this regard, we provide below supplemental information regarding the impact of the sale of Donaldson, Lukfin & Jenrette as it relates to AXA's consolidated net income in accordance with U.S. GAAP for the six months ended June 30, 2000 and 1999 and for each of the years ended December 31, 1999, 1998 and 1997.

The financial information presented below (i) is unaudited, (ii) is not indicative of either AXA's consolidated results of operations that would have occurred had this transaction taken place in earlier periods or AXA's future consolidated results of operations, (iii) excludes the operating results of Donaldson, Lukfin & Jenrette with no further accounting or presentational adjustments, and (iv) does not include either the capital gain on the disposal of Donaldson, Lukfin & Jenrette or any

potential investment income earned on the proceeds obtained from the disposal, such as dividend income on the Credit Suisse Group shares.

(in euro millions except per ordinary share data in euro)	Derived from financial information prepared in accordance with U.S. GAAP	Derived from financial information prepared in accordance with U.S. GAAP			Derived from financial information prepared in accordance with U.S. GAAP, except for adjustment for change in unrealized investment gains or losses on assets allocated to UK with- profit contracts		
	(Unaudited)	(Unaudited)			(Unaudited)		
	Total revenues	Net income	Net income per ordinary share		Net income	Net income per ordinary share	
			Basic	Diluted		Basic	Diluted
<b>For the six months ended</b>							
<b>June 30, 2000</b>							
AXA Historical . . . . .	n/a	1,184	3.30	3.13	966	2.69	2.56
DLJ . . . . .	n/a	(170)	(0.48)	(0.42)	(170)	(0.47)	(0.41)
AXA, excluding DLJ . . . . .	n/a	1,014	2.82	2.71	796	2.22	2.15
<b>For the six months ended</b>							
<b>June 30, 1999</b>							
AXA Historical . . . . .	n/a	919	2.68	2.50	1,515	4.41	4.11
DLJ . . . . .	n/a	(105)	(0.31)	(0.26)	(105)	(0.31)	(0.25)
AXA, excluding DLJ . . . . .	n/a	814	2.37	2.24	1,410	4.10	3.86
<b>For the year ended</b>							
<b>December 31, 1999</b>							
AXA Historical . . . . .	56,343	1,209	3.46	3.32	2,239	6.41	6.08
DLJ . . . . .	(9,768)	(226)	0.65	(0.56)	(226)	(0.65)	(0.55)
AXA, excluding DLJ . . . . .	46,575	983	2.81	2.76	2,013	5.76	5.53
<b>For the year ended</b>							
<b>December 31, 1998</b>							
AXA Historical . . . . .	48,739	749	2.24	2.11	1,457	4.36	4.09
DLJ . . . . .	(7,595)	(129)	0.38	(0.34)	(129)	(0.39)	(0.33)
AXA, excluding DLJ . . . . .	41,144	620	1.86	1.77	1,328	3.97	3.76
<b>For the year ended</b>							
<b>December 31, 1997</b>							
AXA Historical . . . . .	43,458	310	0.98	0.90	1,263	3.99	3.74
DLJ . . . . .	(6,852)	(153)	(0.48)	(0.45)	(153)	(0.46)	(0.41)
AXA, excluding DLJ . . . . .	36,606	157	0.50	0.45	1,110	3.53	3.33

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion together with our unaudited interim consolidated financial statements and the related notes for the six month period ended June 30, 2000 and the Unaudited Pro Forma Financial Information included elsewhere in this prospectus supplement. The unaudited interim consolidated financial statements have been prepared in accordance with French GAAP, which differs in certain material respects from U.S. GAAP. A summary of the material differences between French GAAP and U.S. GAAP relevant to AXA is included in Note 28 to our audited consolidated financial statements which are included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. There have been no material changes in accounting principles from those described in Note 28. For a discussion of the financial condition and results of operations of AXA for the years ended December 31, 1999, 1998 and 1997, you should see "Item 9—Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 1999 AXA Form 20-F.*

*The unaudited consolidated financial data for the six-month period ended June 30, 2000 includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim period. The interim results are not necessarily indicative of the results which may be expected for any other period or for the full year.*

*Certain information contained in the review set forth below and elsewhere in this prospectus supplement and the accompanying prospectus includes forward-looking statements that involve risk and uncertainties. See "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this prospectus supplement and the accompanying prospectus.*

### OPERATING HIGHLIGHTS

**Australia.** In December 1999, AXA Asia Pacific Holdings purchased the minority interests of AXA China Region for approximately €519 million (HK\$4.1 billion). AXA China Region is AXA's life insurance subsidiary based in Hong Kong. Subsequent to this transaction, AXA China Region was delisted from the Hong Kong Stock Exchange. This acquisition is part of AXA's long-term strategy of becoming a significant player in the Asia Pacific financial services market.

Following the completion of this transaction, AXA Asia Pacific Holdings, in which AXA has a 47% equity interest, has a 100% interest in AXA China Region. Because the fiscal year-end reporting date for AXA Asia Pacific Holdings and its consolidated subsidiaries is September 30, AXA's unaudited interim consolidated operating results for the six months ended June 30, 2000 include four months of AXA China Region's operating results on a 100% basis. Goodwill recorded in respect of this acquisition is €295 million and is being amortized over 20 years, consistent with the estimated useful life used in the accounting for the acquisition of AXA Asia Pacific Holdings in 1995.

**Japan.** On March 7, 2000, AXA and the shareholders of Nippon Dantai contributed their Japanese life insurance operations to a new holding company called AXA Nichidan Holding. This transaction valued Nippon Dantai at €107 million (¥10.5 billion). In March 2000, AXA contributed cash of approximately €1 billion (¥105 billion) to increase AXA Nichidan Holding's capital. AXA's interest in AXA Nichidan Holding is 92.3%.

This acquisition is consistent with AXA's global strategy of becoming a significant player in the world's primary insurance markets and of seizing opportunities in distressed markets. This acquisition strengthens AXA's presence in the Asia Pacific region, and more specifically in Japan,

the world's largest life insurance market. The Asia Pacific region will now account for approximately 12% of AXA's consolidated total revenues (with Japan accounting for 7%). Nippon Dantai is Japan's thirteenth largest life insurance company and its second largest non-mutual company. Because of its strong positioning in terms of distribution channels and operating performance that is above the industry average, Nippon Dantai is a good partner in the region for AXA.

The goodwill in respect of this acquisition on a preliminary basis is approximately €1.6 billion (¥162 billion), and will be amortized over 30 years.

The year-end reporting date for AXA Nichidan Holding is September 30 and, therefore, the operating results for the six-month period ended March 31 would be included in AXA's consolidated operating results for the six months ended June 30, 2000. As the acquisition of AXA Nichidan Holding occurred in March 2000 there was no post-acquisition operating result of AXA Nichidan Holding included in AXA's consolidated results for the six months ended June 30, 2000. However, AXA's consolidated balance sheet at June 30, 2000 includes the opening balance sheet of AXA Nichidan Holding at March 31, 2000.

**Spain.** In June 2000, AXA notified Banco Bilbao Vizcaya Argentaria, SA that AXA intends to exercise its right to acquire the 30% interest of Banco Bilbao Vizcaya Argentaria in AXA Aurora, their Spanish insurance joint venture. Pursuant to the terms of that right, AXA has offered to acquire the interest of Banco Bilbao Vizcaya Argentaria for €161 million. AXA and Banco Bilbao Vizcaya Argentaria are currently negotiating the final terms and conditions of this transaction. AXA anticipates that the acquisition will be completed prior to December 31, 2000.

#### *Capital and financing operations*

On January 3, 2000, the €282 million 6.0% mandatorily convertible notes issued by AXA on January 22, 1997 matured and were converted into 4.1 million ordinary shares of AXA. As a result, shareholders' equity increased by €282 million.

In order to finance the acquisition of AXA Nichidan Holding and the buyout of AXA China Region's minority interests, AXA issued:

- in February 2000, €1.1 billion in subordinated convertible notes due in 2017, and
- in March 2000, €500 million in undated subordinated notes.

In June 2000, AXA raised €3.7 billion through the issuance of 30.2 million ordinary shares with preferential subscription rights, in preparation for the funding of the buyout of the minority interests in Sun Life & Provincial Holdings.

Since 1994, AXA has regularly offered shares to its employees. Eligible employees may acquire shares of AXA stock at a 20% discount to the listed reference price or benefit from attractive financing terms that include a leverage effect on their investment. Nearly 26,000 employees (approximately one-third of all employees in eligible companies) in 37 countries elected to invest in the *Plan d'Actionariat 2000*. Investments of the employees in the 2000 employee stock ownership program totaled €237 million, an increase of 110% compared to the corresponding prior period.

#### *Other highlights*

Following the annual general meeting of the shareholders on May 3, 2000, Claude Bébéar was appointed Chairman of the Supervisory Board of AXA. Henri de Castries was appointed to succeed him as President of the Management Board.

## EVENTS SUBSEQUENT TO JUNE 30, 2000

**United Kingdom.** In July 2000, AXA acquired the outstanding minority interests (43.8%) in Sun Life & Provincial Holdings for approximately £2.3 billion (€3.7 billion based on an exchange rate on the date of the acquisition). The proposed buyout was approved by the voting minority shareholders of Sun Life & Provincial Holdings during their extraordinary general meeting on June 20, 2000, and subsequently approved by the High Court of Justice in England and Wales on July 10, 2000. On July 12, 2000, the transaction was declared fully unconditional, at which time Sun Life & Provincial Holdings was delisted from the London Stock Exchange. The transaction was completed on July 26, 2000.

This transaction will be recorded in AXA's consolidated financial statements for the six-month period ending December 31, 2000. Goodwill of approximately €2 billion will be recorded in respect of the transaction and will be amortized over 30 years.

As a result of the transaction, AXA expects that it will be able to fully integrate Sun Life & Provincial Holdings' business within the AXA group, particularly its e-commerce and asset management activities, and to further capitalize on the AXA brand in the United Kingdom and Ireland.

On July 25, 2000, AXA proposed a financial reorganization relating to the Inherited Estate of AXA Equity & Law, one of its life insurance subsidiaries in the United Kingdom. As a consequence of the financial reorganization, a portion of the Inherited Estate will be attributed to AXA as the shareholder, and a portion will be allocated to policyholders in the form of policy bonuses and cash distributions. The amount to be distributed to the shareholder will be subject to a series of stringent safeguards and in any case may not be distributed before 2006.

Following a review by the Financial Services Authority, which supervises life insurance operations in the United Kingdom, this proposal has been submitted to the relevant policyholders for approval. The proposal is subject to the approval of policyholders holding at least 35% of the value of with-profit policies. As of November 7, 2000, policyholders holding approximately 78% of the value of with-profit policies had elected to accept the proposal. The proposal is also subject to final court approval. The transaction is not expected to be completed before January 1, 2001, at the earliest.

At December 31, 1999, the fair value of the Inherited Estate, including the value of the portfolio and before deducting the incentive payment to be made to policyholders who accept the proposal, was estimated at £1.7 billion (€2.7 billion).

Assuming that the required policyholder approval is obtained, the financial impact of this reorganization in AXA's consolidated financial statements will be determined by the percentage of policyholders electing in favor of the proposal and the valuation of the Inherited Estate at December 31, 2000. This reorganization will lead to a change in accounting principles relating to U.K. with-profit contracts and the way income is calculated for AXA's life insurance subsidiaries in the United Kingdom and will impact shareholders' equity under French GAAP. The impact of the financial reorganization on AXA's consolidated results of operations, liquidity and financial condition under both French GAAP and U.S. GAAP for future periods is currently under review.

**United States.** Alliance Capital Management L.P. and Alliance Capital Management Holding L.P., both affiliates of AXA Financial, announced on June 21, 2000 that they had agreed to acquire the asset management company Sanford C. Bernstein. The transaction was completed on October 2, 2000.

The aggregate consideration for the transaction was \$3.5 billion and was paid partly in cash (approximately \$1.4 billion) and partly in 40.8 million of newly issued units of limited partnership



interest of Alliance Capital Management L.P. In June 2000, AXA Financial purchased 32.6 million of units of limited partnership interest of Alliance Capital Management L.P. to provide Alliance Capital with the cash portion of the consideration. Following the consummation of this acquisition, AXA Financial owned an approximate 53% economic interest in Alliance Capital's operations. See "Recent Developments" for further information. The financial impact of this transaction is currently under review.

On August 30, 2000, AXA announced that it was selling its 71% interest in the investment bank Donaldson, Lufkin & Jenrette and offering to buy out the minority interests in its U.S. subsidiary AXA Financial.

- AXA Financial reached an agreement with Credit Suisse Group whereby Credit Suisse Group would acquire AXA Financial's interest in Donaldson, Lufkin & Jenrette. The consideration consisted of \$2.4 billion plus 25.7 million shares of Credit Suisse Group. The sale was completed on November 3, 2000. See "Recent Developments" for further information on this transaction.
- On October 17, 2000, AXA, AXA Merger Corp. and AXA Financial entered into an agreement and plan of merger relating to the buyout by AXA of the minority interests in AXA Financial. The transaction is structured as an exchange offer followed by a second-step merger. A portion of the goodwill in respect of this transaction will be charged directly to consolidated shareholders' equity under French GAAP as newly issued AXA ordinary shares in the form of ADSs will be used to partly finance the acquisition. The remaining goodwill will be recorded as an asset and amortized over an estimated useful life of 30 years.

## **CONSOLIDATED OPERATING RESULTS**

The principal changes in presentation of AXA's consolidated financial statements for the six-month period ended June 30, 2000 compared to the six-month period ended June 30, 1999 are set out below. Data for the six months ended June 30, 1999 have been restated for comparative purposes.

- For segment reporting purposes, the amortization of goodwill on acquired businesses is included as a charge against income of the acquired businesses and not the acquiring company.
- The preparation of segment activities has been revised to reflect certain changes. The International Insurance Segment includes reinsurance and transnational business and was formed during the second half of 1999. The transnational business activities were previously included in the Property and Casualty Insurance Segment in the corresponding prior period.
- In order to improve the reporting of profitability measurements for AXA's operating units, certain general expenses that were previously charged to the intermediate holding companies have been reallocated to the operating units.

As a result of the sale of Donaldson, Lufkin & Jenrette to the Credit Suisse Group, which was completed on November 3, 2000, revenues and net income from the Other Financial Services Segment will decrease significantly in future periods. See "Recent Developments" and "Risk Factors—The Sale of Donaldson, Lufkin & Jenrette may adversely affect our future operating results" for further information.

## Revenues

Gross revenues for the six months ended June 30, 2000 totaled €41 billion, an increase of 28.9% compared to the six months ended June 30, 1999. On a constant exchange rate, methodological and structural basis, which we refer to as on a comparable basis<sup>1</sup>, gross revenues grew by 15.3%. The table below presents AXA's consolidated revenues by segment for the periods indicated:

Gross Premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Life Insurance . . . . .	21,448	17,218	37,091
Property and Casualty Insurance . . . . .	8,396	6,912	13,593
International Insurance . . . . .	2,308	1,860	3,109
<b>TOTAL Insurance</b> . . . . .	<b>32,152</b>	<b>25,990</b>	<b>53,793</b>
Asset Management . . . . .	1,244	858	1,928
Other Financial Services . . . . .	7,612	4,976	10,806
<b>TOTAL Financial Services</b> . . . . .	<b>8,856</b>	<b>5,834</b>	<b>12,735</b>
Holding Companies . . . . .	1	—	1
<b>TOTAL</b> . . . . .	<b>41,009</b>	<b>31,825</b>	<b>66,528</b>

For the six months ended June 30, 2000, insurance and reinsurance activities accounted for 78.4% of gross revenues, compared to 81.7% for the six months ended June 30, 1999. Asset management activities and Other financial services activities represented 3.0% and 18.6% of AXA gross revenues, respectively, for the six months ended June 30, 2000.

For the six months ended June 30, 2000, on a comparable basis, gross insurance premiums grew by €3 billion, a 10.9% increase as compared to the corresponding prior period.

- The **Life Insurance Segment** revenues increased by 13.8%, due to higher gross premiums written in France (33.7%), the United States (13.9%) and Belgium (26.3%), partially offset by a 7.3% decrease in the United Kingdom. Growth in France and the United States was due to higher sales of individual retirement savings-type products, which increased by 53.1% in France (compared to an estimated market growth of 38%) and by 14.6% in the United States due to the development of non-proprietary (wholesale) distribution channels. The growth was also stimulated by the strong performance of the stock markets and the success of separate account (unit linked) products in Belgium, Spain and Italy. The decline in gross premiums in the United Kingdom for the six months ended June 30, 2000 can be attributed to exceptionally high growth in the corresponding prior period, when new business levels were supported by intensive promotional campaigns, and a decline in the overall market.
- The **Property and Casualty Insurance Segment** revenues increased by 3.6%. Gross premiums from the German Property and Casualty Group decreased by 1.1% (the decline at Albingia, a former subsidiary of Guardian Royal Exchange, was 5.4%). There was a slight decrease in gross premiums from the Belgian Property and Casualty Group (0.7%) due to a

<sup>1</sup> On a **comparable basis**, revenues for the six months ended June 30, 2000 are restated using the prevailing foreign currency exchange rates for the corresponding prior period, in this case for the six months ended June 30, 1999 (**constant exchange rate basis**) and eliminate the results of acquisitions, disposals, business transfers (**constant structural basis**) and changes in accounting principles (**constant methodological basis**), in one of the two periods being compared. In particular, consolidated revenues for the six months ended June 30, 1999 have been restated to reflect the consolidation of Guardian Royal Exchange as of January 1999 (on a pro forma basis) rather than from the date of acquisition in May 1999.

continuing decline in business at Royale Belge Re, which was put into run-off in 1997 (Royal Belge Re stopped underwriting business in 1999). Excluding the impact of Royale Belge Re (in run-off), gross premiums in Belgium increased by 0.5%, primarily due to an increase in the automobile insurance portfolio. Growth was generated by the Other Property and Casualty Group (13.8%), particularly Spain and Italy, where gross premiums rose by 26.6% and 19.0%, respectively, attributable to the combined effect of premium rate increases and portfolio growth. It is expected that the growth in gross premiums in Italy will slow down in the second half of 2000 following a tariff freeze on automobile insurance enacted by the Italian government in March 2000.

On a comparable basis, consolidated financial services revenues for the six months ended June 30, 2000, increased by €2.1 billion, or 36.2% as compared to the corresponding prior period.

- **Asset management** revenues increased by 33.7% representing a 33.3% increase at Alliance Capital and a 37.3% increase at AXA Investment Managers as a result of growth in assets under management, primarily in equity mutual funds.
- **Other financial services** revenues increased by 36.7%, primarily due to revenue growth of 41.9% at Donaldson, Lufkin & Jenrette, which benefited from strong financial markets which resulted in an increase in invested assets and consequently higher realized gains.

### Net Income

Excluding the one-off impact of the acquisition of Guardian Royal Exchange in 1999, AXA's consolidated net income for the six months ended June 30, 2000 totaled €1,205 million, an increase of 3.3% compared to the six months ended June 30, 1999.

The table below presents AXA's consolidated net income by segment for the periods indicated:

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999	June 30, 2000	June 30, 1999	December 31, 1999
Life Insurance . . . . .	757	789	1,521	584	570	1,112
Property and Casualty Insurance . . . . .	287	401	640	324	362	571
International Insurance . . . . .	61	24	(47)	58	19	(51)
<b>TOTAL Insurance . . . . .</b>	<b>1,105</b>	<b>1,214</b>	<b>2,114</b>	<b>966</b>	<b>951</b>	<b>1,632</b>
Asset Management . . . . .	286	132	338	81	33	84
Other Financial Services . . . . .	451	295	543	208	144	221
<b>TOTAL Financial services . . . . .</b>	<b>737</b>	<b>427</b>	<b>882</b>	<b>289</b>	<b>177</b>	<b>305</b>
Holding Companies . . . . .	(77)	238	(117)	(51)	341	84
<b>TOTAL . . . . .</b>	<b>1,765</b>	<b>1,879</b>	<b>2,879</b>	<b>1,205</b>	<b>1,469</b>	<b>2,021</b>
Impact of Guardian Royal Exchange <sup>(a)</sup> . . . . .	—	(147)	53	—	(302)	(156)
<b>TOTAL excluding impact of Guardian Royal Exchange . . . . .</b>	<b>1,765</b>	<b>1,732</b>	<b>2,932</b>	<b>1,205</b>	<b>1,167</b>	<b>1,865</b>

(a) Net income for the year ended December 31, 1999 and for the six months ended June 30, 1999 includes a positive one-off impact in connection with the acquisition of Guardian Royal Exchange in May 1999, which includes (i) a dilution gain of €503 million, net group share, recorded by AXA due to the decrease in its ownership interest in Sun Life & Provincial Holdings, which issued ordinary shares to finance the acquisition of Guardian Royal Exchange, (ii) the exceptional amortization of goodwill relating to inadequacies in the property and casualty insurance claims reserves in respect of the Guardian Royal Exchange operations in the United Kingdom, Ireland and its branch operations in Portugal (€329 million, or €186 million, group share), and (iii) restructuring provisions of €15 million, net group share.

At constant exchange rates, the results for the six months ended June 30, 2000 would have been reduced by €43 million.

For the six months ended June 30, 1999, AXA's net income reflected certain non-recurring material events which accounted for €244 million excluding the impact of the acquisition of Guardian Royal Exchange. These non-recurring events included the gain on the initial public offering of a new class of DLJdirect common stock, as well as realized gains by AXA Royale Belge and AXA France Assurance.

For the six months ended June 30, 2000, AXA's net income reflects the following non-recurring events (in euro millions), which represent a net profit of €18 million, group share:

• Increase in property and casualty insurance claims reserves in the United Kingdom and Ireland, including a provision of €11 million due to a change in U.K. legislation concerning non-life insurance bodily injury claims	- 76
• Gain on the sale of AXA stock held by the French Property and Casualty Group	+60
• Release of a real estate temporary valuation allowance held by AXA (holding company)	+81
• Additional costs attributable to the December 1999 storms in Western Europe, for which the provision at December 31, 1999 was €106 million (net group share)	- 47
<i>Net impact</i>	<u>+18</u>

### Shareholders' Equity

At June 30, 2000, AXA's consolidated shareholders' equity including minority interests totaled €29,727 million, of which the group share was €21,385 million. The change in shareholders' equity since December 31, 1999 is presented in the table below:

<u>Consolidated Shareholders' Equity</u>	<u>In euro millions</u>	<u>In millions of shares</u>
<b>At December 31, 1999</b> . . . . .	16,357	356.3
• Capital increase with preferential subscription rights (registered June 15, 2000) . . . . .	3,654	30.2
• Other capital increases . . . . .	521	6.6
• Impact of foreign currency fluctuations . . . . .	344	—
• Payment of cash dividends . . . . .	(713)	—
• Other . . . . .	17	—
<b>At June 30, 2000 (before net income for the period)</b> . . . . .	20,180	393.1
• Net income for the six months ended June 30, 2000 . . . . .	1,205	—
<b>At June 30, 2000 (including net income for the period)</b> . . .	<u>21,385</u>	<u>393.1</u>

### Shareholder Value

Based on the weighted average number of ordinary shares (363.3 million shares at June 30, 2000 compared to 352.2 million at June 30, 1999), basic net income per ordinary share for the six months ended June 30, 2000 was €3.32 compared to €3.31 for the corresponding period in 1999 (excluding the one-off impact of Guardian Royal Exchange in 1999). For the six months ended June 30, 2000, diluted net income per ordinary share increased by 0.4%, to €3.11 compared to €3.10 for the corresponding prior period (excluding the one-off impact of Guardian Royal Exchange in 1999).

For the six months ended June 30, 2000, on an annualized basis, the return on shareholders' equity<sup>2</sup> was 14.2% compared to 13.4% for the year ended December 31, 1999 (excluding the impact of Guardian Royal Exchange).

Annualized return on shareholders' equity excluding goodwill,<sup>3</sup> on an annualized basis, was 17.8% for the six months ended June 30, 2000 and for the year ended December 31, 1999 (excluding the impact of Guardian Royal Exchange).

Excluding the impact of non-recurring material events and the impact of Guardian Royal Exchange in 1999, basic net income per ordinary share for the six months ended June 30, 2000 was €3.27 compared to €2.62 for the corresponding period of 1999 and diluted net income per ordinary share was €3.06 compared to €2.45 for the corresponding prior period, an increase of 25.1%.

## LIFE INSURANCE SEGMENT

The following tables present the gross premiums and net income attributable to AXA's Life Insurance Segment for the periods indicated:

Gross Premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
France . . . . .	6,485	4,777	10,555
United States . . . . .	6,402	5,046	10,777
United Kingdom . . . . .	3,952	3,474	7,205
Asia/Pacific . . . . .	1,574	1,301	2,859
Germany . . . . .	1,374	1,255	2,757
Belgium . . . . .	512	410	912
Other countries . . . . .	1,151	956	2,025
<b>TOTAL . . . . .</b>	<b>21,448</b>	<b>17,218</b>	<b>37,091</b>

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended December 31, 1999	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999		June 30, 2000	June 30, 1999	
France . . . . .	215	145	332	215	145	331
United States . . . . .	242	237	465	141	137	270
United Kingdom . . . . .	138	157	317	77	104	194
Asia/Pacific . . . . .	—	93	120	(6)	32	38
Germany . . . . .	10	9	18	8	6	13
Belgium . . . . .	87	89	186	87	89	186
Other countries . . . . .	66	59	83	62	57	81
<b>TOTAL . . . . .</b>	<b>757</b>	<b>789</b>	<b>1,521</b>	<b>584</b>	<b>570</b>	<b>1,112</b>

2 Based on annualized net income to average consolidated shareholders' equity, excluding the respective period's net income.

3 The ratio of annualized net income (group share), excluding goodwill amortization, to average shareholders' equity for the period, before income appropriation and excluding goodwill.

## French Life Insurance Group

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums . . . . .	6,485	4,777	10,555
Net income (group share) . . . . .	215	145	331

Excluding the transfer of the bodily injury portfolio from the property and casualty insurance companies which contributed gross premiums of €72 million, gross premiums increased by 33.7% on a constant structural basis.

The increase in gross premiums for the six months ended June 30, 2000 is attributable to 53.1% growth in individual retirement savings-type products and 29.1% growth in group retirement products, compared to total net growth for these products of 4.3% for the six months ended June 30, 1999 and of 9.1% for the year ended December 31, 1999. Sales growth was significant particularly in separate account (unit linked) products due to the continuance of favorable investment market conditions. Separate account products represented approximately 58% of individual retirement savings gross premiums for the six months ended June 30, 2000, compared to 45% for the year ended December 31, 1999, and 71% of new business, compared to 49% for the six months ended June 30, 1999.

The €70 million increase in the French Life Insurance Group's contribution to AXA's consolidated net income for the six months ended June 30, 2000 as compared to the corresponding period in the previous year is attributable to the following:

- a €38 million increase in the net investment result (after tax) primarily related to an increase of €16 million attributable to an increase in invested assets resulting in increased investment income earned, and a €10 million increase in realized gains in the group life business,
- a €65 million increase in the insurance technical result<sup>4</sup> primarily due to:
  - a significant increase in the group life insurance technical result, reflecting a favorable loss reserve development (€12 million after tax) in the first six months of 2000, compared with an unfavorable loss reserve development generated in the first six months of 1999 due to a change in the discount rate used to calculate insurance liabilities (€7 million after tax),
  - business growth, principally in savings-related products, and
- a €39 million after tax increase in general expenses<sup>5</sup> related to growth in new business, with commissions paid to intermediaries up by €39 million, or 27.6%, as compared to the corresponding prior period. The 250 basis point improvement in the ratio of general expenses to gross premiums (12.0% for the six months ended June 30, 2000) was due to an increase in sales productivity and a change in the product mix. For savings-related products, the annualized ratio of general expenses to insurance reserves for the six months ended June 30, 2000 was 1.42%, compared to 1.46% for the corresponding prior period. For all life

<sup>4</sup> Insurance technical result is a term used by AXA in its life insurance operations and represents the difference between earned premiums and the change in life insurance reserves (excluding interest and bonuses credited to policyholders), and includes claims handling expenses.

<sup>5</sup> General expenses represent acquisition costs and administrative expenses incurred (excluding acquisition costs which have been deferred and will be amortized over the contract term).

insurance business, the ratio for the six months ended June 30, 2000 was 1.94% compared to 1.92% for the corresponding prior period.

### U.S. Life Insurance Group<sup>6</sup>

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums	6,402	5,046	10,777
Net income (group share)	141	137	270
Average exchange rate (euro/\$)	1.04	0.92	0.94

On a constant exchange rate basis, gross premiums increased by 13.9% for the six months ended June 30, 2000. The growth recorded in the first quarter 2000 (22.1%) was followed by a slowdown in the second quarter 2000 (4.3%) due to uncertainty arising from investment market volatility. Gross premiums from individual retirement savings-type products, which accounted for 62% of gross premiums, increased by 14.6% due to the significant growth recorded by the non-proprietary wholesale distribution network (44% growth related to brokers, financial advisors and banks versus 3.1% growth related to the agency force).

Gross premiums from individual life insurance products (which accounted for 22% of gross premiums) increased by 1.9%. Gross premiums from other products (which accounted for 16% of gross premiums) increased by 33% given the high level of written premiums by institutions.

The U.S. Life Insurance Group's contribution to AXA's consolidated net income was €141 million, an increase of €4 million compared to the six months ended June 30, 1999. This increase is mainly attributable to the appreciation of the U.S. dollar to the euro between the two periods which contributed €17 million and the increase in AXA's ownership interest, to 58.5% compared to 57.7% at June 30, 1999 as a result of AXA Financial's stock repurchase program, which contributed €2 million. On a comparable basis, the contribution to AXA's net income decreased by €15 million. Excluding non-recurring events that impacted the six months results ended June 30, 1999 (the €51 million gain realized on the initial public offering of DLJ*direct* tracking stock and an exceptional writedown of deferred acquisition costs of €44 million related to revised future cash flow estimates), the decrease was €8 million, primarily due to the following events:

- A decrease in the net investment result of €14 million (group share), principally due to realized losses on high yield bonds which, contrary to 1999, were not offset by gains realized on other assets. These losses were partially offset by an increase in investment income attributable to higher returns on investment, particularly on equity securities, below grade bonds and short-term investments.
- An improvement in the insurance technical result (€32 million, group share). The significant increase in management fees on separate account products was attributable to growth in portfolio value due to both market appreciation and new business, partially offset by a deterioration in the insurance technical result of the health insurance line and a less favorable balance on reinsurance ceded.
- An increase in general expenses of €24 million, group share, resulting primarily from higher expenditures related to strategic initiatives and business development-related distribution costs. The ratio of general expenses to gross premiums deteriorated, from 12.9% for the six

<sup>6</sup> In 1999 there was an intra-group transaction which resulted in a reclassification of €51 million between general expenses and net investment result with no impact to net income.

months ended June 30, 1999 to 14.1% for the corresponding period in 2000. The annualized ratio of general expenses to gross insurance reserves was 1.90% for the six months ended June 30, 2000 compared to 1.56% for the corresponding period in the prior year. These ratios do not include the portion of IT-related costs which were capitalized (€55 million for the six months ended June 30, 2000 versus €27 million for the same period in the prior year).

### U.K. Life Insurance Group

(in euro millions)	For the six-month period ended			For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	June 30, 1999 pro forma(a)	
Gross premiums	3,952	3,474	3,807	7,205
Net income (group share)	77	104	104	194
Average exchange rate (euro/£)	1.63	1.49	1.49	1.52

(a) The gross premiums and net income for the six months ended June 30, 1999 includes two months of post-acquisition operating results of the Guardian Royal Exchange operations acquired in May 1999. The pro forma column for the six months ended June 30, 1999 reflects the gross premiums and net income for the six months ended June 30 1999 as if AXA had acquired the Guardian Royal Exchange operations on January 1, 1999. There was no net income or loss derived from the operations of Guardian Royal Exchange for the first four months in 1999.

Gross premiums written by AXA Sun Life totaled €3,377 million, while gross health premiums written by the PPP Healthcare Group were €575 million. On a comparable basis, gross premiums from life insurance operations decreased by 8.4%, primarily due to a high level of new with-profit business written in the six months ended June 30, 1999 as a result of promotional campaigns during that period which did not exist during the first six-month period ended June 30, 2000. On a comparable basis, gross health insurance premiums remained unchanged, with the increase in group health product portfolio offset by a reduction in the individual health product portfolio.

The contribution to AXA's net income (net group share) for the six months ended June 30, 2000 was €74 million from life insurance business and €3 million from the healthcare business.

On a constant exchange rate basis, excluding the impact of the sale by AXA Sun Life of its equity interest in PanEuroLife in 1999 (€7 million, net group share), the contribution of the U.K. Life Insurance Group to AXA's consolidated net income decreased by €12 million, primarily attributable to the following events:

- Due to a low level of new business, general expenses had a negative impact on net income (decrease of €24 million, net group share). The ratio of general expenses to gross premiums increased by 140 basis points to 13.9% at June 30, 2000. The annualized ratio of general expenses to insurance reserves improved, 1.34% for the six months ended June 30, 2000 compared to 1.42% for the corresponding prior year. Insurance reserves increased more than general expenses due to an increase in market value of assets relating to the separate account (unit-linked) products.
- Due to changes in tax regulations in 1999 whereby the tax rate decreased from 31% to 30%, AXA Sun Life released a deferred tax provision of €8 million for the six months ending June 30, 1999. For the six months ended June 30, 2000, AXA Sun Life has been impacted adversely by a new tax treatment for savings products, resulting in a higher tax expense for the shareholder (€8 million).
- An increase in fees on managed assets of €11 million, net group share due to growth in assets under management and the market value of these assets.
- An additional provision for pension misselling established to settle related liabilities arising from a review of all past business involving transfers from employer-sponsored pension plans



to personal pension products offered by the insurer (€6 million, net group share). The level of the additional provision recorded for the six months ended June 30, 2000 was lower than the comparable provision recorded in the corresponding prior period.

- An increase in realized gains (€6 million, net group share).

The health insurance contribution to AXA's consolidated net income was unchanged as a €2 million increase in realized gains was offset by a 150 basis point deterioration in the claims ratio, net of reinsurance, due to the strengthening of the reserve established to cover the settlement of outstanding claims with hospitals and a still high claims ratio on group business.

### Asia/Pacific Life Insurance Group

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums . . . . .	1,574	1,301	2,859
Net income (group share) . . . . .	(6)	32	38

The following table presents information on gross premiums for the Asia/Pacific Life Insurance Group for the periods indicated:

Gross Premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Australia-New Zealand . . . . .	1,036	807	1,810
Hong Kong . . . . .	393	351	742
Korea . . . . .	49	42	114
Japan(a) . . . . .	55	58	133
Singapore . . . . .	40	43	59
China . . . . .	1	—	1
<b>TOTAL . . . . .</b>	<b>1,574</b>	<b>1,301</b>	<b>2,859</b>

(a) Includes three months of gross premiums in the six months to June 30, 2000 as compared to six months of gross premiums in the six months to June 30, 1999 following a change in reporting period from December 31 to September 30.

Gross premiums in Australia and New Zealand increased by 11.7% on a constant exchange rate basis. Retirement savings premiums increased by 14.3% due to a more competitive product offering and health insurance premiums increased by 6.4% due to government incentives encouraging consumers to take out private medical insurance.

On a constant exchange rate basis, gross premiums written by AXA China Region (Hong Kong) decreased by 1%. Gross premiums on group retirement products decreased by 17.4% primarily due to two factors: (i) several large single premium contracts were issued in the first six months of 1999, and (ii) the market is currently waiting for the launch of mandatory pension funds. Individual savings-related and health products, which accounted for 76% of total premiums, increased by 4.9% primarily due to an increase in average premiums in the portfolio.

The following table presents information on net income for the Asia/Pacific Life Insurance Group for the periods indicated:

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999	June 30, 2000	June 30, 1999	December 31, 1999
Australia-New Zealand . . . . .	(45)	49	77	(23)	22	37
Hong Kong . . . . .	51	50	64	23	16	19
Korea . . . . .	3	4	9	3	4	9
Japan (a) . . . . .	(10)	(15)	(28)	(9)	(15)	(28)
Singapore . . . . .	3	5	3	1	5	3
China . . . . .	(2)	—	(5)	(1)	—	(2)
<b>TOTAL . . . . .</b>	<b>—</b>	<b>93</b>	<b>120</b>	<b>(6)</b>	<b>32</b>	<b>38</b>

a) Includes three months of gross premiums in the six months to June 30, 2000 as compared to six months of gross premiums in the six months to June 30, 1999 due to a change in reporting period from December 31 to September 30 following the acquisition of Nippon Dantai in March 2000.

#### *Australia and New Zealand*

On a constant exchange rate basis, the contribution to AXA's consolidated net income (group share) was a loss of €46 million. The operating result for the six months ended June 30, 1999 benefited from a €10 million gain on the sale of equity interests. Excluding this item, the deterioration of the operating result was due to:

- a decrease in the net investment result (net of interest credited to policyholders and policyholder participation in profits) of €20 million (group share), due to a deterioration in the financial markets in the first six months of 2000.
- a stable insurance technical result, primarily attributable to surrender charges from general account policyholders switching to separate account (unit-linked) products, offset by the deterioration in the disability claims ratio, where the company experienced significant unfavorable loss development (€4 million, group share).
- a €9 million (group share) increase in general expenses primarily due to a €8 million (group share) provision for restructuring (compared to €2 million at June 30, 1999). The annualized ratio of general expenses to insurance reserves was 4.58% for the six months ended June 30, 2000 compared to 3.91% for the corresponding prior period.

#### *Hong Kong*

The €7 million increase in AXA China Region's contribution to AXA's consolidated net income was due primarily to the increase in AXA's ownership, from 34.7% to 47.1%, following the buyout of minority interests in December 1999 by AXA Australia. On a constant exchange rate and structural basis, net income remained unchanged.

The net investment result declined by €6 million (group share). In the first half of 2000, AXA China Region realized significant losses on its bond portfolio (€8 million, group share), partially offset by higher investment income earned. In addition, due to increases in interest rates, AXA China Region has revised certain assumptions used to estimate future cash flows on business in its insurance portfolio (value of purchased business inforce). The change in assumptions increased its contribution to net income (group share) by €6 million.

### South Korea

On a constant exchange rate basis, Dongbu AXA Life's contribution to AXA's consolidated net income decreased by €1 million due principally to a decline in the net investment result related to lower interest rates.

### Japan

The contribution to AXA's net income for the six months ended June 30, 2000 does not reflect the acquisition of Nippon Dantai and relates only to AXA Life Japan for the period from January 1 to March 31, 2000. Following the Nippon Dantai acquisition, there was a change in the reporting date of AXA Life Japan from December 31 to September 30. AXA Life Japan had a loss of €9 million due to the high general expenses that are characteristic of a business in the development phase that has grown sharply since it began operations. The €15 million loss reported for the six months ended June 30, 1999 was for two quarters.

### Singapore

The contribution to AXA's net income decreased by €4 million due to:

- a reduction in AXA's ownership of AXA Life Singapore from 100% to 47.1% following the transfer of this operating unit on October 1, 1999 to AXA Asia Pacific Holdings.
- significant realized capital gains (€2 million, group share) for the six months ended June 30, 1999.

### China

In China, the net loss (group share) of €1 million was primarily due to the high general expenses that are characteristic of an operating unit in the development phase.

## German Life Insurance Group

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums . . . . .	1,374	1,255	2,757
Net income (group share) . . . . .	8	6	13

On a comparable basis, gross life insurance premiums increased by 1.8%, while gross health insurance premiums increased by 8.2%. Growth in the life insurance business was primarily due to the success of separate account (unit linked) products which have increased by 151% due to strong market demand for savings products. Separate account products accounted for 4% of gross premiums.

On a comparable basis, the contribution to AXA's net income for the six months ended June 30, 2000 increased by €1 million compared to the corresponding prior period.

The contribution from the life insurance business to AXA's consolidated net income increased by €2 million. Since the contribution to net income by Albingia (a former subsidiary of Guardian Royal Exchange) was neutral in the six months ended June 30, 2000 and 1999, the increase in life insurance business is attributable to AXA Colonia as described below:

- The insurance technical result increased by €39 million before tax, in particular, relating to a decrease in the level of insurance reserves established in the period, in line with the 35.7% decline in new single premium business.

- The investment result increased by €99 million before tax due to the high level of dividends received in respect of mutual funds during the six months ended June 30, 2000.
- The two items above were offset by the increase in the insurance reserves deriving from interest credited and bonuses credited to policy holders of €112 million due to positive investment result and insurance technical result.
- Acquisition and administrative expenses increased by €25 million (before tax) due to the rise in new business and a €3 million charge relating to the Holocaust matter. Excluding Albingia<sup>7</sup>, the ratio of general expenses to gross premiums increased slightly, from 16.0% to 17.9%, while the annualized ratio of general expenses to insurance reserves rose from 1.68% to 1.78%.

The contribution from the health insurance business to AXA's consolidated net income declined by €1 million due principally to a deterioration in the claims ratio (€13 million), partly offset by an improvement in the net investment result (€9 million) related to higher income generated by bonds and equities. General expenses were stable. The ratio of general expenses to gross premiums decreased slightly (from 24.8% to 24.2%) due to an increase in premiums. Tax expense decreased by €3 million.

### Belgian Life Insurance Group

(in euro millions)	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999
Gross premiums	512	410	912
Net income (group share)	87	89	186

On a comparable basis, gross premiums increased by 26.3%. The gross premiums in individual life business, which accounted for 71% of gross premiums, increased by 28% partly due to growth in separate account (unit linked) products of 131%. Separate account (unit linked) products represent approximately 35% of all individual life insurance premiums written. The increase was also attributable to a broader distribution of savings products via the banking network and brokers (38%). This increase was partially offset by an 8% decline in personal protection products. The gross premiums in group life business, which accounted for 29% of gross premiums, increased by 16% due to higher sales of segregated fund products.

On a constant methodological basis for allocating the tax expense between the life insurance and property and casualty insurance segments, net income decreased by €15 million due primarily to a decline in the net investment result. The level of capital gains on equity decreased by €23 million for the six months ended June 30, 2000, partially offset by a reduction in the provision for mortgage loans (€15 million). Investment income also declined by €4 million. The level of capital gains was particularly high in the six months ended June 30, 1999 and dividends paid to shareholders have reduced the investment base. General expenses were stable despite significant business growth due to the positive effects of the restructuring program initiated in 1999 and the harmonization of accounting policies between AXA and former Royale Belge companies. As a result, the ratio of general expenses to gross premiums improved by 340 basis points to 14.8% and the ratio of general expenses to insurance reserves decreased from 1.89% to 1.77% on an annualized basis.

<sup>7</sup> Including Albingia, these ratios would be 17.4% and 1.66%, respectively, for the six months ended June 30, 2000

### Other Life Insurance Group

The following table shows gross premiums by country for the Other Life Insurance Group for the periods:

Gross Premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Netherlands . . . . .	526	481	875
Spain . . . . .	230	166	333
Italy . . . . .	154	107	343
Luxembourg . . . . .	35	42	104
Others (a) . . . . .	204	160	371
<b>TOTAL . . . . .</b>	<b>1,151</b>	<b>956</b>	<b>2,025</b>

(a) Portugal, Switzerland, Canada, Austria, Hungary, Morocco and Turkey.

On a comparable basis, gross premiums underwritten by the Other Life Insurance Group increased by 16.1% due to strong growth in Italy (44.3%), Spain (38.7%) and the Netherlands (9.5%), where strong investment market performance has contributed to the success of separate account (unit linked) products.

The following table shows net income by country for the Other Life Insurance Group for the periods indicated:

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended December 31, 1999	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999		June 30, 2000	June 30, 1999	
Netherlands . . . . .	28	30	40	28	29	40
Spain . . . . .	11	7	1	7	5	1
Italy . . . . .	17	15	25	17	15	25
Luxembourg . . . . .	—	2	2	—	2	2
Others (a) . . . . .	10	6	15	9	5	13
<b>TOTAL . . . . .</b>	<b>66</b>	<b>59</b>	<b>83</b>	<b>62</b>	<b>57</b>	<b>81</b>

(a) Portugal, Switzerland, Canada, Austria, Hungary, Morocco and Turkey.

**The Netherlands.** The life insurance business contribution totaled €26 million while the health insurance business contribution was €2 million. The €6 million (group share) decrease in the life insurance contribution was principally due to a €3 million decrease in acquisition costs deferred, following the adoption of a new cost allocation model at the end of 1999, and a €2 million decrease in the net investment result. The €4 million increase in the health insurance business contribution can be attributed to an improvement in the claims ratio following premium rate increases.

**Spain.** The €2 million increase was primarily due to an improvement in the insurance technical result (€2 million, group share) deriving from surrender charges relating to policyholders switching their investments in traditional savings products to separate account (unit linked) products.

**Italy.** Excluding the impact of the deconsolidation of Eurovita effective January 1, 2000, the contribution to AXA's consolidated net income increased by €6 million. This increase is mainly attributable to an improvement in the insurance technical result (€7 million net of tax) resulting in

particular from the release of a €3 million provision for interest rates risks established at year-end 1999. The net investment result was stable, with the increase in realized gains on equity investments (€5 million) during the first six months of 2000 identical to the release of the provision on South American government bonds recorded at June 30, 1999.

**Luxembourg.** The contribution to consolidated net income declined due to an increase in bonuses to policyholders.

**Portugal.** The contribution to AXA's consolidated net income decreased by €1 million due to higher fixed costs, including promotional expenses in connection with new universal life contracts.

**Austria and Hungary.** The contribution to AXA's consolidated net income was €1.5 million, an increase of €1 million compared to the corresponding prior period. The increase was mainly due to lower rates of interest credited to policyholders and a reduction in general expenses.

## PROPERTY AND CASUALTY INSURANCE SEGMENT

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

Gross Premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
France . . . . .	2,136	2,219	3,926
Germany . . . . .	1,899	1,573	2,766
United Kingdom . . . . .	1,376	777	2,008
Belgium . . . . .	685	701	1,285
Other countries . . . . .	2,301	1,642	3,607
<b>TOTAL . . . . .</b>	<b>8,396</b>	<b>6,912</b>	<b>13,593</b>

Net Income (in euro millions)	Including Minority Interests			Group share		
	For the six-month period ended		For the year ended December 31, 1999	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999		June 30, 2000	June 30, 1999	
France . . . . .	220	122	244	220	122	244
Germany . . . . .	55	59	73	48	39	48
United Kingdom . . . . .	(94)	(4)	7	(53)	—	5
Belgium . . . . .	84	162	240	84	162	239
Other countries . . . . .	22	62	76	26	39	34
<b>TOTAL . . . . .</b>	<b>287</b>	<b>401</b>	<b>640</b>	<b>324</b>	<b>362</b>	<b>571</b>

### French Property and Casualty Insurance Group

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums . . . . .	2,136	2,219	3,926
Net income (group share) . . . . .	220	122	244

Excluding the transfer of the bodily injury portfolio of business to life insurance companies (€71 million), and the €12 million negative impact from a change in methodology concerning Natio Assurance, which was formerly fully consolidated and is now proportionately consolidated, gross property and casualty premiums were stable.

The deterioration of automobile insurance gross premiums (0.8% decrease compared to the six months ended June 30, 1999) slowed significantly despite market conditions which remained difficult. The premium rate increases being gradually implemented should help offset the decrease in property insurance business (2.2% decrease compared to the six months ended June 30, 1999). The decrease in automobile and property insurance lines was offset by the increase in construction insurance gross premiums (6.7%, primarily due to higher gross premiums in structural damage insurance) and the 300 basis point increase in natural catastrophe insurance premium rates. Direct Assurance recorded growth in gross premiums of 33.6% for the six months ended June 30, 2000 compared to the six months ended June 30, 1999.

The €98 million increase in the contribution of the French Property and Casualty Group to AXA's consolidated net income (group share) was principally due to:

- a €160 million increase in the net investment result (group share, after tax), including €148 million (after tax) due to an increase in realized gains on the sale of equity securities, including €60 million on the sale of treasury stock.
- a €41 million decline in the underwriting result (net of reinsurance, after tax), partly due to a 450 basis point increase in the claims ratio to 84.5% resulting from:
  - the current accident year claims ratio, net of reinsurance, remaining stable at 82% due to better claims ratio management and the first positive effects of the harmonization of personal lines, and
  - a €39 million increase in insurance reserves (after tax, reinsurance and the release of catastrophe equalization reserves) or €62 million increase (before tax and after reinsurance and the release of catastrophe equalization reserves). At June 30, 2000, the total cost of claims related to the aforementioned storms was €124 million after tax (€200 million before tax). The catastrophe equalization reserve was increased by €18 million to cover future risks of this type.
- an increase in the ratio of general expenses to written premiums of 90 basis points to 27.4%.
- the financial statements for the six months ended June 30, 1999 included a tax savings of €16 million recorded in respect of the capital loss on the sale of Lucia, a former subsidiary, in June 1999.

#### German Property and Casualty Insurance Group

(in euro millions)	For the six-month period ended			For the year ended
	June 30, 2000	June 30, 1999	June 30, 1999 pro forma(a)	December 31, 1999
Gross premiums	1,899	1,573	1,951	2,766
Net income (group share)	48	39	34	48

(a) The gross premiums and net income for the six months ended June 30, 1999 includes two months of post-acquisition operating results of the Guardian Royal Exchange operations acquired in May 1999. The pro forma column for the six months ended June 30, 1999 reflects the gross premiums and net income for the six months ended June 30, 1999 as if AXA had acquired the Guardian Royal Exchange operations on January 1, 1999.

On a comparable basis, gross premiums decreased by 1.1%. Annual growth in the German property and casualty market as a whole is estimated at 1.0% for the full year 2000. Gross automobile insurance premiums (34% of total premiums) grew by 1.3% due in particular to an increase in new commercial motor fleet business. Gross property insurance premiums (22% of total premiums) decreased by 3.1% due to intense market pressures on premium rates and efforts to improve the risk profile of the commercial risks portfolio.

On a comparable basis, the German Property and Casualty Group contribution to AXA's consolidated net income increased by €14 million as compared to the corresponding prior period. This increase includes the positive impact in 1999 of the reduction in the tax rate affecting deferred tax liabilities (€18 million), and in 2000 of an increase in AXA's ownership by 14% (€10 million). Excluding the last two items above, the €22 million increase in net income reflected the following:

- The claims ratio for all accident years (net of reinsurance) increased by 310 basis points to 81.3%. The claims ratio for the current accident year improved by 430 basis points due to a decline in the frequency of automobile insurance claims, which was particularly high for the six months ended June 30, 1999, and the absence of significant claims in commercial risk insurance. Conversely, the favorable loss reserve development for the six months ended June 30, 2000 was much lower than for the corresponding prior period, particularly in marine business and inward reinsurance.
- A €78 million increase in the investment result (before tax) due to higher income earned on mutual fund investments following the tendering of Mannesmann securities (€37 million) in connection with the acquisition of Mannesmann by Vodafone.
- A €13 million increase in general expenses (before tax), impacting the ratio of general expenses to earned premiums which increased from 32.3% to 33.2%.
- A €7 million increase in tax expense.
- An increase in goodwill amortization of €3 million related to the additional ownership interest acquired by AXA since July 1, 1999.

### Belgian Property and Casualty Insurance Group

(in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Gross premiums	685	701	1,285
Net Income (group share)	84	162	239

Excluding the Royale Belge Re portfolio, which ceased underwriting business in 1997, gross premiums increased by 0.5%, reflecting mixed growth in the various lines of property and casualty insurance business. Gross automobile insurance premiums (44% of total premiums) grew by 3% due to extensions of insurance coverage, an increase in the portfolio of business and premium rate increases. Conversely, lower rates on workers' compensation policies and a reduction in the individual fire insurance portfolio affected adversely overall growth in gross premiums.

On a constant methodological basis for allocating the tax expense between the life insurance and property and casualty insurance segments, the contribution to AXA's net income decreased by €66 million, reflecting the following events:

- The claims ratio for all accident years, net of reinsurance, of 79.1% represented an improvement of 640 basis points compared to the corresponding prior period and, therefore, increased net income by €20 million. This increase was due to an increase in favorable loss



reserve development and a decrease in the claims ratio for the current accident year due to a reduction in claims-handling expenses.

- The net investment result decreased by €89 million (group share). This decrease was due to the particularly high level of realized gains for the six months ended June 30, 1999 which funded the payment of dividends and, therefore, reduced the level of total investments in these operations.
- General expenses decreased by €8 million (group share) as a result of a restructuring program initiated in 1999. However, the ratio of general expenses to earned premiums remained stable at 31.4%, due to a slight decrease in earned premiums.

### U.K. Property and Casualty Insurance Group

(in euro millions)	For the six-month period ended			For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	June 30, 1999 pro forma(a)	
Gross premiums . . . . .	1,376	777	1,322	2,008
Net income (group share) . . . . .	(53)	—	(10)	5
Average exchange rate (euro/£) . . . . .	1.63	1.49	1.49	1.52

(a) The gross premiums and net income for the six months ended June 30, 1999 includes two months of post-acquisition operating results of the Guardian Royal Exchange operations acquired in May 1999. The pro forma column for the six months ended June 30, 1999 reflects the gross premiums and net income for the six months ended June 30, 1999 as if AXA had acquired the Guardian Royal Exchange operations on January 1, 1999.

On a comparable basis, gross premiums increased by 7.3% due to a 15.6% growth in gross automobile insurance premiums (44% of total premiums) reflecting rate increases and a growth in the portfolio of insurance business with affinity groups.

The contribution of the U.K. Property and Casualty Group to AXA's consolidated net income for the six months ended June 30, 2000 decreased by €43 million as compared to the corresponding prior period (€38 million on a constant exchange rate basis).

The decrease in net income was primarily due to an increase in insurance reserves, which reduced net income (group share) by €65 million. The increase in reserves included €56 million for prior periods and €9 million for the current fiscal year (€47 million in automobile insurance and €18 million in casualty insurance). This increase was due to the deterioration in the claims experience in the U.K. market and legislation enacted in March 2000 which required insurers to readjust compensation levels for bodily injury claims (leading to an increase in insurance reserves of €11 million, including €9 million in respect of prior accident years).

As a result of these events, the claims ratio for all accident years (net of reinsurance) deteriorated by 680 basis points to 86.7%.

General expenses increased by €6 million (on a constant exchange rate basis, group share), principally due to an increase in commission rates related to the increase in premiums from affinity group business. The expense ratio rose by 290 basis points to 38.3%.

The net investment result increased by €9 million (group share) due to an increase in net realized gains compared to the six months ended June 30, 1999.

### Other Property and Casualty Insurance Group

The following table presents gross premiums by country for the Other Property and Casualty Insurance Group for the periods indicated:

	Gross Premiums (in euro millions)	For the six-month period ended		For the year ended
		June 30, 2000	June 30, 1999	December 31, 1999
Italy		516	434	903
Spain		449	355	729
Canada		335	283	580
Ireland (a)		214	72	257
Netherlands		165	143	248
Morocco		75	33	88
Others (b)		547	323	802
<b>TOTAL</b>		<b>2,301</b>	<b>1,642</b>	<b>3,607</b>

(a) Including gross premiums written by Guardian Royal Exchange's Irish subsidiary in the first four months of 1999, prior to the acquisition, gross premiums from the Irish property and casualty operations would have been €204 million for the six months ended June 30, 1999.

(b) Portugal, Luxembourg, Switzerland, Austria, Hungary, Turkey and countries in the Asia/Pacific region.

On a comparable basis, gross premiums written by the Other Property and Casualty Group increased by 13.8%, with particularly strong growth recorded in Italy (19%), Spain (26.6%) and Portugal (8.1%) due to the combined effect of premium rate increases and portfolio growth. On a comparable basis, growth in Canada was 2.8%, and in the Netherlands, despite satisfactory growth in the automobile insurance portfolio (7.5%), overall growth was only 1.5% due to AXA's decision to cease its co-insurance business.

The table below presents the contribution to consolidated net income by country for the periods indicated:

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999	June 30, 2000	June 30, 1999	December 31, 1999
Italy	20	(6)	—	20	(6)	—
Spain	4	(2)	(9)	3	—	(3)
Canada	11	6	11	11	6	11
Ireland (a)	(20)	2	7	(11)	1	4
Netherlands	17	—	2	17	—	2
Morocco	(8)	58	69	(4)	36	35
Others (b)	(1)	5	(3)	(9)	3	(14)
<b>TOTAL</b>	<b>22</b>	<b>62</b>	<b>76</b>	<b>26</b>	<b>39</b>	<b>34</b>

(a) Including net income from Guardian Royal Exchange's Irish subsidiary in the first four months of the 1999, prior to the acquisition, net income from the Irish property and casualty operations would have been €5 million for the six months ended June 30, 1999.

(b) Portugal, Luxembourg, Switzerland, Austria, Hungary, Turkey and countries in the Asia/Pacific region.

**Italy.** The contribution to net income (group share) increased by €26 million primarily due to the deferred tax asset established in relation to provisions for premium cancellations, which became deductible due to a change in local regulations. The net investment result increased by €9 million for the six months ended June 30, 2000. The net investment result for the six months ended June 30, 1999 was adversely affected by a provision on South American government bonds. The increase in the net investment result was offset by an increase in the claims ratio for all accident years of 870 basis points to 90.5%, net of reinsurance, primarily due to premium rate freezes in automobile insurance enacted by the Italian Government. No provision has been established to date to cover fines for violations of anti-trust regulations, as notified by the Italian anti-trust body to most insurance companies in April 2000. The market as a whole has stated its intention to contest the penalties levied by the Italian Government. AXA is currently reviewing this situation.

**Spain.** The net income (group share) of €3 million is an improvement of €3 million as compared to the corresponding prior period and consists of the following items:

- Excluding Direct Seguros, net income for the six months ended June 30, 2000 was €6 million, an increase of €2 million compared to the corresponding prior period. The net improvement in the underwriting result (€18 million, group share) was partially offset by a decrease in the net investment result (€13 million, group share) which was attributable to the significant level of real estate related gains realized in the first six months of 1999. The strong growth in gross premiums (24.4%) has not led to an increase in the claims ratio which, net of reinsurance, decreased by 900 basis points, to 82.9% (including Direct Seguros).
- The contribution of direct marketing insurance operations was a loss of €3 million, which reflects a €1 million improvement due to an improved claims ratio.

**Canada.** On a constant exchange rate basis, the contribution to net income (group share) increased by €3 million for the six months ended June 30, 2000 compared to the corresponding prior period. The €6 million increase in the net investment result is due to higher realized gains attributable to a strong financial market performance in Canada. This increase was partially offset by a 130 basis point increase in the claims ratio for all accident years, net of reinsurance, to 68.8% for the six months ended June 30, 2000, due in particular to lower favorable loss development than in 1999. General expenses remained virtually unchanged for the six months ended June 30, 2000 compared to the corresponding prior period, leading to a 50 basis point improvement in the general expenses to earned premiums ratio.

**Ireland.** On a comparable basis, the contribution to AXA's consolidated net income decreased by €16 million primarily due to the strengthening of insurance reserves, which had an unfavorable impact on net income for the six months ended June 30, 2000 of €11 million, group share, primarily relating to the automobile portfolio and due to the rise in the average cost of bodily injury claims in Ireland. As a result of these events, the claims ratio for all accident years, net of reinsurance, increased by 1,600 basis points to 100.2% for the six months ended June 30, 2000 compared to the corresponding prior period. The slight increase in general expenses (€1 million) increased the expense ratio by 100 basis points. Due to the increase in interest rates, the bond portfolio was restructured and resulted in realized losses of €4 million for the six months ended June 30, 2000.

**The Netherlands.** The contribution to AXA's consolidated net income increased by €17 million for the six months ended June 30, 2000 compared to the corresponding prior period. Net income from the property insurance business was €17 million, a €20 million improvement. The increase was primarily due to the release of an unused Year 2000 provision (€19 million, group share). Net income from the brokerage business was break even compared to a contribution of €2 million for the six months ended June 30, 1999. This decrease was due to amortization of

goodwill related to the acquisition of a new broker in connection with business development recorded at June 30, 2000.

**Morocco.** The contribution to AXA's consolidated net income includes six months of operating activity for the Compagnie Africaine d'Assurance (CAA), acquired by AXA Al Amane on July 1, 1999. The €40 million decrease compared to the six months ended June 30, 1999 is primarily attributable to realized gains of €27 million in the first six months of 1999 in connection with the acquisition of CAA and to a €4 million valuation allowance on equity investments at June 30, 2000.

**Portugal.** The €6 million contribution to AXA's consolidated net income includes the former Guardian branch office. The €1 million increase compared to the six months ended June 30, 1999 was primarily due to a €3 million increase in realized gains attributable to financial market performance.

**Luxembourg.** The contribution to AXA's consolidated net income was stable at €2 million.

**Austria and Hungary.** The €2 million contribution to AXA's consolidated net income represents a €1 million decrease compared to the six months ended June 30, 1999. This decrease is attributable to a decrease in the underwriting results and higher general expenses, partially offset by an increase in the net investment result.

**Japan.** Most of the net loss of €25 million provided by AXA Direct Japan was due to investment made for the purpose of developing its direct marketing operations. To date, AXA Direct Japan has sold more than 23,000 contracts, of which 35% were sold over the Internet. The net loss of €5 million for the six months ended June 30, 1999 included only one month of business activity.

**Hong Kong and Singapore.** The contribution from property and casualty operations to AXA's consolidated net income increased by €4 million and €1 million, respectively, primarily reflecting the consolidation of former subsidiaries of Guardian Royal Exchange that were not consolidated at the June 30, 1999 reporting date. The €4 million contributed by Hong Kong was due to favorable loss development in the property insurance portfolio. The €2 million net loss provided by Singapore was due to a high claims ratio in casualty and automobile insurance as well as high general expenses.

**Turkey.** The €3 million contribution to AXA's consolidated net income can be attributed to the combined effect of strong growth in gross premiums and a 900 basis point decrease in the claims ratio, as well as a satisfactory net investment result in a local environment characterized by high interest rates.

## INTERNATIONAL INSURANCE SEGMENT

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

Gross premiums (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
AXA Corporate Solutions	2,136	1,722	2,818
- AXA Reassurance	1,417	983	1,385
- AXA Global Risks	697	732	1,400
- AXA Cessions	22	6	34
Assistance	147	137	281
Others (a)	25	2	10
<b>TOTAL</b>	<b>2,308</b>	<b>1,860</b>	<b>3,109</b>

(a) Mainly Saint Georges Re, English & Scottish

Net Income (in euro millions)	Including Minority Interests			Group share		
	For the six-month period ended		For the year ended December 31, 1999	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999		June 30, 2000	June 30, 1999	
AXA Corporate Solutions	65	21	(61)	62	17	(65)
- AXA Reassurance	63	79	100	60	73	93
- AXA Global Risks	(3)	(61)	(153)	(3)	(61)	(151)
- AXA Cessions	5	4	(7)	5	4	(7)
Assistance	5	5	11	5	5	11
Others (a)	(9)	(2)	3	(9)	(3)	2
<b>TOTAL</b>	<b>61</b>	<b>24</b>	<b>(47)</b>	<b>58</b>	<b>19</b>	<b>(51)</b>

(a) Mainly Saint Georges Re, English & Scottish

### AXA Corporate Solutions

#### AXA Réassurance

The 33.2% increase in gross premiums on a comparable basis was primarily attributable to growth in property insurance premiums (which account for 92% of total premiums) due to the development of direct underwriting of natural catastrophe business (for a total of €90 million), an active underwriting strategy in the natural catastrophe reinsurance retrocession market, that is reinsuring of business written by reinsurers and insurers (€37 million), and new business in the other property and casualty product lines (€50 million).

The contribution to AXA's consolidated net income decreased by €13 million (group share).

The claims ratio for all accident years (including claims-handling expenses) was 79.7% for the six months ended June 30, 2000 compared to 80.9% for the corresponding prior period.

- Business development, particularly strong in the natural catastrophe retrocession market, increased net income (group share) by €46 million.
- Conversely, strengthening of insurance reserves in respect of prior accident years totaled €45 million after tax, an increase of €26 million. The reserves included €27 million for unfavorable loss development on natural catastrophe claims, including €15 million in

connection with the December 1999 storms in Western Europe. Following the establishment of the latter provision, €25 million (after tax) of catastrophe equalization reserves was released.

- In addition, the operating result was also reduced by €32 million due to the payment of premiums relating to new retrocession treaties.

The net investment result decreased by €22 million as the level of realized gains declined.

The acquisition of a U.S.-based company to undertake direct underwriting of natural catastrophe business resulted in additional goodwill of €7 million, fully amortized.

### *AXA Global Risks*

Gross premiums recorded by AXA Global Risks declined by 8.1% on a comparable basis due to the decision to cease writing new business in unprofitable lines in the United Kingdom and the United States.

The €58 million reduction in net loss attributable to AXA Global Risks reflects:

- A €61 million increase (group share) in the net investment result primarily due to significant realized gains during the six months ended June 30, 2000 (€83 million before tax compared to €13 million before tax for the corresponding prior period).
- A €10 million decrease after tax (group share) in the underwriting result, net of reinsurance, reflecting:
  - A €43 million provision (€27 million after tax) was recorded for financial guarantees granted by AXA Global Risks to corporate clients. The decision to increase the provision was made after rating agencies lowered the rating of some of these corporations during the six months ended June 30, 2000. AXA Global Risks ceased writing this type of business at year-end 1999.
  - The six months ended June 30, 1999 were marked by a sharp increase in the U.K. claims ratio for prior accident years (€15 million, group share).
  - The underwriting result for the current accident year, net of reinsurance, deteriorated by €4 million primarily due to an increase in the cost of reinsurance.

Excluding the additional provision on financial guarantees, the claims ratio for all accident years, net of reinsurance (including claims-handling expenses) decreased by 390 basis points to 102.8%.

### **AXA Cessions**

The contribution of the AXA Cessions group to AXA's consolidated net income for the six months ended June 30, 2000 was relatively stable at €5 million.

### **Assistance**

The 7.4% increase in gross premiums on a comparable basis was primarily due to growth in foreign subsidiaries.

For the six months ended June 30, 2000, the contribution of AXA Assistance to AXA's consolidated net income was stable at €5 million. The contribution for the six months ended June 30, 1999 included the release of a contingency provision (€4 million). Excluding the impact of this release, the contribution to net income increased by €4 million. The net income contribution

from subsidiaries based in Belgium, Poland and Spain improved primarily as a result of more stringent insurance risk selection practices.

### Other Transnational Activities

Saint Georges Re recorded a net loss of €9 million (net group share) representing a decrease of €4 million (net group share). The decrease is due to a new treaty established to protect Guardian Royal Exchange's businesses in run-off (agencies and branch offices which have ceased to underwrite insurance business) effective as of January 1, 2000.

### ASSET MANAGEMENT SEGMENT

The tables below present the revenues and net income for the Asset Management Segment for the periods indicated:

Gross Revenues (in euro millions)	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999
Alliance Capital . . . . .	1,061	743	1,674
AXA Investment Managers . . . . .	170	104	227
National Mutual Funds Management . . . . .	13	12	27
<b>TOTAL . . . . .</b>	<b>1,244</b>	<b>858</b>	<b>1,928</b>

On a comparable basis, revenues earned by the Asset Management Segment increased by 33.7%, 33.3% at Alliance Capital and 37.3% at AXA Investment Managers, due in both cases to growth in assets under management, principally concentrated in high-growth equity mutual funds.

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999	June 30, 2000	June 30, 1999	December 31, 1999
Alliance Capital . . . . .	258	127	313	65	28	72
AXA Investment Managers . . . . .	21	15	22	13	9	11
National Mutual Funds Management . . . . .	6	(10)	3	3	(5)	1
<b>TOTAL . . . . .</b>	<b>286</b>	<b>132</b>	<b>338</b>	<b>81</b>	<b>33</b>	<b>84</b>

### Alliance Capital

On a constant exchange rate basis, the increase in the net income contribution of Alliance Capital was €29 million, reflecting:

- The contribution of Alliance Capital Management (€111 million) increased by €39 million (64.6%) on a constant exchange rate and structural basis due to growth in assets under management (25.4% compared to the six months ended June 30, 1999) and a more profitable asset mix. In addition, the increase in general expenses was lower than the increase in revenues. Consequently, the ratio of general operating expenses to revenue decreased to 59.8% for the six months ended June 30, 2000 from 63.3% in the corresponding prior period.
- The intermediate holding companies generated a loss of €46 million, a decrease of €10 million on a constant exchange rate basis. This decrease was due to an increase in tax

expense related to earnings growth recorded by the operating unit, partially offset by the reduction in the tax rate resulting from the legal organizational restructuring that was completed at the end of 1999 (a savings of €10 million, group share).

### AXA Investment Managers

On a comparable basis, the contribution of AXA Investment Managers to AXA's consolidated net income for the six months ended June 30, 2000 increased by €4 million, due to a decrease in goodwill amortization of €3 million. Goodwill recorded at June 30, 1999 included the full amortization of additional goodwill of €5 million recorded over the period.

Excluding this event, net income was stable. The positive impact of growth in assets under management, which increased by €36 billion compared to the six months ended June 30, 1999 (15% on a constant exchange rate and structural basis), was offset by the increase in general expenses. Net income reflects:

- The net loss from AXA Rosenberg, €1 million net of goodwill amortization reduced by €4 million due to several significant performance-related commissions (€10 million).
- The contribution of AXA Investment Managers U.K. declined by €5 million. In 1999, AXA Investment Managers U.K. released a provision established in respect of a real-estate dispute, which increased its contribution to AXA's consolidated net income (group share) by €3 million. In the first six months of 2000, costs related to the reorganization of the front office led to a €1 million decrease in its contribution to AXA's net income (group share).

The contribution of companies consolidated for the first time was €1 million.

Future revenues and net income of Alliance Capital will be impacted due to its acquisition of Sanford C. Bernstein, completed on October 2, 2000. See "Recent Developments" for further information.

### National Mutual Funds Management

The net loss of €5 million (net group share) for the six month period ended June 30, 1999 included a tax expense of €5 million on the gain realized in the sale of its asset management subsidiary to AXA Investment Managers (the gross gain was eliminated in consolidation). Excluding this event, the increase in net income was primarily due to an increase on fee income in all lines of business attributable to the increase in assets under management (9% compared to the six months ended June 30, 1999).

### OTHER FINANCIAL SERVICES SEGMENT

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

Gross Revenues (in euro millions)	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
Donaldson, Lufkin & Jenrette . . . . .	7,061	4,390	9,671
Real estate and other financial companies . . . . .	552	587	1,136
<b>TOTAL . . . . .</b>	<b>7,612</b>	<b>4,976</b>	<b>10,806</b>



Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999	June 30, 2000	June 30, 1999	December 31, 1999
Donaldson, Lufkin & Jenrette . . . . .	408	251	541	170	105	226
Real estate and other financial companies . . . . .	43	44	2	39	39	(5)
<b>TOTAL . . . . .</b>	<b>451</b>	<b>295</b>	<b>543</b>	<b>208</b>	<b>144</b>	<b>221</b>

### Donaldson, Lufkin & Jenrette

The sale of AXA's interest in Donaldson, Lufkin & Jenrette to Credit Suisse Group was completed on November 3, 2000, see "Recent Developments" for further information on this transaction. As a consequence, revenues and net income from the Other Financial Services Segment will decrease significantly in future periods.

On a constant exchange rate basis, revenue earned by Donaldson, Lufkin & Jenrette increased by 41.9% due to significant growth in interest income (55.9%), fee income (51.3%), revenues earned in equity portfolio transactions (52.4%) and brokerage fees (47.1%), partially offset by the decrease in revenues from syndicated issues (33.8%), principally fixed-income.

The contribution of Donaldson, Lufkin & Jenrette to AXA's consolidated net income increased by €44 million on a constant exchange rate basis (41.9%), reflecting:

- Favorable growth in its syndicated security business, with pre-tax operating earnings nearly tripling compared to the six months ended June 30 1999, and in financial services operations, whose main businesses are stock market settlement through Pershing and online brokerage through DLJdirect, which grew by 60% primarily due to higher brokerage fees and an increase in the number of stock market transactions.
- The investment banking division grew by 23% compared to the six months ended June 30, 1999 primarily due to the significant level of realized gains for the six months ended June 30, 2000 and the increase in investment banking and venture capital advisory fees.
- These satisfactory results were partially offset by the decrease in the fixed-income products division (36%) principally due to the decline in syndicated bond activity (59%), in line with bond market trends.
- The 32.2% increase in general operating expenses was in line with net revenue growth, while costs related to international development (particularly in Europe) continued to have an adverse impact on earnings.

### Real estate and other financial companies

The contribution to AXA's consolidated net income from AXA's French banking operations decreased by €7 million for the six months ended June 30, 2000 compared to the corresponding prior period. Banque Worms, which was not consolidated in the financial statements for the six months ended June 30, 1999, is now accounted for by the equity method of accounting. The negative contribution from Banque Worms (€15 million, net group share) included a €13 million provision (net group share) relating to doubtful debts. Net income from AXA Banque increased by €5 million due to a non-recurring financial servicing commission on government bonds, and net income from AXA's French banking operations increased by €4 million, primarily due to growth in outstanding loans, partially offset by losses recorded by Banque Worms.

The contribution of AXA Bank Belgium to AXA's consolidated net income was stable at €18 million for both six-month periods.

Net income from the real estate companies for the six months ended June 30, 2000 was stable compared to the corresponding prior period.

On October 24, 2000, AXA and Deutsche Bank executed a non-binding letter of intent relating to the sale of Banque Worms to Deutsche Bank. For further information, see "Recent Developments."

## HOLDING COMPANY ACTIVITIES

The Holding company activities consists of AXA's non-operating companies, including AXA, the parent company of the group (which we refer to as the "Company"), AXA Financial, AXA Asia Pacific Holdings and Sun Life & Provincial Holdings.

Net Income (in euro millions)	Including minority interests			Group share		
	For the six-month period ended		For the year ended December 31, 1999	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999		June 30, 2000	June 30, 1999	
AXA	22	362	286	22	362	286
AXA France Assurance	(10)	66	61	(10)	66	61
Other French holding companies	7	6	12	8	5	12
Holdings — AXA Financial Inc.	(24)	90	87	(14)	52	51
Holdings — AXA Asia Pacific	(11)	(5)	(36)	(5)	(2)	(17)
Holdings — Sun Life & Provincial	(15)	(331)	(490)	(8)	(183)	(277)
Other foreign holding companies	(46)	50	(36)	(44)	41	(31)
<b>TOTAL</b>	<b>(77)</b>	<b>238</b>	<b>(117)</b>	<b>(51)</b>	<b>341</b>	<b>84</b>

## The Company

The Company's contribution for the six months ended June 30, 1999 included the dilution gain of €503 million to AXA due to a decrease in ownership interest in Sun Life & Provincial Holdings, which issued ordinary shares to finance the acquisition of Guardian Royal Exchange in May 1999. Excluding this gain, the Company's loss for the six months ended June 30, 2000 was reduced by €163 million (group share) compared to the corresponding prior period, reflecting:

- the release of an €81 million (group share) temporary valuation allowance on real estate that was deemed no longer necessary given prevailing market conditions,
- a decrease (€20 million, group share) in the expense related to the exercise of AXA subsidiary stock purchase options,
- realized gains on the sale of securities (€22 million, group share, of which €16 million on the sale of BNP securities and certificates of guaranteed value),
- a €20 million (group share) increase in dividends received from non-consolidated equity interests, and
- no provision for tax expense relative to the distribution of dividends by the Company, compared to a €25 million charge for the year ended December 31, 1999, as dividends are not declared until the financial reporting year end .

### **Other Holding Companies**

For the six months ended June 30, 1999, net income from AXA France Assurance included a gain of €82 million (group share) on the sale of equity investments in BNP, a writedown of €17 million on AXA Australia securities, and a realized gain of €5 million on the sale of PanEuroLife. Excluding these events, the negative contribution to AXA's consolidated net income for the six months ended June 30, 2000 was stable.

The contribution from AXA Financial, Inc. for the six months ended June 30, 1999 was impacted by a realized gain of €51 million relating to the initial public offering of DLJ*direct* tracking stock.

The 1999 contribution from Sun Life & Provincial Holdings included the non-recurring amortization of goodwill on the U.K. and Irish property and casualty subsidiaries of Guardian Royal Exchange (€186 million).

The €60 million decrease in the contribution from the Belgian holding companies was due to the exceptionally high level of realized gains on equities for the six months ended June 30, 1999 (€50 million, of which €27 million on GBL). For the six months ended June 30, 2000 there was a €5 million increase in its debt servicing charge and an asset impairment allowance recorded of €4 million.

The remainder of the decrease in the contribution from other foreign holding companies (€25 million) is attributable primarily to the German holding companies, related to the favorable impact of a change in tax regulations in 1999 (€10 million) and an increase in interest expense for the six months ended June 30, 2000 in connection with the acquisition of Albingia (€5 million).

### **LIQUIDITY AND CAPITAL RESOURCES**

For a discussion of the funding of the acquisition of the minority interests in AXA Financial, see Note 6 to "Notes to Unaudited Pro Forma Financial Information".

#### **Sources of liquidity**

At June 30, 2000, AXA's consolidated balance sheet included cash and cash equivalents of €29.3 billion.

As a holding company, AXA's principal sources of funds are dividends from subsidiaries and funds that may be raised through the issuance of debt or equity securities and bank or other borrowings. AXA has expanded its insurance operations through a combination of acquisitions, joint ventures, direct investments and internal growth. This expansion has been funded primarily through a combination of (i) proceeds from the sale of non-core businesses and assets, (ii) dividends received from operating subsidiaries, and (iii) proceeds from the issuance of convertible debt securities and other debt securities, as well as borrowings (including from affiliates), and the issuance of new ordinary shares.

AXA anticipates that cash dividends received from operating subsidiaries will continue to cover its operating expenses including planned capital investment in existing operations, interest payments on its outstanding debt and mezzanine capital, and dividend payments during each of the next three years. AXA expects that anticipated investment in subsidiaries and existing operations, future acquisitions and strategic investments will be funded from available cash flow remaining after payments of dividends, debt service and operating expenses, proceeds from the sale of non-strategic assets and businesses and future issues of debt and equity securities.

Certain of AXA's direct and indirect subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to AXA and its affiliates. See Note 19 to the AXA's

audited consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. AXA does not believe that such restrictions constitute a material limitation on its ability to meet its obligations or pay dividends.

AXA and each of its major operating subsidiaries are responsible for financing their respective operations. AXA will from time to time, however, arrange for and participate in financing the operations of subsidiaries.

On November 17, 2000, AXA filed a registration statement on Form F-3 (Registration No. 333-12872) with the SEC registering \$3.0 billion of debt securities which may be issued from time to time. On November 28, 2000, AXA filed an amendment to this registration statement, increasing the principal amount of debt securities registered under the registration statement to \$5.0 billion.

*Mezzanine Capital* AXA has obligations that are not, under French GAAP, characterized or classified in the consolidated balance sheet as debt or equity capital. These funds are referred to as mezzanine capital and include subordinated debt and mandatorily convertible bonds and notes. On a consolidated basis at June 30, 2000, AXA's subordinated debt, including subordinated debt convertible into ordinary shares of AXA, and mandatorily convertible bonds and notes was €7.0 billion, an increase of €1.7 billion from December 31, 1999. The increase is attributable to the issuance of subordinated debt by AXA for the purpose of financing the acquisition of AXA Nichidan Holding and the buyout of AXA China Region's minority interests as set out below.

- In February 2000, €1.1 billion of 3.75% subordinated convertible notes due January 1, 2017. AXA has the right to redeem these notes starting in January 2007 at a price of €196.00 per note. The issuance price was €165.50 per note. Unless previously converted, redeemed or cancelled, the notes will mature and become repayable in full on January 1, 2017. The conversion into shares of all the notes issued would result in the issuance of 6.6 million AXA ordinary shares.
- In March 2000, €500 million of 7.25% undated subordinated notes. These notes can be redeemed by AXA at any time in full at par (100% of the nominal value of €25 per note).

The 4.5% mandatory convertible bonds were issued in connection with the acquisition of (i) Abeille Re (1995) which mature in January 2001 and will convert into 7.08 million ordinary shares of AXA (subject to certain antidilution adjustments) of which 2.83 million ordinary shares will be owned by subsidiaries of AXA, and (ii) Compagnie UAP (1997) which matured in January, 2000 and were converted into 4.1 million ordinary shares of AXA in accordance with the terms and conditions of these notes and increased shareholders' equity by €282 million.

*Financing Debt* On a consolidated basis as at June 30, 2000, AXA's consolidated financing debt, primarily comprised of long-term debt and convertible debt, was €7.2 billion, an increase of €1.8 billion from December 31, 1999. On June 21, 2000, AXA Financial borrowed \$1.5 billion from Bank of America N.A. pursuant to a promissory note with an interest rate of 7.06% which matured and was repaid in full on September 22, 2000. The proceeds from the borrowing and available cash were used to purchase 32.6 million units of limited partnership interest of Alliance Capital Management LP. Alliance Capital used the cash proceeds to fund the cash portion of the consideration of its acquisition of the assets and liabilities of Sanford C. Bernstein which closed on October 2, 2000.

For information on AXA's financing arrangements relating to the acquisition of the minority interests in AXA Financial see Note 6 to "Notes to Unaudited Pro Forma Financial Information".

*Operating Debt* At June 30, 2000, AXA's consolidated operating debt, comprised of borrowings principally used by the financial services subsidiaries to provide working capital, was

€13.1 billion, an increase of €1.4 billion from December 31, 1999. This increase was attributable to the following activities of Donaldson, Lufkin & Jenrette:

- In February 2000, a shelf registration was filed with the SEC to enable Donaldson, Lufkin & Jenrette to issue \$3.1 billion of senior debt, subordinated debt securities, preferred stock and warrants. During first quarter 2000, Donaldson, Lufkin & Jenrette issued \$500 million 8% senior notes due 2005 and \$485 million of medium-term notes due 2007.
- In April 2000, a \$10 billion Euro medium-term note program was established. During second quarter 2000, \$890 million medium-term notes with various maturity dates through 2005 were issued. In addition, \$354 million medium-term notes with various maturity dates through 2002 were issued under a shelf registration. At June 30, 2000, \$1.0 billion was outstanding under the \$2.0 billion commercial paper program.
- In July 2000, the \$2.5 billion revolving credit facility was amended to increase the aggregate commitment to \$2.8 billion, of which \$2.4 billion may be unsecured. There were no borrowings outstanding under this agreement at June 30, 2000.

In connection with the sale of Donaldson, Lufkin & Jenrette, the borrowings set out above will not appear in our consolidated balance sheet at December 31, 2000 since the transaction closed on November 3, 2000.

AXA, the holding company, also maintains standby committed credit facilities in an aggregate amount of €1.6 billion, of which €235 million was drawn as of June 30, 2000.

At June 30, 2000, the potential number of ordinary shares which would be issued upon conversion of subordinated convertible debt and the remaining mandatory convertible notes due to mature in January 2001 was approximately 23.2 million ordinary shares in accordance with the terms and conditions of the debt and notes.

In June 2000, AXA raised net cash proceeds of €3.7 billion through the issuance of 30.2 million new ordinary shares with preferential subscription rights, in preparation for the funding of its buyout of Sun Life & Provincial Holdings' minority interests.

The Year 2000 employee stock ownership program led to a capital increase of €237 million.

### **Uses of funds**

AXA's principal uses of funds are (i) payment of operating expenses, (ii) servicing of its debt obligations, (iii) payment of dividends to shareholders, and (iv) investment in strategic activities, including direct marketing insurance operations.

AXA holding company's interest expense for the six-month period ended June 30, 2000 and 1999 was €176 million and €101 million, respectively.

At AXA's ordinary general meeting of shareholders held on May 3, 2000, the shareholders approved a cash dividend of approximately €713 million (€2.00 per ordinary share) in respect of 1999. This dividend was paid in cash in May 2000.

In connection with the acquisition of Nippon Dantai and the integration of Nippon Dantai with AXA's subsidiary, AXA Life Japan, AXA plans to invest a total of approximately ¥200 billion (approximately €2 billion) in 2000 and 2001, including the amount already invested as of June 30, 2000 of ¥105 billion (approximately €1 billion).

In 1998, AXA Financial began a capital stock repurchase program, which was increased from 16 million to 30 million shares of capital stock following a stock split in September 1998. Under the stock repurchase program authorized by its Board of Directors, the holding company repurchased

approximately 2.0 million shares of common stock at a cost of approximately \$57.5 million during first quarter 2000; no repurchases were made in second quarter 2000.

## CONSOLIDATED CASH FLOWS

Net cash provided by operating activities was €11.5 billion for the six-month period ended June 30, 2000 compared to €15.5 billion for the six-month period ended June 30, 1999. The decrease in net cash provided by operations was mainly attributable to increase in trading activities and broker/dealers receivables (net €2.3 billion).

Net cash used in investing activities for the six-month period ended June 30, 2000 was €9.8 billion compared to net cash used of €15.9 billion in the corresponding prior period. The change in cash used in investing activities is primarily attributable to lower level of investment purchase activity relating to separate accounts assets compared to the corresponding prior period.

Net cash received from financing activities for the six-month period ended June 30, 2000 was €7.8 billion compared to €2.8 billion in the corresponding prior period. The increase in net cash provided by financing activities is primarily attributable to increases of capital of the holding company (€4.2 billion).

The net impact of foreign exchange was a €0.7 billion increase in net cash for the six-month period ended June 30, 2000 compared to an increase of €0.6 billion in the corresponding prior period. The net addition to cash due to changes in the scope of consolidation increased to €5.1 billion for the six-month period ended June 30, 2000 compared to a positive €2.7 billion in the corresponding prior period, primarily attributable to the acquisition of AXA Nichidan (Nippon Dantai).

The operating, investing and financing activities described above, as well as the impact of foreign exchange and change in scope of consolidation, resulted in an increase in cash and equivalents of €15.1 billion in the six-month period ended June 30, 2000 compared to an increase of €5.2 billion in the corresponding prior period.

## RECONCILIATION FROM FRENCH GAAP TO U.S. GAAP

There are differences between generally accepted accounting principles in France and in the United States which can result in material adjustments for U.S. GAAP purposes. For a discussion of the differences between French GAAP and U.S. GAAP which materially affect the determination of AXA's consolidated net income and shareholders' equity, see Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus. As discussed in AXA's unaudited interim consolidated financial statements, there have been no material changes in accounting principles from that which were described in Note 28 of AXA's consolidated financial statements for the year ended December 31, 1999.

	<b>For the six-month period ended</b>	
	<b>June 30, 2000</b>	<b>June 30, 1999</b>
	<b>€m</b>	<b>€m</b>
Consolidated net income in accordance with French GAAP . . . . .	1,205	1,469
Adjustments to U.S. GAAP . . . . .	(21)	(550)
Consolidated net income in accordance with U.S. GAAP . . . . .	1,184	919

Under French GAAP, in accounting for U.K. with-profit contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to U.K. with-profit contracts and corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits. U.S. GAAP, which has developed in an

environment that differs from the one in which the U.K. with-profit contract was developed, requires that the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. A rise in the estimated fair value of these assets results in an increase in the liability for policyholder benefits and a reduction in AXA's consolidated U.S. GAAP net income or shareholders' equity and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for policyholder benefits and an increase in AXA's consolidated U.S. GAAP net income. Set forth below is AXA's consolidated net income in accordance with U.S. GAAP except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts, which presentation AXA believes is more meaningful under the circumstances.

Consolidated net income in accordance with U.S. GAAP . . . . .	1,184	919
Change in unrealized investment gains (losses) on assets allocated to U.K. with-profit contracts, net of deferred tax . . . . .	(218)	596
Consolidated net income in accordance with U.S. GAAP, except for adjustment for the change in unrealized investment gains (losses) on assets allocated to U.K. with-profit contracts . . . . .	966	1,515

	<b>For the six-month period ended</b>	
	<b>June 30, 2000</b>	<b>June 30, 1999</b>
	<b>€</b>	<b>€</b>
<b>Net income per ordinary share:</b>		
Amount in accordance with French GAAP		
- basic . . . . .	3.32	4.17
- diluted . . . . .	3.11	3.90
Amount in accordance with U.S. GAAP		
- basic . . . . .	3.30	2.68
- diluted . . . . .	3.13	2.50
Amount in accordance with U.S. GAAP, except for change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts, net of deferred tax		
- basic . . . . .	2.69	4.41
- diluted . . . . .	2.56	4.11

For the six-month period ended June 30, 2000, the U.S. GAAP consolidated net income of €1,184 million represented a €21 million decrease from €1,205 million under French GAAP. For the six-month period ended June 30, 1999, the U.S. GAAP consolidated net income of €919 million represented a decrease of €550 million from net income under French GAAP of €1,469 million. The French GAAP to U.S. GAAP adjustment for both reporting periods is primarily attributable to the following items:

- **Accounting treatment of unrealized investment gains and losses on assets backing U.K. with-profit contracts.** Unrealized investment gains and losses are included in net income under French GAAP whereas under U.S. GAAP unrealized investment gains and losses on investments classified as "available-for-sale" are excluded from U.S. GAAP net income and reported in Other Comprehensive Income, a separate component of Shareholders' Equity. Due to a change in investment markets, the assets backing the U.K. with-profit contracts had an unrealized loss during the six-month period ended June 30, 2000. As a consequence, net income under U.S. GAAP increased by €312 million gross of tax (€218 million net of tax) with no impact to shareholders' equity. For the six-month period ended June 30, 1999, the investments allocated to the U.K. with-profit contracts had an unrealized gain of €863 million (€596 million net of tax) and thereby decreased net income in accordance with U.S. GAAP with no impact to shareholders' equity;
- **Differences in purchase accounting and goodwill.** For the six-month period ended June 30, 2000, net income under U.S. GAAP decreased by €177 million (gross of tax) compared to an increase of €206 million comprised of two separate but related adjustments;

a €282 million positive adjustment on purchase accounting plus a €76 million negative adjustment on dilution gain recorded by AXA due to the decrease in its ownership interest in Sun Life & Provincial Holdings, which issued ordinary shares to finance the acquisition of Guardian Royal Exchange during the six months ended June 30, 1999.

- A €177 million negative adjustment was recorded for the six-month period ended June 30, 2000 primarily due to (i) the accounting for additional reserve strengthening in the former operations of Guardian Royal Exchange in the United Kingdom and Ireland relating to the pre-acquisition period. Under French GAAP this was an adjustment to the opening balance sheet at the date of acquisition with no impact on current period operating results whereas under U.S. GAAP the additional insurance reserves were recorded as a post-acquisition charge, and (ii) the accounting for the acquisition of the minority interests in AXA China Region whereby under French GAAP goodwill was determined using carrying value of the portion of assets acquired and liabilities assumed at the date of acquisition whereas under U.S. GAAP the goodwill was determined using the fair value of the portion of assets acquired and liabilities assumed at the date of acquisition.
- A €206 million positive adjustment recorded for the six-month period ended June 30, 1999 primarily due to the accounting for the acquisition of Guardian Royal Exchange. Under French GAAP an exceptional amortization charge of €446 million (€259 million, group share) was recorded against French GAAP earnings as there was a significant deficiency in insurance claims reserves recorded in the opening balance sheet by AXA. The deficiency mainly related to the difference between local statutory basis and AXA's accounting policies on establishing property and casualty reserves. This exceptional amortization charge of goodwill was not recorded against goodwill under U.S. GAAP and, therefore, AXA's net income under U.S. GAAP increased by a corresponding amount;
- **Accounting for capital gains on treasury shares sold during the period.** In the six-month period ended June 30, 2000 1,118,407 treasury shares were sold by AXA to FINAXA resulting in a capital gain of €60 million (net group share). There was no similar activity in the corresponding prior period. Under French GAAP realized gains on the sale of treasury shares were included in French GAAP earnings whereas under U.S. GAAP realized gains on the sale of treasury shares were recorded as an increase in Additional Paid-In Capital, a component within Shareholders' Equity. As a consequence, net income under U.S. GAAP decreased by €75 million before tax with no impact to shareholders' equity; and
- **Catastrophe and equalization reserves.** Under French GAAP, such reserves are established under local statutory regulations, where relevant, for future catastrophe and other unusual losses whereas under U.S. GAAP, such losses are not provided for until the loss event occurs and the liability is incurred. For the six months ended June 30, 2000 these reserves decreased by approximately €42 million before tax, corresponding to an increase in operating results under French GAAP. This increase in operating results was eliminated in determining net income under U.S. GAAP. For the six-month period ended June 30, 1999, these reserves increased by €18 million before tax, corresponding to a decrease in operating results under French GAAP. This decrease in operating results was eliminated in determining net income under U.S. GAAP.



## **NEW ACCOUNTING PRONOUNCEMENTS WHICH HAVE NOT YET BEEN ADOPTED**

See Note 14 to the unaudited interim consolidated financial statements included elsewhere in this prospectus supplement and Note 2 to our audited consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in the accompanying prospectus.

## **OTHER MATTERS**

AXA's insurance and asset management operations are subject to regulation in their countries of operation. These regulations include such things as a requirement to maintain a minimum solvency margin. The primary objective of the solvency margin is to protect policyholders (see "Item 1—Description of Business—Additional Factors which may Affect AXA—Regulation" included in the 1999 AXA Form 20-F).

Market risk represents the potential loss as a result of absolute and relative price movements in financial instruments due to changes in interest rates, equity prices, foreign currency exchange rates, and other factors. AXA's exposure to market risk varies by nature across its operations. For further information on market risk please see "Item 9A—Qualitative and Quantitative Disclosure about Market Risk" included in the 1999 AXA Form 20-F.

## **PERSPECTIVES**

By reason of the sale of Donaldson, Lufkin & Jenrette, the operating results for the year ended December 31, 2000 should benefit from a significant capital gain. However, as a consequence of this transaction, revenues and net income from the Other Financial Services Segment will decrease significantly in future periods.

## DESCRIPTION OF NOTES

*This section discusses the specific financial and legal terms of the notes that are more generally described in the accompanying prospectus under "Description of Debt Securities". If anything described in this section is inconsistent with the terms described under "Description of Debt Securities" in the accompanying prospectus, you should consider the terms here to be the ones that prevail.*

### General

The notes will be issued under an indenture dated as of December 15, 2000 between AXA and The Bank of New York, as trustee, as supplemented by a supplemental indenture to be dated as of December 15, 2000 which includes the specific terms of the notes more fully described below. The indenture is more fully described in the accompanying prospectus. The U.S. dollar notes, the sterling notes and the euro notes will each be treated as a separate series of notes and as such will vote and act, and may be redeemed, separately.

We may issue as many distinct series of notes under the indenture as we wish. We may, without your consent, "reopen" any series of notes and issue additional notes of each issued series having the same ranking and the same interest rate, maturity and other terms as the issued series (a "further issue"). We may offer such additional notes with Original Issue Discount for U.S. Federal income tax purposes ("OID") as part of a further issue. Purchasers of notes after the date of any further issue will not be able to differentiate between notes sold as part of the further issue and previously issued notes. Therefore, purchasers of notes after a further issue may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) for U.S. Federal income tax purposes with respect to their notes. This may affect the price of outstanding notes at the time of a further issue. Because of the possible application of the OID rules for U.S. Federal income tax purposes to the further issue of notes, purchasers are advised to consult legal counsel prior to purchasing such notes. We may not issue additional notes of any issued series if an event of default has occurred with respect to such series. See "*—Event of Default, Defaults and Limitation on Remedies*".

### *Principal, Maturity and Interest*

The notes will be direct, unsecured, dated subordinated obligations of AXA. The U.S. dollar notes will be limited initially to an aggregate principal amount of \$900,000,000. The sterling notes will be limited initially to an aggregate principal amount of £325,000,000. The euro notes will be limited initially to an aggregate principal amount of €650,000,000. Each of the notes will be issued only in denominations of \$1,000, £1,000 or €1,000 and integral multiples of \$1,000, £1,000 or €1,000, as applicable.

The U.S. dollar notes will mature on December 15, 2030 and will bear interest from December 15, 2000 at a fixed rate per annum equal to 8.60%.

The sterling notes will mature on December 15, 2020 and will bear interest from December 15, 2000 at a fixed rate per annum equal to 7.125%.

The euro notes will mature on December 15, 2020 and will initially bear interest from December 15, 2000 to the first optional redemption date (December 15, 2010) at a fixed rate per annum equal to 6.75%. After December 15, 2010, the euro notes will convert to floating rate notes which will bear interest at a floating rate equal to the euro reference rate (as defined below) plus a margin of 2.20%, calculated on the relevant interest determination date.

The "euro reference rate" will be determined by the calculation agent as at or about 11:00 a.m. (Brussels time) on the interest determination date in question. For purposes of this paragraph,

interest determination date means the second euro business day before the commencement of the floating interest period for which the rate will apply. The euro reference rate will be determined as follows:

- (i) The euro reference rate will be the offered rate, expressed as an annual rate, for three month euro deposits commencing on the first date of the relevant interest period which appears, for information purposes only, at or about 11:00 a.m. (Brussels time) on the display designated as page "248" on Bridge/Telerate (or such other page or service as may replace it for the purpose of displaying the European interbank offered rate).
- (ii) If the euro reference rate cannot be ascertained as described in subparagraph (i) above, the calculation agent will request each of the euro reference banks to provide the calculation agent with its offered quotation to prime banks in the euro-zone interbank market for euro deposits for a period of three months commencing on the first day of the relevant floating interest period, at or about 11:00 a.m. (Brussels time) on the interest determination date. The euro reference rate will be the arithmetic mean average (rounded upwards if necessary to the nearest fifth decimal place with 0.000005 being rounded upwards) of the offered quotations as established by the calculation agent.
- (iii) If on any interest determination date the euro reference rate is being calculated in accordance with subparagraph (ii) above, and only two or three of the reference banks provided offered quotations, the euro reference rate shall be calculated in accordance with provisions of subparagraph (ii) above, based on the offered quotations of those reference banks providing offered quotations.
- (iv) If on any interest determination date the euro reference rate is being calculated in accordance with subparagraph (ii) above, and less than two reference banks provide offered quotations, the euro reference rate shall be the annual rate which the calculation agent determines to be the sum of the margin and the arithmetic mean (rounded upwards if necessary to the nearest fifth decimal place with 0.000005 being rounded upwards) of the euro lending rates quoted by major banks in the euro-zone (selected by the calculation agent with the prior written consent of AXA and being at least two in number) at or about 11:00 a.m. (Brussels time) on the interest determination date in question for loans in euro to leading European banks for a period of three months commencing on the first day of the relevant floating interest period, except that if the banks so selected by the calculation agent are not quoting on such interest determination date, the rate of interest for the relevant floating interest period shall be the rate of interest in effect for the last preceding floating interest period to which subparagraph (i), (ii) or (iii) shall have applied.

With respect to the euro notes and for purposes of the above paragraph:

"Euro reference banks" means the principal euro-zone office of four major banks in the euro-zone interbank market selected by the calculation agent with the prior written consent of AXA.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on March 25, 1957) as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992).

"Euro business day" means any day (other than a Saturday or a Sunday) which is a TARGET settlement day.

"TARGET settlement day" means any day on which the TARGET System is operating.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor system thereto.

On any interest determination date with respect to the euro notes after December 15, 2010, the calculation agent will notify AXA, the holders of the euro notes, the trustee, any paying agent with respect to the notes and any stock exchange on which the notes are listed of the interest rate, the amount of interest to be paid and the relevant interest payment date with respect to such notes. Notice to AXA, the trustee, any paying agent with respect to the notes and any stock exchange on which the notes are listed will be given no later than 3:00 p.m. (Brussels time) on the interest determination date with respect to such notes. Notice to the holders shall be given in the manner set forth below under “—Notices” as soon as possible and not later than two euro business days following the interest determination date with respect to such euro notes.

#### *Interest Payment Dates*

Interest on the U.S. dollar notes will be payable semiannually in arrears on June 15 and December 15 of each year, commencing on June 15, 2001, to the persons in whose names the notes are registered at the close of business on the applicable preceding June 1 and December 1. Interest on the sterling notes will be payable annually in arrears on December 15 of each year, commencing on December 15, 2001, to the persons in whose name the notes are registered at the close of business on the applicable preceding December 1. Interest on the euro notes will be payable annually in arrears on December 15 of each year, commencing on December 15, 2001 until the first optional redemption date (December 15, 2010) to the persons in whose names the notes are registered at the close of business on the applicable preceding December 1. After December 15, 2010, interest on the euro notes will be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, to the persons in whose name the notes are registered at the close of business on the applicable preceding March 1, June 1, September 1 and December 1.

Arrears of interest and additional interest will be payable on the dates and to the persons described below under “—Deferral of Interest”.

If on any payment date, the banking institutions in the place or places where the interest on or principal of any series of notes is payable are authorized or obligated by law or executive order to close, interest or principal will be payable at such place or places on the next succeeding day when the banking institutions at the relevant place or places are not so closed unless, with respect to the euro notes after the first optional redemption date (December 15, 2010) only, the next succeeding day when the banking institutions at the relevant place or places are not so closed falls in the next calendar month, in which case interest or principal will be payable on the first preceding day when the banking institutions at the relevant place or places are not so closed.

#### *Calculation of Interest*

With respect to the U.S. dollar notes and the sterling notes, if interest is required to be calculated for any period less than a year, it will be calculated based on a 360-day year consisting of twelve 30-day months.

With respect to the euro notes, until December 15, 2010, if interest is required to be calculated for any period of less than a year, it will be calculated on the basis of the actual number of days elapsed since the issue date of such notes or, if more recent, the last interest payment date divided by 365 (or, if any portion of this period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

After December 15, 2010, with respect to the euro notes, if interest is required to be calculated for any period of less than a year, it will be calculated on the basis of the actual number of days

elapsed since the issue date of such notes or, if more recent, the last interest payment date divided by 360.

## **Subordination**

The notes constitute our direct, unsecured, dated subordinated obligations and will rank, without any preference among themselves, equally and ratably with all our other present or future dated, unsecured, subordinated obligations. In the event a court of competent jurisdiction makes an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding-up (voluntary or judicial liquidation (*liquidation judiciaire ou amiable*)), other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency, or for the sale of our entire business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*), all payments on any series of notes will be subordinated, and subject in right of payment, to the prior payment in full of all claims of all our unsubordinated creditors. Such creditors are referred to in this prospectus supplement as senior creditors.

If an event of default has occurred, payments on any series of notes will be paid prior to any payments due on our existing undated subordinated notes, on *prêts participatifs* granted to us and on *titres participatifs* issued by us.

These subordination provisions do not apply, however, to any amounts payable on any series of notes that have been deposited in trust with the trustee or with any paying agent.

In the event that we are unable to pay our senior creditors in full, our obligations under the notes will become null and void.

The indenture does not limit the amount of unsubordinated claims that we or our subsidiaries may incur or assume at any time.

## **Deferral of Interest**

### *Optional Interest Payment Dates*

Under certain circumstances, we will be permitted to defer the payment of interest which would otherwise be payable on an interest payment date with respect to a series of notes. Our right to defer paying interest on the sterling notes and the euro notes may extend until the maturity of the respective notes or any earlier date on which the respective notes are to be paid in full. Our right to defer paying interest on the U.S. dollar notes may extend until five years from the first payment date on which the payment of interest was deferred or until any earlier date on which the U.S. dollar notes are to be paid in full. This means that we must pay all accrued arrears of interest and additional interest on the U.S. dollar notes at the end of that five-year period or at such earlier date. We may again defer the current payment of interest on the U.S. dollar notes which would otherwise be payable on interest payment dates following the end of that five-year period, with any subsequent deferral period also not to exceed five years.

We will have the right to defer interest on any series of notes on any applicable interest payment date, which we will hereafter refer to as an "optional interest payment date", if either of the following circumstances applies:

- the trustee has received a notice from us confirming that (A) a regulatory intervention (as defined below) has occurred and is continuing on that interest payment date and (B) no dividend distribution has been declared on any class of our share capital since the date on which such regulatory intervention occurred; or

- no dividend distribution on any class of our share capital was declared at the annual general meeting of our shareholders immediately prior to that interest payment date.

If we defer interest on any series of notes, we will provide the trustee and the holders of such notes with at least fifteen days' notice before the relevant optional interest payment date. So long as the applicable notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, we will publish such notice at least once in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and provide such notice to the Luxembourg Stock Exchange. The deferral notice that we will provide to the trustee will specify each series of notes with respect to which we will defer interest. After we deliver this deferral notice, the due date for payment of interest on such notes will be deferred and we will not be obliged to make payment of interest on such notes on the interest payment date when our payment would otherwise have been due. The deferral of any interest payment will not constitute a default by us under the indenture and will not give you or the trustee any right to accelerate the notes.

The interest on any series of notes which is payable but is deferred will be considered "arrears of interest". Arrears of interest (together with the corresponding amount of additional interest, as defined below) will not be payable to the holder on the relevant regular record date by virtue of them having been such holder. Rather, arrears of interest (together with the corresponding amount of additional interest, as defined below) will be paid to the person in whose name that note is registered at the close of business on the deferred record date for such interest.

#### *Arrears of Interest*

Arrears of interest (together with the corresponding amount of additional interest, as defined below) on any series of notes may at our option be paid in whole or in part at any time and will become due in full on the interest payment date for such series of notes following the date, during any deferral period described above, on which:

- we have declared a dividend distribution on any class of our share capital,
- the trustee has received a notice from us confirming that (A) no regulatory intervention (as defined below) is or will be continuing on such interest payment date for such series of notes and (B) we have declared a dividend distribution on any class of our share capital at the annual general meeting of our shareholders immediately preceding the occurrence of such regulatory intervention, or
- we commence and do not abandon a public tender offer to redeem, purchase or acquire any of our ordinary shares which we intend to cancel on completion of such offer.

Any amount of arrears of interest with respect to a series of notes will bear interest (to the extent permitted by applicable law) as if it constituted the principal of such notes, at a rate which corresponds to the rate of interest applicable to such notes. We refer to the amount of interest so accrued as the "additional interest". Any additional interest payable on any arrears of interest will become due and payable at any time the respective arrears of interest become due and payable. The calculation agent will calculate the amount of additional interest. The amount of additional interest accrued as of an interest payment date will be added, for purposes only of the calculation of the amount of additional interest due after such interest payment date, to the amount of respective arrears of interest unpaid as at such interest payment date as if such amount would itself constitute arrears of interest.

We will also pay all arrears of interest (together with the corresponding amount of additional interest) in respect of the notes of any series then outstanding on:

- the date fixed for any optional or mandatory redemption of such notes, or
- the date upon which a judgement is made for our judicial liquidation (*liquidation judiciaire*) or the date of our voluntary liquidation (*liquidation amiable*) or the sale of the whole of our business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*).

During a deferral period, the calculation agent will notify AXA, the holders, the trustee, any paying agent with respect to the notes on which interest has been deferred and any stock exchange on which such notes are listed of the aggregate amount of arrears of interest and the corresponding amount of additional interest, if any, which would be payable on such date if it were not an optional interest payment date. Notice to AXA, the trustee, any paying agent with respect to the notes and any stock exchange on which the notes are listed will be given no later than 3:00 p.m. (Brussels time) on the interest determination date with respect to the euro notes and on the interest payment date for the U.S. dollar notes and the sterling notes. Notice to the holders shall be given in the manner set forth below in “—Notices” as soon as possible and not later than two business days following such dates with respect to such notes.

“Regulatory intervention” means:

- a request to us from any relevant supervisory authority (as defined below) to restore either our applicable minimum solvency margins or capital adequacy levels, or
- in respect of any of our principal subsidiaries (as defined below), a request to such principal subsidiary by its relevant supervisory authority to restore either its applicable minimum solvency margins or capital adequacy levels.

“Relevant supervisory authority” means any relevant regulator having jurisdiction over us, in the event that we are regulated on a consolidated basis and are required to comply with any applicable minimum solvency margins or capital adequacy levels, or over any of our principal subsidiaries.

“Principal subsidiary” means any of our consolidated subsidiaries engaged in insurance business and regulated as such, whose contribution to our consolidated gross written premiums or consolidated gross technical reserves represents 5% or more of our consolidated gross written premiums or consolidated gross technical reserves, respectively, as shown in our most recent audited consolidated financial statements as of the relevant interest payment date. As of December 31, 1999, our principal subsidiaries were AXA Conseil Vie, AXA Collectives, AXA Colonia Leben, The Equitable Life Assurance Society and Sun Life Assurance Society.

#### *Notice of Payment of Arrears of Interest*

We will give the holders of a series of notes at least 5 business days prior notice of our election to pay all or part of the arrears of interest or additional interest on such notes.

#### *Partial Payment of Arrears of Interest and Additional Interest*

If any arrears of interest and additional interest on a series of notes are paid in part:

- all unpaid arrears of interest on such notes will be payable before any additional interest on such notes;
- arrears of interest on such notes accrued for any interest period will not be payable until full payment has been made of all arrears of interest on such notes that have accrued during

any earlier interest period and the order of payment of additional interest on such notes will follow that of the arrears of interest to which it relates; and

- arrears of interest or additional interest payable on a note of such series with respect to any interest period, will be computed *pro rata* to the total amount of all unpaid arrears of interest or, as the case may be, amount of additional interest accrued on the notes of such series in respect of that interest period to the date of payment.

### **Additional Amounts**

We will pay any amounts to be paid by us on any notes without deduction or withholding for, or on account of, any and all present and future taxes, assessments, levies, imposts, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by or on behalf of any political subdivision or authority of France (or, if any successor person or entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction) that has the power to tax, unless such deduction or withholding is required by law. If at any time a French taxing jurisdiction (or, if any successor person or entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction) requires us to deduct or withhold such taxes mentioned above, we will pay the additional amounts of, or in respect of, the principal and interest (including any arrears of interest and additional interest) on the notes ("additional amounts") that are necessary in order that the net amounts paid to the holders of those notes after the deduction or withholding, will equal the amounts of principal and interest (including any arrears of interest and additional interest) which would have been payable on such notes if the deduction or withholding had not been required; *provided*, that the payment of such additional amounts is legal under French law (or, if any successor person or entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction). However, we will not be required to make any payment of additional amounts for or on account of:

- (i) any withholding, deduction, tax, assessment or other governmental charge which would not have been imposed but for the existence of any present or former connection between such noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and France (or, if any successor person or entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction), or any political subdivision or territory or possession thereof or therein or area subject to its jurisdiction, including, without limitation, such noteholder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or treated as a resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein;
- (ii) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge or any withholding or deduction on account of such tax, assessment or other governmental charge;
- (iii) any tax, assessment or other governmental charge which is payable other than by withholding from payments of (or in respect of) principal or interest (including any arrears of interest and additional interest) on, the notes;
- (iv) any tax, assessment or other governmental charge required to be withheld or deducted by any paying agent from any payment of principal or interest (including any arrears of interest and additional amounts) on any note if such payment can be made without such withholding by any other available paying agent at the holder's option;



- (v) any withholding, tax, assessment, deduction or other governmental charge which was imposed or withheld by reason of the failure by the noteholder to comply with our request to the noteholder to provide information or satisfy other applicable certification or reporting requirements concerning the nationality, residence, tax reporting or identity of the noteholder, make a declaration of non-residence or other similar claim for exemption or present any applicable form or certificate from the noteholder or an applicable tax authority with respect to such matters, upon the making or presentation of which that noteholder would have been able to avoid such withholding, tax, assessment, reduction or charge;
- (vi) any withholding, deduction, tax, assessment or other governmental charge which would not have been imposed but for the presentation of a note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof was duly provided for, whichever occurred later;
- (vii) any tax, assessment or other governmental charge which would not have been imposed or withheld if such holder had not presented that note for payment in France (or if any successor person or successor entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction), unless the holder was required to present the note for payment in France (or if any successor person or successor entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, such taxing jurisdiction) and it could not have been presented for payment anywhere else;
- (viii) any tax, assessment or other governmental charge which would not have been imposed but for such noteholder's status as an individual resident of a member state of the European Union; or
- (ix) any combination of items (i) through (viii) above;

nor will additional amounts be paid with respect to any payment of the principal and interest (including any arrears of interest and additional interest) on any note to any such noteholder who is a fiduciary or a partnership or a beneficial owner who is other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to such additional amounts had it been the holder of the note.

### **Sinking Fund**

There will be no sinking fund.

### **Redemption**

#### *Optional Redemption at the Option of AXA*

The U.S. dollar notes and the sterling notes will not be redeemable at our option prior to their maturity, except as described below. We will have the option to redeem the euro notes on any interest payment date for the euro notes on and after December 15, 2010. The euro notes will not be redeemable at our option prior to December 15, 2010, except as described below.

If we exercise our optional redemption right on the euro notes, we may do so in whole or in part, and the euro notes will be redeemed at 100% of their aggregate principal amount plus accrued interest. In any case of a partial redemption of the euro notes, the trustee shall select the euro notes to be redeemed on a pro rata basis, by lot or by such other method as it deems fair and appropriate.

You will not have the option to require us to redeem any of the notes prior to their applicable maturities.

*Optional Redemption Due to Changes in Tax Treatment*

We will have the option to redeem any series of notes in whole, but not in part, on any date so long as we provide at least 30 and not more than 60 days' notice and pay a redemption price equal to 100% of their principal amount plus accrued interest or, in the case of the U.S. dollar notes and the sterling notes redeemed pursuant to (ii) below, the greater of 100% of their principal amount plus accrued interest or a make-whole amount (as defined below) to, but excluding, the redemption date in the following events:

- (i) we determine that as a result of a change in or amendment to the laws or regulations or rulings of a French taxing jurisdiction (or, if any successor person or successor entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France or any successor entity merges, conveys, transfers or leases as described under "—Merger and Similar Events" where it is not the surviving person, the laws or regulations of the taxing jurisdiction of the successor entity or such surviving person), including any treaty to which it is a party, or a change in an official application or interpretation of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the date of this prospectus supplement (or, in the case of the successor person or successor entity becomes effective on or after the date of that entity's assumption of our obligations or the assumption of the successor entity's obligations in the case of a merger, conveyance, transfer or lease), in making any payments of principal of or interest (including any arrears of interest and additional interest) on such notes we have paid or will or would on the next payment date be required to pay additional amounts and notwithstanding whether the payment of additional amounts is legal or not under French law (or the law of a successor person or successor entity jurisdiction), or
- (ii) on the next payment date we would not be entitled to claim a deduction in respect of such payments of interest (including any arrears of interest and additional interest) on such notes in computing our French (or, in the case of a successor person or entity, successor jurisdiction) taxation liabilities;

*provided, however, (A) in the case of a successor entity, we will only be permitted to redeem the notes under clause (ii) above if we would not be entitled to claim a deduction in respect of such payments as a result of a change in or amendment to the laws or regulations or rulings in the successor entity's taxing jurisdiction, including any treaty to which it is a party, or a change in an official application or interpretation of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the date the successor entity assumes our obligations and (B) that we will not give our notice of redemption earlier than 60 days prior to the earliest date on which we would be obligated to pay such additional amounts. We will also pay to each holder, or make available for payment to each holder, of such notes on the redemption date any additional amounts resulting from the payment of such redemption price.*

Notwithstanding clause (i) above, we will also have the option to redeem any series of notes where we are required to pay additional amounts upon or after any merger, conveyance, transfer or lease as described under "—Mergers and Similar Events" where we are not the surviving person. We are not required to use reasonable measures to avoid the obligation to pay additional amounts in this situation. This provision does not apply to a merger, conveyance, transfer or lease by a successor entity.

#### *Mandatory Redemption if Prohibited From Paying Additional Amounts*

If French law or regulation (or, if any successor person or entity is organized, or in the case of a successor entity is tax resident, in a jurisdiction other than France, the law or regulation of that taxing jurisdiction) does not allow us to pay additional amounts although we have undertaken to do so, we will (subject to any prior authorization of the relevant supervisory authority if we become subject to consolidated regulatory supervision) redeem the applicable notes in their entirety at 100% of their aggregate principal amount plus accrued interest. In this case we will provide you with at least seven but not more than thirty days' notice of that date of redemption of the applicable series. In these circumstances, to the extent practicable, we intend to redeem the notes of the applicable series on the latest possible date before we become obligated to pay any additional amounts with respect to that series.

Any such redemption may be subject to the prior approval of the relevant supervisory authority in the event we are regulated on a consolidated basis.

#### *Optional Redemption Due to a Regulatory Event*

If at any time we determine that a regulatory event (as defined below) has occurred on or after the date of this prospectus supplement (or, in the case of a successor person or entity, on or after the date it has assumed our obligations) with respect to any series of notes, we will have the option to redeem such series of notes in whole, but not in part, so long as we provide at least 30 and not more than 60 days' notice, on any interest payment date by paying a redemption price equal to:

- with respect to the euro notes, 100% of their aggregate principal amount plus accrued interest to, but excluding, the redemption date, and
- with respect to the U.S. dollar notes and the sterling notes, the greater of 100% of their aggregate principal amount plus accrued interest or a make-whole amount (as defined below).

A "regulatory event" will be deemed to occur if we are subject to consolidated regulatory supervision by the relevant supervisory authority, including after a successor entity has assumed our obligations under the notes and we have executed a guarantee in accordance with the terms of the indenture, and we are not permitted:

- under the applicable rules and regulations adopted by the relevant supervisory authority or an official application or interpretation of those rules and regulations, including a decision of any court or tribunal, to treat at the time such rules and regulations are implemented the entire aggregate principal amount of any series of notes as regulatory capital for the purposes of the determination of the solvency margin or capital adequacy ratios, or
- as a result of any change made by the relevant supervisory authority to the rules and regulations as originally implemented or any change in an official application or interpretation of those rules and regulations, including a decision of any court or tribunal, to treat at the time such change is made the entire aggregate principal amount of any series of notes as regulatory capital for the purposes of the determination of the solvency margin or capital adequacy ratios.

In the case of the assumption of our obligations with respect to any series of notes by a successor entity, a regulatory event will be deemed to occur with respect to such successor entity only if the successor entity which assumes our obligations is an insurance company or an insurance holding company and at the time of such assumption the successor entity is permitted to treat the entire aggregate principal amount of such series of notes as regulatory capital for the purposes of the determination of its solvency margin or capital adequacy ratios and, as a result of

any change made by the relevant supervisory authority to the rules and regulations as in effect at the time of such assumption or any change in an official application or interpretation of those rules and regulations, including a decision of any court or tribunal, such successor entity is not permitted to treat the entire aggregate principal amount of such series of notes as regulatory capital for the purposes of the determination of its solvency margin or capital adequacy ratios. In the case of the assumption of our obligations by a successor entity, any regulatory event with respect to a successor entity may be in addition to a separate regulatory event with respect to AXA, as guarantor.

The “make-whole amount” will be calculated by the calculation agent, and will equal the sum of the present values (as defined below) of the remaining scheduled payments of principal and interest to maturity, in the case of the U.S. dollar notes and in the case of the sterling notes.

The “present value” will be calculated by the calculation agent by discounting the remaining principal and interest payment to maturity on a semiannual basis, in the case of the U.S. dollar notes, and on an annual basis, in the case of the sterling notes, (assuming a 360-day year consisting of twelve 30-day months) using the adjusted comparable yield (as defined below) plus 75 basis points. If the optional redemption due to a regulatory event or the optional tax redemption pursuant to clause (ii) under the section “—Optional Redemption Due to Changes in Tax Treatment” occurs prior to the 18-month anniversary of the issuance of the U.S. dollar notes and sterling notes, the amount will be adjusted using the adjusted comparable yield plus 1.500% in the case of the U.S. dollar notes and 1.225% in the case of the sterling notes. The “adjusted comparable yield” will be, in the case of the U.S. dollar notes, the U.S. Treasury security selected by the calculation agent with the prior written consent of AXA as having a maturity comparable to the remaining term of the U.S. dollar that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the U.S. dollar notes and, in the case of the sterling notes, the U.K. government gilt-edged security selected by the calculation agent with the prior written consent of AXA having a maturity comparable to the remaining term of the sterling notes.

#### *Redemption at Maturity*

We will redeem each series of notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued interest at their respective maturity dates.

### **Event of Default, Defaults and Limitation on Remedies**

#### *Event of Default*

If a court of competent jurisdiction makes an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding-up (voluntary or judicial liquidation (*liquidation judiciaire ou amiable*)), other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency, or for the sale of our entire business following an order of judicial reorganization (*redressement judiciaire*), that order or resolution will constitute an “event of default” with respect to notes of each series. If an event of default occurs, the notes will automatically become immediately due and payable.

### *Defaults*

A default with respect to any series of notes will result if:

- any installment of interest (including any arrears of interest and additional interest) on such notes is not paid when it becomes due and payable and such failure continues for 30 days, or
- all or any part of the principal of such notes is not paid when it becomes due and payable and such failure continues for 7 days.

If a default occurs and is continuing, the trustee may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the judgment or final decree against us or any other obligor out of our property or any other obligor, whenever situated, but the trustee or the noteholders may not declare the principal amount of the notes with respect to which the default has occurred and is continuing due and payable.

Failure to make any payment on any series of notes will not be a default if that payment is withheld or refused:

- in order to comply with any fiscal or other law, regulation or order of any court of competent jurisdiction, or
- if there is doubt as to the validity or applicability of any law, regulation or order, in accordance with advice given at any time before the expiry of the applicable 30-day or 7-day period by independent legal advisers selected by us and reasonably acceptable to the trustee.

In the second case, the trustee may require us to take action (including proceedings for a court declaration) to resolve the doubt if counsel advises it that such action is appropriate and reasonable in the circumstances. In such circumstances, we will proceed with the action promptly and will be bound by any final resolution of the doubt. If the action results in a determination that the relevant payment can be made without violating any applicable law, regulation or order, then the payment will become due and payable on the expiration of the applicable 30-day or 7-day period after the trustee gives written notice to us informing us of such determination.

By accepting a note, each holder and the trustee will be deemed to have waived any right of set-off or counterclaim that they might otherwise have against us with respect to the notes or the indenture. No holder of notes will be entitled to proceed directly against us unless the trustee has become bound to proceed but fails to do so within a certain period, and such failure continues.

If an event of default occurs or a default occurs and is continuing with respect to any series of notes, the trustee will be under no obligation to any holder or holders of such or any other series of notes, unless they have offered reasonable indemnity to the trustee. Subject to the indenture provisions for the indemnification of the trustee, the holder or holders of a majority in aggregate principal amount of the outstanding notes of that series will have the right to direct the time, method and place of conducting any proceeding in the name of and on behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series, if the direction is not in conflict with any rule of law or with the applicable indenture and the trustee does not determine that the action would be unjustly prejudicial to the holder or holders of any notes of a series not taking part in that direction and with respect to which the trustee is acting as trustee. The trustee may take any other action that it deems proper which is not inconsistent with that direction.

The indenture provides that the trustee will, within 90 days after the occurrence of an event of default or default with respect to any series of notes, give to each holder of such notes a notice of the event of default or default, known to it, unless the default has been cured or waived.

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the indenture.

### **Merger and Similar Events**

We are generally permitted, without the consent of the trustee or any noteholder, to consolidate, amalgamate or merge with another company or firm. We are also permitted, without the consent of the trustee or any noteholder, to sell or lease substantially all of our assets as an entirety to another company or firm. The company or firm with which we are merged, or to whom we sell or lease substantially all of our assets as an entirety is referred to as a "successor person". Following any such merger or sale or lease of substantially all of our assets as an entirety, the successor person shall succeed to, and be substituted for, and may exercise the rights and powers we would otherwise have under the indenture and the notes.

At any time our obligations under the notes, including our obligation to pay principal of, and interest on, the notes, may be assumed by a wholly-owned subsidiary of ours. A wholly-owned subsidiary assuming our obligations in this manner is called a "successor entity". Following any such assumption the successor entity shall succeed to, and be substituted for, and may exercise the rights and powers we would otherwise have under the indenture and the notes.

However, we may not merge or consolidate with a successor person, and our obligations may not be assumed by a successor entity, unless the following conditions, as applicable, are met:

- in the case of a merger or consolidation, the successor person is organized and validly existing under the laws of the jurisdiction of its organization;
- the successor person or the successor entity, as the case may be, expressly assumes, by executing a supplemental indenture, our obligations under the notes, including the obligation to pay additional amounts relating to withholding taxes imposed in its respective jurisdiction, or in the case of a successor entity such location where it is tax resident, as described under "—Additional Amounts" unless such assumption is provided for by law;
- immediately after giving effect to such merger, conveyance, transfer, lease or assumption of obligations, as the case may be, no event of default or default and no event which, after notice or lapse of time or both, would become an event of default or default, shall have occurred and, in the case of a default, be continuing;
- in the case of an assumption of our obligations by a successor entity, we shall execute a supplemental indenture unconditionally guaranteeing, on a subordinated basis, the obligations of the successor entity under the notes, including any obligation to pay additional amounts relating to withholding taxes imposed in the successor entity's jurisdiction, or in the case of a successor entity such location where it is tax resident, as described under "—Additional Amounts"; and
- we have delivered to the trustee an officer's certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger, conveyance, transfer, lease or assumption of obligations, as the case may be, and the supplemental indenture pursuant to which the successor person or successor entity, as the case may be, assumes our obligations under the notes comply with the indenture and that all the applicable conditions described in this paragraph have been complied with.

In the event of an assumption of our obligations by a successor entity, the successor entity will be obligated to pay any additional amounts relating to withholding taxes imposed in its jurisdiction, or in the case of a successor entity such location where it is tax resident, while AXA will be obligated to unconditionally guarantee the payment of additional amounts relating to such withholding taxes.

It is possible that the assumption, merger or other similar transaction may cause the holders of the notes to be treated for U.S. Federal income tax purposes as though they exchanged the notes for new securities. This could result in the recognition of taxable gain or loss for U.S. Federal income tax purposes and possible other adverse tax consequences, which are required to be borne by holders of the notes.

### **Form of the Notes**

We will issue the U.S. dollar notes, the euro notes and the sterling notes as global notes registered in the name of The Depository Trust Company (DTC) or its nominee, in the case of the U.S. dollar notes, and in the name of a common depository for Clearstream société anonyme, Luxembourg, and Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear system (or its successor), in the case of the euro and sterling notes.

You may hold book-entry interests in a global note through organizations that participate, directly or indirectly, in the DTC, Clearstream, Luxembourg and Euroclear systems, as applicable. If the depository notifies us that it is unwilling or unable to continue as a depository and we do not appoint a successor within 120 days, if an event of default has occurred and not been cured or, if we determine at our option and in our sole discretion that the global note of any series should be exchanged for definitive notes of that series, the relevant global notes will terminate and interests in them will be exchanged for physical certificates in registered form representing the relevant notes. See "Description of Debt Securities—Form of Debt Securities" in the accompanying prospectus.

Book-entry interests in the U.S. global notes and all transfers relating to the U.S. dollar global notes will be reflected in the book-entry records of DTC or its nominee. See "Description of Debt Securities—Clearance and Settlement" in the accompanying prospectus. Book-entry interests in the euro and sterling global notes and all transfers relating to the euro and sterling global notes will be reflected in the book-entry records of Euroclear and Clearstream, Luxembourg.

### **Clearance and Settlement**

The U.S. dollar notes have been accepted for clearance by DTC, Clearstream, Luxembourg and Euroclear. The distribution of the U.S. dollar notes will be cleared through DTC. Any secondary market trading of book-entry interests in the U.S. dollar notes will take place through DTC participants, including Euroclear and Clearstream, Luxembourg, and will settle in same-day funds through DTC's same-day funds settlement system. Owners of book-entry interests in U.S. dollar notes will receive payments relating to their notes in U.S. dollars. The CUSIP number for the U.S. dollar notes is 054536AA5, the common code is 012195893 and the ISIN is US054536AA57.

The sterling notes and euro notes have been accepted for clearance by Clearstream, Luxembourg and Euroclear. The distribution of the sterling notes and the euro notes will be cleared through Clearstream, Luxembourg and Euroclear. Any secondary market trading of book-entry interests in the sterling or euro notes will take place through Euroclear and Clearstream, Luxembourg participants and will settle in same-day funds. Owners of book-entry interests in sterling notes will receive payments relating to their notes in sterling and owners of book-entry interests in euro notes will receive payments relating to their notes in euro. The common code for the sterling notes is 012202890 and the ISIN is XS0122028904. The common code for the euro

notes is 012202954 and the ISIN is XS0122029548. See "Description of Notes—Clearance and Settlement" in the accompanying prospectus.

### **Substitution of Currency**

The Treaty establishing the European Community, as amended by the Treaty on European Union, provided for the introduction of the euro on January 1, 1999 in substitution for the national currencies of European Union member states electing to adopt it. The United Kingdom did not elect to adopt, and has not yet adopted, the euro. If, however, the United Kingdom does adopt the euro in the future, United Kingdom government regulations relating to the euro and the provisions of the indenture described under "*—Redenomination and Exchange*" will apply to the notes and the indenture. In this event, neither we nor any holder will be entitled to early redemption, rescission, notice or repudiation of the terms and conditions of the notes, or the indenture based on redenomination of the notes and the indenture into euro. Nor will we or any holder be entitled to raise other defenses or request any compensation claim or affect any other obligation of ours under the notes or the indenture on that basis.

#### *Redenomination and Exchange*

We may, without the consent of the holders of the sterling notes, on giving at least 30 days' prior notice to the trustee and such holders, elect that, with effect on and from the redenomination date (as defined below) specified in the notice, such notes shall be redenominated in euro. The election will have effect as follows:

- (a) with effect on and from the redenomination date, each £1,000 in principal amount of the sterling notes will be deemed to be denominated in such amount of euro as is equivalent to its denomination in sterling at the established rate (as defined below), subject to such provisions (if any) as to rounding up or down (and payments in respect of fractions consequent on rounding) as we may decide, with the prior written approval of the trustee and the paying agent, which shall be specified in the notice;
- (b) on and after the redenomination date, all payments in respect of the sterling notes will be made solely in euro, including payments of interest in respect of the interest period commencing immediately before the redenomination date, as though references in the sterling notes and the indenture to sterling were to euro; and
- (c) with effect on and from the redenomination date, such changes shall be made to the indenture and any agency agreement with any agent not a party to the indenture as we may decide, with the prior written approval of the trustee and (in the case of any agency agreement) the paying agent, which shall be specified in the notice, to conform them to conventions then applicable to the issue, terms and conditions or trading of instruments denominated in euro or to enable the sterling notes to be consolidated with one or more issues of other notes issued by us, if any, whether or not originally denominated in sterling or euro.

We may also, without the consent of the holders of the sterling notes, on giving not less than 30 days' prior notice to the trustee and the holders of the sterling notes, elect that, with effect on and from the redenomination date or such later date for payment of interest under the sterling notes as it may specify in the notice, the sterling notes shall be exchangeable for notes expressed to be denominated in euro in accordance with such arrangements as we may decide, with the prior written approval of the trustee and the paying agent, which shall be specified in the notice.



The circumstances and consequences described above entitle neither us nor the holder to early redemption, rescission, notice or repudiation of the terms and conditions of the notes or the indenture.

The following expressions as used above have the following meanings:

“Established rate” means the irrevocably fixed commission rate for the conversion of sterling (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro adopted by the Council of the European Union pursuant to Article 109(1)(4) of the Treaty establishing the European Community, as amended by the Treaty on European Union.

“Redenomination date” means any date for payments of interest on the notes pursuant to their terms that falls on or after the date on which the United Kingdom becomes a state participating in the third stage of economic and monetary union and the euro is substituted for sterling as its national currency.

### **Governing Law**

The notes will be governed by the laws of the State of New York except for the subordination provisions, which will be governed by the laws of France.

### **Notices**

Notices to holders of the notes will be valid (i) if mailed first-class postage prepaid to the applicable depository for the holders of the notes at the addresses appearing on the register of notes and (ii) for so long as such notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, if published at least once in English in a leading newspaper having general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*.

### **Prescription**

If money deposited with the trustee or any paying agent for the payment of principal or interest on the notes remains unclaimed for two years, the trustee or such paying agent will return the money to us. After that, holders of the notes entitled to such money must look to us for payment unless applicable abandoned property law designates another person, and the trustee or such payment agent will have no further liability for such payment.

### **Listing**

We have applied to list the notes on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange.

### **Paying Agents**

The Bank of New York and BNP Paribas Luxembourg, the paying agent in Luxembourg.

## U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

Notwithstanding the possibility that holders of the euro notes may receive interest payments from and after the first applicable optional redemption date at a rate different from the applicable rate prior to such optional redemption date, interest paid on such notes (and on the U.S. dollar notes and the sterling notes) will be qualified stated interest, taxable to a U.S. holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. holder's method of accounting for U.S. Federal income tax purposes. None of the notes initially issued pursuant to this offering are expected to have original issue discount for U.S. Federal income tax purposes.

For more information regarding the U.S. Federal income tax consequences to U.S. holders, including the foreign currency aspects of holding the notes, please refer to "Taxation—United States Tax Consequences" in the accompanying prospectus.

## ERISA MATTERS FOR U.S. PENSION PLANS AND INSURANCE COMPANIES

AXA and some of our affiliates are "parties in interest" within the meaning of the U.S. Employee Retirement Income Security Act of 1974, as amended, which is commonly referred to as ERISA, and "disqualified persons" within the meaning of the U.S. Internal Revenue Code (commonly referred to as the Code) with respect to many employee benefit plans. Prohibited transactions within the meaning of ERISA or the Code would arise, for example, if the notes are acquired by or with the assets of a U.S. pension or other employee benefit plan with respect to which AXA or any of its affiliates is a service provider, unless the notes are acquired pursuant to an exemption for transactions effected on behalf of one of these plans by a "qualified professional asset manager" or pursuant to one of the following prohibited transaction class exemptions (each, a "PTCE") issued by the U.S. Department of Labor: PTCE 96-23 (for certain transactions by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). The assets of a pension or other employee benefit plan may include assets held in the general account of an insurance company or other investment entity that are deemed to be "plan assets" under ERISA. Each purchaser of notes shall be deemed to represent that the purchase and holding of such notes would not constitute a prohibited transaction under ERISA or the Code and that an applicable exemption from such prohibited transaction rules is available. **Any insurance company or pension or employee benefit plan, or any person investing the assets of a pension or employee benefit plan, proposing to invest in the notes should consult with its legal counsel.**

## UNDERWRITING

AXA and the underwriters for the offering named below have entered into a pricing agreement dated December 8, 2000 (incorporating the terms of an underwriting agreement (standard terms and provisions) dated December 8, 2000) relating to the U.S. dollar notes and a pricing agreement dated December 12, 2000 (incorporating the terms of an underwriting agreement (standard terms and provisions) dated December 8, 2000) relating to the sterling notes and the euro notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amounts of the notes indicated in the following table.

### U.S. Dollar Notes

<u>Underwriter</u>	<u>Principal amount of U.S. dollar notes</u>
BNP Paribas . . . . .	\$244,500,000
Goldman, Sachs & Co . . . . .	\$244,500,000
Lehman Brothers Inc. . . . .	\$244,500,000
Credit Suisse First Boston Corporation . . . . .	\$ 41,625,000
J.P. Morgan Securities Inc. . . . .	\$ 41,625,000
Salomon Smith Barney Inc. . . . .	\$ 41,625,000
UBS Warburg LLC . . . . .	\$ 41,625,000
Total . . . . .	<u>\$900,000,000</u>

### Sterling Notes

<u>Underwriter</u>	<u>Principal amount of sterling notes</u>
BNP Paribas . . . . .	£ 92,083,000
Goldman Sachs International . . . . .	92,084,000
Lehman Brothers International (Europe) . . . . .	92,083,000
Barclays Bank PLC . . . . .	<u>48,750,000</u>
Total . . . . .	<u>£325,000,000</u>

### Euro Notes

<u>Underwriter</u>	<u>Principal amount of euro notes</u>
BNP Paribas . . . . .	€176,584,000
Goldman Sachs International . . . . .	176,583,000
Lehman Brothers International (Europe) . . . . .	176,583,000
ABN AMRO Bank N.V. . . . .	30,062,500
Crédit Agricole Indosuez . . . . .	30,062,500
Crédit Commercial de France . . . . .	30,062,500
Deutsche Bank AG London . . . . .	<u>30,062,500</u>
Total . . . . .	<u>€650,000,000</u>

BNP Paribas, Goldman, Sachs & Co., Goldman Sachs International, Lehman Brothers Inc. and Lehman Brothers International (Europe) are acting as joint book-runners for the notes. The underwriters will initially offer to sell the notes to the public at the initial public offering price indicated on the cover of this prospectus supplement. The underwriters may sell the notes to securities dealers at a discount from the initial public offering price of the principal amount of the

notes. If the underwriters cannot sell all the notes at the initial offering price, they may change the offering price and the other selling terms. The respective note offerings are not conditional upon each other.

The notes are a new issue of securities with no established trading market. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. Therefore the liquidity of the trading market of the notes may be low.

Furthermore, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions that any short sales have created. Short sales are the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions are bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue the activities at any time. These transactions may be effected in the over-the-counter market or otherwise.

It is expected that delivery of the U.S. dollar notes will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this prospectus supplement. Under Rule 15c6-1 adopted by the Securities and Exchange Commission under the United States Securities Exchange Act of 1934, trades in the U.S. secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the U.S. dollar notes prior to the third business day before the delivery of these notes will be required, by virtue of the fact that the U.S. dollar notes initially will settle in T+5, to specify alternate settlement arrangements to prevent a failed settlement. Purchasers of U.S. dollar notes who wish to make such trades should consult their own advisors.

We estimate that total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$1.95 million. In connection with this offering the underwriters have agreed to reimburse us for many of our expenses including substantially all of our legal fees, a portion of the fees payable to our auditors, printing costs, the cost of listing the notes on the Luxembourg Stock Exchange, a portion of the registration fees paid to the Securities and Exchange Commission, road show and rating agency costs and certain other amounts, which will be approximately \$1.90 million.

Under Rule 2720 of the National Association of Securities Dealers Rules of Conduct, we are deemed to be an affiliate of BNP Paribas, which is acting as an underwriter in this offering. As a result, this offering is being conducted in accordance with Rule 2720. We have been informed that the underwriters do not intend to confirm sales to any account over which they exercise discretionary authority.

In the ordinary course of their businesses, BNP Paribas, Goldman, Sachs & Co., Goldman Sachs International, Lehman Brothers Inc., Lehman Brothers International (Europe) and some of the other underwriters and their respective affiliates have engaged in banking or investment banking transactions with us and our affiliates. These underwriters may also engage in transactions with us

in the future. Goldman, Sachs & Co. is acting as dealer manager in connection with our acquisition of the minority interests in AXA Financial which we do not currently own. BNP Paribas provided advisory services to the Supervisory Board of AXA in connection with this acquisition.

Each of the underwriters has severally represented and agreed not to offer or sell notes in France other than in compliance with applicable law governing the issue, offering and sale of securities.

Each of the underwriters has severally represented and agreed that (i) it has not offered or sold and prior to the date six months after the date of issue of the notes will not offer or sell any notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended); (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

The notes may not be offered, sold, transferred or delivered in or from The Netherlands, as part of their initial distribution or as part of any reoffering, and neither this prospectus supplement nor any other document in respect of the offering may be distributed or circulated in The Netherlands, other than to individuals or legal entities which include, but are not limited to, banks, brokers, dealers, institutional investors and entities with a treasury department, who or which trade or invest in securities as part of their business or profession.

We have agreed to indemnify the several underwriters against various liabilities, including liabilities under the Securities Act of 1933.

## LEGAL MATTERS

Certain matters as to United States law will be passed upon for AXA by our United States counsel, Cravath, Swaine & Moore, One Ropemaker Street, London EC2Y 9HR, England. Certain matters as to French law will be passed upon for AXA by our French counsel, Linklaters, 25, rue de Marignan, 75008 Paris, France. Certain matters as to United States law will be passed upon for the underwriters by Davis Polk & Wardwell, 99 Gresham Street, London EC2Y 7NG, England. Certain matters as to French law will be passed upon for the underwriters by Freshfields Bruckhaus Deringer, 69, Boulevard Haussmann, 75008 Paris, France.

## EXPERTS

The consolidated financial statements of AXA and its subsidiaries incorporated in the accompanying prospectus by reference to the 1999 AXA Form 20-F have been so incorporated in reliance on the report of Befec-Price Waterhouse, member of PricewaterhouseCoopers, independent accountants, given upon the authority of said firm as experts in accounting and auditing.

The parent company condensed financial statements of AXA incorporated by reference in the accompanying prospectus by reference to the 1999 AXA Form 20-F have been so incorporated in reliance on the report of Befec-Price Waterhouse, member of PricewaterhouseCoopers, independent accountants, given upon the authority of said firm as experts in accounting and auditing.

## GENERAL INFORMATION

### History

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

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

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

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

### Name-Registered Office

The registered office of AXA is situated at 25, avenue Matignon, 75008 Paris, France.

### Legal Status and Legislation

AXA is a *Société Anonyme à directoire et conseil de surveillance* governed by French law, in particular by law No. 66-537 of July 24, 1966 as codified in the French Commercial Code.

### Term

AXA was founded in 1852. AXA's term will expire on 31st December, 2059, in the absence of prior discussion or of extension of term.

### Company Number

AXA is registered with the *Registre du Commerce et des Sociétés de Paris* under number 572 093 920.

### **Authorization**

The issuance of the notes has been authorized by a resolution of the *Assemblée Générale Mixte* of AXA dated May 5, 1999.

### **Listing of Notes on the Luxembourg Stock Exchange**

We have applied to list the notes on the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange. In connection with the Luxembourg Stock Exchange listing application, the legal notice relating to the issuance of the notes and our constitutional documents have been deposited with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined and copies thereof may be obtained upon request. Additionally, copies of AXA's Articles of Association (*statuts*) (with an English translation) and all reports prepared and filed are available at the office of BNP Paribas Luxembourg, the paying agent in Luxembourg.

AXA will, until the repayment of the notes, maintain a paying agent in New York as well as in Luxembourg. In addition, in the event that definitive notes are issued, AXA will appoint a person located in Luxembourg as a transfer agent, if such person does not already exist. Holders will be able to transfer and exchange definitive notes at the offices of such transfer agent provided that all transfers and exchanges must be effected in accordance with the terms of the indenture and, among other things, be recorded in the applicable register.

### **Documents Incorporated by Reference**

The 1999 AXA Form 20-F which we have incorporated by reference contains AXA's consolidated financial statements as of December 31, 1999 and 1998 and for the three years ended December 31, 1999. So long as any of the notes remain outstanding and listed on the Luxembourg Stock Exchange, copies of the 1999 AXA Form 20-F containing such financial statements will be available free of charge from our listing agent BNP Paribas Luxembourg at 10A Boulevard Royal, 2093 Luxembourg.

### **Documents Available**

So long as any of the notes remain outstanding and listed on the Luxembourg Stock Exchange, copies (and English translations for documents not in English) of the following items will be available free of charge from our listing agent at BNP Paribas Luxembourg, 10A Boulevard Royal, 2093 Luxembourg.

- all incorporated documents that are considered part of the accompanying prospectus;
- the audited annual consolidated and non consolidated (*comptes sociaux*) financial statements of AXA;
- unaudited interim consolidated financial statements of AXA (AXA currently prepares unaudited interim consolidated financial statements on a semi-annual basis and such financial statements will be available for the period ended June 30, 2000);
- future annual and interim financial filings of AXA including, without limitation, all annual reports of AXA on Form 20-F and all reports of AXA on Form 6-K which contain interim financial statements of AXA; and
- any related notes to these items.

During the same period, the indenture will be available for inspection at the office of BNP Paribas Luxembourg. AXA does not publish non-consolidated interim financial information.

**Significant or Material Change and Litigation**

Except as disclosed in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, we are not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issuance of the notes nor, so far as we are aware, is any such litigation or arbitration pending or threatened. Except as disclosed in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, there has been no material adverse change in our financial position or prospects since December 31, 1999.



**Index to AXA's Unaudited Interim Consolidated Financial Statements**

**Unaudited interim consolidated financial statements:**

Consolidated Balance Sheets as of June 30, 2000 and December 31, 1999 . . . . .	F-2
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## CONSOLIDATED BALANCE SHEETS

### ASSETS (In euro millions)

	At June 30, 2000	At December 31, 1999
	<i>(Unaudited)</i>	
Fixed maturities . . . . .	136,898	125,137
Equity investments . . . . .	47,715	40,779
Mortgage, policy and other loans . . . . .	33,373	23,921
Real estate . . . . .	12,986	12,864
Assets allocated to U.K. with-profit contracts . . . . .	25,175	25,332
Trading account securities . . . . .	33,211	31,285
Securities purchased under resale agreements . . . . .	29,620	32,345
Investment in companies accounted for by the equity method . . . . .	1,228	1,408
<b>Total investments . . . . .</b>	<b><u>320,206</u></b>	<b><u>293,069</u></b>
Cash and equivalents . . . . .	29,263	14,130
Broker-dealer receivables . . . . .	61,382	44,689
Deferred acquisition costs . . . . .	8,890	7,782
Value of purchased business inforce . . . . .	3,815	2,438
Goodwill . . . . .	5,434	2,789
Accrued investment income . . . . .	3,349	3,245
Other assets . . . . .	38,105	29,692
Separate account assets . . . . .	119,115	109,647
<b>TOTAL ASSETS . . . . .</b>	<b><u>589,557</u></b>	<b><u>507,480</u></b>

The accompanying notes are an integral part of these  
unaudited interim consolidated financial statements.

**LIABILITIES**  
(In euro millions)

	At June 30, 2000 (Unaudited)	At December 31, 1999
<b>Liabilities</b>		
Future policy benefits and other policy liabilities . . . . .	183,094	145,648
U.K. with-profit contract liabilities . . . . .	25,175	25,332
Insurance claims and claims expenses . . . . .	38,228	37,703
Unearned premium reserve . . . . .	7,758	6,263
Securities sold under repurchase agreements . . . . .	54,555	56,199
Broker-dealer related payables . . . . .	51,412	37,055
Short-term and long-term debt:		
Financing debt (Note 5) . . . . .	7,171	5,419
Operating debt . . . . .	13,146	11,684
Accrued expenses and other liabilities . . . . .	53,641	44,057
Separate account liabilities . . . . .	118,684	109,001
<b>Total Liabilities</b> . . . . .	<b>552,863</b>	<b>478,361</b>
<b>Commitments and contingencies (Note 9)</b> . . . . .		
Minority interests (Note 6) . . . . .	8,342	7,454
Subordinated debt (Note 8) . . . . .	6,775	4,832
Mandatorily convertible bonds and notes (Note 7) . . . . .	192	474
<b>Shareholders' equity:</b>		
Ordinary shares, at nominal value . . . . .	3,597	3,260
Capital in excess of nominal value . . . . .	9,189	5,350
Retained earnings and reserves . . . . .	8,599	7,747
<b>Total Shareholders' Equity</b> . . . . .	<b>21,385</b>	<b>16,357</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT, MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY</b> . . . . .	<b>589,557</b>	<b>507,480</b>

The accompanying notes are an integral part of these  
unaudited interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME**  
(In euro millions)

	For the six-month period ended		For the year ended December 31, 1999
	June 30, 2000	June 30, 1999	
	(Unaudited)	(Unaudited)	
Gross premiums and financial services revenues . . . . .	41,009	31,825	66,528
Change in unearned premium reserve . . . . .	(1,672)	(1,227)	9
Net investment results . . . . .	8,711	8,596	15,630
<b>Total Revenues</b> . . . . .	<b>48,049</b>	<b>39,195</b>	<b>82,167</b>
Insurance benefits and claims . . . . .	(32,129)	(26,380)	(56,681)
Reinsurance ceded, net . . . . .	53	(31)	808
Acquisition expenses . . . . .	(2,987)	(2,603)	(5,616)
Other administrative expenses . . . . .	(10,387)	(7,297)	(15,863)
Amortization of goodwill, net . . . . .	(85)	(398)	(634)
<b>Total Benefits, Claims &amp; Other Deductions</b> . . . . .	<b>(45,534)</b>	<b>(36,709)</b>	<b>(77,986)</b>
Income before income tax expense . . . . .	2,515	2,486	4,183
Income tax expense . . . . .	(748)	(626)	(1,292)
Minority interests in income of consolidated subsidiaries . . . . .	(560)	(410)	(858)
Equity in (loss) income of unconsolidated entities . . . . .	(1)	19	(10)
<b>NET INCOME</b> . . . . .	<b>1,205</b>	<b>1,469</b>	<b>2,021</b>
	<b>Euro</b>		
Net income per ordinary share: basic (Note 10) . . . . .	3.32	4.17	5.73
Net income per ordinary share: diluted (Note 10) . . . . .	3.11	3.90	5.39

The accompanying notes are an integral part of these  
unaudited interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In euro millions except number of shares)

	Ordinary Shares		Capital in Excess of Nominal Value	Retained Earnings and Reserves	Total
	Number in millions	Nominal Value			
<b>Balance at December 31, 1998</b> . . . . .	<b>350.29</b>	<b>3,204</b>	<b>5,118</b>	<b>5,215</b>	<b>13,537</b>
Cumulative effect of change in accounting principle . . . . .	—	—	—	(16)	(16)
Issuance of ordinary shares . . . . .	1.16	11	102	—	113
Cash dividend . . . . .	—	—	—	(582)	(582)
Exercise of stock options . . . . .	3.30	30	82	—	112
Conversion of bonds . . . . .	1.58	14	49	—	63
Revision of goodwill from Royale Belge acquisition . . . . .	—	—	—	52	52
Impact of currency fluctuations . . . . .	—	—	—	954	954
Change in goodwill from UAP acquisition . . . . .	—	—	—	88	88
Transition allowance . . . . .	—	—	—	7	7
Effect of internal restructurings . . . . .	—	—	—	8	8
Net income . . . . .	—	—	—	2,021	2,021
<b>Balance at December 31, 1999</b> . . . . .	<b>356.33</b>	<b>3,259</b>	<b>5,351</b>	<b>7,747</b>	<b>16,357</b>
Issuance of ordinary shares with preferential subscription rights . . . . .	30.23	277	3,378	—	3,654
Issuance of ordinary shares (a) . . . . .	2.02	19	197	—	216
Cash dividend . . . . .	—	—	—	(713)	(713)
Exercise of stock options . . . . .	0.38	3	13	—	16
Conversion of bonds (excluding mandatorily convertible bonds) . . . . .	0.06	—	7	—	7
Conversion of 6% mandatorily convertible bonds . . . . .	4.11	38	245	—	282
Impact of currency fluctuations . . . . .	—	—	—	344	344
Transition allowance . . . . .	—	—	—	3	3
Effect of internal restructurings . . . . .	—	—	—	14	14
Net income . . . . .	—	—	—	1,205	1,205
<b>Balance at June 30, 2000 (Unaudited)</b>	<b>393.13</b>	<b>3,596</b>	<b>9,190</b>	<b>8,600</b>	<b>21,385</b>

(a) In the six-month period ended June 30, 2000, the fully consolidated subsidiary, AXA Participations, was merged with AXA, the holding company, resulting in the issuance of AXA ordinary shares of 2.02 million and increasing AXA's shareholders' equity by €216 million.

The accompanying notes are an integral part of these  
unaudited interim consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In euro millions)

	For the six-month period ended		Year Ended December 31, 1999
	June 30, 2000 (Unaudited)	June 30, 1999 (Unaudited)	
<b>Net income</b> .....	<b>1,205</b>	<b>1,469</b>	<b>2,021</b>
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized investment gains .....	(2,136)	(2,016)	(3,669)
Minority interests in income .....	560	410	858
Depreciation and amortization expense .....	262	432	1,999
Change in insurance liabilities .....	8,502	9,060	14,863
Net change in trading activities and broker-dealer receivables & payables .....	(2,326)	930	(494)
Net change in repurchase agreements .....	1,081	1,678	9,817
Other (a) .....	4,317	3,497	8,381
<b>Net cash provided by operating activities</b> .....	<b>11,465</b>	<b>15,460</b>	<b>33,776</b>
Cash flows from investing activities:			
Maturities and sales:			
Fixed maturities .....	29,229	16,460	42,110
Equity investments .....	11,670	17,884	20,388
Real estate .....	559	267	1,692
Loans and other .....	904	1,435	3,138
Purchases:			
Fixed maturities .....	(28,939)	(18,235)	(38,666)
Equity investments .....	(13,533)	(20,813)	(50,517)
Real estate .....	(192)	(175)	(668)
Loans and other (b) .....	(9,486)	(12,641)	(14,046)
Net purchases of property and equipment .....	(30)	(69)	(133)
<b>Net cash used in investing activities</b> .....	<b>(9,818)</b>	<b>(15,887)</b>	<b>(36,703)</b>
Cash flows from financing activities:			
Short and long term debt .....	2,761	1,439	818
Mezzanine capital .....	1,857	1,586	2,126
Issuance of ordinary shares .....	4,176	512	222
Dividends .....	(973)	(735)	(974)
<b>Net cash provided by financing activities</b> .....	<b>7,821</b>	<b>2,802</b>	<b>2,192</b>
Net impact of foreign exchange fluctuations .....	697	577	837
Change in cash due to change in scope of consolidation .....	5,071	2,677	3,548
Change in cash due to reclassifications .....	(103)	(405)	58
Cash and cash equivalents beginning of period .....	14,130	10,421	10,421
<b>Cash and cash equivalents end of period</b> .....	<b>29,263</b>	<b>15,644</b>	<b>14,130</b>

(a) Other debtors and creditors including reinsurance deposits.

(b) Includes the movement in separate account assets.

The accompanying notes are an integral part of these  
unaudited interim consolidated financial statements.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As used herein, the "Company" refers to AXA, a French *société anonyme* (a form of limited liability company), while "AXA" refers to the Company and its subsidiaries, directly or indirectly held.

"Year-end consolidated financial statements" refer to AXA's consolidated financial statements for the year ended December 31, 1999 included under "Item 18—Financial Statements" of the 1999 AXA Form 20-F, which includes Amendment No.1 filed with the SEC on October 12, 2000.

For the six months ended June 30, 2000 and 1999 and at June 30, 2000, the unaudited interim consolidated financial statements have been prepared in French francs and translated into euro using the legal conversion exchange rate of €1.00 = FF6.55957 applicable since January 1, 1999. The unaudited interim consolidated financial statements for the six months ended June 30, 2000 and 1999 were published in euro.

The notes to the unaudited interim consolidated financial statements mention only those events and transactions which have had a material impact on the balance sheet at June 30, 2000 and the statements of income for the six months ended June 30, 2000 and 1999. For more detailed information on the financial condition of AXA, see the 1999 AXA Form 20-F.

### 1 Accounting and Disclosure Changes

The interim consolidated financial statements and financial data as of June 30, 2000 and for the six months ended June 30, 2000 and 1999 is unaudited; however, in the opinion of AXA, the interim consolidated financial statements and financial data includes all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the financial condition and results of operations for the interim periods.

In accordance with the French National Accounting Board's (*Conseil National de la Comptabilité—CNC*) recommendation dated March 18, 1999 and a recommendation made by the Commission des Opérations de Bourse ("the COB"), the French stock exchange authority, on June 3, 1999, the interim consolidated financial statements are prepared using the same accounting policies, estimates and presentation as those used to prepare the year-end consolidated financial statements, except for certain adjustments required for interim reporting purposes.

### 2 Changes in Presentation

The principal changes in presentation of AXA's consolidated financial statements for the six-month period ended June 30, 2000 compared to the six-month period ended June 30, 1999 are set out below. Data for the six months ended June 30, 1999 have been restated for comparative purposes.

- For segment reporting purposes, the amortization of goodwill on acquired businesses is included as a charge against income of the acquired businesses and not of the acquiring company. This presentation is only for segmental reporting purposes and, therefore, there is no impact arising from foreign exchange differences.
- The segmentation of activities has been revised to reflect certain changes during the period. The International Insurance segment, which includes reinsurance and transnational insurance business, was formed during the second half of 1999. The transnational insurance business activities were included previously in the Property and Casualty Insurance Segment.
- In order to improve the reporting of profitability measurements for AXA's operating units, certain general expenses that were previously charged to the intermediate holding companies have been reallocated to the operating units.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2 Changes in Presentation (Continued)

- In 1999 there was an intra-group operation which resulted in a reclassification of €51 million between general expenses and net investment result with no impact to net income.

### 3 Principal Changes in Scope of Consolidation

#### • Newly Consolidated Companies

The following companies were included in the scope of consolidation during the six months ended June 30, 2000:

- the acquisition of Nippon Dantai in March 2000 whereby AXA contributed cash of approximately €1 billion (¥105 billion) as an increase to AXA Nichidan Holding's capital. At June 30, 2000 AXA's interest in AXA Nichidan Holding was 92.5%. The accounting year end is September 30 and, therefore, the acquisition had no impact on AXA's unaudited consolidated operating results for the six months ended June 30, 2000. However, AXA's unaudited consolidated balance sheet as of June 30, 2000 includes the opening balance sheet of AXA Nichidan. As a result of the acquisition, AXA's total assets at June 30, 2000 increased by €35.6 billion of which, on a preliminary basis, approximately €1.6 billion and €1.4 billion relates to goodwill and the value of purchased business in force, respectively. The consolidated operating results of AXA Nichidan Holding from the date of acquisition through to September 30, 2000 will be included in AXA's consolidated operating results for the year ended December 31, 2000.
- AXA Reinsurance acquired John Hancock P&C Insurance Company and USF RE Insurance Company, which were consolidated from January 1, 2000. These acquisitions did not materially impact AXA's unaudited consolidated balance sheet and statement of income as of and for the six-month period ended June 30, 2000.

#### • Entities No Longer Consolidated

- In Italy, Eurovita was deconsolidated following a change of control in the company (January 2000).
- In Germany, Tellit Vie was sold (January 2000).
- In Malaysia, SIME AXA was sold (January 2000).

These changes did not have a material impact on AXA's unaudited consolidated balance sheet and statement of income as of and for the six-month period ended June 30, 2000.

#### • Other Changes

- The buyout of minority interests in AXA China Region by AXA increased AXA's ownership interest from 34.7% to 47.1% (December 1999): the accounting year end for AXA China Region is September 30.
- In connection with capital units issued by Alliance Capital Management Holding and acquired by AXA Financial, AXA's ownership interest increased from 34.0% to 37.0% (June 2000).
- AXA continued to buy AXA Colonia shares on the open market therefore increasing AXA's interest from 86% to 90.2%. In addition, due to AXA Financial's stock repurchase program, AXA's interest in AXA Financial increased from 58.4% to 58.5% on June 30, 2000.
- The fully consolidated subsidiary, AXA Participations, was merged with AXA, the Holding Company, effective from January 1, 2000.



NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Segment Information

- Gross premiums and financial services revenues by segment and geographic region

REVENUES  
(In euro millions)

	For the six-month period ended		For the Year ended
	June 30, 2000	June 30, 1999	December 31, 1999
<b>Life Insurance</b> . . . . .	<b>21,448</b>	<b>17,218</b>	<b>37,091</b>
France . . . . .	6,485	4,777	10,555
United States . . . . .	6,402	5,046	10,777
United Kingdom . . . . .	3,952	3,474	7,206
Asia/Pacific . . . . .	1,574	1,301	2,859
Germany . . . . .	1,374	1,255	2,757
Belgium . . . . .	512	410	912
Other . . . . .	1,151	955	2,025
<b>Property and Casualty</b> . . . . .	<b>8,396</b>	<b>6,912</b>	<b>13,592</b>
France . . . . .	2,136	2,219	3,926
Germany . . . . .	1,899	1,573	2,766
United Kingdom . . . . .	1,376	777	2,008
Belgium . . . . .	685	701	1,285
Other . . . . .	2,301	1,642	3,607
<b>International Insurance</b> . . . . .	<b>2,308</b>	<b>1,860</b>	<b>3,109</b>
AXA Corporate Solutions . . . . .	2,136	1,721	2,819
* AXA Réassurance . . . . .	1,417	983	1,385
* AXA Global Risks . . . . .	697	732	1,400
* AXA Cessions . . . . .	22	6	34
Assistance . . . . .	147	137	281
Other transnational activities . . . . .	25	2	10
<b>Asset Management</b> . . . . .	<b>1,244</b>	<b>858</b>	<b>1,928</b>
Alliance Capital . . . . .	1,061	743	1,674
AXA Investment Managers . . . . .	170	104	227
National Mutual Funds Management . . . . .	13	12	27
<b>Other Financial Services</b> . . . . .	<b>7,612</b>	<b>4,976</b>	<b>10,806</b>
Donaldson, Lufkin & Jenrette . . . . .	7,061	4,390	9,671
Other financial and real estate companies . . . . .	552	586	1,136
<b>Holding companies</b> . . . . .	<b>1</b>	<b>—</b>	<b>1</b>
<b>TOTAL</b> . . . . .	<b>41,009</b>	<b>31,825</b>	<b>66,528</b>

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Segment Information (Continued)

• Statements of Income by Segment

For the six-month period ended June 30,2000

<i>(In euro millions)</i>	Life	Property & Casualty	International Insurance	Asset Management	Other Financial Services	Holdings	Total
Gross premiums and financial services revenues . . . . .	21,448	8,396	2,308	1,244	7,612	1	41,009
Change in unearned premium reserve . . . . .	(129)	(907)	(636)	—	—	—	(1,672)
Net investment results . . . . .	6,740	1,370	370	121	226	(116)	8,711
<b>Total Revenues</b> . . . . .	<b>28,060</b>	<b>8,860</b>	<b>2,041</b>	<b>1,365</b>	<b>7,838</b>	<b>(115)</b>	<b>48,049</b>
Insurance benefits and claims . . . . .	(24,396)	(6,260)	(1,472)	—	—	—	(32,129)
Reinsurance ceded, net . . . . .	4	89	(11)	—	—	—	53
Acquisition expenses (a) . . . . .	(1,323)	(1,328)	(336)	—	—	—	(2,987)
Other administrative expenses . . . . .	(1,173)	(982)	(126)	(988)	(7,129)	11	(10,387)
Amortization of goodwill, net . . . . .	(20)	(37)	(11)	(9)	(5)	(4)	(85)
<b>Total Benefits, Claims &amp; Other Deductions</b> . . . . .	<b>(26,907)</b>	<b>(8,517)</b>	<b>(1,985)</b>	<b>(997)</b>	<b>(7,134)</b>	<b>8</b>	<b>(45,534)</b>
Income before income tax expense . . . . .	1,152	343	56	368	704	(107)	2,515
Income tax (expense) benefit . . . . .	(411)	(56)	6	(80)	(238)	31	(748)
Minority interests in (income) loss of consolidated subsidiaries . . . . .	(173)	38	(3)	(205)	(243)	26	(560)
Equity in (loss) income of unconsolidated entities . . . . .	16	1	—	(2)	(15)	—	(1)
<b>NET INCOME (LOSS)</b> . . . . .	<b>584</b>	<b>324</b>	<b>58</b>	<b>81</b>	<b>208</b>	<b>(51)</b>	<b>1,205</b>

For the six-month period ended June 30, 1999

<i>(In euro millions)</i>	Life	Property & Casualty	International Insurance	Asset Management	Other Financial Services	Holdings	Total
Gross premiums and financial services revenues . . . . .	17,218	6,912	1,860	859	4,976	—	31,825
Change in unearned premium reserve . . . . .	(82)	(611)	(534)	—	—	—	(1,227)
Net investment results . . . . .	6,396	1,087	296	91	31	695	8,596
<b>Total Revenues</b> . . . . .	<b>23,532</b>	<b>7,388</b>	<b>1,622</b>	<b>950</b>	<b>5,007</b>	<b>695</b>	<b>39,195</b>
Insurance benefits and claims . . . . .	(20,289)	(4,904)	(1,187)	—	—	—	(26,380)
Reinsurance ceded, net . . . . .	42	(90)	17	—	—	—	(31)
Acquisition expenses (a) . . . . .	(1,314)	(1,040)	(249)	—	—	—	(2,603)
Other administrative expenses . . . . .	(871)	(869)	(144)	(727)	(4,548)	(138)	(7,297)
Amortization of goodwill, net . . . . .	(14)	(31)	(3)	(11)	(7)	(332)	(398)
<b>Total Benefits, Claims &amp; Other Deductions</b> . . . . .	<b>(22,446)</b>	<b>(6,934)</b>	<b>(1,566)</b>	<b>(738)</b>	<b>(4,555)</b>	<b>(470)</b>	<b>(36,709)</b>
Income before income tax expense . . . . .	1,085	454	56	212	453	226	2,486
Income tax (expense) benefit . . . . .	(313)	(56)	(32)	(80)	(157)	12	(626)
Minority interests in (income) loss of consolidated subsidiaries . . . . .	(219)	(39)	(5)	(99)	(151)	103	(410)
Equity in income of unconsolidated entities . . . . .	17	2	—	—	—	—	19
<b>NET INCOME</b> . . . . .	<b>570</b>	<b>362</b>	<b>19</b>	<b>33</b>	<b>144</b>	<b>341</b>	<b>1,469</b>

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Segment Information (Continued)

For the Year ended December 31, 1999							
(In euro millions)	Life	Property & Casualty	International Insurance	Asset Management	Other Financial Services	Holdings	Total
Gross premiums and financial services revenues . . . . .	37,091	13,593	3,109	1,928	10,806	—	66,528
Change in unearned premium reserve . . . . .	(1)	207	(197)	—	—	—	9
Net investment results . . . . .	11,665	2,392	576	210	193	595	15,630
<b>Total Revenues . . . . .</b>	<b>48,755</b>	<b>16,191</b>	<b>3,488</b>	<b>2,139</b>	<b>10,999</b>	<b>595</b>	<b>82,167</b>
Insurance benefits and claims . .	(42,226)	(11,409)	(3,046)	—	—	—	(56,681)
Reinsurance ceded, net . . . . .	36	437	335	—	—	—	808
Acquisition expenses (a) . . . . .	(2,614)	(2,450)	(551)	—	—	—	(5,616)
Other administrative expenses . .	(1,913)	(1,800)	(250)	(1,629)	(10,016)	(256)	(15,863)
Amortization of goodwill, net . . .	(31)	(69)	(6)	(18)	(48)	(463)	(634)
<b>Total Benefits, Claims &amp; Other Deductions</b>	<b>(46,748)</b>	<b>(15,291)</b>	<b>(3,518)</b>	<b>(1,647)</b>	<b>(10,064)</b>	<b>(719)</b>	<b>(77,986)</b>
Income before income tax expense . . . . .	2,006	901	(30)	492	935	(123)	4,183
Income tax (expense) benefit . . .	(516)	(265)	(17)	(154)	(347)	8	(1,292)
Minority interests in (income) loss of consolidated subsidiaries . . . . .	(409)	(69)	(4)	(254)	(322)	201	(858)
Equity in (loss) income of unconsolidated entities 31 . . . .	31	4	—	—	(45)	(1)	(10)
<b>NET INCOME (LOSS) . . . . .</b>	<b>1,112</b>	<b>571</b>	<b>(51)</b>	<b>84</b>	<b>221</b>	<b>84</b>	<b>2,021</b>

(a) Includes amortization expense for value of purchased business inforce, change in deferred acquisition expense and other related external costs.

5 Financing Debt

Long-term and short-term financing debt increased to €7,171 million at June 30, 2000, an increase of €1,752 million since December 31, 1999. This increase was primarily attributable to AXA Financial which borrowed \$1,450 million (€1,519 million) from Bank of America N.A. at 7.06% for a three month period. These funds were used to purchase newly issued Alliance Capital units in connection with the acquisition of Sanford C. Bernstein (see Note 12).

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**6 Minority Interests**

<i>(euro millions)</i>	<u>June 30, 2000</u>	<u>December 31, 1999</u>
Minority interests at January 1 .....	7,454	5,237
Acquisition of Guardian Royal Exchange .....	—	1,025
Acquisition of Nippon Dantai .....	94	—
Buyout of AXA China Region minority interests .....	(215)	—
Capital increase of Alliance Capital .....	528	—
Acquisition of AXA Colonia minority interests .....	(80)	—
Dividends paid by consolidated subsidiaries .....	(268)	(507)
Impact of foreign currency fluctuations .....	262	851
Other changes .....	7	(10)
Minority interests in income .....	560	858
<b>MINORITY INTERESTS AT END OF PERIOD .....</b>	<b><u>8,342</u></b>	<b><u>7,454</u></b>

**7 Mandatorily Convertible Bonds and Notes**

In January 1997, in conjunction with the acquisition of UAP, AXA issued 2,057 6% convertible notes, or €282 million aggregate principal amount, (the "AXA Notes"). The AXA Notes matured on January 1, 2000. According to the terms of the AXA Notes at maturity, the AXA Notes were converted into 2,000 shares for each note, or 4.1 million ordinary shares, on January 3, 2000.

**8 Subordinated Debt**

In accordance with the French insurance code, debt for which reimbursement is subordinated to other creditors in the event of a company's liquidation, insolvency or bankruptcy and which has

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8 Subordinated Debt (Continued)

an original maturity of at least five years (notice period of at least five years in the case of perpetual debt) is considered mezzanine capital.

<i>(In euro millions)</i>	<u>At June 30, 2000</u>	<u>At December 31, 1999</u>
<i>AXA, The Company</i>		
Perpetual Notes, variable . . . . .	1,266	1,240
Perpetual Notes . . . . .	234	234
Subordinated Convertible Notes . . . . .	1,518	1,524
Subordinated Perpetual Notes, 7.25% (a) . . . . .	500	—
Subordinated Convertible Notes, 3.75% due 2017 (b) . . . . .	1,099	—
<i>Equitable Life:</i>		
Surplus Notes, 6.95% due 2005 . . . . .	419	396
Surplus Notes, 7.70% due 2015 . . . . .	209	198
<i>Donaldson, Lufkin &amp; Jenrette:</i>		
Subordinated Exchange Notes, 9.58% due 2003 . . . . .	215	203
Redeemable Preferred Stock, through 2001 . . . . .	602	570
<i>Nichidan Life:</i>		
Subordinated debt (c) . . . . .	222	—
<i>Banque IPPA:</i>		
Subordinated Notes, variable, through 2004 . . . . .	132	132
<i>National Mutual Life:</i>		
Deferrable Loan Agreement, variable rate due 2001 . . . . .	180	173
Other subordinated debt (under Euro 100 million each) . . . . .	179	162
<b>TOTAL . . . . .</b>	<b><u>6,775</u></b>	<b><u>4,832</u></b>

- (a) In March 2000, the Company issued €500 million 7.25% undated subordinated notes. The notes can be redeemed by the Company in full at par (100% of the nominal amount) being €25 per note at any time.
- (b) In February 2000, the Company issued €1,099 million 3.75% subordinated convertible notes. The proceeds were used primarily to finance the acquisition of minority interests in AXA China Region and the acquisition of Nippon Dantai. The conversion into shares of all notes issued would result in the issuance of 6.7 million AXA ordinary shares. The Company has the right to redeem these notes starting in January 2007 at a price of €196.00 per note. The issuance price per note was €165.50. Unless previously converted, redeemed or cancelled, the notes will mature and become repayable in full on January 1, 2017 at a price of €269.16 per note.
- (c) Nichidan Life (formerly Nippon Dantai) issued various subordinated debt in 1998 to several financial institutions which matures in ten years. The borrowings are primarily variable rate notes. On certain of the notes the interest rate is LIBOR plus 100 basis points and on other notes the interest rate is the long term prime rate plus 0.1% (which increases to the long term prime rate plus 0.5%).

### 9 Changes in Off-Balance Sheet Commitments

There was no significant change in off-balance sheet commitments during the six-months ended June 30, 2000.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10 Net Income Per Ordinary Share

The calculation of basic net income per ordinary share assumes no dilution and is based on the weighted average number of ordinary shares outstanding for the period. The calculation of diluted net income per ordinary share reflects the dilution that would have occurred if potential ordinary shares had been issued and shared in the net income of AXA, if the effect of the potential ordinary shares would have been dilutive. Potential ordinary shares include share options granted but not exercised and potential ordinary shares on convertible debt (on an 'if converted' basis).

The weighted average number of share options outstanding during the year 1999 but not included in the calculation of diluted net income per ordinary share because the exercise price exceeded the average market price of AXA's shares (that is, they were 'anti-dilutive') was 12.2 million. There were no anti-dilutive share options outstanding in the six-month period ended June 30, 2000 and 1999.

<i>(in euro millions except per ordinary share amounts in euro and ordinary shares in millions)</i>	June 30, 2000		June 30, 1999		December 31, 1999	
	Ordinary Shares	Net income	Ordinary Shares	Net income	Ordinary Shares	Net income
<b>Net income</b> . . . . .	<b>363.31</b>	<b>1,205</b>	<b>352.24</b>	<b>1,469</b>	<b>352.99</b>	<b>2,021</b>
Net income per ordinary share (basic) . . . . .		3.32		4.17		5.73
<b>Effect of dilutive securities</b>						
Dilutive securities issued by subsidiaries (a) . . . . .	—	(20)	—	(15)	—	(29)
Share options . . . . .	3.18	—	4.56	—	2.72	—
Convertible debt . . . . .	16.00	23	9.24	9	9.24	20
Redeemable bonds, and mandatorily convertible bonds and notes . . . . .	7.18	5	11.19	9	11.19	19
<b>Net income attributable to ordinary shares and potentially dilutive securities</b> . . . . .	<b>389.67</b>	<b>1,213</b>	<b>377.22</b>	<b>1,472</b>	<b>376.14</b>	<b>2,031</b>
Net income per ordinary share (diluted) . . . . .		3.11		3.90		5.39

(a) Stock options issued by subsidiaries of AXA which are not 100% owned by AXA, principally AXA Financial and its subsidiaries, Alliance Capital and Donaldson, Lufkin & Jenrette.

### 11 Related Party Transactions

In the six-month period ended June 30, 2000, AXA sold 1,118,407 million of treasury shares to FINAXA for €166 per share representing the quoted market price at that date. This transaction resulted in a capital gain of €60 million (net group share). There were no other significant changes in the nature of related party transactions during the six months ended June 30, 2000 from those disclosed in the consolidated financial statements for the year ended December 31, 1999.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 12 Other Significant Items

#### • Acquisition of Sanford C. Bernstein by Alliance Capital

On October 2, 2000, Alliance Capital Management L.P. and Alliance Capital Management Holding L.P., both affiliates of AXA Financial completed the acquisition of substantially all the assets and assumed substantially all the liabilities of Sanford C. Bernstein Inc., an asset management company based in New York for a total consideration of \$3.5 billion consisting of \$1.4 billion in cash and 40.8 million units of limited partnership interests of Alliance Capital Management L.P. In connection with this transaction, AXA Financial has agreed to provide liquidity to the former shareholders of Sanford C. Bernstein after a two-year lock-out period by allowing the 40.8 million private units of limited partnership interest to be sold to AXA Financial over the subsequent eight years, but generally not more than 20% of such units in any one annual period. To fund the cash portion of the acquisition, AXA Financial in June 2000 purchased 32.6 million units of limited partnership interest of Alliance Capital Management L.P. for an aggregate purchase price of \$1.6 billion.

#### • Insurance Claims Reserves

Due to deteriorating loss ratios in the former Guardian Royal Exchange property and casualty insurance portfolios in the United Kingdom and Ireland, together with a review of more current information available on claims experience and a change in the U.K. regulations relating to bodily injury claims, additional insurance reserves have been established in respect of this business.

Amounts relating to the former Guardian Royal Exchange property and casualty insurance portfolio for the period prior to the date of acquisition were recorded in the opening balance sheet: €74 million for United Kingdom (€52 million net of tax, €29 million net group share) and €63 million in Ireland (€50 million net of tax, €28 million net group share). In addition, provisions of €65 million and €11 million, net group share, for the United Kingdom and Ireland, respectively, were recorded as a charge against income in the six-month period ended June 30, 2000.

#### *December 1999 storms in the Western Europe*

During the six-month period ended June 30, 2000, the cost incurred in respect of these storms increased by €47 million (net group share), from €106 million (net group share) for the year ended December 31, 1999.

#### • Business Combinations

In the six-month period ended June 30, 2000, gross goodwill increased by €2,679 million, primarily due to the following, using foreign exchange rates as at June 30, 2000:

- Acquisition of Nippon Dantai- goodwill of €1,640 million to be amortized over 30 years.
- Increase in ownership interest of Alliance Capital Management—goodwill of €562 million to be amortized over 20 years.
- Buyout of minority interests in AXA China Region—goodwill of €300 million to be amortized over 20 years.
- Guardian Royal Exchange — an increase in insurance claims reserves which impact the opening balance sheet of Guardian Royal Exchange, goodwill was revalued resulting in an

## **NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **12 Other Significant Items (Continued)**

increase of €102 million, which will be amortized over the same period as the original goodwill established at time of acquisition in 1999.

Goodwill amortization for the six-months ended June 30, 2000 and 1999 was €85 million and €398 million, respectively. Goodwill amortization for the six-month period ended June 30, 1999 included an exceptional amortization charge of €329 million in respect of the acquisition of Guardian Royal Exchange. This charge related to a significant deficiency in insurance claims reserves recorded in the opening balance sheet by AXA due to a difference between local statutory basis (for the acquired company) and AXA's accounting policies on establishing property and casualty reserves.

### **13 Summary of differences between French GAAP and U.S. GAAP**

The unaudited interim consolidated financial statements have been prepared in accordance with French GAAP. French GAAP differs with U.S. GAAP in certain material respects. Such differences impact the methods of measuring the amounts shown in the financial statements, financial statement classification and presentational differences and additional disclosures under U.S. GAAP.

A summary of significant differences in accounting principles is provided in Note 28 of the December 31, 1999 consolidated financial statements included in the 1999 AXA Form 20-F. The reconciliation of shareholders' equity and net income from French GAAP to U.S. GAAP as of June 30, 2000 and for the six months ended June 30, 2000 and 1999 presented in the tables below have been prepared on this basis as there have been no material changes in accounting principles since December 31, 1999.



## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 13 Summary of differences between French GAAP and U.S. GAAP (Continued)

The effect on consolidated net income and shareholders' equity of applying the significant differences between French GAAP and U.S. GAAP is summarized below.

<i>(In euro millions except per ordinary share amounts in euro)</i>	For the six-month period ended		For the year ended
	June 30, 2000	June 30, 1999	December 31, 1999
	(Unaudited)	(Unaudited)	
<b>Consolidated Net Income in Accordance with French GAAP</b> . . . . .	<b>1,205</b>	<b>1,469</b>	<b>2,021</b>
Differences in scope of consolidation . . . . .	56	126	564
Purchase accounting and goodwill . . . . .	(177)	282	(17)
Investment accounting and valuation . . . . .	(52)	(157)	(182)
Deferred acquisition costs . . . . .	(27)	(10)	(3)
Catastrophe equalization reserves . . . . .	(42)	18	(141)
Future policy benefits . . . . .	(19)	(12)	(16)
Deferred taxes . . . . .	(2)	—	2
Elimination of inter-company transactions . . . . .	(13)	—	(18)
Elimination of gain in treasury shares . . . . .	(75)	—	—
Change in unrealized investment losses (gains) on assets allocated to U.K. with-profit contracts . . . . .	312	(863)	(1,486)
Restructuring provisions . . . . .	(2)	(57)	110
Adjustment on dilution gain (Sun Life & Provincial Holdings) . . . . .	—	(76)	(61)
Other items . . . . .	(4)	(28)	53
Tax effect of U.S. GAAP reconciling adjustments . . . . .	24	227	382
<b>Consolidated Net Income in Accordance with U.S. GAAP</b> . . . . .	<b>1,184</b>	<b>919</b>	<b>1,209</b>
Net income per ordinary share			
—basic . . . . .	3.30	2.68	3.46
—diluted . . . . .	3.13	2.50	3.32
<b>Consolidated Net Income in Accordance with U.S. GAAP</b> . . . . .	<b>1,184</b>	<b>919</b>	<b>1,209</b>
Change in net unrealized investment (losses) gains on assets allocated to U.K. with-profit contracts, net of deferred tax . . . . .	(218)	596	1,030
<b>Consolidated Net Income in Accordance with U.S. GAAP, except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts</b> . . . . .	<b>966</b>	<b>1,515</b>	<b>2,239</b>
Net income per ordinary share			
—basic . . . . .	2.69	4.41	6.41
—diluted . . . . .	2.56	4.11	6.08

Under French GAAP, in accounting for U.K. with-profit contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to U.K. with-profit contracts and corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits. U.S. GAAP, which was developed in an environment that differs from the one in which the U.K. with-profit contract was developed, requires the change in unrealized investment gains and losses on assets allocated to U.K. with-profit contracts be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. A rise in the fair value of these assets results in an increase in the liability for policyholder benefits and a reduction in AXA's consolidated U.S. GAAP net income. The adjustment below reversed the exclusion of the change in unrealized investment gains and losses on assets allocated to U.K. with-profit contracts and sets forth the net income in accordance with U.S. GAAP, except for such adjustment, resulting in a presentation AXA believes is more meaningful under the circumstances.

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 Summary of differences between French GAAP and U.S. GAAP (Continued)

<i>(In euro millions)</i>	At June 30, 2000 (Unaudited)	At December 31, 1999
<b>Consolidated Shareholders' Equity in Accordance with French GAAP</b> .....	<b>21,385</b>	<b>16,358</b>
Differences in scope of consolidation .....	696	675
Purchase accounting and goodwill .....	1,319	1,606
Investment accounting and valuation .....	3,663	3,840
Deferred acquisition costs .....	316	272
Catastrophe equalization reserves .....	487	508
Future policy benefits .....	(121)	(99)
Deferred taxes .....	(12)	(16)
Elimination of intercompany transactions .....	(164)	(162)
Treasury shares .....	(383)	(265)
Adjustment on dilution gain (Sun Life & Provincial Holdings)	—	(111)
Other items .....	335	280
<b>Subtotal</b> .....	<b>27,521</b>	<b>22,886</b>
Unrealized investment gains on real estate allocated to U.K. with-profit contracts .....	(206)	(214)
<b>Consolidated Shareholder's Equity in Accordance with U.S. GAAP</b> .....	<b>27,315</b>	<b>22,672</b>

• **Comprehensive Income**

Comprehensive income includes net income and represents the change in shareholders' equity during a period from non-owner sources. It includes "other comprehensive income" which represents revenues, expenses, gains and losses that under U.S. GAAP are excluded from net income. The changes in AXA's U.S. GAAP accumulated other comprehensive income were as follows:

**Accumulated Other Comprehensive Income**  
*(In euro millions)*

	June 30, 2000		December 31, 1999	
	U.S. GAAP	Adjusted (a)	U.S. GAAP	Adjusted (a)
<b>Balance at January 1 in accordance with U.S. GAAP</b> .....	<b>7,938</b>	<b>4,704</b>	<b>6,920</b>	<b>4,126</b>
Unrealized appreciation (depreciation) of investments, net of tax and reclassification adjustments .....	(337)	(99)	372	(412)
Impact of currency fluctuations .....	343	320	636	981
Effect of restructurings and intercompany sales of consolidated subsidiaries .....	74	74	10	10
<b>Balance at end of period in accordance with U.S. GAAP</b> .....	<b>8,018</b>	<b>4,999</b>	<b>7,938</b>	<b>4,704</b>

(a) U.S. GAAP, except for adjustment for the change in net unrealized gains (losses), net of deferred tax, on assets allocated to U.K. with-profit contracts.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 13 Summary of differences between French GAAP and U.S. GAAP (Continued)

Comprehensive income, being net income plus the change in other comprehensive income during the period, in accordance with U.S. GAAP totaled €1,264 million for the six-month period ended June 30, 2000. The balance in the cumulative translation adjustment is based on movements in the account since 1994.

#### • Net Income per Ordinary Share

The calculation of basic and diluted net income per ordinary share under U.S. GAAP is based on the same methodology as for French GAAP (see Note 10). However, differences arise due to the underlying differences in accounting principles as noted below.

For the six months ended June 30, 2000, the negative impact of dilutive securities issued on a U.S. GAAP basis is set out below:

- The dilution effect of publicly-listed subsidiaries with stock option plans: €14.3 million on a U.S. GAAP basis compared to €20 million on a French GAAP basis.
- Ordinary shares of AXA held by AXA and its subsidiaries are treasury shares. Under U.S. GAAP treasury shares are treated as a reduction in the weighted average number of ordinary shares outstanding used in calculating the net income per ordinary share whereas under French GAAP treasury shares do not impact the calculation of net income per ordinary share. The weighted average number of treasury shares for the six months ended June 30, 2000 was 4.16 million.
- The recognition of additional interest expense of €31 million being the amortization of premium on the €1,524 million 2.5% subordinated convertible debt issued in February 1999 and the €1,099 million 3.75% subordinated convertible debt issued in February 2000. Under the terms of both arrangements, the issuer (AXA) has the right of early redemption at a price greater than the original issue price per note. The earliest redemption dates are January 2005 and January 2007 in respect of such debt issued in 1999 and 2000. Under French GAAP, the additional premium over the original issue price is not amortized whereas under U.S. GAAP the premium is amortized over the period up to the earliest redemption date and, therefore, decreased net income and shareholders' equity under U.S. GAAP and effected the net income per ordinary share on a diluted basis.

#### • Unaudited Pro Forma Information relating to Guardian Royal Exchange

In May 1999 AXA acquired Guardian Royal Exchange which was accounted for by the purchase method of accounting under French GAAP. The results of operations of Guardian Royal Exchange for the period since the date of acquisition are included in the AXA's consolidated financial statements at June 30, 2000 (full six months) and at June 30, 1999 (for the two-month post-acquisition period).

The following summarized unaudited pro forma information as determined under French GAAP presents the consolidated results of operations of AXA for the six-month period ended June 30, 1999 and the corresponding six-month prior period ended June 30, 1998 and assume the Guardian Royal Exchange acquisition had taken place on January 1 of each year and (1) excludes the exceptional amortization of goodwill of €118 million, net group share which was recorded against the French GAAP earnings in six months ended June 30, 1999 relating to a significant deficiency in insurance claims reserves of the acquired companies at the date of acquisition, (2) excludes profit

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**13 Summary of differences between French GAAP and U.S. GAAP (Continued)**

recognized in earnings in 1999 due to the dilution of AXA's ownership interest in Sun Life & Provincial Holdings to 56.3% from 71.6% (€503 million, group share included in the six months ended June 30, 1999) in connection with the issuance of capital by Sun Life & Provincial Holdings to fund the acquisition of Guardian Royal Exchange, and (3) includes an adjustment to reflect the decrease in earnings in Sun Life & Provincial Holdings consolidated by AXA due to the dilution of AXA's ownership interest in Sun Life & Provincial Holdings arising from the transaction (decrease of €18 million for the four-month period prior to the Guardian Royal Exchange acquisition in 1999 and a decrease of €39 million for the six month period ended June 30, 1998, on a pro forma basis).

	For the six months ended June 30,	
	1999 (Unaudited)	1998 (Unaudited)
	<i>Amounts in accordance with French GAAP: (in euro millions except for per share data)</i>	
Gross premiums and financial services revenues	32,284	31,219
Net income	1,065	980
Net income per ordinary share:		
—Basic	3.02	2.95
—Diluted	2.82	2.75

The amounts include Guardian Royal Exchange's pro forma results of operations for the six months ended June 30, 1998 and for the first four months ended April 30, 1999 prior to the acquisition, and actual results of operations for the post-acquisition two-month period ended June 30, 1999, for those Guardian Royal Exchange operations acquired and retained by AXA. The pro forma results of operations were, for the pre-acquisition period, determined using the historical financial statements of Guardian Royal Exchange prepared under generally accepted accounting principles in the United Kingdom and adjusted in certain material respects to conform with French GAAP. In addition, the pro forma results of operations include amortization of the intangible assets and interest expense on debt issued to finance the purchase.

The effects of other acquisitions during the six-month period ended June 30, 2000 and the corresponding prior period were not material and, accordingly, have been excluded from the pro forma presentation.

These pro forma consolidated results of operations have been prepared for comparative purposes only and are not indicative of the results of operations which actually would have resulted had the acquisition occurred on the dates indicated, or which may result in the future.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 14 New Accounting Standards

#### French GAAP

In 1999, the *Comité de la Réglementation Comptable* (French National Accounting Regulations Committee) issued a statement setting forth a new basis for preparing consolidated financial statements in France. For insurance business, this statement becomes effective January 1, 2001 and, therefore, changes would be reflected in AXA's consolidated financial statements in 2001. The effect of this statement on French insurance companies is currently under review. Based on current information available, the basis for preparing and presenting AXA's Consolidated Financial Statements under French GAAP should not be affected materially.

#### U.S. GAAP

Statement of Position No. 98-7 ("SOP 98-7") entitled "Accounting for Insurance and Reinsurance Contracts That Do Not Transfer Insurance Risk" became effective January 1, 2000. SOP 98-7 provides guidance on the method of accounting for insurance and reinsurance contracts that do not transfer insurance risk, using the deposit method of accounting. SOP 98-7 did not have a material impact on AXA's consolidated financial condition or results of operations.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133 ("FAS 133") "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued Statement of Financial Accounting Standards No. 137 ("FAS 137"), "Deferral of the Effective Date of FASB Statement No 133". FAS 137 allows entities which have not yet adopted FAS 133 to defer its effective date to all fiscal years beginning on or after June 15, 2000 (that is for AXA's Consolidated Financial Statements beginning January 1, 2001). In June 2000, the FASB issued Statement of Financial Accounting Standards No. 138 ("FAS 138"), "Accounting for Certain Derivative Instruments and Certain Hedging Activities—An Amendment of FASB Statement No. 133", which amended certain provisions of FAS 133.

These new standards establish accounting and reporting standards for derivative instruments, including derivatives embedded in assets and liabilities, and for hedging activities. It requires all derivatives to be recognized on the balance sheet at fair value. The accounting for changes in the fair value of a derivative depends on its intended use. Derivatives not used in hedging activities must be adjusted to fair value through earnings. Changes in the fair value of derivatives used in hedging activities will, depending on the nature of the hedge and hedge effectiveness, be recorded in earnings and/or other comprehensive income (a separate component of equity). For all hedging activities, the ineffective portion of a derivative's change in fair value will be recognized immediately in earnings.

AXA continues to evaluate the potential impact of implementing these new accounting standards, which will depend, among other things, on additional interpretations of the standards prior to the effective date, any potential changes to AXA's current strategy regarding investments in derivatives and hedging, and the extent to which AXA's existing hedging strategies will meet the requirements of hedge effectiveness.

The SEC staff issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" ("SAB 101"). The implementation of SAB 101 was delayed by the SEC until no later than the quarter ending December 31, 2000. SAB 101 is not expected to have a material impact on AXA's consolidated financial condition or results of operations.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 15 Subsequent Events

AXA and its subsidiaries were involved in the following material transactions subsequent to June 30, 2000:

- In July 2000, AXA acquired the minority interests (43.8%) in Sun Life & Provincial Holdings for approximately £2.3 billion (€3.7 billion based on an exchange rate on the date of the acquisition). AXA financed the acquisition primarily through the issuance of 30.2 million newly issued ordinary shares. The net cash proceeds of this offering were approximately €3.7 billion. On July 12, 2000, the transaction was declared fully unconditional, at which time Sun Life & Provincial Holdings was delisted from the London Stock Exchange. The transaction was completed on July 26, 2000. Under French GAAP the excess purchase price, including the costs of transactions, over the portion of the assets acquired and liabilities assumed, using carrying values at date of acquisition, will be recorded as goodwill. Under U.S. GAAP the excess purchase price, including the costs of transactions, over the portion of the assets acquired and liabilities assumed, using fair values at date of acquisition, will be recorded as goodwill.
- On July 25, 2000, AXA proposed a financial reorganization relating to the Inherited Estate of AXA Equity & Law, one of its life insurance subsidiaries in the United Kingdom. As a consequence of the financial reorganization, a portion of the assets of AXA Equity & Law that have accumulated over the years (the Inherited Estate) will be attributed to AXA as the shareholder, and a portion will be allocated to policyholders in the form of policy bonuses and cash distributions. If approved by a sufficient percentage of policyholders (over 35%) and the Court, the financial impact of this reorganization in AXA's consolidated financial statements will be determined by the percentage of policyholders electing in favor of the proposal and the valuation of the Inherited Estate at December 31, 2000. If approved, this reorganization will lead to a change in accounting principles relating to U.K. with-profit contracts and the way income is calculated for AXA's U.K. life insurance subsidiaries under French GAAP and U.S. GAAP. The impact of the financial reorganization on AXA's consolidated results of operations, liquidity and financial position under both French GAAP and U.S. GAAP in future periods is currently under review.
- On August 30, 2000, AXA Financial and certain of its affiliates entered into an agreement to sell to Credit Suisse Group their 71% interest in Donaldson, Lufkin & Jenrette. The consideration consists of U.S. \$2.4 billion plus 25.7 million shares of Credit Suisse Group. The sale of Donaldson, Lufkin & Jenrette closed on November 3, 2000.
- On October 17, 2000, AXA, AXA Merger Corp. and AXA Financial entered into a Merger Agreement relating to the acquisition by AXA and AXA Merger Corp. of the minority interests in AXA Financial pursuant to an exchange offer followed by a second-step merger. Pursuant to the terms of the Merger Agreement, AXA Financial minority shareholders will receive 0.295 of an AXA ADS and \$35.75 in cash for each share of AXA Financial common stock. Similar to the acquisition of the minority interests in Sun Life & Provincial Holdings, goodwill will be recognized, and the basis for determining goodwill under French GAAP will differ from that determined under U.S. GAAP. In addition to the difference in determining goodwill, since AXA will be issuing ADSs in connection with the transaction, goodwill will be charged directly to shareholders' equity in proportion to the value of the ADSs issued to total purchase price paid. The remaining goodwill will be recognized as an asset and amortized over its useful life. Under U.S. GAAP, the entire amount representing goodwill is recognized as an asset and amortized over its estimated useful life.

## Prospectus

**AXA**



**\$5,000,000,000**

### **DEBT SECURITIES**

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From time to time, we may sell debt securities on terms we will determine at the times we sell the debt securities. We will sell the debt securities at an aggregate initial offering price no greater than \$5,000,000,000 or the equivalent of this amount in foreign currencies. When we decide to sell a particular series of debt securities, we will prepare and deliver a supplement to this prospectus describing the particular terms of the debt securities we are offering. A prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully, together with the additional information described under the heading "Where You Can Find More Information About Us".

We may sell the debt securities directly, through agents, through underwriters or dealers, or through a combination of such methods. If we elect to use agents, underwriters or dealers in any offering of debt securities, we will disclose their names and the nature of our arrangements with them in the prospectus supplement we prepare for such offering. Our net proceeds from such sale will also be set forth in the prospectus supplement we prepare for such offering.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**This prospectus has not received the *visa* of the French *Commission des opérations de bourse*. Accordingly, this prospectus may not be used to make offers or sales to the public in France in connection with the offer described herein.**

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**The date of this prospectus is November 30, 2000.**

## **ABOUT THIS PROSPECTUS**

This document is called a prospectus and is part of a registration statement (File No. 333-12872) that we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration or continuous offering process. Under this shelf process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total amount of \$5,000,000,000 or the equivalent of this amount in foreign currencies.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. We will file each prospectus supplement with the SEC. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading “Where You Can Find More Information About Us”.

You should rely only on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference (see the discussion under the heading “Where You Can Find More Information About Us”). Neither we, nor any underwriters or agents, have authorized anyone to provide you with different information. We are not offering the debt securities in any state where the offer is prohibited. You should not assume that the information in this prospectus, any supplement to this prospectus, including documents incorporated by reference, is accurate or complete at any date other than the date indicated on the cover page of these documents.

As used in this prospectus, references to:

- “euro” and “€” are to euro, which was introduced as the legal currency of 11 of the member states of the European Union, including France, on January 1, 1999; and
- “U.S. dollars”, “dollars” and “\$” are to United States dollars, the legal currency of the United States.

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

## **WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

We are subject to the information and periodic reporting requirements of the United States Securities Exchange Act of 1934, which we refer to in this prospectus as the Exchange Act, and, in accordance with those requirements, file annual reports and other information with the SEC. However, as a foreign registrant, AXA and its principal shareholders are exempt from some of the Exchange Act reporting requirements. The reporting requirements that do not apply to AXA or its shareholders include proxy solicitations rules, the short-swing insider profit disclosure rules of Section 16 of the Exchange Act and the rules regarding the furnishing of quarterly reports to the SEC, which are required to be filed only if required in our home country domicile. France does not require quarterly reporting.



You may read and copy any reports, statements or other information that we file with the SEC at the SEC's public reference rooms at the following locations:

Public Reference Room  
450 Fifth Street, N.W.  
Room 1024  
Washington, D.C. 20549

New York Regional Office  
7 World Trade Center  
Suite 1300  
New York, New York 10048

Chicago Regional Office  
Citicorp Center  
500 West Madison Street  
Suite 1400  
Chicago, Illinois 60661

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Reports and other information concerning AXA are also available for inspection at the offices of The New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005.

As allowed by SEC rules, this prospectus does not contain all the information you can find in our registration statement or the exhibits to the registration statement. The SEC allows us to "incorporate by reference" information into this prospectus, which means that:

- incorporated documents are considered part of this prospectus;
- we can disclose important information to you by referring you to those documents;
- information in a document incorporated by reference in this prospectus automatically updates and supersedes information in earlier documents that are incorporated by reference in this prospectus;
- information that we file with the SEC after the date of this prospectus that is incorporated by reference in this prospectus automatically updates and supersedes this prospectus; and
- information that is more recent that is included in this prospectus automatically updates and supersedes information in documents incorporated by reference with a date earlier than this prospectus.

This prospectus incorporates by reference:

- AXA's Annual Report on Form 20-F for the year ended December 31, 1999, as amended by Amendment No. 1 on Form 20-F/A filed with the SEC on October 12, 2000 to include "Item 18-Financial Statements", which is referred to in this prospectus as the "1999 AXA Form 20-F", except to the extent modified or superseded by this prospectus; and
- each of the following documents that we will file with the SEC after the date of this prospectus from now until we terminate the offering of the debt securities:
  - reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act, and
  - any future reports filed on Form 6-K that indicate that they are incorporated by reference in this prospectus.

These documents contain important information about AXA and our financial condition. You may obtain copies of these documents in the manner described above. You may also request a copy of these filings (excluding exhibits) at no cost by contacting us at the following address:

General Counsel  
AXA  
25, Avenue Matignon  
75008 Paris France  
011-33-1-40-75-57-00

## EXCHANGE RATE INFORMATION

Prior to January 1, 1999, the French franc was a part of the European Monetary System exchange rate mechanism known as the "EMS". Within the EMS, exchange rates fluctuated within permitted margins, fixed by central bank intervention. Under the provisions of the Treaty on European Union negotiated at Maastricht in 1991 and signed by the member states of the European Union in early 1992, a European Monetary Union, which we refer to in this prospectus as "EMU", superseded the EMS on January 1, 1999, and a single European currency known as the "euro" was introduced. The following 11 member states participate in the EMU and have adopted the euro as their national currency: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. In the aggregate, these members are referred to as "the EMU states" in this prospectus. The legal rate of conversion between the French franc and the euro was fixed on January 1, 1999 at FF 6.55957 = €1.00. Transactions in euro commenced on January 1, 1999.

Since January 1, 1999, the euro has been the lawful currency of the EMU states, although euro banknotes and coins are not expected to enter circulation until January 1, 2002. New public debt is already being issued in euro. Beginning January 1, 2002, the participating member states will issue new euro-denominated notes and coins for use in cash transactions. By July 1, 2002, the participating member states will withdraw their respective currencies from circulation, and these currencies will no longer be legal tender for any transactions. These events may not take place on time or otherwise as currently expected.

The Federal Reserve Bank no longer quotes noon buying rates for currencies, other than the euro, of any of the EMU states, including France.

Most currency amounts in this prospectus are expressed in euro or in U.S. dollars. Solely for convenience, this prospectus contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the euro amounts actually represent such U.S. dollar amounts or could have been, at the relevant date, converted into U.S. dollars at the rate indicated or at any other rate. Unless otherwise stated, the translations of euro to U.S. dollars have been made using the exchange rate of €1.00 = \$0.8583, the noon buying rate in New York City for cable transfers in euro as certified for customs purposes by The Federal Reserve Bank of New York (which we refer to in this prospectus as the "Euro Noon Buying Rate") on November 7, 2000.

The following table sets forth, for the periods and dates indicated, certain information concerning the noon buying rate in New York City for cable transfers in French francs as certified for customs purposes by the Federal Reserve Bank of New York (which we refer to in this prospectus as the "French Franc Noon Buying Rate") and the Euro Noon Buying Rate. These rates are presented only for convenience and were not used by AXA in the preparation of its

consolidated financial statements included in the 1999 AXA Form 20-F, which is incorporated by reference in this prospectus.

Year	At end of period (1)		Average rate (2)		High		Low	
	€	FF	€	FF	€	FF	€	FF
1995	0.75	4.91	0.76	4.96	0.82	5.39	0.73	4.76
1996	0.80	5.24	0.78	5.12	0.80	5.27	0.75	4.90
1997	0.91	5.99	0.88	5.79	0.97	6.35	0.79	5.20
1998	0.85	5.60	0.90	5.90	0.95	6.21	0.82	5.39
1999	0.99	6.51	0.94	6.20	0.85	5.55	0.99	6.51
2000 (through November 15)	1.17	7.65	1.09	7.15	0.97	6.35	1.21	7.93

(1) Euro Noon Buying Rates per \$1.00 in 1999 and French Franc Noon Buying Rates per \$1.00 in 1995, 1996, 1997 and 1998. All conversions between euro and French francs (FF) have been made at the legal rate of conversion of FF 6.55957 per €1.00, established at the launch of the euro.

(2) The average of the French Franc Noon Buying Rates and Euro Noon Buying Rates, as applicable, on the last business day of each full month during the relevant period.

For a discussion of the impact of foreign currency fluctuations on AXA's financial condition and results of operations, see "Item 9—Management's Discussion and Analysis of Financial Condition and Results of Operations—General Information—Currency Fluctuations" in the 1999 AXA Form 20-F.

#### ENFORCEMENT OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS

AXA is a French *société anonyme à directoire et conseil de surveillance*, a form of limited liability company with a Management Board and a Supervisory Board. Most of the members of AXA's Management and Supervisory Boards and most of AXA's officers and certain of the experts named in this prospectus are non-residents of the United States, and a substantial portion of the assets of AXA and these persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon AXA or these persons or to enforce against AXA or them judgments obtained in U.S. courts based upon the civil liability provisions of the U.S. Federal securities laws.

AXA has been advised by Linklaters, its French counsel, that, if an original action is brought in France, based solely upon the U.S. Federal securities laws, French courts may not have the requisite jurisdiction to grant the remedies sought and that actions for enforcement of judgments of U.S. courts, rendered against the French persons referred to above, would require these French persons to waive their right under Article 15 of the French Civil Code to be sued only in France. AXA believes that these French persons have not waived this right.

In addition, actions in the United States under the U.S. Federal securities laws or otherwise could be affected under certain circumstances by the French law of July 26, 1968, as amended, which may preclude or restrict the obtaining of evidence in France or from French persons in connection with these actions.

## AXA

*The following is a short summary of the business of AXA. You should read it together with the detailed information and financial statements referred to in this prospectus. The summary does not contain all the information that may be important to you.*

AXA is the holding company for an international group of financial services companies focusing on insurance and asset management. With gross premiums and financial services revenues of €66.5 billion for the year ended December 31, 1999 and €41.0 billion for the six months ended June 30, 2000, AXA is one of the largest insurance groups in the world and the largest French insurance group.

The mailing address and telephone number of AXA's principal executive offices are 25, Avenue Matignon, 75008 Paris, France (telephone number: 011-33-1-40-75-57-00).

### **RATIOS OF EARNINGS TO FIXED CHARGES**

The consolidated financial data used to prepare the financial information provided in the table below have been derived from the consolidated financial data used to prepare our unaudited interim consolidated financial statements for the six months ended June 30, 2000 and our audited consolidated financial statements for the years ended December 31, 1999, 1998, 1997, 1996 and 1995. The consolidated financial statements for the year ended December 31, 1999 are contained in the 1999 AXA Form 20-F, which is incorporated by reference in this prospectus.

#### **Differences between French GAAP and U.S. GAAP**

AXA's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in France (which we refer to in this prospectus as "French GAAP"), which differs in certain material respects from generally accepted accounting principles in the United States (which we refer to in this prospectus as "U.S. GAAP"). Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F provides a description of the significant differences between French GAAP and U.S. GAAP as they relate to AXA for the year ended December 31, 1999. For the six months ended June 30, 2000, there have been no material changes in accounting principles from those described in Note 28. A reconciliation of AXA's net income for the six months ended June 30, 2000 and shareholders' equity as of June 30, 2000, is provided in Note 13 to AXA's unaudited interim financial statements. A reconciliation of AXA's consolidated net income for the year ended December 31, 1999 and 1998 and consolidated shareholders' equity as of December 31, 1999 and 1998 is provided in Note 28 to AXA's audited consolidated financial statements included in the 1999 AXA Form 20-F.

#### **Historical ratios of earnings to fixed charges**

The following table sets forth our historical consolidated ratio of earnings to fixed charges for each of the periods indicated below. Such ratios have been calculated using financial information prepared in accordance with:

- (i) French GAAP;
- (ii) U.S. GAAP; and

- (iii) U.S. GAAP, except with an adjustment for unrealized investment gains or losses on assets allocated to U.K. with-profit contracts described in more detail below.

Historical Ratios of Earnings to Fixed Charges	Six Months Ended June 30, 2000	Years Ended December 31,				
		1999	1998	1997	1996	1995
French GAAP . . . . .	1.57	1.72	1.73	1.67	1.48	1.36
U.S. GAAP . . . . .	1.59	1.34	1.34	1.33	1.24	1.21
U.S. GAAP, except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts . . . . .	1.47	1.79	1.62	1.75	1.33	1.41

For purposes of calculating the ratios:

- “earnings” consist of our consolidated income from continuing operations before taxation and before adjustment for minority interests in consolidated subsidiaries or equity income or loss from unconsolidated entities plus fixed charges, and
- “fixed charges” consist of interest expense on long and short term debt plus the portion of operating lease rentals representative of the interest factor. In addition, “fixed charges” under U.S. GAAP includes amortization of premium on the €1,524 million 2.5% subordinated convertible notes issued in February 1999 and on the €1,009 million 3.75% subordinated convertible notes issued in February 2000.

In accounting for U.K. with-profit contracts under French GAAP, revenues and expenses are matched in net income since both changes in the estimated fair values of assets allocated to U.K. with-profit contracts and the corresponding increases or reductions in the liability for U.K. with-profit policyholder benefits are included. U.S. GAAP, which was developed in a different environment than that in which the U.K. with-profit contract was developed, requires the change in unrealized investment gains or loss on assets allocated to U.K. with-profit contracts to be excluded from net income, while requiring recognition of the corresponding change in the liability for with-profit policyholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the U.K. with-profit contracts. A rise in the estimated fair value of these assets results in an increase in the liability for contractholder benefits and a reduction in AXA’s consolidated U.S. GAAP net income or shareholders’ equity and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for contractholder benefits and an increase in AXA’s consolidated U.S. GAAP net income. The table above includes AXA’s consolidated net income in accordance with U.S. GAAP except for adjustment for the change in unrealized investment gains or losses on assets allocated to U.K. with-profit contracts, which presentation AXA believes is more meaningful under the circumstances. For more details on the U.K. with-profit contracts, please refer to Item 1, “Description of Business—U.K. Life Insurance Group” in the 1999 AXA Form 20-F.

#### USE OF PROCEEDS

Unless we state otherwise in a prospectus supplement, we intend to use the net proceeds from the sale of the debt securities offered through this prospectus for general corporate purposes which may include financing our operations, funding various new business initiatives, as well as funding growth opportunities that may arise from time to time through acquisitions or otherwise.

## DESCRIPTION OF DEBT SECURITIES

*The following is a summary of the general terms of the debt securities. Each time that we issue debt securities we will file a prospectus supplement with the SEC which you should read carefully. The prospectus supplement may contain additional terms of those debt securities. The terms presented here, together with the terms contained in the prospectus supplement, will be a description of the material terms of the debt securities, but if there is any inconsistency between the terms presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here. You should also read the indenture under which we will issue the debt securities, a form of which we have filed with the SEC as an exhibit to the registration statement of which this prospectus is a part. The terms of the debt securities include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939.*

*These debt securities may be either senior or subordinated obligations of AXA and will be issued under the indenture. The Bank of New York is trustee under the indenture.*

### **General**

The indenture does not limit the amount of debt securities that we may issue. We may issue debt securities in one or more series. The relevant prospectus supplement for any particular series of debt securities will describe, among other things, the following terms of the debt securities offered:

- whether they are senior debt securities or subordinated debt securities;
- the nature and extent of subordination with respect to any subordinated debt securities;
- their specific designation and aggregate principal amount and whether we may issue additional securities of the same series;
- the price at which they will be issued;
- the annual interest rate or rates, or how to calculate the interest rate or rates, and any rights we may have to defer payment of interest or other amounts (and under what circumstances);
- the times and places at which any interest payments are payable;
- any date of maturity;
- the terms of any mandatory or optional redemption, including the amount of any premium;
- any sinking fund provisions;
- whether the debt securities will be issued as discount securities and the amount of such discount;
- any provisions relating to conversion or exchange for other securities issued by us or by others, for a basket or index of securities, for cash value or any combination of these;
- the currency or currencies in which they are denominated and in which we will make any payments;
- any index used to determine the amount of any payments on the debt securities;
- any restrictions that apply to the offer, sale and delivery of the debt securities and the exchange of debt securities of one form for debt securities of another form;
- whether the debt securities will be issued in registered or bearer form and any restrictions that may apply;
- whether and under what circumstances we will pay additional amounts on the debt securities following certain developments with respect to withholding tax or information reporting laws

and whether, and on what terms we may redeem the debt securities following those developments;

- the terms of any mandatory or optional exchange;
- any listing on a securities exchange; and
- any other material terms or provisions, including any modification or elimination of the terms and provisions described in this prospectus.

In addition, the prospectus supplement will describe any additional material U.S. Federal and French tax considerations that apply to any particular series of debt securities.

We may issue as many distinct series of debt securities under the indenture as we wish. We may, without the consent of the holders, “reopen” any series of debt securities and issue additional debt securities of each issued series having the same ranking and the same interest rate, maturity and other terms as the issued series (a “further issue”). We may offer additional debt securities with Original Issue Discount for U.S. Federal income tax purposes (“OID”) as part of a further issue. Purchasers of debt securities after the date of any further issue will not be able to differentiate between debt securities sold as part of the further issue and previously issued debt securities. Therefore, purchasers of debt securities after a further issue may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) for U.S. Federal income tax purposes with respect to their debt securities. This may affect the price of outstanding debt securities at the time of a further issue. Because of the possible application of the OID rules for U.S. Federal income tax purposes to the further issue of debt securities, purchasers are advised to consult legal counsel prior to purchasing our debt securities. We may not issue additional debt securities of any issued series if an event of default has occurred with respect to such series. See “Events of Default and Defaults; Limitation of Remedies”.

We may issue debt securities which have principal and interest amounts payable determined by reference to base rates such as the London Interbank Offered Rate (LIBOR), one or more securities, baskets of securities, commodity prices or indices. Holders of debt securities may receive on a payment date a payment of principal or interest that is greater than or less than the amount of principal or interest otherwise payable on that date depending upon the value on that date of the applicable security, basket of securities, commodity or index. Information as to the methods for determining the amount of principal or interest payable and certain additional tax considerations will be set forth in the applicable prospectus supplement.

Debt securities may bear interest at a fixed rate or a floating rate. We may sell debt securities that bear no interest, that bear interest at a rate that at the time of issuance is below the prevailing market rate, or at a discount to their stated principal amount. We will describe special U.S. Federal income tax considerations that apply to these discount securities or to certain other debt securities issued at par that are treated as having been issued at a discount for U.S. Federal income tax purposes in the relevant prospectus supplement.

Holders of debt securities will have no voting rights except those described under “Modification and Waiver” below.

## **Form of Debt Securities**

### *General*

Unless the relevant prospectus supplement indicates otherwise, all debt securities of a particular series will initially be represented by one or more global securities in registered form. Global debt securities however may be issued in either registered or bearer form and can be in either temporary or definitive form. The holder of any certificate representing debt securities, including any global debt security, is, in the case of a certificate in registered form, the person or entity in whose name the certificate is registered, and in the case of a bearer certificate, the person

or entity that has possession of the certificate. Unless otherwise specified in the relevant prospectus supplement, global debt securities will be registered in the name of or deposited with, or on behalf of, a financial institution we select. Those financial institutions will most likely be The Depository Trust Company (DTC), Euroclear and Clearstream, Luxembourg. See "Clearance and Settlement".

Investors who hold debt securities in accounts at banks or brokers will generally not be recognized by us as legal holders of debt securities. This is called holding in street name. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name, you should check with your own institution to find out:

- how it handles debt securities payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required;
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a direct holder as described below; and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the debt securities run only to persons who are registered as holders of debt securities. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold debt securities in that manner or because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

### **Special Investor Considerations for Global Securities**

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository that holds the global security, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depository that holds the global security.

If you are an investor in debt securities that are issued only in the form of global securities, you should be aware that:

- You cannot get debt securities registered in your own name.
- You cannot receive physical certificates for your interest in the debt securities.
- You will be a street name holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as explained above.
- You may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their debt securities in the form of physical certificates.
- The depository's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depository in any way.



- The depositary will require that interests in a global security be purchased or sold within its system using same-day funds.

#### *Payments on the Global Debt Security*

Payments of any amounts in respect of any global debt security will be made through the paying agent to the relevant depositary. Neither we nor the trustee nor any of our agents will have any responsibility or liability for any aspect of the records of any securities intermediary in the chain of intermediaries between the depositary and any beneficial owner of an interest in a global debt security, or the failure of the depositary or any intermediary to pass through to any beneficial owner any payments that we make to the depositary in respect of the global debt security.

#### *Issuance of Definitive Debt Securities and Termination*

Unless otherwise provided for in a prospectus supplement for a particular series of debt securities, so long as any depositary holds the debt securities of a particular series, they will not be exchangeable for definitive debt securities of that series unless:

- such depositary notifies us that it is unwilling or unable to continue as depositary and we do not appoint a successor within 120 days after such notice;
- in the event of our winding-up, we fail to make a payment on the debt securities when due or in the event of an “event of default” or a “default”, as described under “Events of Default and Defaults; Limitation of Remedies” below, at the request of the holders; or
- at any time we determine at our option and in our sole discretion that the global debt securities of a particular series should be exchanged for definitive debt securities of that series in a registered form.

Unless otherwise provided for in a prospectus supplement for a particular series of debt securities, definitive debt securities will be issued in registered form only. To the extent permitted by law, we, the trustee and any paying agent will be entitled to treat the person in whose name any definitive debt security is registered as its absolute owner. Payments in respect of each series of definitive debt securities will be made to the person in whose name the definitive debt securities are registered as it appears in the register for that series. Payments on definitive debt securities which are to be made in U.S. dollars will be made by check drawn on a bank in New York or, if the holder requests, by transfer to the holder’s account in New York. Definitive debt securities should be presented to the paying agent for redemption.

If we issue definitive debt securities of a particular series in exchange for a particular global debt security, the relevant depositary, as holder of that global debt security, will surrender it against receipt of the definitive debt securities, cancel the debt securities of that series, and distribute the definitive debt securities of that series to the persons and in the amounts that the relevant depositary specifies.

#### *Bearer Securities*

The applicable prospectus supplement will describe the exchange provisions, if any, of debt securities issuable in definitive global bearer form. We will not deliver any bearer securities in exchange for a portion of a temporary or definitive global security to any location in the United States.

#### **Payments**

We will make any payments of principal, interest and any premium on any particular series of debt securities on the dates and, in the case of payments of interest, at the rate or rates, that we set out in, or that are determined by the method of calculation described in, the relevant prospectus

supplement. We may have the right to defer payments of interest and other amounts on any particular series of debt securities to the extent set out in the relevant prospectus supplement.

We will pay principal, interest and any premium on fully registered securities in the designated currency or currency unit at the office of the paying agent. Payment of interest on fully registered securities may be made by wire transfer of same day funds or check mailed to the persons in whose names the debt securities are registered on days specified in the indenture or any prospectus supplement.

We will pay principal, interest and any premium on bearer securities in the designated currency or currency unit at the office of the paying agent or agents outside of the United States. Payments will be made at the offices of the paying agent in the United States only if the designated currency is U.S. dollars and payment outside of the United States is illegal or effectively precluded.

If, after any amount payable on any debt security or coupon became due and payable but remained unclaimed at the end of the period prescribed under the law governing the indenture, the paying agent will release any unclaimed amounts to us.

### **Redemption**

The relevant prospectus supplement will specify whether or not we or the holders of debt securities may redeem the debt securities of any series, in whole or in part, at our or at the holders' option, or in any other circumstances and, if so, the prices and any premium, if any, at which and the dates on which we may do so.

Under certain circumstances, before we give a notice of redemption, we shall be required to deliver to the trustee a written legal opinion of counsel selected by us, in a form reasonably satisfactory to the trustee, confirming that we are entitled to exercise our right of redemption.

Any notice of redemption of debt securities of any series will state:

- the series of debt securities to be redeemed;
- the redemption date;
- the amount of debt securities to be redeemed if less than all the series is to be redeemed;
- the redemption price; and
- the place or places at which each holder may obtain payment of the redemption price.

In any case of a partial redemption, the trustee shall select the debt securities to be redeemed in any manner which it deems fair and appropriate.

We or any of our subsidiaries may at any time and from time to time purchase debt securities of any series in the open market or by tender (available alike to each holder of debt securities of the relevant series) or by private agreement, if applicable law allows. Any debt securities of any series that we purchase beneficially for our own account, other than in connection with dealing in securities, will be treated as cancelled and will no longer be issued and outstanding.

### **Modification and Waiver**

We and the trustee may make certain modifications and amendments of the indenture with respect to any series of debt securities without the consent of the holders of the debt securities. We may make other modifications and amendments with the consent of the holder or holders of not less than a majority in aggregate principal amount of the debt securities of the series outstanding under the indenture that are affected by the modification or amendment, voting as one class.

However, we may not make any modification or amendment without the consent of the holder of each debt security affected that would:

- reduce the principal amount of or the premium, if any, or interest, with respect to any debt security;
- if we are obligated to pay additional amounts (to be described in the applicable prospectus supplement), change our obligation (or our successor's) to pay additional amounts;
- change the currency of payment;
- impair the right to institute suit for the enforcement of any payment due and payable;
- reduce the percentage in aggregate principal amount of outstanding debt securities of the series necessary to modify or amend the indenture or to waive compliance with certain provisions of the indenture and any past event of default or default (each as defined under "Events of Default and Defaults; Limitation of Remedies" below);
- modify the subordination provisions, if applicable, or the terms and conditions of our obligations in respect of the due and punctual payment of the amounts due and payable on the debt securities in a manner adverse to the holders; or
- modify the above requirements.

#### **Events of Default and Defaults; Limitation of Remedies**

The specific events of default and defaults with respect to any series of debt securities shall be described in the prospectus supplement (and defined in one or more supplemental indentures) that applies to that series of debt securities.

Unless the relevant prospectus supplement provides otherwise, if an event of default for any series of debt securities occurs and continues:

- the trustee or the holders of at least 25% in principal amount of the debt securities of the series may declare the entire principal amount of all the debt securities of that series to be due and payable immediately;
- the holders of a majority of the principal amount of the debt securities of that series may rescind or annul a declaration of acceleration and waive past defaults; and
- payment defaults that have not been cured may be waived only if all the holders of that series of notes approve the waiver.

An event of default for one series of debt securities will not necessarily be an event of default for any other series of debt securities.

The indenture requires the trustee to give the holders of a series of debt securities notice of a default for that series within 90 days unless the default is cured or waived. However, the trustee may withhold this notice if it determines in good faith that it is in the interest of those holders. The trustee may not, however, withhold this notice in the case of a payment default.

Other than the duty to act with the required standard of care during an event of default, a trustee is not obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of debt securities, unless the holders have offered to the trustee reasonable indemnification.

Generally, the holder or holders of not less than a majority in aggregate principal amount of outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or other power conferred on the trustee.

We are required to furnish to the trustee annually a statement indicating no default, or specifying any default that exists.

Street name and other indirect holders should consult their banks and brokers for information on their requirements for giving notice or taking other actions upon a default.

### **Satisfaction and Discharge; Defeasance**

We may be discharged from our obligations on the debt securities of any series that have matured or will mature or be redeemed within one year if we deposit with the trustee enough cash or government obligations to pay all the principal, interest and any premium due to the stated maturity date or redemption date of the debt securities.

The indenture contains a provision that permits us to elect:

- to be discharged after 90 days from all our obligations (subject to limited exceptions) with respect to any series of debt securities then outstanding; and/or
- to be released from our obligations under some of the covenants, if any, and from the consequences of an event of default or cross-default resulting from a breach of such covenants, if any.

To make either of the above elections, we must irrevocably deposit in trust with the trustee enough money to pay in full the principal, interest and premium on the debt securities. This amount may be made in cash and/or U.S. government obligations, if the debt securities are denominated in U.S. dollars. This amount may be made in cash, foreign government securities and/or U.S. government obligations (with appropriate hedging agreements in place), if the debt securities are denominated in a foreign currency. As a condition to either of the above elections, we must deliver to the trustee an opinion of counsel to the effect that the holders of the debt securities of the relevant series will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of the action and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as if the action had not occurred, and, in the case of full defeasance, such opinion will be based on a published ruling or rulings received by us from the *Internal Revenue Service* or a change in the applicable U.S. Federal income tax law. We would not have to deliver this opinion if we receive from, or there has been published by, the U.S. Internal Revenue Service a ruling that states the same conclusion.

If either of the above events occur, the holders of the debt securities of the series will not be entitled to the benefits of the indenture, except for registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities.

Holders that are non-residents of France will not be subject to tax in France as a result of a defeasance. Holders of debt securities should consult with their own tax advisors for further information as to the treatment of the above events.

### **Ranking**

Senior debt securities will rank equally with all our other unsubordinated and unsecured indebtedness.

Subordinated debt securities will be subordinated, and subject in right of payment, to the prior payment in full of all claims of all our unsubordinated creditors, and rank prior to any payments due on *prêts participatifs* granted to us or on any *titres participatifs* issued by us. The subordinated debt securities may have varying degrees of subordination, the precise nature and extent of which will be described in the prospectus supplement describing the particular subordinated debt securities in question.

## **Governing Law**

Unless otherwise specified in a prospectus supplement for a particular series of debt securities, the debt securities and the indenture will be governed by and construed in accordance with the laws of the State of New York, except that, unless otherwise specified in a prospectus supplement for a particular series of debt securities, the subordination provisions of each series of subordinated debt securities will be governed by and construed in accordance with the law of France. From time to time, series of debt securities and the indenture governing them may be governed by and construed in accordance with the laws of a jurisdiction other than New York, including a European country.

## **Notices**

Notices regarding the debt securities will be valid:

- with respect to global securities, if in writing and delivered or mailed to the depository selected by us for that applicable global security as provided in the indenture;
- with respect to definitive debt securities, if published at least once in a newspaper in London and the Borough of Manhattan in New York City as provided in the indenture; and
- in the event that the debt securities are listed on any stock exchange, including the Luxembourg Stock Exchange, in accordance with the rules of that stock exchange.

Any notice will be deemed to have been given on the date of publication as outlined above or, if published more than once, on the date of the first publication. If any of the foregoing means of publication is not practicable, notice will be valid if given in any other manner, and will be deemed to have been given on the date, as we will determine.

## **The Trustee**

The Bank of New York is the trustee under the indenture. AXA and certain of its subsidiaries may maintain deposit accounts and lines of credit and have other customary banking relationships with the trustee and its affiliates in the ordinary course of their respective businesses. In addition, the trustee is currently acting as the depository for AXA's American Depositary Shares.

Pursuant to the Trust Indenture Act, should a default occur with respect to the debt securities constituting our senior debt or subordinated debt securities, The Bank of New York would be required to resign as trustee with respect to the debt securities constituting either the senior debt or the subordinated debt securities under the indenture within 90 days of such default unless such default were cured, duly waived or otherwise eliminated or unless only senior debt securities or subordinated debt securities are outstanding under the indenture at the time of such default.

## **Consent to Service of Process**

Under the indenture, we irrevocably designate AXA Financial, Inc., 1290 Avenue of the Americas, New York, NY 10104, Attention: General Counsel, as our authorized agent for service of process in any legal action or proceeding arising out of or relating to the indenture or any debt securities brought in any Federal or state court in The City of New York, New York and we irrevocably submit to the jurisdiction of those courts.

## **Clearance and Settlement**

Debt securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book-entry systems operated by The Depository Trust Company (DTC) in the United States, Clearstream in Luxembourg and Euroclear in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians or depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for debt securities in global form will be made in U.S. dollars, these procedures can be used for cross-market transfers and the securities will be cleared and settled on a delivery against payment basis.

Cross-market transfers of debt securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities. Investors in debt securities that are issued outside of the United States, its territories and possessions must initially hold their interests through Euroclear, Clearstream, Luxembourg or the clearance system that is described in the applicable prospectus supplement.

Clearstream, Luxembourg and Euroclear hold interests on behalf of their participants through customers' securities accounts in Clearstream Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn hold such interests in customers' securities accounts in the depositories' names on the books of DTC.

The policies of DTC, Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

We have no responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Luxembourg, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear as they are currently in effect. These systems could change their rules and procedures at any time.

## **The Clearing Systems**

### *DTC*

DTC has advised us as follows:

- DTC is:
  - a limited purpose trust company organized under the laws of the State of New York
  - a member of the Federal Reserve System
  - a “clearing corporation” within the meaning of the Uniform Commercial Code and
  - a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.
- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.

- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with participants.
- The rules applicable to DTC and DTC participants are on file with the SEC.

#### *Clearstream, Luxembourg*

Clearstream, Luxembourg has advised us as follows:

- Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a bank and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*).
- Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions among them through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of securities.
- Clearstream, Luxembourg provides other services for its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Clearstream, Luxembourg interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships.
- Clearstream, Luxembourg's customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to Clearstream, Luxembourg is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg customer.
- Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

#### *Euroclear*

Euroclear has advised us as follows:

- Euroclear is currently operated by the Brussels office of Morgan Guaranty Trust Company of New York, which is known as the Euroclear Operator, under contract with Euroclear Clearance Systems, S.C., which is a Belgian cooperative corporation.
- Euroclear holds securities for its participants and facilitates the clearance and settlement of securities transactions among them through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash.
- Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries.
- All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator and not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants.

- Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries.
- Indirect access to the Euroclear system is also available with other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.
- The Euroclear Operator is the Belgian branch of a New York banking corporation, which is a member bank of the Federal Reserve System. As a member of this system, it is regulated and determined by the Board of Governors of the Federal Reserve System and the New York State Banking Department. It is also regulated by the Belgian Banking Commission.
- As of January 1, 2001, the operator of the Euroclear systems will be Euroclear Bank, a Belgium entity.

#### *Other Clearing Systems*

We may choose other clearing systems for a particular series of debt securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

#### **Primary Distribution**

The distribution of the debt securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system that is specified in the applicable prospectus supplement. Payment for debt securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of debt securities to another according to the currency that is chosen for the specific series of debt securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the debt securities to be accepted for clearance. The clearance numbers that are applicable to each clearance system will be specified in the prospectus supplement.

#### *Clearance and Settlement Procedures—DTC*

We understand that DTC participants that hold debt securities through DTC on behalf of investors will follow the settlement practices applicable to the United States corporate debt obligations in DTC's Same—Day Funds Settlement System.

Debt securities will be credited to the securities custody accounts of these DTC participants against payment in same-day funds, for payments in U.S. dollars, on the settlement date. For payments in a currency other than U.S. dollars, debt securities will be credited free of payment on the settlement date.

#### *Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg*

We understand that investors that hold their debt securities through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures that are applicable to conventional Eurobonds in registered form.

Debt securities will be credited to the securities custody account of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date, for value on the



settlement date. They will be credited either free of payment or against payment for value on the settlement date.

## **Secondary Market Trading**

### *Trading Between DTC Participants*

We understand that secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System.

If payment is made in U.S. Dollars, settlement will be in same-day funds. If payment is made in a currency other than U.S. Dollars, settlement will be free of payment. If payment is made other than in U.S. Dollars, separate payment management outside of the DTC system must be made between the DTC participants involved.

### *Trading between Euroclear and/or Clearstream, Luxembourg Participants*

We understand that secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in registered form.

### *Trading between a DTC Seller and a Euroclear or Clearstream, Luxembourg Purchaser*

A purchaser of debt securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg at least one business day prior to settlement. The instructions will provide for the transfer of the debt securities from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depository for Euroclear and Clearstream, Luxembourg to receive the debt securities either against payment or free of payment.

The interests in the debt securities will be credited to the respective clearing systems. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the debt securities will appear on the next day, European time. Cash debit will be back-valued to, and the interest on the debt securities will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream, Luxembourg cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same-day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the debt securities are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to preposition funds and will instead allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing debt securities would incur overdraft charges for one business day (assuming they clear the overdraft as soon as the debt securities were credited to their accounts). However, interest on the debt securities would accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one business day

period may substantially reduce or offset the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver debt securities to the depository on behalf of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, then, a cross-market transaction will settle no differently than a trade between two DTC participants.

#### *Tracing between a Euroclear or Clearstream, Luxembourg Seller and a DTC Purchaser*

Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which debt securities represented by a global debt security held with DTC are to be transferred by the respective clearing system through the depository to another DTC participant. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct the depository to credit the notes to the DTC participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account would instead be valued as of the actual settlement date.

As is the case with sales of debt securities represented by a global debt security held with DTC by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear or Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

#### **Special Timing Considerations**

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream, Luxembourg and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the debt securities, or to receive or make a payment or delivery of the debt securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

## TAXATION

### **French Tax Consequences**

The following, in the opinion of Linklaters, our French counsel, accurately summarizes the principal French tax consequences to non-residents of France who own and dispose of the debt securities. The statements relating to French tax laws set out below are based on the laws in force as of the date of this prospectus, and are subject to any changes in applicable French tax laws or in any applicable double taxation conventions or treaties with France occurring after such date.

This discussion is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects of the purchase or ownership of the debt securities.

Noteholders are urged to consult with their own tax advisers concerning the consequences of holding the debt securities and of the taxation regime which applies to their individual circumstances.

#### *Deduction at Source*

Interest payments and other related income relating to any debt securities issued, or deemed to be issued, outside France are exempt from deduction at source as provided in Article 131 quater of the *Code Général des Impôts* (general tax code). Any debt securities constituting *obligations* denominated in euro are automatically deemed to be issued outside France and therefore benefit from the exemption provided for in Article 131 quater of the general tax code.

Any debt securities constituting *obligations* denominated in a currency other than the euro, such as U.S. dollars and sterling, are only deemed to be issued outside France if they are distributed through an international syndicate of banks and the selling restrictions are complied with, and therefore benefit from the exemption provided for in Article 131 quater of the general tax code.

#### *Income*

For persons who are not residents for French tax purposes, under current legislation, interest in respect of the debt securities is exempt from withholding tax as provided by article 131 quater of the *Code Général des Impôts* (general tax code).

#### *Capital Gains*

Under current legislation, gains realized by persons who are not residents for French tax purposes upon transfer of the debt securities are exempt from tax in France.

#### *Additional Amounts*

The tax consequences in France, if additional amounts are required to be paid (to be described in the applicable prospectus supplement) in respect of withholding or deduction for taxes imposed on payments on the debt securities and whether such additional amounts may be so paid in accordance with French law are unclear. Although we believe additional amounts, if any, will be exempt from any deduction at source where paid in respect of debt securities falling under the scope of Article 131 quater of the general tax code, it is possible that the French Revenue might take a different position. In that case, the timing and treatment of the additional amounts may be different.

## **Possible European Union Requirements**

The European Union is considering new procedures that would apply to you if you are a tax resident of a member state and you receive interest on the debt securities from a paying agent located in another member state. Under these procedures, the paying agent's member state would adopt one of the following rules:

- the paying agent would be required to withhold tax on interest paid to you on the debt securities, unless you follow specified procedures to show that you have reported the interest to the tax authorities in your state of residence; or
- the interest paid to you would be reported to the tax authorities in your state of residence by the paying agent's member state.

No decision has been made whether to adopt these requirements. Even if they are adopted, it is not clear what their effective date will be. We advise you to consult your tax advisor about the possible implications of these requirements.

## **United States Tax Consequences**

This section summarizes the material U.S. tax consequences to beneficial owners of debt securities. It represents the views of our U.S. tax counsel, Cravath, Swaine & Moore. However, the discussion is limited in the following ways:

- The discussion covers you only if you buy your debt securities in the initial offering.
- The discussion only covers you if you hold your debt securities as a capital asset (that is, for investment purposes), and if you do not have a special tax status.
- The discussion does not cover tax consequences that depend upon your particular tax circumstances. This discussion is for general information only and is not exhaustive of all possible tax considerations, such as those applicable to persons who are subject to special tax treatment, including:
  - tax-exempt institutions,
  - financial institutions,
  - insurance companies,
  - U.S. expatriates,
  - dealers in securities,
  - traders in securities that elect to “mark to market”,
  - persons whose functional currency is not the U.S. dollar,
  - persons holding debt securities as part of a conversion or other integrated transaction,
  - persons owning 10% or more of the capital of AXA,
  - persons liable for the alternative minimum tax, and
  - persons carrying on a trade or business in France through a permanent establishment or fixed base.

You should consult your tax advisor about the consequences of holding debt securities in your particular situation.

- The discussion is based on current law. Changes in the law may change the tax treatment of the debt securities possibly with retroactive effect.
- The discussion does not cover state, local or foreign law.

e discussion does not cover every type of debt security that we might issue. If we intend issue a debt security of a type not described in this summary, additional tax information l be provided in the prospectus supplement for the applicable debt security.

we have not requested a ruling from the Internal Revenue Service, which we refer to in this prospectus as the "IRS", on the tax consequences of owning the debt securities. As a result, the IRS could disagree with portions of this discussion.

If you are considering buying debt securities, you should consult your tax advisor about the tax consequences of acquiring, holding and disposing of the debt securities in your particular situation, including the applicability and effect of U.S. Federal, state, local, foreign and other tax laws and possible changes in tax law.

#### *Tax Consequences to U.S. Holders*

This section applies to you if you are a "U.S. Holder". A "U.S. Holder" is:

- an individual U.S. citizen or, for U.S. Federal income tax purposes, resident alien;
- a corporation, or entity taxable as a corporation, that was created under U.S. law (Federal or state, including the District of Columbia); or
- an estate or trust whose world-wide income is subject to U.S. Federal income tax.

If a partnership holds debt securities, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding debt securities should consult their tax advisor.

#### *Interest*

The tax treatment of interest paid on the debt securities depends upon whether the interest is "Qualified Stated Interest".

"Qualified Stated Interest" is any interest that meets all the following conditions:

- It is payable at least once each year.
- It is payable over the entire term of the debt security.
- It is payable at a single fixed rate or under a single formula.
- The debt security has a maturity of more than one year from its issue date.

If any interest on a debt security is Qualified Stated Interest, then

- If you are a cash method taxpayer (including most individual holders), you must report that interest in your income as ordinary income when you receive it.
- If you are an accrual method taxpayer, you must report that interest in your income as ordinary income as it accrues.
- If any interest on a debt security is not Qualified Stated Interest, it is subject to the rules for original issue discount ("OID") described below.

#### *Additional Amounts*

The tax consequences to a U.S. Holder if additional amounts are required to be paid (to be described in the applicable prospectus supplement) in respect of withholding or deduction for taxes imposed on payments on the debt securities are unclear. Although we believe additional amounts, if any, will be treated as ordinary interest income, described above as Qualified Stated Interest, it is possible that the IRS might take a different position. In that case, the timing and treatment of the additional amounts may be different.

U.S. Holders should consult their own tax advisors regarding the treatment of additional amounts and other U.S. Federal income tax consequences to them as a result of foreign withholding taxes, if any.

#### *Determining Amount of OID*

Debt securities that have OID are subject to additional tax rules. The amount of OID on a debt security is determined as follows:

- The amount of OID on a debt security is its “stated redemption price at maturity” minus its “issue price”. If this amount is zero or negative, there is no OID.
- The “stated redemption price at maturity” of a debt security is the total amount of all principal and interest payments to be made on the debt security, other than Qualified Stated Interest. In a typical case where all interest is Qualified Stated Interest, the stated redemption price at maturity is the same as the principal amount.
- The “issue price” of a debt security is the first price at which a substantial amount of the debt securities are sold to the public for money.
- Under a special rule, if the OID determined under the general formula is very small, it is disregarded and not treated as OID. This disregarded OID is called “de minimis OID”. If all the interest on a debt security is Qualified Stated Interest and no principal is payable prior to maturity, this rule applies if the amount of OID is less than the following items multiplied together: (i) .25% ( $\frac{1}{4}$  of 1%), (ii) the number of full years from the issue date to the maturity date of the debt security, and (iii) the principal amount.

#### *Accrual of OID Into Income*

If a debt security has OID, the following consequences arise:

- You must include the total amount of OID as ordinary income over the life of the debt security.
- You must include OID in income as it accrues even if you are a cash method taxpayer. This means that you are required to report OID income, and in some cases pay tax on that income, before you receive the cash that corresponds to that income.
- OID accrues on a debt security on a “constant yield” method. This method takes into account the compounding of interest. Under this method, the accrual of OID on a debt security, combined with the inclusion into income of any Qualified Stated Interest on the debt security, will result in you being taxed at approximately a constant percentage of your unrecovered investment in the debt security.
- The accruals of OID on a debt security will generally be less in the early years and more in the later years.
- If any of the interest paid on the debt security is not Qualified Stated Interest, that interest is taxed solely as OID. It is not separately taxed when it is paid to you.
- Your tax basis in the debt security is initially your cost. It increases by any OID (not including Qualified Stated Interest) you report as income. It decreases by any principal payments you receive on the debt security, and by any interest payments you receive that are not Qualified Stated Interest.

### *Foreign Tax Credit*

If payments on the debt securities are subject to withholding or deduction for taxes, the amount taxable to a U.S. Holder will have included all taxes withheld or deducted in respect thereof (including any additional amounts due on account of such withholding, to be described in the applicable prospectus supplement). Thus, a U.S. Holder may be required to report income both in advance of, and in an amount greater than, the cash it receives in respect of payments on its debt securities. However, a U.S. Holder may, subject to certain limitations, be eligible to claim as a credit or deduction the amount of any foreign taxes due with respect to such payments for purposes of computing its U.S. Federal income tax liability.

For U.S. foreign tax credit purposes, OID, if any, Qualified Stated Interest, and any additional amounts required to be paid with respect to a debt security will be treated as foreign-source income and generally will be subject to the separate foreign tax credit limitation for passive income, or in the case of certain holders, "financial services income". However, if such interest or OID were to become subject to a withholding tax at a rate of five percent or more, it would be segregated in the separate foreign tax credit basket for high withholding tax interest.

Gain or loss realized on the sale, exchange, retirement or other disposition of a debt security (including foreign currency gain or loss) by a U.S. Holder generally will be treated as U.S.-source income or loss for U.S. foreign tax credit purposes.

The calculation of foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their own tax advisors regarding the U.S. foreign tax credit implications of a sale, redemption, retirement or other disposition of a debt security as well as the receipt of interest income with respect to such debt security (including any additional amounts if required to be paid).

### *Premium and Discount*

Additional special rules apply in the following situations involving discount or premium:

- If you buy a debt security in the initial offering for more than its stated redemption price at maturity, the excess amount you pay will be "bond premium". You may elect to use this amount to reduce your taxable interest income over the life of the debt security.
- Similarly, if a debt security has OID and you buy it in the initial offering for more than the issue price, the excess (up to the total amount of OID) is called "acquisition premium". The amount of OID you are required to include in income will be reduced by this amount over the life of the debt security.
- If you buy a debt security in the initial offering for less than the initial offering price to the public, special rules concerning "market discount" may apply.

Appropriate adjustments to tax basis are made in these situations. Holders in these situations should consult their tax advisors.

### *Accrual Election*

You can elect to be taxed on the income from the debt security in a different manner than described above. Under the election:

- No interest is Qualified Stated Interest.
- You include amounts in income as it economically accrues to you. The accrual of income is in accordance with the constant yield method, based on the compounding of interest. The

accrual of income takes into account stated interest, OID (including de minimis OID), market discount, and premium.

- Your tax basis is increased by all accruals of income and decreased by all payments you receive on the debt security.

If you make this election, you may be treated as having made an election under the rules applicable to bond premium or market discount, which could apply to other debt securities that you own. Holders should consult their tax advisors before making this election.

#### *Sale or Retirement of Debt Securities*

On your sale or retirement of your debt security:

- You will have taxable gain or loss equal to the difference between the amount received by you and your tax basis in the debt security. Your tax basis in the debt security is your cost, subject to certain adjustments.
- Your gain or loss will generally be capital gain or loss, and will be long term capital gain or loss if you held the debt security for more than one year.
- If (i) you purchased the debt security with de minimis OID, (ii) you did not make the election to accrue all OID into income, and (iii) you receive the principal amount of the debt security upon the sale or retirement, then you will generally have capital gain equal to the amount of the de minimis OID.
- If you sell the debt security between interest payment dates, a portion of the amount you receive reflects interest that has accrued on the debt security but has not yet been paid by the sale date. That amount is treated as ordinary interest income and not as sale proceeds.
- All or part of your gain may be ordinary income rather than capital gain in certain cases. These cases include sales of short-term debt securities, debt securities with market discount, debt securities with contingent payments, or foreign currency debt securities.

#### *Debt Securities Subject to Additional Tax Rules*

Additional or different tax rules apply to several types of debt securities that we may issue.

**Short-Term Debt Securities:** We may issue debt securities with a maturity of one year or less. These are referred to as "short-term debt securities".

- No interest on these debt securities is Qualified Stated Interest. Otherwise, the amount of OID is calculated in the same manner as described above.
- Certain elections apply to the method of accrual of OID on short-term debt securities over the life of the debt securities.
- Accrual method taxpayers and certain others, such as banks and securities dealers, must include OID in income as it accrues.
- If you are a cash method taxpayer not subject to the accrual rule described above, you do not include OID in income until you actually receive payments on the debt security. Alternatively, you can elect to include OID in income as it accrues.
- Two special rules apply if you are a cash method taxpayer and you do not include OID in income as it accrues. First, if you sell the debt security or it is paid at maturity, and you have a taxable gain, then the gain is ordinary income to the extent of the accrued OID on the debt security at the time of the sale that you have not yet taken into income. Second, if you



borrow money (or do not repay outstanding debt) to acquire or hold the debt security, then while you hold the debt security you cannot deduct any interest on the borrowing that corresponds to accrued OID on the debt security until you include the OID in your income.

**Floating Rate Debt Securities:** Floating rate debt securities are subject to special OID rules.

- If the interest rate is based on a single fixed formula based on objective financial information (which may include a fixed interest rate for the initial period), all the interest will be Qualified Stated Interest. The amount of OID (if any), and the method of accrual of OID, will then be calculated by converting the debt security's initial floating rate into a fixed rate and by applying the general OID rules described above.
- If the debt security has more than one formula for interest rates, it is possible that the combination of interest rates might create OID. You should consult your tax advisor concerning the OID accruals on such a debt security.

**Foreign Currency Debt Securities:** A "foreign currency debt security" is a debt security denominated in a currency other than U.S. dollars. Special tax rules apply to these debt securities:

- If you are a cash method taxpayer, you will be taxed on the U.S. dollar value of any foreign currency you receive as interest. The dollar value will be determined as of the date when you receive the payments.
- If you are an accrual method taxpayer, you must report interest income as it accrues. You can use the average foreign currency exchange rate during the relevant interest accrual period (or, if that period spans two taxable years, during the portion of the interest accrual period in the relevant taxable year). In this case, you will recognize ordinary income or loss upon receipt of the foreign currency based on actual exchange rates at that time. Certain alternative elections may also be available.
- Any OID on foreign currency debt securities will be determined in the relevant foreign currency. All holders must accrue OID in the same manner that an accrual basis holder accrues interest income.
- Your initial tax basis in a foreign currency debt security is the amount of U.S. dollars you pay for the debt security (or, if you pay in foreign currency, the value of that foreign currency on the purchase date). Adjustments are made to reflect OID and other items as described above.
- If you collect foreign currency upon the maturity of the debt security, or if you sell the debt security for foreign currency, your gain or loss will be based on the U.S. dollar value of the foreign currency you receive. For a publicly traded foreign currency debt security, this value is determined for cash basis taxpayers on the settlement date for the sale of the debt security, and for accrual basis taxpayers on the trade date for the sale (although such taxpayers can also elect the settlement date). You will then have a tax basis in the foreign currency equal to the value reported on the sale.
- Any gain or loss on the sale or retirement of a debt security will be ordinary income or loss to the extent it arises from currency fluctuations between your purchase date and sale date. Any gain or loss on the sale of foreign currency will also be ordinary income or loss and will generally be income from sources within the U.S. for U.S. foreign tax credit limitation purposes.

**Other Categories of Debt Securities:** Additional rules may apply to certain other categories of debt securities. The prospectus supplement for these debt securities may describe these rules. If

In addition, you should consult your tax advisor in these situations. These categories of debt securities include:

- debt securities that are issued in bearer form;
- debt securities with contingent payments;
- indexed debt securities with an index tied to currencies;
- exchangeable debt securities;
- debt securities that you can put to the issuer before their maturity;
- debt securities that are callable by the issuer before their maturity, other than typical calls at a premium; and
- debt securities that are extendable at the option of the issuer or the holder.

#### *Information Reporting and Backup Withholding*

- In general, payments within the United States of principal, premium, if any, and interest (generally including additional amounts if required to be paid) on a debt security and the proceeds of a sale or other disposition of a debt security may be subject to U.S. information reporting and backup withholding at a rate of 31% unless the recipient of such payment supplies an accurate taxpayer identification number, as well as certain other information, or otherwise establishes an exemption in the manner prescribed by law.
- Any amount withheld under backup withholding is not an additional tax and is generally allowable as a credit against the U.S. Holder's U.S. Federal income tax liability upon furnishing the required information to the IRS.
- All U.S. Holders that are individuals are subject to these requirements. Some U.S. Holders, including all corporations, tax-exempt organizations and individual retirement accounts, are exempt from these requirements.

#### *Tax Consequences to Non-U.S. Holders*

This section applies to you if you are a "Non-U.S. Holder". A "Non-U.S. Holder" is:

- an individual that is a nonresident alien for U.S. Federal income tax purposes;
- a corporation for U.S. Federal income tax purposes organized or created under non-U.S. law; or
- an estate or trust that is not taxable in the U.S. on its worldwide income.

#### *Withholding Taxes*

Except as otherwise described below, payments of principal and interest to Non-U.S. Holders, including OID, on the debt securities and any gain realized by a Non-U.S. Holder in connection with the sale, redemption, retirement or other disposition of a debt security will not be subject to U.S. Federal withholding tax.

#### *Sale or Retirement of Debt Securities*

If you sell a debt security or it is redeemed, you will not be subject to U.S. Federal income tax on any gain unless one of the following applies:

- The gain is effectively connected with a trade or business that you conduct in the U.S.

- You are an individual, you are present in the U.S. for at least 183 days during the year in which you dispose of the debt security, and certain other conditions are satisfied.
- You are subject to tax pursuant to provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to U.S. expatriates.

#### *U.S. Trade or Business*

If you hold your debt security in connection with a trade or business that you are conducting in the U.S.:

- Any interest on the debt security, and any gain from disposing of the debt security, generally will be subject to income tax as if you were a U.S. Holder.
- If you are a corporation, you may be subject to the "branch profits tax" on your earnings that are connected with your U.S. trade or business, including earnings from the debt security. This tax is 30%, but may be reduced or eliminated by an applicable income tax treaty.

#### *Estate Taxes*

If you are an individual who at the time of death is a non-resident alien, your debt securities will not be subject to U.S. estate tax when you die. However, this rule applies only if, at your death, payments on the debt securities were not connected to a trade or business that you were conducting in the U.S.

#### *Information Reporting and Backup Withholding*

U.S. rules concerning information reporting and backup withholding are described above. These rules apply to Non-U.S. Holders as follows:

- U.S. information reporting requirements and backup withholding may apply to Non-U.S. Holders that are not "exempt recipients" and that fail to provide certain information as may be required by United States law and applicable regulations.
- The payment of principal, premium, if any, and interest (including any additional amounts if required to be paid) and the proceeds of the disposition by a Non-U.S. Holder of the debt securities to or through a foreign office of a broker will generally not be subject to information reporting and backup withholding, unless such broker has certain U.S. relationships and the Non-U.S. Holder fails to comply with applicable certification and identification requirements. Any amount withheld under backup withholding is not an additional tax and is generally allowable as a credit against the Non-U.S. Holder's United States Federal income tax liability, if any, upon furnishing the required information to the IRS.

Both U.S. Holders and Non-U.S. Holders should consult their own tax advisor about the specific methods for satisfying United States information reporting and backup withholding requirements, especially in light of changes to these rules which will become effective on January 1, 2001. In addition, a claim for exemption will not be valid if the person receiving the applicable form has actual knowledge that the statements on the form are false.

The above discussion is not intended to constitute a complete analysis of all tax consequences relating to your acquisition, ownership, sale and redemption of debt securities. Accordingly, prospective purchasers are urged to consult their own tax advisors, including their legal and tax advisors in the countries of their citizenship, residence and domicile, to determine the United States Federal, state, local and foreign tax consequences relating to the acquisition, ownership, sale and redemption of debt securities in light of their particular situations.

## PLAN OF DISTRIBUTION

We may sell any of the debt securities in and outside the United States in any one or more of the following ways from time to time: (i) through agents, (ii) to or through underwriters, (iii) through dealers and (iv) directly by us to purchasers. The prospectus supplement relating to any offering will include the following information:

- the terms of the offering of debt securities;
- the names of any underwriters, agents or dealers;
- the purchase price of the securities from us;
- the net proceeds to us from the sale of the securities;
- any delayed delivery arrangements;
- any underwriting discounts and other items constituting underwriters' compensation; and
- any initial public offering price.

Subject to any restrictions relating to debt securities in bearer form, debt securities initially sold outside the United States may be resold in the United States through underwriters, dealers or otherwise.

The distribution of the debt securities may be effected at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

### **Sale Through Underwriters or Dealers**

If debt securities are sold by means of an underwritten offering, we will execute an underwriting agreement with an underwriter or underwriters at the time an agreement for such sale is reached. Such underwriters will acquire the debt securities for their own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless we inform you otherwise in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all the offered securities if they purchase any of them. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers.

During and after an offering through underwriters, the underwriters may purchase and sell the debt securities in the open market. These transactions may include over allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if such offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, these activities may be discontinued at any time.

If we use dealers in the sale of the debt securities, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. Any such dealer may be deemed to be an underwriter within the

meaning of the Securities Act of 1933 with respect to any sale of those debt securities. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

### **Direct Sales and Sales Through Agents**

We may sell the debt securities directly. In this case, no underwriters or agents would be involved. We may also sell the debt securities through agents we designate from time to time. Any such agent may be deemed to be an underwriter within the meaning of the Securities Act of 1933 with respect to any sale of those debt securities. In the prospectus supplement, we will name any agent involved in the offer or sale of the offered securities, and we will describe any commissions payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act of 1933 with respect to any sale of those securities. We will describe the terms of any such sales in the prospectus supplement.

### **Delayed Delivery Contracts**

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase debt securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

### **General Information**

We may have agreements with the agents, dealers and underwriters to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make.

Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for, us and our affiliates in the ordinary course of business.

Since AXA is affiliated with one or more members of the National Association of Securities Dealers, Inc., also referred to in this prospectus as the NASD, which members may participate in the distribution of the debt securities, any offering of debt securities in which such a NASD member intends to participate will be made pursuant to and in compliance with the provisions of Rule 2720 of the Conduct Rules of the NASD. Under Rule 2720, no NASD member participating in a distribution of debt securities will be permitted to confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of the customer. The maximum commission to be received by any underwriter or dealer in connection with the distribution of any debt securities hereunder shall not exceed 8%.

The securities may or may not be listed on a U.S. securities exchange or a foreign securities exchange. The securities may not have an established trading market. No assurances can be given that there will be a market for any of the securities.

The place and time of delivery for the debt securities in respect of which this prospectus is delivered will be set forth in the prospectus supplement.

## **LEGAL MATTERS**

Certain matters as to United States law will be passed upon for us by our United States counsel, Cravath, Swaine & Moore, One Ropemaker Street, London EC2Y 9HR, England. Certain matters as to French law will be passed upon for us by our French counsel, Linklaters, 25, rue de Marignan, 75008 Paris, France. The underwriters, if any, named in a prospectus supplement will be represented by Davis Polk & Wardwell, special United States counsel, 99 Gresham Street, London EC2V 7NG, England and Freshfields Bruckhaus Deringer, special French counsel, 69 Boulevard Haussmann, 75008 Paris, France.

## **EXPERTS**

The consolidated financial statements of AXA and its subsidiaries incorporated in this prospectus by reference to the 1999 AXA Form 20-F have been so incorporated in reliance on the report of Befec-Price Waterhouse, member of PricewaterhouseCoopers, independent accountants, given upon the authority of said firm as experts in accounting and auditing.

The parent company condensed financial statements of AXA incorporated by reference in this prospectus by reference to the 1999 AXA Form 20-F have been so incorporated in reliance on the report of Befec-Price Waterhouse, member of PricewaterhouseCoopers, independent accountants, given upon the authority of said firm as experts in accounting and auditing.

meaning of the Securities Act of 1933 with respect to any sale of those debt securities. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

### **Direct Sales and Sales Through Agents**

We may sell the debt securities directly. In this case, no underwriters or agents would be involved. We may also sell the debt securities through agents we designate from time to time. Any such agent may be deemed to be an underwriter within the meaning of the Securities Act of 1933 with respect to any sale of those debt securities. In the prospectus supplement, we will name any agent involved in the offer or sale of the offered securities, and we will describe any commissions payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the debt securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act of 1933 with respect to any sale of those securities. We will describe the terms of any such sales in the prospectus supplement.

### **Delayed Delivery Contracts**

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase debt securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

### **General Information**

We may have agreements with the agents, dealers and underwriters to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make.

Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for, us and our affiliates in the ordinary course of business.

Since AXA is affiliated with one or more members of the National Association of Securities Dealers, Inc., also referred to in this prospectus as the NASD, which members may participate in the distribution of the debt securities, any offering of debt securities in which such an NASD member intends to participate will be made pursuant to and in compliance with the provisions of Rule 2720 of the Conduct Rules of the NASD. Under Rule 2720, no NASD member participating in a distribution of debt securities will be permitted to confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of the customer. The maximum commission to be received by any underwriter or dealer in connection with the distribution of any debt securities hereunder shall not exceed 8%.

The securities may or may not be listed on a U.S. securities exchange or a foreign securities exchange. The securities may not have an established trading market. No assurances can be given that there will be a market for any of the securities.

The place and time of delivery for the debt securities in respect of which this prospectus is delivered will be set forth in the prospectus supplement.

**Issuer**

AXA  
25, Avenue Matignon  
F-75008 Paris

**Joint Book-runners**

BNP Paribas  
16, Boulevard des Italiens  
F-75009 Paris

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

Lehman Brothers International  
(Europe)  
One Broadgate  
London EC2M 7HA

**Trustee**

The Bank of New York  
101 Barclay Street  
New York, NY 10286

**Agents**

*Principal Paying Agent*  
The Bank of New York  
101 Barclay Street  
New York, NY 10286

*Listing Agent and  
Luxembourg Paying Agent*  
BNP Paribas Luxembourg  
10A Boulevard Royal  
2093 Luxembourg

*Further Paying Agent*  
The Bank of New York  
One Canada Square  
London E14 5AL

**Legal Advisers**

*To the Issuer*

Cravath, Swaine & Moore  
One Ropemaker Street  
London EC2Y 9HR

Linklaters  
25, rue de Marignan  
F-75008 Paris

*To the Underwriters*

Davis Polk & Wardwell  
99 Gresham Street  
London EC2V 7NG

Freshfields Bruckhaus Deringer  
69, Boulevard Haussmann  
F-75008 Paris

**Auditors of the Issuer**

Befec-Price Waterhouse  
34 Place des Corolles  
F-92908 Paris



No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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**AXA**

**\$900,000,000 8.60% Subordinated Notes due December 15, 2030**

**£325,000,000 7.125% Subordinated Notes due December 15, 2020**

**€650,000,000 6.75% Subordinated Notes due December 15, 2020**



**BNP PARIBAS**

**Goldman, Sachs & Co.**

**Lehman Brothers**