Annual Report

1997

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

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

or

☒ ***ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D)***
OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 1997

or

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

Commission File number: 1-14410

AXA-UAP

(Exact name of Registrant as specified in its charter)

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

9, Place Vendôme - 75001 Paris - France
(Address of registrant's principal executive offices)

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

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

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

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

The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31 1997 was: 331,357,282 Ordinary Shares of FF60 nominal value, including 6,674,190 American Depositary Shares (as evidenced by American Depositary Receipts), each representing one-half of one Ordinary Share.

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

Yes ☒ *No* ☐

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

Item 17 ☒ *Item 18* ☐

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Part 1

Item 1 : Description of business [1]

Overview

The Company is the holding company for AXA, an international group of insurance and related financial services companies. AXA's insurance operations include activities in life insurance, property and casualty insurance and reinsurance. The insurance operations are diverse geographically, with activities principally in Western Europe, North America and the Asia/Pacific region and to a lesser extent, in Africa and South America. AXA is the second largest insurance group in the world based on worldwide revenue in 1996 and the largest French insurance group based on worldwide gross premiums in 1996, in both cases after combining the operations of Compagnie UAP ("UAP") which AXA acquired in January 1997 with AXA's existing operations and after consideration of other industry mergers announced in 1997. AXA is the second largest asset manager in the world based on assets under management at December 31, 1996 and based on the combined operations of AXA and UAP. In addition to insurance and asset management, AXA is engaged in investment banking, securities trading, brokerage, real estate and other financial services activities principally in the United States, as well as in Western Europe and the Asia/Pacific region.

[1] As used herein the "Company" refers to AXA-UAP, a French société anonyme (a form of limited liability company), "AXA" refers to the Company and its consolidated subsidiaries, the "Mutuelles AXA" refers to four French mutual insurance companies that, acting as a group, controlled 24.6% of the Company's issued Shares representing 34.8% of the voting rights as of December 31, 1997, the "AXA Group" refers to the Mutuelles AXA, certain intermediate holding companies (such as FINAXA) and AXA, "Shares" refers to the Company's ordinary shares of FF 60 each, "ADS" refers to the Company's American Depository Shares each of which represents the right to receive one-half of a Share, and "ADR" means the Company's American Depository Receipts each of which represents one ADS. A glossary of certain insurance and related terms used in this report is included herein immediately following Item 18 (Financial Statements).

Item 1

AXA Group Simplified Organisation Chart as at December 31, 1997

- Consolidated companies

Insurance

North and South America

U.S.A.
- EQUITABLE LIFE ASSURANCE — 58 % — 100 %

CANADA
- AXA ASSURANCES — 100 % — 100 %
- AXA INSURANCE — 100 % — 100 %

Africa

MOROCCO
- AL AMANE ASSURANCES — 61 % — 61 %

Europe

GERMANY
- AXA COLONIA — 69 % — 100 %
- NORDSTERN — 69 % — 100 %
- AXA TELLIT DIREKT — 84 % — 100 %

AUSTRIA
- NORDSTERN COLONIA — 69 % — 100 %

BELGIUM
- AXA BELGIUM — 100 % — 100 %
- ROYALE BELGE — 48 % — 58 %

SPAIN
- AURORA POLAR — 69 % — 100 %
- AXA SEGUROS — 69 % — 100 %
- DIRECT SEGUROS — 50 % — 100 %

FRANCE
- AXA ASSURANCES — 100 % — 100 %
- AXA COURTAGE — 100 % — 100 %
- ALPHA ASSURANCES — 100 % — 100 %
- AXA CONSEIL — 100 % — 100 %
- DIRECT ASSURANCE — 100 % — 100 %
- UAP VIE — 100 % — 100 %
- UAP COLLECTIVES — 100 % — 100 %
- AXIVA — 100 % — 100 %
- THEMA VIE — 100 % — 100 %
- NSM VIE — 40 % — 40 %

ITALY
- AXA ASSICURAZIONI — 100 % — 100 %
- UAP ITALIANA — 100 % — 100 %
- ALLSECURES — 100 % — 100 %

LUXEMBOURG
- AXA ASSURANCES — 100 % — 100 %
- ROYALE UAP — 48 % — 100 %
- PANEUROLIFE — 68 % — 90 %

THE NETHERLANDS
- AXA LEVEN — 72 % — 100 %
- UAP NIEUW ROTTERDAM — 67 % — 100 %

PORTUGAL
- AXA SEGUROS — 43 % — 43 %

UNITED KINGDOM
- SUN LIFE — 72 % — 100 %
- AXA PROVINCIAL — 72 % — 100 %
- AXA EQUITY & LAW LIFE — 72 % — 100 %

SWITZERLAND
- AXA ASSURANCES — 100 % — 100 %

Asia/Pacific

AUSTRALIA NEW ZEALAND
- NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA — 48 % — 100 %
- NATIONAL MUTUAL HEALTH INSURANCE — 48 % — 100 %
- AUSTRALIAN CASUALTY & LIFE — 48 % — 100 %

CHINA
- AXA (a)

KOREA
- DONGBU AXA — 50 % — 50 %

HONG KONG
- AXA INSURANCE — 100 % — 100 %
- NATIONAL MUTUAL ASIA — 33 % — 74 %

JAPAN
- AXA LIFE — 100 % — 100 %

SINGAPORE
- AXA INSURANCE — 100 % — 100 %
- AXA LIFE — 100 % — 100 %

Asset Management and Financial Services

Global risks

AXA GLOBAL RISKS
98 % **100 %**

AXA GLOBAL RISKS UK
99 % **100 %**

AXA GLOBAL RISKS USA
83 % **100 %**

Assistance services

AXA ASSISTANCE
100 % **100 %**

GESA
100 % **100 %**

Reinsurance

BELGIUM

ROYALE BELGE RE
48 % **100 %**

U.S.A.

AXA REINSURANCE
100 % **100 %**

AXA RE LIFE
100 % **100 %**

AXA SPACE
80 % **80 %**

FRANCE

AXA REASSURANCE
100 % **100 %**

AXA RE FINANCE
79 % **79 %**

SPS RE
100 % **100 %**

MONACO

CGRM
100 % **100 %**

UNITED KINGDOM

AXA REINSURANCE
100 % **100 %**

SINGAPORE

AXA REINSURANCE ASIA
100 % **100 %**

Asset Management and Financial Services

GERMANY

COLONIA BAUSPARKASSE
69 % **100 %**

AUSTRALIA

NATIONAL MUTUAL FUNDS MANAGEMENT
48 % **100 %**

BELGIUM

BANQUE IPPA
48 % **100 %**

U.S.A.

ALLIANCE CAPITAL MANAGEMENT
33 % **58 %**

DONALDSON LUFKIN & JENRETTE
41 % **72 %**

FRANCE

AXA INVESTMENT MANAGERS
100 % **100 %**

COMPAGNIE FINANCIÈRE DE PARIS
97 % **100 %**

AXA BANQUE
99 % **100 %**

AXA IMMOBILIER
100 % **100 %**

UNITED KINGDOM

AXA SUN LIFE ASSET MANAGEMENT
80 % **100 %**

The percentage on the left represents the economic interest and the percentage on the right represents the percentage of control.
(a) License application under examination by the Chinese authorities.

Item 1

History

The AXA Group 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, the AXA Group 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 the AXA Group were reorganized and, as a part of this reorganization, Les Mutuelles Unies and the other mutual companies associated with the Company became the Mutuelles AXA. The Mutuelles AXA, as a group, controlled, directly and indirectly, 24.6% of the issued Shares representing approximately 34.8% of the voting power at December 31, 1997. See Item 4 of this Report, "Control of the Registrant".

Following the reorganization of its French insurance operations described above, AXA began a series of acquisitions and investments to expand and diversify geographically its operations. In 1992, AXA acquired a controlling equity interest in The Equitable Companies Incorporated (the "Equitable Holding Company") upon the demutualization of its subsidiary The Equitable Life Assurance Society of the United States ("Equitable Life") and, in 1995, AXA acquired a controlling equity interest in National Mutual Holdings upon the demutualization of its subsidiary National Mutual Life Association of Australasia ("National Mutual Life"). In addition to these major acquisitions, AXA also made a number of smaller acquisitions and investments in Western Europe, North America, and the Asia/Pacific region between 1991 and 1996. See "Significant Acquisitions and Investments".

In 1997, AXA acquired UAP, a French holding company for a group of insurance and financial services companies in a public exchange offer. UAP was the largest French insurance group based on consolidated revenues for the year ended December 31, 1995. This acquisition has largely increased the size of AXA most notably in Western Europe. See "Significant 1997 Events".

Significant 1997 Events

AXA's most significant event in 1997 was the acquisition and initial integration of UAP. AXA acquired 91.37% of the outstanding shares of UAP in a public exchange offer in January 1997. Under the terms of the offer, AXA exchanged two of its shares and two certificates of guaranteed value ("Certificates") for each five UAP shares. In May 1997, UAP was merged into the Company (with the Company surviving) and, under the terms of the merger agreement, AXA acquired the remaining 8.63% of the outstanding shares of UAP by issuing two shares for each five UAP shares. In total, AXA exchanged 135.5 million shares (of which 122.7 million shares were newly issued) and 123.9 million Certificates for 100% of the outstanding UAP shares.

Holders of the Certificates will receive, for each Certificate held as of July 1, 1999, an amount in French Francs (not to exceed FF 80 per Certificate) equal to the difference, if positive, between FF 392.50 and the reference price for one share. The reference price will be equal to the average of the opening stock market prices for shares on the Paris Stock Exchange for the 30 trading days immediately preceding July 1, 1999 during which shares have been quoted on such Exchange. (See Notes 2-2.2, 2-4.2, 14-2 and 24-2 of Notes to the Consolidated Financial Statements and Item 9 Management's Discussion and Analysis of Financial Condition and Results of Operations– Liquidity and Capital Resources).

The UAP acquisition has significantly increased the size of AXA's existing operations particularly in France and the UK where the new insurance operations more than doubled the size of previous operations as measured based on actuarial reserves; in Germany where AXA has become the fifth largest insurer in the German market; and in Belgium where AXA's combined insurance operations are the largest in Belgium, as measured based on 1996 gross premiums. In addition, as part of the UAP acquisition, AXA acquired several other insurance and financial services companies in Western Europe and, to a lesser extent, in Asia/Pacific region, increasing its market share in a number of countries. Consequently, AXA began a series of restructurings designed to strengthen the Company, to take advantage of substantial synergies and to achieve efficiencies in countries where duplicate operations existed.

United Kingdom

In July, AXA's UK operations were restructured:

- Sun Life & Provincial Holdings Plc ("SLPH"), a former UAP subsidiary, acquired AXA Equity & Law Life Assurance Society and AXA Equity & Law Investment Managers in exchange for newly issued SLPH and Sun Life Asset Management shares with a fair value of FF 6,838 million.
- SLPH acquired AXA Insurance Ltd. in exchange for newly issued SLPH shares with a fair value

of FF 694 million in order to merge AXA Insurance Ltd. into SLPH's property and casualty insurance subsidiary, AXA Provincial Insurance plc (formerly UAP Provincial Insurance plc).

AXA, through SLPH, became the third largest life insurer in the UK market based on 1996 annualized new business premiums.

Upon completion of these transactions, AXA's interest in SLPH increased from 60.2% to 72.4%, which was later reduced in December 1997 when AXA sold 6.0 million shares of SLPH. AXA has agreed to reduce its interest in SLPH to no greater than 65% by July 2000. At December 31, 1997, AXA held a 71.6% interest in SLPH.

The restructuring has also enabled AXA to reorganize its insurance activities in the UK. Sales teams were integrated during the last quarter of 1997 and the insurance products of each company are currently being examined in order to develop a unified product line. Further, the life insurance operations were consolidated in one principal location to enhance communication and reduce overhead costs.

France

AXA began a major restructuring initiative of its French property and casualty business, the aim of which is to:

- restructure the French property and casualty businesses by distribution channels: general agents, brokers, specialized networks and direct-selling insurance;
- merge companies operating in the same line of business thereby eliminating duplicate operations.

Legal and operational restructurings in 1997 resulted in significant portfolio transfers from UAP-Incendie-Accidents to AXA Assurances IARD, AXA Courtage IARD, AXA Conseil IARD (formerly Théma IARD) and AXA Global Risks. In addition, two companies, L'Avenir and Défense Civile, which both operate in the legal assistance market were merged and renamed Juridica.

In early 1998, a similar restructuring by distribution channel began for the French life insurance companies.

AXA also plans to implement a holding company structure to manage its French insurance operations. This holding company will be responsible for the definition and implementation of general policies for the French Property and Casualty Insurance Group and the French Life Insurance Group.

Germany

AXA's direct-selling insurance operations in Germany have been restructured by combining AXA Direkt Versicherung, an existing subsidiary of AXA, with Tellit Direkt Versicherung, a subsidiary of AXA Colonia Konzern AG ("AXA Colonia").

Italy

AXA announced its intention to combine all its Italian operations under AXA Assicurazioni. The reorganization process is currently underway, and *the new structure is expected to be operational by the end of 1998.*

Spain

AXA, in agreement with its joint venture partner, Banco Bilbao Vizcaya SA, a Spanish bank ("BBV"), announced its intention to combine under AXA Aurora all the activities developed by the venture on the Iberian peninsula. Accordingly, in 1998 AXA transfered its interest in UAP Iberica to AXA Aurora, increasing AXA ownership in that company to 70%.

AXA and BBV however each maintain a 50% interest in Direct Seguros, the direct selling insurance operation in Spain which was established in 1997.

China

AXA continued to pursue its international expansion concurrent with its restructuring programs. In June 1997, AXA was authorized to apply for a license to establish a joint venture in the Chinese life insurance market in the province of Shanghai. AXA, with the assistance of the People's Bank of China, is now in the process of finalizing registration procedures for its joint venture. AXA expects to begin operations in 1998. National Mutual will provide management support and technical assistance to this joint venture.

The following divestitures occured during 1997:

France

SIMCO, a real estate company owned 33% by AXA, purchased a 65% interest in CIPM, also a real estate company (of which 61% was held by AXA and 4% by the Mutuelles AXA) for FF 3.9 million. SIMCO also purchased the publicly held CIPM shares through a public offer of exchange. These two transactions were followed by the merger of CIPM with and into SIMCO in December 1997. As a result of these transactions AXA's equity interest in SIMCO was increased to 45%.

In July 1997, AXA sold its entire ownership in FINEXTEL and FINEXIMMO for total consideration of FF 905 million.

Excluding the above mentioned real estate transactions, AXA's proceeds from disposition of real estate assets during 1997 totaled FF 3,800 million.

United States

In the United States, Equitable Real Estate, a subsidiary of Equitable which specialized in the management of real estate assets, was sold for consideration of US $ 400 million.

Ireland

In Ireland, SLPH sold its property and casualty and life insurance activities.

Belgium

In Belgium AXA, through its subsidiary Royale Belge, participated in a public exchange offer made by ING for its shares of Banque Bruxelles Lambert ("BBL").

Acquisitions and Investments

In addition to the UAP acquisition (See Significant 1997 Events) and in furtherance of its growth and geographic diversification strategy, AXA since 1991 has made a number of acquisitions, entered into joint ventures and made direct investments in the three major world insurance markets, including the following:

Amount Invested

(French francs in billions)	1997	1996	1995	1994	1993	1992	1991
UAP (1)	36.9						
Equitable	0.2				2.1		5.9
National Mutual			4.1				
Other Asia-Pacific	0.4		1.0	0.2		0.2	
AXA Aurora						0.6	
Victoire Belgium				1.0			
Direct Selling Insurance	0.3	0.4	0.2	0.1	0.1		
Boréal				0.6			
AXA Réassurance				0.6	1.0	0.1	
Abeille Réassurances			2.5				
TOTAL	**37.8**	**0.4**	**7.8**	**2.5**	**3.2**	**0.9**	**5.9**

(1) The acquisition of UAP was accomplished through a stock exchange (See "Significant 1997 Events") and thus required no cash disbursement.

Significant Acquisitions and Investments

Following is a description of the more significant investments AXA has made in recent years. Management continues to consider opportunities to increase the size or geographic diversity of each of AXA's operating business segments. Management would consider acquiring or making a strategic investment in a company engaged in insurance or closely related financial services activities if management believes that such acquisition of stragegic investment would improve AXA's profitability.

Equitable. In 1991, AXA invested $1.0 billion (FF 5,870 million) in Equitable Life, then a mutual life insurance company, in anticipation of Equitable Life's demutualization. In 1992, pursuant to a plan of demutualization through which Equitable Life became a stock life insurance company and a wholly owned subsidiary of the Equitable Holding

Company, AXA exchanged its $1.0 billion investment (plus accrued interest) for 49% of the Equitable Holding Company's common stock, $250 million stated value of its convertible preferred stock and $299 million stated value of its redeemable preferred stock.

In April 1993, AXA invested an additional $382 million (FF 2,252 million) to acquire 49% of a new issue of the Equitable Holding Company's convertible preferred stock. In late 1994, AXA increased its interest in the Equitable Holding Company's outstanding common stock by exchanging the convertible and redeemable preferred stock acquired at the time of demutualization for additional shares of common stock.

In 1997, AXA received approximately 15.9 million shares of Equitable Holding Company's newly issued common stock in exchange for its ownership of Equitable Holding Company's series E preferred stock. Equitable Holding Company also issued 1.6 million shares of common stock due to the conversion of 8,040 shares of series D preferred stock. AXA purchased 960,000 shares of this issue for approximately FF 197 million.

As of December 31, 1997, AXA had an ownership interest of 57.5% of the common stock of the Equitable Holding Company. For additional information about Equitable, please see its Annual Report on Form 10-K for the year ended December 31, 1997.

National Mutual. In September 1995, AXA invested A$1.08 billion (FF 4,055 million) for a controlling equity interest in National Mutual Holdings ("NMH"), which acquired National Mutual Life and its subsidiaries in connection with National Mutual Life's demutualization. Upon the listing of NMH on the Australian and New Zealand stock exchanges, which took place on October 8, 1996, the percentage of AXA's voting rights in NMH rose from 40% to 51%.

Compagnie UAP. In 1997, the Company acquired UAP. See "Significant 1997 Events".

Other Acquisitions and Investments

Western Europe

AXA Aurora. In 1993, AXA and BBV formed AXA Aurora by combining AXA's interest in its Spanish insurance subsidiary, AXA Seguros, with BBV's interest in its insurance subsidiaries, Aurora Polar and Aurora Vida. In 1997, AXA contributed its interests in UAP Iberica to AXA Aurora increasing AXA's percentage ownership in the venture to 70%.

In February 1996, AXA invested FF 550 million in BBV, acquiring a 1.3% interest in BBV, and the Mutuelles AXA invested an additional FF 150 million to acquire a 0.3% interest in BBV. BBV, in turn, acquired Finaxa's shares for FF 700 million.

AXA Réassurance. In 1994 and 1993, AXA Réassurance strengthened its financial structure, underwriting capacities and solvency ratio through capital increases of FF 580 million and FF 1.0 billion, respectively fully subscribed by the Company and two of its French subsidiaries.

Victoire Belgium. *In September 1994, AXA acquired Victoire Belgium, a Belgian property and casualty insurance and life insurance company, for FF 1,030 million. The acquisition was made by AXA Belgium, a Belgian subsidiary of AXA.*

Abeille Ré. *In August 1995, AXA acquired Abeille Ré, a Paris based reinsurance company, from Compagnie de Suez for FF 2,516 million, of which FF 416 million was paid in cash and the balance in FF 2,100 million aggregate principal amount of the Company's mandatorily convertible Bonds. In 1996, subsidiaries of AXA repurchased FF 840 million of the mandatorily convertible bonds.*

Direct Selling operations. *AXA commenced direct sales of automobile insurance in France in 1992, in Germany in 1995, and in Spain in 1997. Since inception, AXA has invested approximately FF 690 million in direct sales insurance activities in France, FF 425 in Germany and FF 30 million in Spain. AXA has also announced its intention to begin a direct marketing operation in Japan.*

North America

AXA Space. *In January 1992, AXA Réassurance acquired AXA Space (formerly Intec), a US company specialized in underwriting and managing space and satellite reinsurance pools.*

Boréal Assurance. *In December 1994, AXA completed the acquisition of Boréal Assurances Inc., a Montreal based property and casualty insurer ("Boréal"), for FF 630 million.*

Asia/Pacific Area

Sime Darby. *In 1992, AXA and Sime Darby, a Malaysian corporation, entered into a joint venture agreement for the management of Sime Darby's insurance activities in Southeast Asia. Pursuant to that Agreement, AXA acquired for FF 219 million (i) a 50% interest in AXA Sime Investment Holding ("AXA Sime"), which controls insurance companies operating in Singapore and Hong Kong, and (ii) a 30% interest in Sime AXA Berhad ("Sime AXA"), which controls an insurance company operating in Malaysia. In March 1997, AXA acquired the remaining 50% interest in AXA Sime for FF 229 million.*

AXA Life (Singapore). *In early 1995, the Company acquired AXA Life Singapore (formerly Wing On Life Assurance Company) for FF 468 million. AXA Life Singapore is registered in Hong Kong and operates principally in Singapore.*

Dongbu AXA. *In early 1995, AXA entered into a joint venture agreement with the Korean conglomerate Dongbu, pursuant to which AXA paid FF 142 million for a 50% interest in a company engaged in the life insurance business in South Korea.*

AXA Life (Japan). *In 1995, AXA commenced life insurance operations in Japan where it has invested a total of FF 745 million as of December 31, 1997.*

Segment information

AXA has four operating business segments, the Life Insurance Segment, the Property and Casualty Insurance Segment, the Reinsurance Segment, and the Financial Services Segment, and a Holding Company Segment, which consists of non-operating holding companies, including the Company. For additional information on the Company's business segments, see Items 8 and 9 of this Annual Report and Note 21 of the Notes to Consolidated Financial Statements included in Item 17 of this Annual Report.

The acquisition of UAP has significantly impacted each operating business segment and the Holding Company Segment. To facilitate comparisons of 1997 with the prior year, certain amounts, most notably gross premiums, are presented on a pro forma basis for the year ended December 31, 1996 as if AXA and UAP were combined for the full year 1996. Also, the descriptions and discussions have been expanded to include new subsegment groups in order to assist in understanding the new businesses and activities arising from the UAP acquisition. In all cases, prior years' information has been reclassified as necessary. In addition, the results of certain business segments for the year ended December 31, 1995 are also presented on both an actual and a pro forma basis. The pro forma results for 1995 are provided solely to assist in the comparison with the year ended December 31, 1996.

For reporting and analysis, AXA's direct-selling business and assistance business were combined with the AXA Global Risks Group in 1997 to form a new reporting group named "Transnational Property and Casualty Insurance Group". Previously, such businesses were included in the French Property and Casualty Insurance Group. The legal entities have not been merged, but for the reporting purposes the operating results have been combined in this new subsegment to present AXA's cross-border insurance activity. Prior years' amounts have been restated for consistency.

In the Asia/Pacific Life Insurance Group, the 1995 pro forma information gives effect to AXA's acquisition of National Mutual as if such acquisition and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's 1995 fiscal year, October 1, 1994.

In the Property and Casualty Insurance Segment and the Life Insurance Segment, the following restructurings which occurred in 1996, have been restated for 1995. Bodily injury business previously reflected in French Property and Casualty Insurance Group was transferred to the French Life Insurance Group and certain property and casualty business previously reflected in the French Property and Casualty Insurance Group and Other (previously Non-French) Property and Casualty Insurance Group were transferred into AXA Global Risks which is a part of the Transnational Property and Casualty Insurance Group.

As part of the 1996 restructuring, AXA also acquired bodily injury and certain property and casualty business from the Mutuelles AXA. The 1995 pro forma gives effect to such acquisitions as if they had occurred on January 1, 1995.

Life Insurance

AXA's Life Insurance Segment offers a range of life insurance products primarily in France, the United States, the United Kingdom, Australia, and Germany, 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 products for individuals and groups with an emphasis on investment linked and other savings oriented products.

In 1997, the Life Insurance Segment accounted for 66.9% of AXA's gross premiums and 60.9% of its consolidated operating revenues and contributed FF 3,928 million to its consolidated net income. At December 31, 1997, the Life Insurance Segment had net actuarial reserves of FF 1,470,206 million.

The following table sets forth AXA's life insurance gross premiums for each of its major geographic markets for the periods indicated.

Life Insurance Segment Gross Premiums by Market

(in FF millions except percentages) Years ended December 31,	1997		1996[(1)] pro forma	1996	1995[(2)] pro forma	1995
France	31.4%	64,539	61,274	20,743	18,796	17,805
United States	25.1%	51,629	37,966	37,966	34,480	34,480
United Kingdom	14.8%	30,509	24,782	9,384	7,134	7,134
Asia/Pacific	10.6%	21,856	20,478	20,478	15,911	1,890
Germany	8.3%	17,003	16,439	1,151	1,057	1,057
Other [(3)]	9.8%	20,131	20,049	5,328	4,198	4,198
TOTAL	**100.0%**	**205,667**	**180,988**	**95,050**	**81,576**	**66,564**

[(1)] To assist in the comparison with 1997, the 1996 pro forma gross premiums include amounts for the UAP subsidiaries for the full year ended December 31, 1996.

[(2)] To assist in the comparison with 1996, the 1995 pro forma amounts for France reflect the acquisition of bodily injury business from the Mutuelles AXA by the French Life Insurance Group, as if such acquisition had occurred January 1, 1995. In addition, the 1995 pro forma amounts for Asia/Pacific reflect AXA's acquisition of National Mutual as if such acquisition and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's 1995 fiscal year, October 1, 1994.

[(3)] Includes operations in Western Europe (other than in France, United Kingdom and Germany), Canada and Morocco.

French Life Insurance Group

AXA's life insurance activities in France are conducted through the French Life Insurance Group, which is principally composed of AXA Assurances Vie, Alpha Assurances Vie, Axiva, AXA Courtage Vie, UAP Vie, UAP Collectives and Théma Vie. The French Life Insurance Group offers a variety of individual and group products throughout France and in 1996, based on the combined operations of AXA and UAP, the French Life Insurance Group was the second largest insurer in the French life insurance market measured on the basis of gross premiums.

In 1997, the French Life Insurance Group accounted for 31.4% of the Life Insurance Segment's gross premiums and 31.4% of its total revenues and contributed FF 1,179 million to its income before income tax expense. At December 31, 1997, the French Life Insurance Group had net actuarial reserves of FF 406,506 million.

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

Market. The French life insurance market, measured on the basis of gross premiums in 1995, is the third largest life insurance market in the world and accounted for 6.73% of life insurance gross premiums written worldwide.

The main categories of life insurance products offered in the French market are individual retirement products, individual life products, individual health products and group products. Group products offered in France include both life and retirement products purchased by companies for their employees and life policies issued to financial institutions to cover mortgage and other debt obligations. The life products, in addition to providing traditional death benefits, cover the cost of health care and provide health and disability coverages.

Between 1991 and 1996, the French life insurance market measured by gross premiums grew at a compound annual rate of 15.9%. Management believes a substantial portion of that growth was attributable to the sale through bank distribution channels of individual retirement products. In France, the bank network increased its share of total life insurance gross premiums from 42.0% in 1991 to 59.0% in 1996.

In 1995, the French life insurance market rate of growth slowed. In 1995, the rate of growth as measured by gross premiums was 8.5% but rose to 11.2% in 1996. Management believes this slowdown was attributable to uncertainties with respect to continued favorable tax treatment of life insurance and to more intense competition from other financial products. Management believes the new tax legislation with effect as of January, 1998 may encourage investments in life insurance contracts backed with shares.

Products. The French Life Insurance Group offers individual retirement products, individual life products, individual health products and group products. The individual retirement products offered include individual pension products and individual endowment insurance products. Individual life products include term life and whole life policies and group products include group retirement and group life products. The health insurance products are designed to supplement the health care benefits provided under France's national health care system.

AXA's products are offered both through its general account and in its separate accounts. AXA's strategy is to focus on the assurance à capital variable ("ACAV") separate account products and increase the ACAV's products as a percentage of new business. For the year ended December 31, 1997, the ACAV products represented 17.4% of new business gross premiums compared to 9.2% for the same period in 1996, based on pro forma 1996 gross premiums.

In August 1994, legislation permitting French life insurance companies to write bodily injury coverage was issued. In accordance with this legislation and following the transfer in 1995 to UAP Collectives of *group insurance portfolios from UAP Vie and UAP Incendie-Accidents, UAP Collectives became the first French insurance company to maintain a mixed portfolio of life, disability and health products. In accordance with the same legislation, the Mutuelles AXA and the French Property and Casualty Insurance Group transferred their bodily injury insurance coverage to the French Life Insurance Group in 1996.*

The following table summarizes gross premiums and actuarial reserves for the French Life Insurance Group by product before deduction of reinsurance ceded for the periods and as of the dates indicated.

French Life Insurance Group Products

(in FF millions except percentages) Years ended December 31,	Gross Premiums						Actuarial Reserves
	1997		1996 [1] pro forma	1996	1995 [2] pro forma	1995	As of December 31, 1997
Individual retirement products:							
Individual pension products:							
- General account	45.6%	29,398	31,798	11,089	9,576	9,576	249,302
- ACAV separate accounts [3]	15.2%	9,828	4,290	3,308	2,238	2,238	35,618
- ACAVI separate accounts [4]	0.1%	61	165	162	130	130	2,655
Individual endowment products:							
- General account	3.0%	1,904	2,264	220	122	122	21,517
- ACAV separate accounts [3]	0.1%	69	130	52	27	27	871
- ACAVI separate accounts [4]	0.1%	91	142	44	14	14	2,194
Individual life products	1.7%	1,084	1,021	545	397	331	923
Individual health products	0.9%	575	575	575	708	703	174
Group products:							
Group retirement products:							
- General account	5.2%	3,341	2,802	1,056	1,008	1,008	43,062
- ACAV separate accounts [3]	1.9%	1,246	993	186	46	46	7,392
- ACAVI separate accounts [4]	-	29	-	-	7	7	316
Group Life and health products	26.2%	16,913	17,094	3,506	4,523	3,603	45,604
TOTAL	**100.0%**	**64,539**	**61,274**	**20,743**	**18,796**	**17,805**	**409,628**

(1) To assist in the comparison with 1997, the 1996 pro forma gross premiums include amounts for the UAP subsidiaries for the full year ended December 31, 1996.

(2) To assist in the comparison with 1996, the 1995 pro forma amounts reflect the sale of bodily injury business from the Mutuelles AXA to the French Life Insurance Group, as if such sale has occurred January 1, 1995.

(3) ACAV (assurance à capital variable) contracts are separate account products invested in equity or debt securities (other than securities of real estate companies) or mutual funds.

(4) ACAVI (assurance à capital variable immobilier) contracts are separate account products invested in real estate companies or real estate partnerships. Gross premiums and actuarial reserves for ACAVI related products have decreased in recent years in large part due to the depressed state of the French real estate market.

Distribution. *AXA distributes its life insurance products in France through exclusive general agents, brokers and specialized networks. To a lesser extent, AXA also distributes its products through partnerships with retail organizations and bank networks. The French subsidiaries are organized into groups based on distribution networks used for their products. Each group uses a different distribution network and tailors its products, internal organization and strategy to its principal means of distribution.*

There are three major distribution groups: general agents, brokers and salaried sales forces. AXA has proposed that UAP Vie be legally restructured through portfolio transfers. If the proposal is approved by the insurance commissioner in France, the restructuring would occur in 1998. The objective of the restructuring is to align the legal structure with the economic operational structure such that each distribution group will be comprised of companies entirely dedicated to their distribution network.

AXA Assurances Vie. AXA Assurances Vie has exclusive general agency contracts with approximately 2,850 agents who sell predominantly to individuals. The general agents are financially independent and responsible for their own costs and expenses.

Alpha Assurances Vie. Alpha Assurances Vie's products and services are sold through approximately 425 exclusive agents specialized in life insurance and through other distribution channels.

Axiva and Théma Vie. Axiva and Théma Vie specialize in retirement products which are sold primarily through brokers. They also sell their products directly and have a number of distribution agreements with banks, financial institutions, stock brokers and other distribution channels. In addition to offering individual and group retirement products, Axiva offers its clients various group pension services.

AXA Courtage Vie. AXA Courtage Vie specializes in group life products providing death, disability and accident coverage, which are distributed through insurance brokers, as well as individual life and retirement products.

UAP Collectives. UAP Collectives was created in 1995 through the contribution of group insurance portfolios from UAP Vie and UAP Incendie-Accidents and became the first French insurance company to maintain a mixed portfolio of life, disability and health products. UAP Collectives is specialized in group insurance and offers life, disability and accident insurance. In addition, UAP Collectives offers group retirement contracts for employers.

UAP Vie. UAP Vie, the largest life insurance company in France distributing its products through salaried sales forces, sells its retirement and life products principally to individuals. These products are sold through specialized sales forces of approximately 6,750 people, as well as through brokers and a general agent network of about 1,450 agents. As part of the proposed realigment of the French Life Insurance Group companies by distribution network, the various insurance portfolios of UAP Vie will be distributed and the company will cease operations.

US Life Insurance Group

AXA's life insurance activities in the United States are conducted through Equitable Life and its insurance subsidiaries and are referred to as the US Life Insurance Group. The US Life Insurance Group offers a variety of life insurance and annuity products, mutual funds, and other investment products as well as association plans. Equitable Life has been among the largest life insurance companies in the US for more than 100 years and at December 31, 1997 is the fourth largest insurance company in the US based on total assets.

In 1997, Equitable accounted for 25.1% of the Life Insurance Segment's gross premiums and 23.8% of its total revenues and contributed FF 321 million to its income before income tax expense and minority interests. At December 31, 1997, the US Life Insurance Group had FF 429,427 million of net actuarial reserves.

Equitable Life is a subsidiary of The Equitable Companies Incorporated which is a publicly-traded company subject to the reporting requirements of the Securities Exchange Act of 1934. For additional information about the Equitable Companies Incorporated please see its annual report on Form 10-K for the year ended December 31, 1997.

Market. The US life insurance market, measured on the basis of gross premiums in 1995, is the second largest in the world and accounted for 21.39% of life insurance gross premiums written worldwide.

The US life insurance market, as indicated in demographic studies, will be impacted by significant growth in the number of new retirees anticipated over the next 15 years. In addition, management believes the trend among US employers away from the defined benefit pension plans (under which the employer makes the investment decisions) toward employee-directed, defined contribution retirement and savings plans (which allow employees to choose from a variety of investment options) will continue. The targeted customers of the US Life Insurance Group include middle and upper income individuals (such as professionals and owners of small businesses), employees of tax exempt organizations and existing customers.

Products. The US Life Insurance Group emphasizes the sale of individual variable life insurance products and individual variable annuity products which offer a general account and multiple separate account investment options. In 1997, funds managed by unaffiliated investment managers were added to the investment options through a new mutual fund known as EQ Advisors Trust. The growth of separate account assets is a strategic objective of Equitable. Over the past five years, separate account balances for individual variable life and variable annuities have increased by $ 6.4 billion at December 31, 1992 to $ 24.5 billion at December 31, 1997.

The US Life Insurance Group's Income Manager series of annuity products, introduced in 1995, includes products designed to address the growing market of those at or near retirement who have a need to convert retirement savings into retirement income. These products offer a variety of investment options and provide for both the accumulation and distribution of retirement assets. These products offer the guarantee of a lifetime income similar to traditional immediate annuities, while giving the insured access to cash values during the early years following retirement. Also *in 1996, the Income Manager series added a guaranteed minimum income benefit which, subject to certain restrictions and limitations, provides a guaranteed minimum life annuity which has no impact on the asset' s profit.*

The following table summarizes gross premiums and actuarial reserves for the various products offered by the US Life Insurance Group before deduction of reinsurance ceded for the periods and as of the dates indicated.

US Life Insurance Group Products

(in FF millions except percentages) Years ended december 31,		Gross Premiums 1997	1996	1995	Actuarial Reserves As of December 31, 1997 General account	Separate accounts
Individual retirement:						
Single and flexible premiums	38.2%	19,738	11,601	8,946	53,937	74,059
Recurring premiums	14.6%	7,523	5,908	5,007	28,275	27,541
Individual life:						
Variable and interest-sensitive	18.6%	9,589	7,751	6,656	38,912	42,599
Traditional	9.6%	4,982	4,541	4,348	53,191	-
Individual health	2.2%	1,113	987	1,009	7,270	-
Reinsurance assumed	2.4%	1,252	1,076	1,263	1,353	-
Other products:						
Institutional separate accounts	9.0%	4,657	3,546	4,947	-	63,037
Group pension products(1)	3.8%	1,970	1,862	1,738	26,930	1,090
Other	1.6%	805	694	566	6,623	9,276
TOTAL	**100.0%**	**51,629**	**37,966**	**34,480**	**216,491**	**217,602**

(1) Actuarial reserves for group pension products include reserves of FF 6,283 million primarily for non-participating wind-up annuities which have not been sold since 1991 by the US Life Insurance Group.

Distribution. *The US Life Insurance Group's products are distributed through a career agency force of over 7,300 professionals organized into approximately 75 agencies across the United States which are owned and managed by the US Life Insurance Group and which provide agents with training, marketing and sales support. As of December 31, 1997, nearly all of these agents were licensed to sell variable insurance and annuity products as well as certain investment products, including mutual funds.*

During 1996, the US Life Insurance Group created its own wholesale distribution company, Equitable Distributors, Inc. ("EDI"), to offer the Income Manager series of products to securities firms, other broker-dealers and banks. EDI began marketing its special designed product series in November 1996. By the end of 1997, EDI had 43 field and 80 home office personnel and sales agreements with 150 broker-dealers including two major securities firms and six major banks. In 1997, these distribution channels accounted for 48.4% of all Income Manager sales.

UK Life Insurance Group

The UK Life Insurance Group, through SLPH, offers life and pension products in the United Kingdom through its subsidiaries AXA Equity and Law Life Assurance Society Plc ("AEL"), Sun Life Assurance Society PLC ("Sun Life Assurance"), Sun Life Pensions Management Limited and Sun Life Unit Assurance Limited. In addition, AXA previously offered products through an Isle of Man subsidiary, Sun Life International (IOM) Limited which was sold in early 1997.

AXA's life insurance operations in the UK were restructured in July 1997 following the acquisition of UAP. See "Significant 1997 Events". In order to achieve efficiencies resulting from the elimination of duplicate operations, SLPH acquired AEL and has begun merging the two operations. In addition, a new life insurance company, AXA Sun Life plc ("AXA Sun Life") was registered during 1997. Prospectively, most new business will be written through AXA Sun Life. To assist in the comparison with 1997, gross premiums for 1996 are presented on a pro forma basis which include the amounts for SLPH is life insurance subsidiaries.

In 1997 the UK Life Insurance Group accounted for 14.8% of the Life Insurance Segment's gross premiums and 15.4% of its total revenues and contributed FF 2,773 million to its income before income tax expense and minority interests. At December 31, 1997, the UK Life Insurance Group had FF 313,890 million of net actuarial reserves.

***Market.** The UK life insurance market, measured on the basis of gross premiums in 1995, is the fourth largest in the world and accounted for 5.88% of life insurance gross premiums written worldwide.*

In 1997 individual retirement products represented 45% of annualized new business premiums, individual life products 43% of annualized new business premiums, and group life and retirement products 12% of annualized new business premiums.

Brokers, who are referred to as Independent Financial Advisors ("IFAs"), are the largest channel of distribution for the sale of life insurance products in the United Kingdom, accounting for 57% of annualized new business premiums in 1997, while direct sales forces (which consist of individuals directly managed by the insurers, together with exclusive agencies) accounted for 41% and direct marketing for 2%.

Since 1994 the Financial Services Authority (previously named the Securities and Investments Board or SIB), the regulator of the UK financial services industry, has been requiring insurers to review all past business sold through their representatives (exclusive agencies or direct sales force) involving transfers from employer-sponsored pension plans into personal pension products offered by the insurer. An insurer must provide compensation when it is determined that an individual was inappropriately advised to transfer pension funds by a representative of the insurer. UK insurers, including those within the UK Life Insurance Group, have established provisions for future review and compensation costs, however, it is not yet possible to definitively assess the cost to the UK insurance industry or the UK Life Insurance Group companies of such review and compensation.

Management believes that the adverse publicity related to pension transfers, together with disclosure regulations which came into effect in 1995, were responsible in part for the contraction in the life insurance market in 1994 and 1995. In 1996 and 1997, however, the UK life insurance market registered strong growth reflecting increased levels of investments resulting from overall economic growth and confidence in the market, as well as new entrants (e.g. banks and building societies) to the market.

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

The following table sets forth the UK Life Insurance Group's gross premiums and net actuarial reserves.

UK Life Insurance Group Products

(in FF millions except percentages) Years ended December 31,		Gross Premiums				Actuarial Reserves
		1997	1996[1] pro forma	1996	1995	As of December 31, 1997
Individual retirement products:						
Pension products:						
- With-profits contracts	21.8%	6,660	4,193	1, 569	965	48,290
- Separate account products	26.8%	8,180	6,164	1 ,237	920	65,807
- Immediate and deferred annuities	2.3%	708	1,007	240	144	34,422
Individual life products:						
Regular premium life products:						
- With-profits contracts	7.6%	2,310	2,148	1, 239	905	17,363
- Separate account products	5.6%	1,722	1,630	953	745	11,498
- Traditional products	2.1%	646	501	-	-	11,747
Single premium investment products:						
- With-profits contracts	10.0%	3,028	2,610	2 ,056	2,045	32,348
- Separate account products	18.8%	5,748	4,865	1, 596	920	66,226
Other	0.7%	213	249	230	285	2,700
Group life and retirement products:						
General account products	4.1%	1,238	595	226	175	20,558
Separate account products	0.2%	56	820	38	30	3,319
TOTAL	**100.0%**	**30,509**	**24,782**	**9,384**	**7,134**	**314,278**

[1] To assist in the comparison with 1997, the 1996 pro forma gross premiums include amounts for SLPH 's life insurance subsidiaries for the full year ended December 31, 1996.

As indicated above in this table, the most important products for the UK Life Insurance Group are separate account products and with-profits contracts which represented 46.8% and 31.1% of the UK Life Insurance Group's actuarial reserves, respectively, as of December 31, 1997. With-profits contracts are participating individual retirement products and individual life products offered by many life insurance companies in the United Kingdom including those in the UK Life Insurance Group.

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

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

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

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

As a result of the considerations discussed in the preceding paragraph and competitive factors, AEL and Sun Life Assurance have, in recent years, paid benefits on most maturing with-profits contracts which have been significantly in excess of the investment performance that management has notionally attributed to such contracts for the purpose of monitoring the business. The liabilities established for with-profits contractholder benefits are accrued currently and reflect (in addition to investment performance and company experience) *management's current judgment as to the impact of the considerations discussed in the preceding paragraph on future benefit payments, including management's current expectations as to the extent to which future terminal bonuses will continue to exceed notionally attributed investment performance.*

Management believes that, due to their strong solvency position, the companies' ability to pay future benefits in excess of notional investment performance and fulfill the reasonable expectations for bonuses of remaining contractholders has not been impaired.

In accordance with AEL's current Articles of Association and Sun Life Assurance's Laws and Regulations, transfers of amounts to shareholders' funds (which hold amounts available for distribution to shareholders) from their respective long term insurance business funds may not exceed one-ninth of the current value of the bonuses credited to with-profits contracts and other participating policies. AXA Sun Life was formed with two underlying funds, a "with-profits" fund with a statute similar to the existing statutes in AEL and Sun Life Assurance with respect to transfers of amounts to shareholders, and a "non-profits" fund which is available 100% to the shareholders. Separate account products of AXA Sun Life are written through the non-profits fund.

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

Nearly all the with-profits contracts currently offered by the UK Life Insurance Group are referred to as unitized with-profits contracts and are expressed in terms of units of a notional fund. These contracts offer the insured more flexibility than the with-profits contracts offered in the past (referred to as conventional with-profits contracts). Regular bonuses paid on unitized with-profits contracts are credited either in the form of increases at least monthly in the price of fund units or by way of the creation of additional units annually (and with interim bonus becoming payable on surrender). The value of these units is not guaranteed, except on death or maturity, and the rate of regular bonus may vary. A terminal bonus may also be payable. Transfers to separate accounts are permitted, subject to the possibility of a market value adjustment.

Distribution. *The UK Life Insurance Group distributes its products in the United Kingdom through IFAs, exclusive agencies, a direct sales force and direct marketing. IFAs accounted for 77% in 1997 of the UK Life Insurance Group's gross premiums, exclusive agencies for 16% and other distribution for 7%.*

In 1996, before the UAP acquisition, IFAs accounted for 75% of the UK Life Insurance Group's gross premiums, exclusive agencies for 20% and other distribution for 5%.

Asia/Pacific Life Insurance Group

AXA's life insurance activities in the Asia/Pacific region are conducted primarily through National Mutual Holdings and are referred to as the Asia/Pacific Life Insurance Group. AXA acquired a controlling interest in National Mutual Holdings in September 1995 and, through its life insurance subsidiaries, offers a full range of insurance products, primarily in Australia, New Zealand and Hong Kong as well as in Macau, Taiwan and Indonesia. National Mutual is also responsible for the management of AXA's life insurance businesses in Singapore, South Korea and Japan.

National Mutual is the second largest life insurer in Australia (based on annual gross premiums in 1996), the third largest life insurer in New Zealand (based on annual gross premiums and contributions to trusts in 1997) and the second largest life insurer in Hong Kong (based on gross premiums in 1996).

In January 1998 National Mutual signed a memorandum of understanding with Lend Lease Corporation Ltd. ("Lend Lease"), an Australian financial services company which will serve as the basis for merging the asset management business and the life insurance business of each company. The merger, subject to finalized and regulatory approval, will be accomplished through two new entities, in each of which National Mutual will have a 51% equity interest.

In 1997, the Asia/Pacific Life Insurance Group accounted for 10.6% of the Life Insurance Segment's gross premiums and 10.6% of its total revenues and contributed FF 2,808 million to its income before income tax expense and minority interests. As of December 31, 1997, the Asia/Pacific Life Insurance Group had FF 79,311 million of net actuarial reserves.

Asia/Pacific Life Insurance Group Gross Premiums by Market

(in FF millions except percentages) Years ended December 31,		1997	1996
National Mutual (1):			
Australia	71.9%	15,729	14,658
New Zealand	5.8%	1,261	1,386
Hong Kong (2)	17.6%	3,845	3,266
	95.3%	**20,835**	**19,310**
Other Asia (3):	4.7%	1,021	1,168
TOTAL	**100.0%**	**21,856**	**20,478**

(1) Gross premiums are for National Mutual's fiscal years ended September 30.

(2) Includes gross premiums from National Mutual's Life insurance operations in Macau.

(3) Includes gross premiums from Japan, Singapore and South Korea for the fiscal year ended December 31.

National Mutual

Market

Australia

The Australian life insurance market is the eleventh largest in the world measured on the basis of gross premiums in 1995. Individual retirement products, group retirement products and individual life products represented 51.2%, 34.8% and 14.0%, respectively, of Australia's life insurance annual gross premiums in force for the twelve months ended September 30, 1996.

The Australian life insurance market for regular premium paying life insurance products is comprised of predominantely individual and group retirement savings products.

The Australian life insurance market has shifted from regular premium paying products toward single premium products, the vast majority of which are retirement savings products. For the twelve months ended September 30, 1996, approximately 65.4% of life insurance gross premiums (single premium plus annual recurring premium) was derived from single premium products. As a result of this trend toward single premium business the Australian life insurance market, annual recurring gross premiums inforce declined 9.1% from A$ 8.8 billion at September 30, 1995 to A$ 8.0 billion at September 30, 1996.

Australia has a national health insurance plan. National Mutual provides supplemental health insurance that covers all or part of an insured's health care costs not covered under the national plan. Health insurance has been a difficult market in Australia as the cost of claims have continued to increase over the past ten years and the membership levels have decreased each year for at least 10 years. This situation is, in part, a result of regulatory constraints which require the same premium charge regardless of the insured's age. As a result, the younger population generally does not retain the private insurance, weighting the private plans with an aging population and higher costs of providing coverage.

In July 1997 the Australian government introduced the Private Health Insurance Incentive Plan which is designed to retain current health insurance members and increase the overall participation level in private health insurance plans. To accomplish this, the government's plan includes a 1.0% annual medical surcharge for high-income earners who do not have private health insurance and a tax rebate of up to A$ 450 for low-income earners who have purchased private health insurance.

New Zealand

The New Zealand life insurance market has generally developed in a similar manner to the Australian life insurance market. In 1990, New Zealand eliminated tax incentives for employer sponsored retirement savings products, causing a shift away from such products into individual retirement products, including products marketed through trusts.

Between October 1, 1992 and September 30, 1997, life insurance annual gross premiums in force in the New Zealand market grew at a compound annual rate of 3.5%. For the twelve months ended September 30, 1997, the annual gross premiums inforce for the New Zealand market as a whole increased by 6.1%.

Hong Kong

Traditional participating individual life insurance products are the predominant life insurance products offered in Hong Kong, in a life insurance market where gross premiums grew at a compound annual rate of 25.2% between January 1, 1992 and December 31, 1996. In July 1995, legislation was passed in Hong Kong providing for a mandatory pension fund to be created through regulations to be issued by the Hong Kong administration. The regulations will require companies to establish pension funds on behalf of their employees and are expected to be effective in 1999. See also "Management's Discussion and Analysis of Financial Conditions and Results of Operations" (Item 9) for comments regarding the impact of the financial crisis in Asia on AXA's business in these countries.

Products. *The individual retirement and group retirement products offered by National Mutual in Australia and New Zealand are primarily savings oriented products that provide for lump sum payments at retirement or death prior to retirement. National Mutual also offers immediate annuities, term life insurance, disability insurance and health insurance products on an individual and group basis. In Hong Kong and Macau, National Mutual principally offers traditional participating individual life products and group life insurance, as well as individual and group retirement and group medical products.*

The following table summarizes gross premiums and actuarial reserves of National Mutual before deduction of reinsurance ceded for the period and as of the dates indicated:

National Mutual Products

(in FF millions except percentages) *Years ended December 31,*	Gross Premiums [1]			Actuarial Reserves
		1997	1996	As of December 31, 1997 [2]
Group products:				
Separate account products	14.5%	3,018	2,417	8,071
Investment account contracts	22.3%	4,656	4,376	11,073
Term life insurance contracts and other	3.4%	704	201	756
Individual Life products:				
Separate account products	4.2%	867	1,132	2,363
Investment account contracts	1.4%	292	316	5,390
Participating contracts	14.1%	2,931	2,405	19,915
Term life, disability and other insurance contracts	8.4%	1,742	1,998	1,159
Individual retirement products:				
Separate account products	9.5%	1,988	1,938	12,782
Investment account contracts	4.4%	923	1,184	9,238
Participating contracts	0.1%	26	27	1,536
Immediate annuities and other	4.1%	846	672	3,848
Health insurance contracts	13.6%	2,842	2,644	592
TOTAL	**100.0%**	**20,835**	**19,310**	**76,723**

[1] Gross premiums are for National Mutual's fiscal years ended September 30.

[2] National Mutual's actuarial reserves are as of September 30, 1997, the end of National Mutual's 1997 fiscal year, and are included in AXA's consolidated balance sheet as of December 31, 1997.

Distribution. *National Mutual has approximately 1,960 agents in Australia and New Zealand of which approximately 68% are career agents. National Mutual has expanded its distribution channels to include salaried agents, brokers, financial advisers, banks and direct marketing. For the twelve months ended September 30, 1997, approximately 96% of National Mutual's regular premiums and 75% of its single premiums in Australia and New Zealand were generated by its career agent sales* *force. The multi-agent sales force generated 22% of the total new business in Australia and New Zealand during the same period.*

National Mutual distributes its health insurance products in Australia and New Zealand through its career agent network, retail outlets, pharmacies, direct marketing, employee voluntary payroll deduction plans and employer sponsored plans.

In Hong Kong, Macau and Taiwan, National Mutual distributes its life insurance products through approximately 3,750 agents which produced approximately 99% of National Mutual's new individual life gross premiums for the year ended September 30, 1997.

OTHER ASIAN OPERATIONS

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

In Japan, the largest life insurance market in the world, AXA commenced life insurance operations in 1995 and is selling traditional non-participating life and medical insurance products. As of December 31, 1997, AXA had invested Jpy 14 billion (FF 745 million) in this operation and currently anticipates investing an additional Jpy 23 billion (FF 1,060 million) through the end of 2003.

In June 1997, AXA received authorization to apply for a license to establish a life insurance company in Shanghai through a joint venture with a Chinese partner. National Mutual will provide technical assistance and management support to this joint venture.

In Thailand, National Mutual obtained a license to establish a life insurance joint venture with a partner from Thailand. The new company, Krungthai AXA Life, will begin operations in 1998. National Mutual will be responsible for the operational management of the company.

GERMAN LIFE INSURANCE GROUP

The life insurance activities in Germany are conducted primarily through AXA Colonia and its subsidiaries, Colonia Lebensversicherung AG, Deutsche Arzteversicherung AG and Nordstern Lebensversicherung AG, and together with AXA Leben form the German Life Insurance Group. In March 1998, AXA announced the sale of AXA Leben. The German Life Insurance Group offers all major life insurance products with an emphasis on individual endowment and annuity. In addition, through Colonia Krankenversicherung AG, AXA Colonia sells private health insurance products.

AXA Colonia, in addition to activities in Germany, also distributes its products through its subsidiaries in Austria and in Hungary.

In 1997, the German Life Insurance Group accounted for 8.3% of the Life Insurance Segment's gross premiums and 8.4% of its consolidated total revenues and contributed FF 234 million to its income before income tax expense and minority interests. As of December 31, 1997, the German Life Insurance Group had FF 115,377 million of net actuarial reserves.

In Germany, AXA Colonia is ranked sixth in the market with a 3.8% share as measured by gross premiums in 1996.

Market. *The German life insurance market, measured on the basis of gross premiums in 1995, is the fifth largest life insurance market in the world* and accounted for 5.04% of the life insurance gross premiums worldwide.

The life insurance market in Germany grew at an annual compound rate of 10.5% for the years 1991 through 1995 as measured by gross premiums. This rapid growth in gross premiums, largely due to the reunification of Germany, has slowed over the last few years. For the year ended December 31, 1996, the market growth was 5.2% and is expected to stay at this level of growth in 1997. This decline in gross premium growth is strongly influenced by high unemployment and slow economic growth.

The principal life insurance product in the German life insurance market has historically been long-term individual endowment insurance, which provides a death benefit and simultaneously accumulates a cash surrender value.

Based on gross premiums in 1996, such endowment policies accounted for 70.6% of the German life insurance market. For the same period, annuity products provided 15.1% of the market's gross premiums and group insurance products contributed 9.0%.

On the other hand, the composition of new business gross premiums indicates the portion of individual endowment insurance policies has decreased continuously during the last few years and in 1996 accounted for only 53.1% of the new business with annuity products increasing their market share.

The health insurance market in Germany continues to be a growing market with annual compound growth of 10.8% for the years 1992 to 1996, based on gross premiums. The reductions in benefits available from the state health insurance plans over the last eight years and premium rate increases for the state health insurance have also played a significant role in the growth of the private health care market.

The major product groups offered in private health insurance are full coverage insurance policies which replace state health insurance and supplementary benefits which complement state health insurance. Long-term care insurance which was introduced by law on January 1, 1995, is also available.

Products. The individual life and retirement products offered by the German Life Insurance Group are primarily endowment products with a specified death benefit and annuity insurance. The German Life Insurance Group's product line generally resembles the German market, however, with a stronger emphasis on individual business leading to a higher proportion of endowment-type products than the market. In addition, disability and health insurance are provided.

In the health insurance market the German Life Insurance Group offers both full coverage health insurance policies and supplementary benefits for individuals. Colonia Kranken distributes a basic coverage policy and has a strong presence in this segment of the full coverage health insurance market.

The following table sets forth gross premiums and actuarial reserves for the various products offered by the German Life Insurance Group before deduction of reinsurance ceded for the periods and as of the dates indicated.

German Life Insurance Group Products

(in FF millions except percentages) *Years ended December 31,*	Gross Premiums[1]			Actuarial Reserves
	1997		1996	As of December 31, 1997[2]
Individual retirement:				
- Annuity	14.5%	2,460	2,264	15,275
Individual Life:				
- Unit Linked	0.4%	64	34	100
- Endowment products	53.1%	9,028	8,668	81,553
- Other	2.8%	481	628	3,014
Health insurance products:	15.9%	2,703	2,364	4,647
Group Products:	5.7%	970	780	11,611
AXA Leben:	7.6%	1,297	1,150	3,454
Colonia Life, Canada:	-	-	551	-
TOTAL	**100.0%**	**17,003**	**16,439**	**119,654**

[1] To assist in the comparison with 1997, gross premiums for 1996 include amounts for the UAP subsidiaries for the full year ended December 31, 1996. Other than AXA Leben, the German Life Insurance Group was not part of AXA in 1996.

Distribution. AXA Colonia distributes its life and health insurance products through exclusive agents, brokers and bank networks.

The majority of sales (53% as measured based on annualized new business in 1997) is sold by AXA Colonia's exclusive agent network. As of December 31, 1997, there were approximately 2,050 agents working in this network. The second most important method of distribution is the broker network which was responsible for approximately 33% of the annualized new business premiums in 1997 followed by bank networks which accounted for approximately 4.5% of the annualized premiums in 1997.

OTHER LIFE INSURANCE GROUP

In addition to its primary markets of France, the United States, the United Kingdom, the Asia/Pacific region and Germany, AXA offers life insurance products in other Western European countries and in Canada and Morocco (the business operations in such other countries are collectively referred to herein as the "Other Life Insurance Group").

In 1997, operations of the Other Life Insurance Group accounted for 9.8% of the Life Insurance Segment's gross premiums and 10.4% of its total revenues and contributed FF 2,104 million to its income before income tax expense and minority interests. The gross premiums of these operations in 1997 totaled FF 20,131 million and net actuarial reserves were FF 125,695 million as of December 31, 1997.

Netherlands. AXA operates in the Netherlands through AXA Leven (a subsidiary of SLPH) and UAP Nieuw Rotterdam Leven offering a range of life and retirement products including investment products *and unit trusts with an emphasis on individual life insurance. In 1995, AXA Leven launched a new generation of universal life products with unit linked investment. In addition, through UAP Nieuw Rotterdam Zorg, AXA is a significant player in the Netherlands health insurance market which is in the process of being privatized.*

AXA Leven distributes its products principally through independent financial intermediaries. UAP Nieuw Rotterdam Leven sells its products through several different distribution channels including general agents, salaried sales force, brokers and bank networks. AXA's combined operations in the Netherlands rank seventh among life insurance companies with a 4.9% market share based on 1996 gross premiums.

Belgium. *AXA's life insurance operations in Belgium are managed through Royale Belge and AXA Belgium which when combined rank third in the Belgium life insurance market with a 14.4% share of the market based on 1996 gross premiums. Their principal life insurance products include group life, traditional life, endowment and retirement products with a number of the savings oriented products directly linked to the returns of segregated investment funds.*

The products are distributed principally through brokers to both individuals and businesses. Royale Belge has a program whereby brokers can become a delegated agent of its bank, Banque Ippa, and thus also distribute bank products.

Other distribution channels include a network of exclusive salaried agents and collaboration agreements with certain large Belgian banks. A partnership agreement concluded with La Poste in 1996 will offer the Royale Belge direct access at all the individual post offices.

Luxembourg. *In Luxembourg, AXA operates principally through its subsidiaries AXA Luxembourg and PanEuroLife. The companies, when combined, hold a 16.8% share of the Luxembourg market and are the largest life insurer in that market based on 1996 gross premiums. The companies sell interest sensitive and variable retirement products in the domestic market and the cross-border market. PanEuroLife, which specializes in cross-border life insurance sales permitted under the European Freedom of Services Act, began writing all of AXA Luxembourg's new cross-border business effective January 1998.*

Italy. *In Italy, AXA operates in the life insurance market through three subsidiaries: AXA Assicurazioni, UAP Vita and Allsecures Vita. These companies sell a complete range of individual and group life insurance through agents, bank networks (including the Eurovita bank network) and financial brokerage companies.*

Spain. *In Spain, AXA Aurora, AXA's joint-venture with BBV, and UAP Iberica sell life insurance and retirement products to both individuals and businesses. The products are distributed through a variety of networks including agents, brokers and a direct sales force and the bank networks of Banco del Comercio (a BBV subsidiary) for AXA Aurora and BNP and the Bank of San Paolo for UAP Iberica. AXA merged its Spanish operations in early 1998 increasing its ownership of AXA Aurora to 70%.*

Other. *In addition to the foregoing, AXA has operations:*

- *in* ***Portugal,*** *where AXA Seguros sells traditional life insurance products principally through non-exclusive agents,*
- *in* ***Switzerland,*** *where AXA Assurance distributes individual life insurance products through a network of independent general agents,*

- in **Canada,** where AXA Canada operates as a niche player, selling traditional non-participating life and health insurance products through brokers, and
- in **Morocco,** where Al Amane sells principally group retirement products through brokers.

Competition

GENERAL

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

France. *The French life insurance industry is concentrated among a few large companies that use financial institution distribution networks or traditional insurance company distribution channels. In 1996, the gross premiums of the ten largest insurance companies accounted for 71% of total life insurance gross premiums. The two largest companies utilizing financial institution distribution networks accounted for 32% of life insurance gross premiums in 1996, while the five largest companies utilizing traditional insurance company distribution channels accounted for 19%. In 1996, financial institution distribution networks accounted for approximately 59% of gross life insurance premiums in the French market.*

United States. *Ratings are an important factor in establishing the competitive position of insurance companies in the United States. As of December 31, 1997, the financial strength or claims-paying ability ratings of Equitable Life were AA- from S&P (fourth highest of eighteen ratings), AA3 from Moody's Investors Service (fourth highest of eighteen ratings), A from A.M. Best Company, Inc. (third highest of fifteen ratings), AA- from Fitch Investors Service, L.P. (fourth highest of eighteen ratings) and AA- from Duff & Phelps Credit Rating Co. (fourth highest of eighteen ratings).*

United Kingdom. *The UK life insurance industry is highly fragmented with a large number of competitors which are diversified by distribution channel, ownership and product range. The top ten companies, which includes the UK Life Insurance Group, accounted for over 53.5% of annualized new business premiums in the UK life insurance market in 1997. The two major factors influencing new business written by IFAs is product pricing and investment performance of separate accounts.*

Asia/Pacific. *National Mutual, along with other traditional life insurers in recent years, has encountered strong competition in Australia and New Zealand from banks, mutual funds and other distribution channels. Traditional life insurers such as National Mutual have continued to dominate the regular premium product market but this market has been declining while the single premium market has been growing.*

Competition in Hong Kong and the other Asian markets in which AXA operates is predominately related to distribution and, in particular, to the size and composition of the agency force. In Hong Kong, the larger companies such as National Mutual may be subject to attempts by competitors to entice agents to switch companies.

Germany. The German life and health insurance market is marked by predatory competition particularly as an increasing number of publications on ratings and rankings is making the market more transparent to the customer. Product pricing and profit sharing benefits are among the more significant elements affecting new business.

Surrenders and Withdrawals

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

In 1997, amounts paid on surrender of the French Life Insurance Group life insurance and retirement contracts including the new companies from the UAP acquisition, were 5.2% of average actuarial reserves. In 1996 and 1995, without consideration of UAP acquired companies, amounts paid on surrender were 4.2% and 4.6%, respectively, of average actuarial reserves in such years.

In 1997, 1996 and 1995, amounts paid on surrender of the US Life Insurance Group's individual life contracts were 4.1%, 4.4% and 4.1%, respectively, of average actuarial reserves over such years for such contracts that had cash surrender values. Amounts paid on surrender of the US Life Insurance Group's individual retirement contracts in such years were 9.8%, 10.3% and 11.5%, respectively, of average actuarial reserves over such years for such contracts that had cash surrender values.

In 1997, 1996, and 1995, amounts paid on surrender of National Mutual Life's individual retirement and individual life insurance contracts were 8.3%, 9.0%, and 10.4% respectively, of average actuarial reserves over such years for such contracts that had cash surrender values.

In 1997, amounts paid on surrender of the UK Life Insurance Group's (based on the combined operations of Sun Life Assurance and AEL) individual life and retirement contracts was 5.7% of actuarial reserves at the beginning of such years for those policies that had cash surrender values. In both 1996 and 1995, the amounts paid on surrender of AEL's individual life and retirement contracts were 3.4% calculated on the same basis.

The benefits paid on surrender of AXA Colonia's life insurance contracts in 1997 amounted to 1.8% of the average actuarial reserves for the year.

Property and Casualty Insurance

AXA's Property and Casualty Insurance Segment offers a range of property and casualty insurance products principally in France, in Germany and Belgium. In addition, the property and casualty segment includes AXA's cross-border insurance business which is combined in the Transnational Property and Casualty Insurance Group. AXA's property and casualty insurance products include automobile, homeowners and commercial property insurance, as well as transportation, general liability and construction insurance.

In 1997, the Property and Casualty Insurance Segment accounted for 29.9% of AXA's gross premiums and 23.1% of its consolidated operating revenues and contributed FF 2,359 million to its consolidated net income.

The following table summarizes key figures of the Property and Casualty Insurance Segment for the periods and as of the dates indicated. The gross premiums and the claims reserves are as of December 31 of the relevant year, and before reduction for reinsurance ceded. The claims ratio and combined ratio are after reduction for reinsurance ceded. The claims reserves exclude catastrophe equalization reserves while the claims and combined ratios include the change in this reserve.

Property and Casualty Insurance Segment

(in FF millions except ratios and percentages) Years ended December 31,		1997	1996[1]	1995[2] pro forma	1995
By segment:					
France:					
gross premiums	29.6%	27,273	10,941	10,504	10,504
claims ratio[3]	-	77.3%	74.2 %	76.1 %	76.1%
combined ratio[3]	-	101.2%	99.1%	103.6 %	103.6%
claims reserves	26.3%	39,165	14,398	13,201	13,201
Germany:					
gross premiums	19.7%	18,109	-	-	-
claims ratio[3]	-	75.3%	-	-	-
combined ratio[3]	-	103.0%	-	-	-
claims reserves	17.4%	25,900	-	-	-
Belgium:					
gross premiums	9.3%	8,574	2,565	2,720	2,720
claims ratio[3]	-	88.9%	78.6%	79.6%	79.6%
combined ratio[3]	-	118.9%	112.6%	115.4%	115.4%
claims reserves	17.7%	26,389	7,658	7,725	7,725
Other Countries:					
gross premiums	26.6%	24,462	9,729	9,000	9,000
claims ratio[3]	-	76.9%	73.1%	72.7%	72.7%
combined ratio[3]	-	107.8%	104.9%	103.9%	103.9 %
claims reserves	20.4%	30,340	8,061	7,163	7,163
Transnational Activity[4]:					
gross premiums	14.8%	13,617	4,475	4,297	3,304
claims ratio[3]	-	87.8%	95.2 %	87.8 %	88.1%
combined ratio[3]	-	119.8%	139.5%	114.4 %	116.8%
claims reserves	18.2%	27,108	10,101	9,222	6,879
TOTALS					
gross premiums[1]	**100.0%**	**92,035**	**27,710**	**26,521**	**25,528**
claims ratio[3]	**-**	**79.1%**	**76.9 %**	**76.8 %**	**75.9%**
combined ratio[3]	**-**	**107.2%**	**107.9 %**	**106.5 %**	**104.5%**
claims reserves	**100.0%**	**148,902**	**40,218**	**37,311**	**34,968**

(1) To assist in the comparison with 1997, the 1996 pro forma gross premiums including amounts for the UAP subsidiaries for the full year ended December 31, 1996 are: France FF 27,790 million, Germany FF 18,870 million, Belgium FF 8,645 million, Other Countries FF 24,515 million, Transnational Activity FF 13,930 million and total FF 93,750 million.

(2) To assist in the comparison with 1996, the 1995 pro forma amounts reflect the acquisition of certain property business from the Mutuelles AXA as if such acquisition had occurred January 1, 1995.

(3) See "Glossary" for a description of the method by which claims and combined ratios are calculated.

(4) Represents a new subsegment in 1997. All prior years have been reclassified for consistency.

French Property and Casualty Insurance Group

The French Property and Casualty Insurance Group conducts property and casualty insurance activities in France through AXA Assurances IARD, AXA Courtage IARD, AXA Conseil IARD and UAP Incendie-Accidents, and offers its property and casualty products nationwide through general agents, brokers, salaried sales forces and the bank network of BNP. During 1997, UAP Incendie-Accidents transferred the majority of its insurance portfolio to AXA Assurances IARD, AXA Courtage IARD, AXA Conseil IARD and AXA Global Risks. All such transfers were effective as of January 1, 1997, the acquisition date of UAP. At December 31, 1997, business from the foreign branches and reinsurance assumed which is in run-off are the only insurance remaining in the UAP Incendie-Accidents portfolio.

In 1997, the French Property and Casualty Insurance Group accounted for 29.6% of the Property and Casualty Insurance Segment's gross premiums and 29.6% of its total revenues and contributed FF 2,079 million to its income before income tax expense and minority interests.

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

Market. *The French Property and Casualty insurance market grew steadily from 1992 to 1996 with gross premiums increasing at a compound annual rate of over 5.2%. In 1996, this growth slowed to 2.5% mainly due to price list decreases and in the first nine months of 1997, the gross premiums declined 0.3%.*

Despite the growth in premiums, the undewriting results of the French property and casualty insurance market declined substantially in 1992 and showed no significant improvement in 1993 or 1994. After this period of poor underwriting results, the French property and casualty insur-ance market improved in both 1995 and 1996. However, the gross premium decline in 1997, in part due to premium rate reductions, may impact the future market underwriting results.

During the difficult period in the market, AXA pursued a strategy which focused on improving underwriting results for certain lines of business by applying stricter underwriting criteria, revising policy terms and conditions, adjusting deductibles and selectively raising rates. AXA's strategy has enabled it to improve underwriting results for each year between 1993 and 1996. AXA will continue with this strategy in order to maintain its profitability.

Automobile insurance accounted for the largest share of the French property and casualty insurance market in 1996 (36.4% of gross premiums), while property insurance represented approximately 23.8% of gross premiums.

Products. *The French Property and Casualty Insurance Group markets a full range of products including principally automobile insurance, property insurance and general liability insurance. In 1996, bodily injury insurance was transferred to the French Life Insurance Group pursuant to the regulations issued in August 1994.*

AXA was the largest automobile insurer in France with a 12.9% market share, the largest homeowners insurer in France with a market share of 16.5% and the largest commercial property insurer in France with a market share of 19.4%, in each case based on gross premiums in 1996 after combining the purchased UAP operations with AXA's existing operations.

Distribution. *The French Property and Casualty Insurance Group distributes its products in France through its subsidiaries which are specialized by distribution channel.*

AXA Assurances IARD. AXA Assurances IARD distributes products mainly to individuals and small to medium-size businesses through a network of approximately 4,300 general agents and also through the bank network of BNP.

AXA Assurances IARD accounted for 67.7% of the total gross premiums of the French Property and Casualty Insurance Group with gross premiums of FF 18,462 million in 1997.

AXA Courtage IARD. AXA Courtage IARD sells its property and casualty products through brokers. The brokerage market is concentrated in Paris where AXA Courtage sells automobile and homeowners' insurance products to individuals, and commercial property products to small and mediumsize businesses. The gross premiums of AXA Courtage amounted to FF 5,144 million for 1997, accounting for 18.9% of the French Property and Casualty Insurance Group's gross premiums.

AXA Conseil IARD. AXA Conseil IARD (formerly Théma IARD) sells its automobile and homeowners' insurance products through salaried sales forces. In 1997, UAP-Incendie-Accidents transferred a portfolio of insurance to AXA Conseil IARD increasing 1997 gross premiums to FF 1,234 million.

Direct Assurance IARD. AXA also distributes its products mainly to individuals through Direct assurance IARD which use mailing and advertising campaigns. Its activity is described in "Transnational Activities".

Juridica. Juridica (formerly La Défense Civile) is the largest French insurer providing legal support insurance. L'Avenir was merged into Juridica during 1997. The gross premiums amounted to FF 383 million for the year ended December 31, 1997.

Reinsurance. The French Property and Casualty Insurance Group utilizes proportional and non-proportional reinsurance primarily to limit its maximum exposure to catastrophic events, environmental pollution risks and certain other risks. The French Property and Casualty Insurance Group ceded FF 1,493 million (less than 5.5%) of its gross premiums to reinsurers in 1997.

Competition. The property and casualty insurance industry in France is highly competitive, with more than 400 companies. Competition is primarily based on price, but is also based on scope of distribution system and name recognition. AXA's principal competitors with respect to automobile and homeowner's insurance are mutual insurance companies, as well as other large corporate insurers. AXA's principal competitors in underwriting French commercial and industrial risks tend to be other large corporate insurers.

German Property and Casualty Insurance Group

The German Property and Casualty Insurance Group conducts its property and casualty insurance activities in Germany through AXA Colonia's principal subsidiaries: Colonia Versicherung AG ("Colonia") and Nordstern Allgemeine Versicherung

AG ("Nordstern"). This group is segmented by type of customer, offering a wide range of products for its private, commercial and industrial customers.

AXA Colonia, in addition to activities in Germany, distributes its products primarily in Austria and Hungary.

In 1997, the German Property and Casualty Insurance Group accounted for 19.7% of the Property and Casualty Insurance Segment's gross premiums and 19.5% of its consolidated total revenues and contributed FF 1,425 million to its income before income tax expense and minority interests.

Market. *The German property and casualty insurance market gross premiums increased at a compound annual rate of over 7.6% from 1991 to 1995, were flat in 1996 and are estimated to have declined by 1.5% in 1997. Severe price competition and the diminishing benefits of Germany's reunification, combined with a lack of economic growth, contributed to this premium decline.*

The largest share of the German property and casualty insurance market in 1996 was automobile insurance which accounted for 50.0% of gross premiums. Second to automobile insurance was general liability insurance which accounted for 12.1% of gross premiums.

Since 1992, despite the unfavorable market conditions and significant competition, AXA Colonia, largely due to its underwriting strategy, recorded above market improvements in underwriting results. During this period, AXA Colonia maintained consistent profit-oriented underwriting standards using more risk appropriate underwriting guidelines as well as cancellation of loss-producing policies as they came up for renewal.

Products. *The German Property and Casualty Group sells a broad spectrum of insurance products including automobile, homeowners, property and liability insurance and on the basis of its gross premiums is the one of the world's leading insurer of art works. Colonia and Nordstern are leading players in the individual business as well as in the commercial and industrial business.*

AXA Colonia is the eighth largest automobile insurer in Germany with a 3.9% market share, the second largest liability insurer in Germany with a 7.9% share of the market and the sixth largest homeowner insurer in Germany with 4.3% of the market, in all cases based on gross premiums in 1996. Further, in each line of industrial and commercial business, AXA Colonia is ranked between the second and fifth largest insurer in Germany based on gross premium in 1996.

Distribution. *AXA Colonia distributes its property and casualty products in Germany through exclusive agents, brokers and independent agents, the same networks as are used in its life insurance operations.*

The largest distribution channel is the German Property and Casualty Group's exclusive agents network which is composed of over 2,050 full-time agents and approximately 16,500 part-time agents. The exclusive agents accounted for approximately 58.8% of the total 1997 gross premiums written. The second most important channel of distribution is the brokers who accounted for 27.9% of the 1997 gross premiums written.

AXA also distributes its property and casualty products through its direct sales company, AXA Tellit Direkt Versicherung whose activities are described in section "Transnational Activities".

Reinsurance. The German Property and Casualty Insurance Group utilizes reinsurance mainly to limit its maximum risk to major claims in the case of catastrophic events or certain other large risks. In 1997, FF 3,581 million (19.8%) of gross premiums was ceded to reinsurers.

Competition. The German property and casualty insurance market is characterized by predatory competition and continued price cutting, which has led to a dramatic reduction in premiums in the automobile and industrial risk insurance lines. Other lines of business are also subject to aggressive competitive behavior and increasing price sensitivity on the part of customers which are putting increased pressure on price levels and on earnings. A consolidation, in particular among industrial insurance companies, is expected to occur thereby increasing concentration among suppliers.

Belgian Property and Casualty Insurance Group

AXA's property and casualty insurance activities in Belgium are conducted through Royale Belge, which was acquired in conjunction with the UAP acquisition, and AXA Belgium which together represent the Belgian Property and Casualty Insurance Group. The Belgian Property and Casualty Insurance Group, including Royale Belge, was the largest property and casualty insurer in Belgium with a market share of 19.4% based on 1996 gross premiums.

In 1997, the Belgian Property and Casualty Insurance Group accounted for 9.3% of the Property and Casualty Insurance Segment's gross premiums and 11.0% of its consolidated total revenues and contributed FF 1,181 million to its income before income tax expense and minority interests.

Market. Conditions in the Belgian property and casualty insurance market have been difficult in recent years, however, the market seems to be making a modest recovery since 1995. The combined ratios, which have been high, have shown some improvement in 1996 reflecting the efforts on behalf of the companies, including the AXA companies to manage their claims, distribution and operations costs. For the year ended December 31, 1996, the Belgium property and casualty insurance market grew 2.0%, and 3.8% in 1995 based on gross premiums.

Representing more than half of the Belgian property and casualty insurance market, diverse risks and transport activities showed a net growth in gross premiums in 1996 of 3.4%. The development of workers compensation insurance was 2.8% compared to 1995 based on gross premiums.

Despite the overall market growth in 1996, automobile insurance which represented 25.8 % of the property and casualty insurance in Belgium saw gross premiums decline 1.2% compared to 1995. This was considered largely a result of aggressive price competition in the market.

AXA has responded by introducing more refined segmented pricing in automobile and a more selective underwriting policy particularly for industrial risks, and has performed a review of its fire insurance products in order to better meet the customer need through providing increased coverage, better segmented pricing and simplified underwriting methods. In addition, AXA embarked on a cost reduction program. Primarily due to these actions, AXA Belgium's underwriting results improved each year since 1995. Royale Belge also experienced improved results due to these efforts.

Products. The Belgian Property and Casualty Insurance Group's products include automobile insurance, workers compensation, fire, general liability insurance, transportation and legal protection. Multi-risk products for individuals and small and medium size businesses are also sold.

The Belgian Property and Casualty Insurance Group is the largest automobile insurer, with a 22.8% share of the market and the second largest fire insurer with a 16.8% share of the market in Belgium, based on 1996 gross premiums. In addition, the Belgian Property and Casualty Insurance Group had a 27.2% share of the Belgian workers compensation insurance market based on 1996 gross premiums.

Distribution. The Belgian Property and Casualty Insurance Group offers its products through independent brokers, exclusive agents and to a lesser extent, through the banking networks. The largest channel of distribution for the Belgian Property and Casualty Insurance Group products is independent brokers who wrote approximately 91% of gross premiums in 1996.

Reinsurance. The Belgian Property and Casualty Insurance Group uses reinsurance in order to limit its exposure, in particular, to catastrophic events. For the year ended December 31, 1997, FF 215 million (approximately 2.5%) of gross premiums was ceded to reinsurers.

Competition. The Belgian market is fragmented with approximately 218 companies in property and casualty insurance. However, approximately 80% of the new business is written by only 17 companies.

Other Property and Casualty Insurance Group

The Other Property and Casualty Insurance Group conducts property and casualty insurance activities in Italy, the United Kingdom, Spain, Canada, the Netherlands and certain other countries in Western Europe and the Asia/Pacific region. In 1997, the Other Property and Casualty Insurance Group accounted for 26.6% (FF 24,462 million) of the Property and Casualty Insurance Segment's gross premiums and 25.7% of its total revenues and contributed FF 652 million to its income before income tax expense and minority interests. At December 31, 1997, the Other Property and Casualty Insurance Group had gross claims reserves of FF 30,340 million (excluding catastrophe equalization reserves).

The following table summarizes the key figures of the Other Property and Casualty Insurance Group for the periods and as of the dates indicated.

Other Property and Casualty Insurance Group

(in FF millions except ratios and percentages) *Years ended December 31,*	1997		1996 [1]	1995
Italy:				
gross premiums	27.3%	5,808	1,593	1,245
claims ratio [2]	-	89.5 %	79.1%	77.0%
combined ratio [2]	-	118.8 %	108.1%	106.5%
claims reserves	29.3%	8,875	1,388	1,109
United Kingdom:				
gross premiums	23.5%	5,759	1,449	1,202
claims ratio [2]	-	69.9 %	73.4%	75.3%
combined ratio [2]	-	99.9 %	102.9%	106.4%
claims reserves	23.5%	7,144	1,231	1,049
Spain:				
gross premiums	18.0%	4,408	2,488	2,458
claims ratio [2]	-	81.3 %	75.7%	74.8%
combined ratio [2]	-	110.5 %	105.9%	104.2%
claims reserves	13.3%	4,049	1,771	1,840
Canada:				
gross premiums	15.3%	3,748	3,765	3,653
claims ratio [2]	-	68.8 %	70.6%	69.4%
combined ratio [2]	-	103.9 %	105.1%	102.0%
claims reserves	11.1%	3,364	3,146	2,685
Netherlands:				
gross premiums	8.4%	2,058	-	-
claims ratio [2]	-	68.4 %	-	-
combined ratio [2]	-	102.2 %	-	-
claims reserves	8.3%	2,522	-	-

[1] To assist in the comparison with 1997, the 1996 pro forma gross premiums including amounts for the UAP subsidiaries for the full year ended December 31, 1996 are: Italy FF 5,684 million, United Kingdom FF 4,819 million, Spain FF 4,427 million, Canada FF 3,765 million and the Netherlands FF 2,478 million.

[2] See "Glossary" for a description of the method by which claims and combined ratios are calculated.

Italy. *AXA operates in Italy through three subsidiaries, AXA Assicurazioni, UAP Italiana and Allsecures Assicurazioni. The combined companies, based on gross premiums in 1996, are the seventh largest property and casualty insurer in Italy with a 4.2% share of the market. The companies in Italy were restructured in 1996, and after the purchase of UAP are again being restructured to achieve greater efficiencies.*

AXA distributes a complete range of property and casualty insurance in Italy, particularly automobile insurance, through a network of general agents. The former UAP subsidiaries experienced underwriting losses in 1996 which resulted in high combined ratios for the total group. Several actions have been taken in 1997, notably price increases for automobile insurance and non-renewal of contracts with losses, as well as plans to close certain unprofitable agencies to improve profitability.

United Kingdom. *AXA operates in the UK through AXA Provincial Insurance plc ("AXA Provincial"), and through AXA Insurance Ltd, subsidiaries of SLPH. AXA Provincial sells a range of personal and commercial insurance products mainly through brokers and direct selling (Prospero). The clients are individuals as well as medium size companies. AXA Insurance Ltd sells a range of automobile and other property and casualty insurance products through brokers, primarily to non-urban clients. The principal customers for AXA Insurance Ltd's other property and casualty insurance products are small and medium-size businesses.*

AXA Insurance Ltd and AXA Provincial operations merged as of January 1, 1998 and all new business is now marketed under the AXA Provincial name. The restructuring of the property and casualty operations in the UK is resulting in a reduction in the range of products sold.

Spain. *AXA's property and casualty insurance business in Spain is conducted through AXA Aurora and UAP Iberica. In 1998, AXA plans to merge its Spanish operations. The Spanish property and casualty market, the ninth largest in the world based on gross premiums in 1995, is highly fragmented. AXA was the third largest property and casualty insurer in Spain with a 4.2% market share based on 1996 gross premiums of the two subsidiaries combined.*

AXA offers principally automobile insurance products, however, it also provides homeowners insurance to individuals and third party liability and property insurance to small and medium-size businesses. AXA distributes its automobile, third party liability and property insurance through two agent networks and industrial risk insurance through BBV's brokerage network.

Canada. *AXA Canada is the fourth largest property and casualty insurer in Canada, with a market share of 5.1% based on gross premiums in 1996. AXA Canada's business which is distributed through brokers, consists primarily of automobile insurance.*

Netherlands. *In the Netherlands, UAP Nieuw Rotterdam Schade sells a full range of property and casualty insurance products through general agents, a salaried sales force, brokers and bank networks. The principal products are automobile insurance and fire insurance which represent 29% and 24% of its gross premiums, respectively, for the year ended December 31, 1997.*

Other. *In addition to the foregoing, AXA has the following other property and casualty operations:*

- *In* ***Portugal,*** *AXA operates through AXA Seguros. The principal products of automobile insurance and workers compensation insurance are sold to individuals through an independent agent network. AXA Seguros is the sixth largest insurance company in Portugal with approximately 8.2% of the property and casualty market.*

- *In* ***Morocco*** *through Al Amane, which is held 61.5% by AXA, property and casualty insurance is sold principally through brokers. The principal property and casualty insurance products sold are automobile and workers compensation which represent 42% and 14%, respectively, of gross premiums for the year ended December 31, 1997.*

- *In* ***Switzerland,*** *AXA Assurance sells automobile insurance and general liability insurance through independent general agents.*

- *In* ***Luxembourg,*** *AXA sells property and casualty insurance products to individuals through exclusive agents.*

- *AXA operates in* ***Singapore*** *and* ***Hong Kong*** *and has a 30% interest in Sime AXA, a joint venture operating in Malaysia.*

Reinsurance. *The Other Property and Casualty Insurance Group utilizes reinsurance to limit its maximum aggregate losses and to limit its maximum exposure to certain risks. In 1997, the Other Property and Casualty Insurance Group ceded FF 1,836 million (7.5%) of its gross premiums to reinsurers as compared with FF 1,156 million (9.3%) in 1996 and FF 1,256 million (10.7%) in 1995.*

Transnational Property and Casualty Insurance Group

The Transnational Property and Casualty Insurance Group, comprised principally of AXA Global Risks, direct selling insurance and assistance services, was established in 1997 to combine all of AXA's cross-border property and casualty insurance activities. The legal entities have not been merged, rather the operating results have been combined in this new subsegment for reporting purposes only. Prior year amounts have been reclassified for comparative purposes.

In 1997, the Transnational Property and Casualty Insurance Group accounted for 14.8% of the Property and Casualty Insurance Segment's gross premiums and 14.2% of its total revenues and contributed a loss of FF 495 million to its income before income tax expense and minority interests.

The following table summarizes key figures of the Transnational Property and Casualty Insurance Group for the periods and as of the dates indicated:

Transnational Property and Casualty Insurance Group

(in FF millions except ratios and percentages) Years ended December 31,		1997	1996	1995
AXA Global Risks (excluding UK):				
gross premiums (1)	76.0%	10,345	2,846	2,162
claims ratio (2)		91.8%	95.0 %	88.1 %
combined ratio (2)		115.6%	118.6 %	116.8 %
claims reserves (3)	87.8%	23,799	7,261	4,578
AXA Global Risks UK:				
gross premiums	4.2%	571	720	392
claims ratio (2)		71.2%	119.2 %	127.9 %
combined ratio (2)		107.7%	149.7 %	150.9%
claims reserves (3)	5.8%	1,563	2,122	1,833
AXA Global Risks Total:				
gross premiums (1)	80.2%	10,916	3,566	2,554
claims ratio (2)		90.6%	100.1%	92.7 %
combined ratio (2)		115.1%	125.2 %	112.7 %
claims reserves (2)	93.6%	25,362	9,383	6,411
Assistance Services:				
gross premiums (1)	12.7%	1,726	399	375
claims ratio (2)		71.0%	60.6%	50.0%
combined ratio (2)		102.6%	108.8%	94.3%
claims reserves (3)	1.1%	303	26	22
Direct Selling Insurance:				
gross premiums (1)	6.4%	874	387	225
claims ratio (2)		91.8%	99.2%	104.8%
combined ratio (2)		180.7%	290.4%	176.7%
claims reserves (3)	2.5%	695	400	319
Other (4):				
gross premiums	0.7%	101	123	150
claims ratio (5)		-	-	-
combined ratio (5)		-	-	-
claims reserves (3)	2.8%	748	292	127
TOTAL				
gross premiums (1)	**100.0%**	**13,617**	**4,475**	**3,304**
claims ratio (2)		**87.8%**	**95.2%**	**88.1%**
combined ratio (2)		**119.8%**	**139.5%**	**116.8%**
claims reserves (3)	**100.0%**	**27,108**	**10,101**	**6,879**

(1) To assist in the comparison with 1997, the 1996 pro forma premiums including amounts for UAP for the full year ended December 31, 1996 are: AXA Global Risks (excluding UK) FF 10,857 million, Assistance Services FF 1,661 million, Direct Selling Insurance FF 569 million and total FF 13,930 million.

(2) See "Glossary" for a description of the method by which claims and combined ratios are calculated.

(3) Amounts are as of December 31 of the relevant year, exclude catastrophe equalization reserves and are before reduction for reinsurance ceded.

(4) Effective January 1, 1997, principally English and Scottish, (see AXA Global Risks UK). The amounts in "Other" reflect this reinsurance for the year ended December 31, 1997. Previous year's amounts are included with AXA Global Risks UK.

(5) Amounts included in the "Other" category represent principaly internal reinsurance agreements thus the claims and combined ratios are not meaningful.

AXA GLOBAL RISKS

AXA GLOBAL RISKS INSURANCE GROUP is responsible for underwriting all the large property and casualty insurance risks, the international risks and the marine, aviation and transport lines of business for AXA on a world-wide basis. This Group consists of AXA Global Risks SA (formed in 1996) and its subsidiary AXA Global Risks UK, AXA Global Risks US and Réunion Française.

France

AXA GLOBAL RISKS SA. AXA Global Risks SA, created in 1996, combines the business previously written by two of the Company's property and casualty insurance subsidiaries (AXA Assurances IARD and AXA Courtage Assurance) and focuses on underwriting large, global property and casualty risks on the Paris market. In connection with the formation of AXA Global Risks SA, property and casualty business previously reflected in the French Property and Casualty Insurance Group and the Other Property and Casualty Insurance Group was transferred to AXA Global Risks SA. Such transfers have been restated for prior years for consistency. In addition, AXA Global Risks SA acquired certain property and casualty insurance business from the Mutuelles AXA effective January 1, 1996.

In 1997, the large property and casualty insurance risks of UAP, either directly written or assumed through reinsurance agreements, and certain marine and transportation lines of business were transferred to AXA Global Risks SA. In 1998 AXA plans to merge La Réunion Française, engaged in underwriting marine aviation and transport risks, into AXA Global Risks SA.

AXA Global Risks SA also offers underwriting capacity to other companies in the Property and Casualty Segment through an internal reinsurance treaty whereby subsidiaries underwrite various global risks and reinsure such risks with AXA Global Risks SA. In 1997, gross premiums of AXA Global Risks SA pursuant to this reinsurance agreement were FF 995 million.

AXA Global Risks' current business can be divided into four categories: (i) coverages of large, global property and casualty insurance risks, including automobile, damages and third party liability, (ii) marine coverages, including marine hull insurance, marine liability insurance and cargo insurance, (iii) aviation coverages, including aviation hull insurance and general aviation liability insurance, and (iv) technical risk insurance including construction and energy related insurance and financial risk coverages. Insurance for certain financial transactions (e.g. securitized assets and collateralized mortgage obligations) is written by Alternative Risks Finance, a 50/50 joint venture with Paribas which began operations in 1997. AXA Global Risks currently has retention limits of FF 500 million for property risks, FF 170 million for third party liability, FF 85 million for marine and FF 360 million for aviation risks.

United Kingdom

AXA GLOBAL RISKS UK. The operations of AXA Global Risks UK were integrated into the operations of AXA Global Risks in 1996. AXA Global Risks UK focuses on marine and aviation risks and, beginning in 1996, other large, global property and casualty risks in the London market.

Effective January 1, 1997, the run-off of AXA Global Risks UK's business written prior to 1992 was reinsured under a proportional reinsurance treaty with English and Scottish Insurance Company ("English and Scottish"), a wholly owned subsidiary of AXA. The objective of this inter-group treaty is to isolate and eliminate the impact of business written in AXA Global Risks UK prior to AXA's purchase and subsequent underwriting policy and management changes discussed below.

AXA Global Risks UK incurred operating losses in each year between 1989 and 1997. These losses are attributable to a number of factors, including intense competition in the London market that, for a time, resulted in substantially reduced premium rates for all lines of business, increased exposure to non-marine risks such as general liability and to excess of loss treaty reinsurance in a difficult market and a high incidence of catastrophes in the late 1980s and early 1990s. Due to these factors, AXA Global Risks UK paid substantial claims and established substantial claims reserves between 1989 and 1992, including claims reserves relating to policies written in prior years. In 1992, claims reserves for prior years were increased by FF 483 million net of reinsurance, with over 75% of this amount relating to non-marine risks such as general liability and reinsurance coverages and the balance relating to major event, asbestos and pollution risks. This increase in reserves resulted in a claims ratio of 247.7% and a combined ratio of 264.5% in 1992. In 1993, an additional FF 205 million net of reinsurance was added to claims reserves for prior years primarily for marine casualty claims. In 1994 and 1995, FF 16 million net of reinsurance and FF 115 million net of reinsurance, respectively, were added to claims reserves for prior years primarily for claims arising in connection with contracts insuring energy related marine risks. In 1996, FF 254 million net of reinsurance was added to claims reserves in respect of prior years, primarily for claims and IBNR related to asbestos and pollution risks. In response to its operating losses, AXA Global Risks UK withdrew from certain classes of business and modified its underwriting criteria with respect to existing classes of business so that it underwrote exclusively marine and aviation risks from 1993 until 1995.

AXA Global Risks UK began writing certain large, global property and casualty insurance risks in 1996, other than excess of loss treaty reinsurance coverages. With respect to the marine and aviation classes of businesses that AXA Global Risks UK continues to write, certain elements of long-tail coverage, such as non-marine liability guarantees previously included in marine policies, in most cases are excluded from new contracts and unprofitable contracts currently are not renewed. Accordingly, the other liability component of the total portfolio has been reduced from 30% (marine and non-marine general liability) of the total portfolio in 1991 to 17% (substantially 78% marine general liability) in 1997.

AXA Global Risks UK has also increased its premium rates, established new retention limits and modified its reinsurance program with a view to better covering exposures to risks written. In addition, in 1993 AXA Global Risks UK hired new management. AXA Global Risks UK has seen its loss ratio and combined ratios net of reinsurance decline from 247.7% and 264.5%, respectively, in 1992 to 119.2% and 149.7%, respectively, in 1996 principally as a result of these changes. Over the intervening period of 1992 to 1996, the claims ratio fluctuated from year to year, however, such fluctuations were a function of claims reserves established in respect of prior years.

As a result of its operating losses and the significant additions to reserves for prior year claims made in 1992 and 1993, AXA Global Risk UK received a notice from its UK regulatory authority in March 1994 which imposed certain limitations on AXA Global Risk UK's business and required the filing of certain information to enable the regulator to more closely monitor AXA Global Risk UK's operations. The notice required AXA Global Risk UK, among other things, to file certain financial information on a quarterly basis, limit its premium levels and notify the regulator in advance of certain transactions.

United States

AXA Global Risks US. In 1997, AXA Colonia sold 51% of its 100% interest in AXA Global Risks US (formerly Colonia Holdings, Inc) to AXA Global Risks SA. The minority interest maintained by AXA Colonia and the percentage owned by AXA Global Risks SA are both included in the AXA Global Risks Insurance Group.

AXA Global Risks US was initially established with the objective of providing insurance to the American subsidiaries of AXA Colonia's existing German clients. AXA Global Risks US began underwriting certain business in the US and today maintains a US domestic insurance portfolio of general liability which is distributed through an independent agent network and directors and officers liability insurance and marine insurance which is distributed through managing general agents.

Direct Selling Insurance

In 1991, AXA began selling automobile insurance through direct selling in France. After developing this operation in France, AXA capitalized upon its expertise and began operations in Germany and Spain in 1995 and 1997, respectively. AXA considers the direct selling insurance a cross-border activity as the original infra-structure (e.g. systems, reporting and sales methods) developed in France has been the basis to establish operations in other countries. The direct selling insurance activity is also managed as a single activity in several different countries.

France. Direct Assurance IARD sells its products principally to individuals by direct mailings and publicity campaigns. In 1997, the gross premiums of Direct Assurance IARD amounted to FF 466 million. At December 31, 1997, Direct Assurance IARD had 166,600 automobile contracts.

Germany. In 1997, AXA Tellit Direkt Versicherung acquired Tellit from AXA Colonia. At December 31, 1997, AXA Tellit Direkt Versicherung had 161,700 automobile contracts.

Spain. Direct Seguros, a 50/50 joint venture with BBV, began operations in February of 1997. At December 31, 1997, Direct Seguros had 29,900 automobile contracts.

Assistance Services

AXA provides assistance services through two groups: AXA Assistance (formerly Société Française d'Assistance) and GESA. AXA Assistance became a 100% owned subsidiary (previously 51% owned) in December of 1996 and GESA was acquired in 1997 as a result of the UAP acquisition. The companies operate internationally providing their services worldwide.

The primary services provided by the assistance companies are medical aid for travelers, automobile road assistance and domestic help. The clients are primarily those who want to link such insurance services to their products and include insurance companies, credit card companies, tour operators and automobile manufacturers.

Other

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

In 1997, FF 92 million net of reinsurance was added to the claims reserves assumed from AXA Global Risks UK, in respect of prior years claims on business written prior to 1992. The additional claims reserves are primarily for claims and IBNR related to asbestos and pollution risks.

Reinsurance

The Reinsurance Segment includes AXA Réassurance ("AXA Ré") and other smaller reinsurance operations, principally Royale Belge Réassurance ("Royale Belge Ré").

AXA Ré reinsures a geographically diverse portfolio of products from a broad range of direct insurance, consisting of property (including catastrophe), third party liability, marine and aviation (including space), financial guarantee and life and health insurance. AXA acquired Abeille Réassurances, a Paris based reinsurance company in August 1995 which was merged into AXA Ré at the beginning of 1996. AXA Ré operates principally in France, the United States, the United Kingdom, Canada and Singapore.

In 1997, the Reinsurance Segment accounted for 3.2% of AXA's gross premiums and contributed FF 813 million to its consolidated net income. Based on its worldwide consolidated gross premiums in 1996, AXA Ré is the second largest French-based reinsurance group.

Royale Belge Ré was acquired as part of the UAP acquisition. Since June 1997, Royale Belge Ré has stopped writing new business. Accordingly, the activities of the company are limited to the management of the existing portfolio of reinsurance and the reinsurance ceded by other Royale Belge Group companies. The remaining Royale Belge Ré portfolio is comprised principally of property, fire, transportation and construction insurance.

MARKET

The reinsurance market is a global market in which insurers transfer, or cede, a portion of their insurance premiums and risk to reinsurance companies. The global reinsurance market experienced a sharp decline in reinsurance capacity in 1992 due principally to the increased incidence and severity of natural catastrophes. This diminution in capacity was followed by favorable rate developments. In late 1993, the reinsurance capacity started to recover due, in part, to the recovery in premium rates for catastrophic coverage. This increase in capacity associated with the absence of significant claims since 1994 has resulted in a decline in premium renewal rates of approximately 15% per annum since 1995.

STRATEGY

AXA Ré tends to emphasize non-proportional reinsurance (although it also writes substantial amounts of proportional reinsurance) and focuses on profits rather than premium growth. Since 1993, AXA Ré has written substantial amounts of catastrophe reinsurance as part of proportional reinsurance contracts, which systematically include limits on coverage.

As a result of AXA Ré strategy and focus on underwriting results, there can be significant fluctuations from year to year in the level of gross premiums.

The following table summarizes AXA Ré's gross premiums, claims ratios and combined ratios for property and casualty reinsurance for the periods indicated.

AXA Ré

(in FF millions except ratios) Years ended December 31,	1997	1996	1995
Gross premiums	9,105	8,078	8,123
Claims ratio (1)	74.9%	82.6%	77.8%
Combined ratio (1)	107.8%	109.8%	101.4%
TOTAL RESERVES(2)	**20,664**	**18,499**	**16,654**

(1) Excluding the effect of reserves related to catastrophe equalization the claims ratio and combined ratio would have been 74.4% and 107.3%, respectively, in 1997; 77.8% and 105.0%, respectively, in 1996; and 75.4% and 99.1%, respectively, in 1995. See "Glossary" for a description of the method by which claims and combined ratios are calculated.

(2) Amounts are as of December 31 of the relevant year, exclude catastrophe equalization reserves and are before reinsurance ceded.

Products

The following table summarizes the Reinsurance Segment's gross premiums and claims reserves by product line.

Reinsurance Segment

(in FF millions except percentages) Years ended December 31,	Gross Premiums				Claims Reserves(1)
		1997	1996	1995	1997
Property and casualty:					
Property (including catastrophe risks)	47.2%	4,644	3,807	4,380	5,688
Third party liability (including automobile)	14.3%	1,404	1,543	1,106	8,566
Marine	5.7%	563	868	817	3,244
Aviation (including space)	6.5%	644	543	630	999
Financial	3.3%	326	395	205	393
Life	15.5%	1,524	922	985	1,774
Total AXA Ré	**92.5%**	**9,105**	**8,078**	**8,123**	**20,664**
Other Reinsurance(2)	7.5%	739	-	-	1,335
TOTAL	**100.0%**	**9,844**	**8,078**	**8,123**	**21,999**

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

(2) Includes Royale Belge Ré and certain other activities for the year ended December 31, 1997.

Property and Casualty Reinsurance

Property reinsurance is divided into two major groups: multiple risk (subject to contract exclusions) with respect to a specific property, and event risk, which covers a specific exposure (such as catastrophe) under a number of reinsured policies.

Third party liability reinsurance is generally characterized by difficulties in evaluating the final cost of claims filed, and, consequently, AXA Ré limits the amount and duration of its exposure through specific clauses in its policies.

Marine reinsurance encompasses both property and third party liability insurance. Generally, marine reinsurance tends to involve short-term risks. To the extent third party liability is covered, however, such as in the pollution area, marine reinsurance can have a considerably longer-term development.

Aviation reinsurance includes elements of both property, such as airline accidents, and third party liability. Through its 80% interest in AXA Space (formerly Intec) in the United States, AXA Ré also reinsures space risks, primarily risks on the launching and operation of telecommunications satellites.

Financial Guarantee Reinsurance

AXA Ré Finance was created in 1996 to write financial guarantee reinsurance. Its claims paying ability is rated AAA by Standard's & Poors and Fitch Investors Service.

AXA Ré Finance provides reinsurance generally to specialized insurers for the following two major activities:

- Reinsurance, in Europe, of credit risk and security guarantee with a limit on the number of risks covered in each country, with no one country accounting for more than 15% of AXA Ré Finance's outstanding portfolio;
- Reinsurance coverage of guarantees relating to the issuance of municipal bonds and of securitized financial products. These coverages are solely underwritten in the United States with no one state accounting for more than 15 % of AXA Ré Finance's outstanding security guarantee exposure.

Life Reinsurance

To increase its product line, AXA Ré established a life reinsurance department in 1993.

Risks Reinsured

AXA Ré seeks to ensure that its portfolio is geographically diversified to avoid concentration of exposure to catastrophes occurring in a single geographic area.

The following table summarizes the catastrophe exposures (measured by the amount of reinsurance outstanding on a probable maximum loss basis) of AXA Ré for direct non-proportional business by geographic area for the periods indicated.

AXA Ré Catastrophe Exposures

(in FF million) As of December 31,	1997	1996	1995
France	90	140	235
United States			
Storm	600	600	675
Earthquake	600	600	650
United Kingdom	300	320	415
Canada	250	250	265
South America	25	200	275
Japan	15	40	185
Australia	150	280	260

Property and Casualty Insurance and Reinsurance Claims Reserves

ESTABLISHMENT OF CLAIMS RESERVES

AXA is required by applicable insurance laws and regulations and French GAAP to establish reserves for payment of claims and claims expenses for claims that arise from its property and casualty insurance and reinsurance policies. AXA establishes its claims reserves by product, coverage and year. Claims reserves (also referred to as loss reserves) fall into two categories: reserves for reported claims and claims expenses and reserves for incurred but not yet reported ("IBNR") claims and claims expenses. Reserves for reported claims and claims expenses are based on estimates of future payments that will be made in respect of reported claims, including the expenses relating to the settlement of such claims. IBNR reserves are established on an undiscounted basis to recognize the estimated cost of losses that have occurred but about which AXA has not yet been notified. These reserves, like the reserves for reported claims and claims expenses, are established to recognize the estimated costs, including expenses, necessary to bring claims to final settlement.

Local regulation in some countries also permits the establishment of catastrophe equalization reserves. Such reserves defer a portion of income with respect to a line of business to future periods in which catastrophic losses might occur (as a result of such factors as hail, nuclear incidents, storms, floods and pollution) in that line of business. See note 2-8.4. of Notes to the Consolidated Financial Statements. Unless otherwise indicated catastrophe equalization reserves are not included in claims reserves as such term is used in "Reconciliation of Beginning and Ending Loss Reserves" and "Loss Reserve Development", although catastrophe equalization reserves are included with claims reserves in the caption "Insurance claims and claims expenses" in the Company's consolidated balance sheet. See "Reconciliation of Loss Reserves to Financial Statements" and the Consolidated Financial Statements.

On the basis of AXA's internal procedures, management believes, based on the information currently available to it, that AXA's claims reserves are adequate. AXA's claims reserves are considered by AXA's independent accountants in connection with their annual audit of AXA's consolidated financial statements. Claims reserves estimates are regularly reviewed and updated, using the most current information available to management. Any adjustments resulting from changes in reserve estimates are reflected in current results of operations. However, because the establishment of claims reserves is an inherently uncertain process, there can be no assurance that ultimate losses will not exceed existing claims reserves.

RECONCILIATION OF BEGINNING AND ENDING LOSS RESERVES

The following tables are summary reconciliations of the beginning and ending reserve for claims and claims expenses, before deducting reinsurance ceded, for the Property and Casualty Insurance Segment (excluding AXA Global Risks UK), of AXA Global Risks UK (including English and Scottish) and of AXA Ré for each year in the three-year period ended December 31, 1997.

Reconciliation of Loss Reserves Property and Casualty Insurance Segment (Excluding AXA Global Risks UK)

(in FF millions)	1997	1996	1995
Reserve for claims and claims expenses, beginning of year	**36,233**	**35,371**	**33,689**
Changes in scope of consolidation and claims reserve portfolio transfers[1]	90,041	(1,125)	123
Effect of changes in foreign currency exchange rates	784	330	(414)
	127,058	34,576	33,398
Claims and claims expenses:			
Provision attributable to the current year	68,155	18,727	20,016
Decrease in provision attributable to prior years[2]	(5,517)	(1,266)	(1,143)
Total claims and claims expenses	62,638	17,461	18,873
Payments:			
Claims and claims expenses attributable to current year	28,262	7,882	8,319
Claims and claims expenses attributable to prior years[3]	29,961	7,922	8,581
Total payments	58,223	15,804	16,900
Reserve for claims and claims expenses, end of year	**131,473**	**36,233**	**35,371**

(1) Reserve for claims and claims expenses of subsidiaries or portofolios purchased or sold, as of the date of the transaction, reserve for claims and claims expenses acquired or disposed of on a portfolio basis, as of the date of transfer, and other items affecting the reserve balance which have no effect on net income. In 1997, the principal addition is related to the companies acquired in the UAP acquisition.

(2) Amounts for the year ended December 31, 1997 attributable to prior years include a decrease in provisions of FF 3,133 million in respect of companies obtained in the UAP acquisition.

(3) Amounts for the year ended December 31, 1997 attributable to prior years include claim payments of FF 21,556 million in respect of companies obtained in the UAP acquisition.

Reconciliation of Loss Reserves
AXA Global Risks UK

(in FF millions)	1997	1996	1995
Reserve for claims and claims expenses, beginning of year	**2,122**	**1,833**	**2,430**
Changes in scope of consolidation and claims reserve portfolio transfers [1]	-	19	(239)
Effect of changes in foreign currency exchange rates	131	149	(185)
	2,253	2,001	2,006
Claims and claims expenses:			
Provision attributable to the current year[1]	408	265	177
Increase in provision attributable to prior years[1][2]	219	364	216
Total claims and claims expenses	627	629	393
Payments:			
Claims and claims expenses attributable to current year	29	40	21
Claims and claims expenses attributable to prior years	701	639	730
Total payments	730	679	751
Premiums (after commissions) related to insured events of previous years[1]	-	171	185
Reserve for claims and claims expenses, end of year	**2,150**	**2,122**	**1,833**

[1] Reserve for claims and claims expenses of subsidiaries or portofolios purchased or sold, as of the date of the transaction, reserve for claims and claims expenses acquired or disposed of on a portfolio basis, as of the date of transfer, and other items affecting the reserve balance which have no effect on net income.

[2] Gross reserve for claims and claims expenses of AXA Global Risks UK is established net of a gross premium fund. At December 31, 1995 and prior, the gross premium fund is established as a reduction of the gross reserve for claims and claims expenses. A reduction in the gross premium fund has the same impact on loss reserves as an addition to the gross reserve for claims and claims expenses and is reflected in the reconciliation as "Premiums (after commissions) related to insured events of previous years". The reconciling items "Provision attributable to the current year" and "Increase in provision attributable to prior years" are net of additions to the gross premium fund.

Reconciliation of Loss Reserves
AXA Ré

(in FF millions)	1997	1996	1995
Reserve for claims and claims expenses, beginning of year	**18,499**	**16,654**	**10,017**
Changes in scope of consolidation[1]	-	-	5,859
Effect of changes in foreign currency exchange rates	1,787	878	(462)
	20,286	17,532	15,414
Claims and claims expenses:			
Provision attributable to the current year	4,125	3,538	3,920
Increase in provision attributable to prior years[2]	221	1,461	867
Total claims and claims expenses	4,346	4,999	4,787
Payments:			
Claims and claims expenses attributable to current year	680	662	1,332
Claims and claims expenses attributable to prior years	4,036	3,951	2,453
Total payments	4,716	4,613	3,785
Life Reinsurance	748	581	238
Reserve for claims and claims expenses, end of year	**20,664**	**18,499**	**16,654**

[1] Reserve for claims and claims expenses of Abeille Ré as of the date of its acquisition.

[2] The adverse development with respect to the AXA Ré Group's claims reserves that is reflected above in the reconciling item "Increase in provision attributable to prior years" is gross of retrocessions and premium adjustments. See "Loss Reserve Development".

Loss Reserve Development

General. The following loss reserve development tables illustrate the change over time of reserves for claims and claims expenses of the Property and Casualty Insurance Segment (excluding AXA Global Risks UK), of AXA Global Risks UK including English and Scottish and of AXA Ré at the end of the years indicated.

Reserves for claims and claims expenses are an accumulation of the estimated amounts necessary to settle outstanding claims as of the date for which the reserve is stated. AXA does not discount its reserves for claims and claims expenses except that disability claims for which final settlement has been agreed are discounted at rates specified by regulation. The data is cumulative and, therefore, ending balances should not be added since the amount at the end of each calendar year includes activity for both the current and prior years.

Loss Reserve Development Table
Property and Casualty Insurance Segment
(Excluding AXA Global Risks UK)

(in FF millions except percentages) As of December 31,	1989	1990	1991	1992	1993	1994	1995	1996	1997
Gross reserves for claims and claims expenses	20,897	22,514	24,553	27,807	29,310	33,689	35,371	36,233	131,473
Paid (cumulative) as of:									
One year later	6,082	7,069	7,524	7,476	8,126	8,540	7,918	8,405	
Two years later	8,832	10,153	10,816	10,851	11,895	11,940	9,792		
Three years later	10,585	11,985	12,788	13,307	13,873	13,517			
Four years later	11,746	13,282	14,334	14,762	14,719				
Five years later	12,653	14,402	15,307	15,385					
Six years later	13,437	15,087	15,752						
Seven years later	13,925	15,552							
Eight years later	14,187								
Reserve re-estimated as of:									
One year later	20,408	22,916	23,996	26,987	28,667	32,110	34,432	33,849	
Two years later	20,191	22,057	23,297	26,393	27,683	30,922	33,138		
Three years later	19,447	21,445	22,893	26,001	27,990	31,246			
Four years later	18,951	21,065	22,379	25,729	27,378				
Five years later	18,636	20,488	22,725	25,717					
Six years later	18,181	20,953	22,384						
Seven years later	18,631	20,743							
Eight years later	18,459								
Initial gross reserves in excess of re-estimated gross reserves:									
Amount	2,438	1,771	2,168	2,090	1,031	2,443	2,233	2,384	
Percent	**11.7%**	**7.9%**	**8.8%**	**7.5%**	**6.6%**	**7.3%**	**6.3%**	**6.6%**	

In accordance with the applicable regulations, the gross reserve for claims and claims expenses at December 31, 1997 includes amounts for the companies acquired in the UAP acquisition (See the "reconciliation of loss reserves" for amounts added during 1997). The gross reserve for claims and claims expenses at December 31, 1996 and all prior years remain as previously reported and include only amounts related to historical AXA companies. Accordingly, cumulative payments and re-estimations of the reserves for the years ended 1996 and prior include only amounts related to the AXA historical companies.

Comparable loss reserve development information for reserves for claims and expenses held as of December 31, 1988 is not reasonably available for the Property and Casualty Insurance Segment (excluding AXA Global Risks UK). Such information has not been maintained by AXA as it is not required to be maintained for regulatory reporting in France and, due to the relatively short-tail nature of most of the business, is not regarded by management as essential to the management of the business. Reconstruction of such information for 1988 is impracticable because of the internal restructurings that occurred in 1990 and 1991.

The majority of the business of the Property and Casualty Insurance Segment (excluding AXA Global Risks UK) is short-tail and therefore losses develop and are paid relatively quickly. For example, FF 68,155 million, FF 18,727 million and FF 20,016 million of claims and claims expenses were established for the accident years ended December 31, 1997, 1996 and 1995, respectively. Payments made in 1997, 1996 and 1995 related to these claims amounted to FF 28,262 million, FF 7,882 million and FF 8,319 million, respectively, representing 41.5%, 42.1% and 41.6%, respectively, of claims incurred. Further, claims and claims expenses with respect to the 1993 accident year were approximately 85% paid by December 31, 1997. Based on the most recent re-estimation of reserves for claims and claims expenses, approximately 46% of such claims were paid in 1993 and an additional 39% were paid in the four years following 1993.

AXA Global Risks UK. *The loss reserve development table for AXA Global Risks UK, in addition to showing gross loss reserve development information, presents loss reserve development net of reinsurance.*

The loss reserve development table for AXA Global Risks UK also is presented net of a gross premium fund since the gross reserves for claims expenses of AXA Global Risks UK were established net of this gross premium fund until December 31, 1995. The gross premium fund represented earned premiums not yet received, including experience-rated premiums. The ultimate payment of claims and claims expenses will include payments related to such earned premiums. In order to relate the payments for claims and claims expenses to the gross reserves for claims and claims expenses, the first section of the loss reserve development table presents both the initial gross reserves for claims and claims expenses and the initial gross premium fund as separate components of gross reserves for claims and claims expenses. Likewise, for each subsequent year, the initial gross reserves for claims and claims expenses and the gross premium fund are re-estimated, and the last section of the loss reserve development table presents both the re-estimated gross reserve for claims and claims expenses and the re-estimated gross premium fund as separate components of gross reserves for claims and claims expenses.

Loss Reserve Development Table
AXA Global Risks UK

(in FF millions except percentages) As of December 31,	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Initial gross reserves for claims and claims expenses	1,330	1,598	1,606	1,320	2,106	2,794	3,044	2,829	2,098	2,122	2,150
Initial gross premium fund[1]	(441)	(444)	(416)	(393)	(550)	(565)	(451)	(399)	(265)	-	-
Claims reserves net of initial gross premium fund	889	1,154	1,190	927	1,556	2,229	2,593	2,430	1,833	2,122	2,150
Initial retro-ceded reserves	**(467)**	**(612)**	**(675)**	**(521)**	**(924)**	**(1,354)**	**(1,363)**	**(1,326)**	**(1,218)**	**(1,061)**	**(1,436)**
Initial net claims reserves	422	542	515	406	632	875	1,230	1,104	615	1,061	714
Paid (cumulative) as of:											
One year later	543	624	837	1,009	1,323	1,221	1,015	771	639	701	
Two years later	845	1,227	1,579	1,937	2,411	1,949	1,561	1,465	1,257		
Three years later	1,138	1,609	2,126	2,783	2,945	2,279	2,224	2,015			
Four years later	1,339	1,727	2,788	3,158	3,114	3,060	2,887				
Five years later	1,349	2,078	3,023	3,207	4,003	3,770					
Six years later	1,575	2,173	2,978	4,042	4,848						
Seven years later	1,618	2,126	3,699	4,823							
Eight years later	1,557	2,642	4,409								
Nine years later	1,887	3,162									
Ten years later	2,232										
Reserve re-estimated as of:											
One year later	1,543	1,750	1,663	2,401	3,602	3,359	3,051	2,678	2,346	2,472	
Two years later	1,477	1,735	2,447	3,647	4,236	3,486	3,015	3,038	2,792		
Three years later	1,435	2,158	3,506	4,047	4,266	3,521	3,560	3,374			
Four years later	1,644	2,495	3,497	4,110	4,250	4,272	4,126				
Five years later	1,783	2,479	3,750	4,053	5,151	4,939					
Six years later	1,883	2,609	3,644	4,981	5,962						
Seven years later	1,917	2,612	4,447	5,792							
Eight years later	1,928	3,270	5,221								
Nine years later	2,337	3,739									
Ten years later	2,625										
Initial gross claims reserves in excess of (less than) re-estimated gross claims reserves	(1,295)	(2,141)	(3,615)	(4,472)	(3,856)	(2,145)	(1,082)	(545)	(694)	(350)	
Re-estimated gross premium fund[1]	(484)	(532)	(606)	(757)	(816)	(598)	(460)	(414)	(284)	-	
Re-estimated ceded reserves	(1,800)	(2,563)	(3,250)	(3,328)	(3,125)	(1,925)	(1,920)	(1,561)	(1,150)	(957)	
Re-estimated net claims reserves	341	644	1,365	1,708	2,021	2,416	1,745	1,399	1,359	1,516	
Initial net claims reserves (less than) re-estimated net claims reserves:											
Amount	(81)	(103)	(849)	(1,302)	(1,388)	(1,541)	(516)	(150)	(743)	(454)	
Percent (%)	**19.2**	**-19.0**	**-164.9**	**-321.2**	**-219.3**	**-176.0**	**-42.0**	**-13.6**	**-120.80**	**-42.8**	

[1] The gross premium fund represents earned premiums not yet received at the end of the applicable accident year, including experience-rated premiums.

Reinsurance Segment. *The loss reserve development table for the AXA Ré Group, in addition to showing gross loss reserve development information, presents loss reserve development net of retrocessions.*

The AXA Ré Group's reinsurance contracts are written on an "underwriting year" basis and the AXA Ré Group maintains its records on this same basis. An underwriting year reinsurance contract reinsures losses incurred on underlying insurance policies that begin at any time during the reinsurance contract term. This means that both the underlying insurance contracts and the reinsurance contract will cover underlying losses occurring over a twenty-four month period. For example, if an underwriting year reinsurance contract term was from January 1 to December 31, 1997 it would cover underlying policies with terms beginning both on January 1, 1997 and December 31, 1997. Losses incurred on underlying policies beginning on January 1, 1997 could occur as early as January 1, 1997 while losses incurred on underlying policies beginning on December 31, 1997 could occur as late as December 31, 1998. For purposes of the loss reserve development table, the AXA Ré Group has assigned all losses incurred under reinsurance contracts written in a particular year to that year, even though some of those losses may not have been incurred until twelve months after the end of the year. This accelerates the timing of the presentation of loss reserve development by moving development of losses that actually occur in an accident year subsequent to the end of the applicable underwriting year back into such underwriting year.

Since losses have been so assigned, the information presented in the loss reserve development table has been prepared to include all the premiums attributable to the underwriting year, including experience-rated premiums received under certain reinsurance contracts written in such underwriting year, even if they are earned in subsequent years. Premiums that are related to, but earned subsequent to the end of, a particular underwriting year are reflected in the premium adjustment with respect to such underwriting year, which is net of retrocessions and shown in the last section of the AXA Ré Group's loss reserve development table. This presentation permits a comparison of the reserves for claims and claims expenses as initially established, which excludes reserves for claims and claims expenses related to subsequent earned premiums, with the re-estimated reserves for claims and claims expenses and payments related to subsequently earned premiums.

Loss Reserve Development Table
AXA Ré [1]

(in FF millions except percentages) As of December 31,	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Initial gross reserves for claims and claims expenses [2]	2,594	3,047	4,479	4,729	5,597	6,175	7,766	9,816	16,077	17,341	18,890
Initial retroceded reserves [2]	(454)	(567)	(945)	(593)	(1,007)	(569)	(700)	(1,318)	(1,716)	(1,283)	(1,868)
Initial net claims reserves	2,140	2,480	3,534	4,136	4,590	5,606	7,066	8,498	14,361	16,058	17,022
Paid (cumulative) of:											
One year later	1,040	422	1,356	1,397	1,773	2,404	1,924	2,453	3,951	4,036	
Two years later	1,277	1,026	2,368	2,540	2,752	3,468	3,101	3,715	6,615		
Three years later	1,673	1,479	3,192	3,299	3,354	4,162	3,890	4,837			
Four years later	1,992	1,933	3,796	3,755	3,780	4,725	4,630				
Five years later	2,337	2,318	4,110	4,076	4,164	5,287					
Six years later	2,642	2,516	4,357	4,335	4,610						
Seven years later	2,793	2,695	4,571	4,686							
Eight years later	2,927	2,863	4,858								
Nine years later	3,045	3,099									
Ten years later	3,202										
Reserve re-estimated:											
One year later	3,156	3,441	5,119	5,993	5,577	7,688	8,974	10,221	18,437	19,482	
Two years later	3,510	3,567	5,668	5,760	6,574	7,732	8,698	10,162	19,133		
Three years later	3,648	3,835	5,841	6,454	6,535	7,935	8,717	10,984			
Four years later	3,922	3,960	6,491	6,248	6,666	8,013	9,370				
Five years later	3,989	4,486	6,180	6,292	6,708	9,013					
Six years later	4,475	4,200	6,174	6,418	7,538						
Seven years later	4,196	4,156	6,319	7,118							
Eight years later	4,142	4,314	6,938								
Nine years later	4,296	4,667									
Ten years later	4,518										
Initial gross claims reserves in excess of (less than) re-estimated gross claims reserves	(1,924)	(1,620)	(2,459)	(2,389)	(1,941)	(2,838)	(1,604)	(1,168)	(3,056)	(2,141)	
Re-estimated retroceded reserves	(1,334)	(1,233)	(1,848)	(1,677)	(1,008)	(1,022)	(693)	(824)	(1,801)	(1,785)	
Premium adjustment [3]	(557)	(719)	(297)	(319)	(388)	(549)	(1,414)	(1,214)	(2,719)	(2,361)	
Re-estimated net claims reserves	2,627	2,715	4,793	5,122	6,142	7,442	7,263	8,946	14,613	15,336	
Initial net claims reserves in excess (less than) reestimated net claims reserves:											
Amount	(483)	(230)	(1,259)	(1,986)	(1,552)	(1,863)	(197)	(448)	(252)	722	
Percent of original net reserve	**(22.5%)**	**(9.2%)**	**(35.6%)**	**(23.8%)**	**(33.8%)**	**(33.4%)**	**(2.8%)**	**(5.3%)**	**(1.7%)**	**4.5%**	

[1] Loss reserve development table is presented on an underwriting year basis. Accordingly, reserves re-estimated and the excess of re-estimated reserves over initial reserves include reserves for losses occurring up to twelve months subsequent to the original year end. The table excludes reserves related to reinsurance of life risks.

[2] For 1989, 1990 and 1991, the AXA Ré Group's historical amount of initial gross reserves for claims and claims expenses and initial retroceded reserves have been adjusted to include the historical amount of reserves of AXA Cessions, which was not included in the scope of AXA's consolidation during these years.

[3] Subtracts from re-estimated gross claims reserves for a given underwriting year any premiums earned subsequent to but related to that underwriting year, including experience-rated premiums received and accrued from the ceding insurers as assumed losses were incurred.

Reconciliation of Loss Reserves to Financial Statements

The following table reconciles, as of the dates indicated, the gross loss reserve information for the Property and Casualty Insurance Segment (excluding AXA Global Risks UK), AXA Global Risks UK and the Reinsurance Segment presented under "Reconciliation of Beginning and Ending Loss Reserves" and "Loss Reserve Development" to the reserves for claims and claims expenses net of reinsurance and premium adjustments, as presented in the Consolidated Financial Statements in accordance with French GAAP as of the dates indicated.

Reconciliation of Loss Reserves to Financial Statements

(in FF millions) *As of December 31,*	1997	1996
Gross reserves for claims and claims expenses:		
Property and Casualty Insurance Segment (excluding AXA Global Risk UK)	131,473	36,233
AXA Global Risk UK	2,150	2,122
Total Property and Casualty Insurance Segment	**133,623**	**38,355**
AXA Ré [1]	20,664	18,499
Other reinsurance	1,335	-
Total Reinsurance Segment	**21,999**	**18,499**
Life Insurance Segment	44,326	11,171
Total gross reserves for claims and claims expenses	**199,225**	**68,565**
Other reserves [2]	15,397	2,333
Catastrophe equalization reserves	6,571	1,655
Reinsurance ceded	(26,543)	(6,540)
Reserves for claims and claims expenses net of reinsurance	**195,373**	**66,013**

[1] Including FF 1,774 million and FF 1,158 million of gross reserves for claims and claims expenses for life reinsurance at December 31, 1997 and 1996.

[2] Includes reserves for disability annuities and future claims for construction insurance of FF 8,047 million and FF 5,430 million, respectively at December 31, 1997 and FF 114 million and FF 1,918 million at December 31, 1996, respectively.

ENVIRONMENTAL AND ASBESTOS EXPOSURES

AXA has issued insurance policies and assumed reinsurance for coverages related to pollution and exposure to asbestos. The insurance companies have been and continue to be involved in disputes regarding policy coverage and judicial interpretation of the legal liability of the insured for potential claims relating to such risks. AXA has received and continues to receive notices of potential insurance and reinsurance claims relating to such risks. Since 1985, AXA Global Risk UK's general liability insurance coverage and the AXA Ré Group's general liability reinsurance coverage have excluded environmental pollution and asbestos exposure. AXA's direct insurance companies have all excluded such coverages beginning at various years, the latest of which was 1990.

Through December 31, 1997, AXA made cumulative payments under insurance and reinsurance contracts related to environmental pollution claims of approximately FF 134 million relating to claims expenses. Such amount includes payments made by former UAP subsidiaries as from January 1, 1997. At December 31, 1997 and 1996, AXA had claim reserves of FF 507 million and FF 64 million, respectively, for reported environmental pollution claims. At these dates AXA also had established IBNR claim reserves of FF 1,031 million and FF 482 million, respectively, for unreported environmental pollution claims.

Through December 31, 1997, AXA made cumulative payments under insurance and reinsurance contracts related to asbestos claims of approximately FF 353 million relating to claims expenses. Such amount includes payments made by former UAP subsidiaries as from January 1, 1997. At December 31, 1997 and 1996, AXA had claim reserves of FF 420 million and FF 229 million, respectively, related to reported asbestos claims and IBNR claim reserves of FF 849 million and FF 389 million, respectively, related to unreported asbestos claims.

Significant uncertainties exist with respect to estimating the ultimate future amounts that may be needed for asbestos related and environmental pollution claims, especially in view of changes in the legal and tort environment that affect the development of claims reserves. Resolution of these uncertainties may ultimately result in additional claim losses to reinsurers, including AXA. See Note 14.3 of Notes to Consolidated Financial Statements included in Item 17 of this Annual Report.

INSURANCE INVESTMENTS

The results of the Life Insurance Segment, the Property and Casualty Insurance Segment and the Reinsurance Segment are in part dependent upon the quality and performance of their general account investment portfolios. Net investment results (net investment income and net realized investment gains) on invested insurance assets constituted 18.1%, 17.1% and 17.2%, of AXA's consolidated insurance total revenues for the years ending December 31, 1997, 1996 and 1995, respectively.

As of December 31, 1997, the net book value of AXA's General Account Insurance Portfolio was FF 1,205,681 million, with FF 1,012,359 million (84.0%) supporting general account life insurance liabilities, FF 166,703 million (13.8%) supporting property and casualty insurance liabilities and FF 26,619 million (2.2%) supporting reinsurance liabilities.

The following table summarizes the General Account Insurance Portfolio by category of investment and operating business segment as of December 31, 1997.

General Account Insurance Portfolio

NET BOOK VALUE as of December 31, 1997 (in FF millions except percentages)	Life Insurance	Property and Casualty Insurance	Reinsurance	Total [1]	% of total
Fixed maturities	554,891	89,159	20,721	664,771	55.1%
Trading portfolio	28,923	-	-	28,923	2.4%
Mortgage loans	50,151	3,558	28	53,737	4.4%
Real estate	69,684	13,151	163	82,998	6.9%
Equity investments	121,895	46,029	3,190	171,114	14.2%
Policy loans	31,368	9	-	31,377	2.6%
Other loans	15,735	2,633	46	18,414	1.5%
Assets allocated to UK with-profits contracts [2]	116,216	-	-	116,216	9.6%
Cash and cash equivalents	23,496	12,164	2,471	38,131	3.3%
TOTAL [3]	**1,012,359**	**166,703**	**26,619**	**1,205,681**	**100.0%**

[1] Amounts are net of valuation allowances on fixed maturities of FF 54 million, on mortgage loans of FF 678 million, on real estate of FF 3,723 million and on equity investments of FF 977 million. See Note 8.5 of Notes to the Consolidated Financial Statements.

[2] Assets allocated to UK with-profits contracts are carried at estimated fair value and include fixed maturities with an estimated fair value of FF 17,754 million, equity investments with an estimated fair value of FF 85,575 million, mortgage and policy loans with an estimated fair value of FF 42 million and real estate with an estimated fair value of FF 12,845 million.

[3] Separate account assets and investments in companies accounted for by the equity method are not included in the above table.

At December 31, 1997, AXA did not have investments in any one issuer, including an issuer's affiliates, that were in aggregate 10% or more of AXA's total shareholders' equity.

AXA's overall investment strategy for its General Account Insurance Portfolio combines the goals of security, liquidity, growth and total return. For additional information on AXA's investments, see Note 3 of Notes to Consolidated Financial Statements and Item 9A.

French General Account Insurance Portfolios

The general account insurance portfolios of the French insurance subsidiaries are managed centrally and are the responsibility of AXA Investment Managers (formerly AXA Asset Management).

The following table summarizes the net book values and estimated fair values of AXA's French life and property and casualty general account insurance portfolios by category of investment as of December 31, 1997.

French General Account Insurance Portfolio

As of December 31, 1997 (in FF millions except percentages)	Life Insurance Group			Property and Casualty Insurance Group			Total
	Net book value	% of total net book value	Estimated fair value [1]	Net book value	% of total net book value	Estimated fair value [1]	Net book value
Fixed maturities:							
Government controlled corporations	40,381	11.8%	41,484	2,577	5.8%	2,684	42,958
Government	166,201	48.8%	175,654	18,759	42.5%	20,234	184,960
Private corporations	29,567	8.7%	30,376	2,840	6.4%	2,864	32,407
Total fixed maturities	**236,149**	**69.3%**	**247,514**	**24,176**	**54.8%**	**25,782**	**260,325**
Equity investments	55,525	16.3%	64,140	10,310	23.4%	12,602	65,835
Real estate	30,732	9.0%	29,464	3,963	9%	4,091	34,695
Policy loans	3,477	1.0%	3,477	-	-	-	3,477
Mortgage loans	8	-	8	198	0.4%	198	204
Other loans	1,357	0.4%	1,357	923	2.1%	923	2,280
Cash and cash equivalents	13,656	4.0%	13,656	4,552	10.3%	4,552	18,208
TOTAL	**340,904**	**100.0%**	**359,616**	**44,122**	**100.0%**	**48,148**	**385,026**

[1] The estimated fair values of the fixed maturities and equity investments included in the French general account insurance portfolios are determined using quoted market prices. As of December 31, 1997, fixed maturities and equity investments without a readily ascertainable fair value (i.e. without a quoted market price) had a combined net book value of FF 2,049 million. Real estate investments are appraised by third-party appraisers on a five-year rotating basis and are reviewed and updated each year. Fair values are determined on the basis of these appraisals. Such estimated fair values do not necessarily represent the values for which the investments could have been sold on the date of the consolidated balance sheet.

The guidelines for French life insurance subsidiaries generally provide for the yields and estimated duration of investments to match the estimated duration of its liabilities, taking into account estimated levels of surrenders and withdrawals, as well as transfers within funds. The guidelines for French property and casualty insurance subsidiaries generally provide for matching of the estimated durations of long-tail liabilities but allow more flexibility with respect to short-tail liabilities.

The current asset allocation policy for the French insurance subsidiaries reflects a strategy to reduce the overall exposure of the portfolio to real estate, and to continue to increase the proportion of fixed maturities, particularly longer term fixed maturities, in the portfolio. (For a discussion of AXA's real estate portfolio, see International Financial Services Group-Real Estate Operations.)

FIXED MATURITIES. The following table summarizes the fixed maturities of the French Life Insurance Group and the French Property and Casualty Insurance Group by remaining contract maturity as of December 31, 1997.

French General Account Insurance Fixed Maturity Portfolio by Estimated Fair Value

As of December 31, 1997 (in FF millions except percentages)	Life Insurance Group	Property and Casualty Insurance Group	Total	% of total
Remaining contract maturity [1]:				
Due in one year or less	10,371	2,099	12,470	4.6%
Due after one year through five years	58,544	7,001	65,545	24.0%
Due after five years through ten years	105,644	8,046	113,690	41.6%
Due after ten years	72,759	8,636	81,395	29.8%
Other	196	-	196	-
TOTAL	**247,514**	**25,782**	**273,296**	**100.0%**

[1] Assumes debt securities are not called for redemption prior to stated maturity.

Equity Investments. Approximately 96.9% of the total net book value of equity securities in the French general account insurance portfolio, including mutual funds and investments in affiliated companies, as of December 31, 1997 related to securities listed on major stock exchanges. Excluding mutual funds managed by AXA and investments in affiliated companies (which together accounted for 43.8% of the French general account equity portfolios), the equity portfolios consist almost entirely of securities included in the CAC-40 or the SBF-120. Of the total net book value of the French general account equity portfolios, approximately 97.5% related to French issuers as of December 31, 1997 with 79% consisting of direct equity investments and 21% held through equity mutual funds.

US Life Insurance Group General Account Insurance Portfolio

These assets are managed principally by Alliance Capital Management LP ("Alliance Capital"), with respect to securities, and by Equitable Real Estate, with respect to real estate and mortgages. Equitable Real Estate, previously a wholly-owned subsidiary of Equitable, was sold during 1997. Equitable entered into a long-term advisory agreement with the purchaser whereby the purchaser and its affiliates will continue to provide substantially the same services to Equitable Life's General Account and Separate Accounts for substantially the same fees as provided prior to the sale.

The following table summarizes the US Life Insurance Group's general account insurance portfolio by category of investment as of December 31, 1997.

US Life Insurance Group General Account Insurance Portfolio

As of December 31, 1997 (in FF millions except percentages)	Net book value	% of total net book value	Estimated fair value [1]
Fixed maturities	138,036	62.6%	144,469
Mortgage loans	27,621	12.5%	30,108
Real estate [2]	21,429	9.7%	21,429
Policy loans	24,712	11.2%	25,641
Equity investments	7,299	3.3%	7,476
Cash and short-term investments	1,596	0.7%	1,596
TOTAL	**220,693**	**100.0%**	**230,719**

[1] For publicly traded fixed maturities and equity securities, estimated fair value is determined using quoted market prices. For fixed maturities without a readily as certainable market value (FF 39,347 million), Equitable has determined an estimated fair value using a discounted cash flow approach, including provisions for credit risk, generally based upon the assumption that such securities will be held to maturity. Estimated fair values of mortgage loans are estimated based on the present value of expected future cash flows discounted at the loan's original effective interest rate or the value of the underlying collateral. Such estimated fair values do not necessarily represent the values for which the investments could have been sold on the date of the consolidated balance sheet.

[2] Amount shown as estimated fair value is the net book value.

The US Life Insurance Group has developed an asset/liability management approach to its investment management, establishing separate investment categories for specific classes of product liabilities.

Fixed Maturities. As of December 31, 1997, 62.6% of the net book value of the US Life Insurance Group's general account insurance portfolio consisted of fixed maturities, with 84.9% of such amount consisting of investment grade fixed maturities and the balance consisting of non-investment grade bonds and redeemable preferred stock. Publicly traded fixed maturities represented 73.9% of the net book value of fixed maturities as of December 31, 1997, while privately placed debt securities represented 25.4% and redeemable preferred stock represented 0.7%.

The following table summarizes the fixed maturities included in the US Life Insurance Group's general account insurance portfolio by remaining contract maturity as of December 31, 1997.

US Life Insurance Group General Account Insurance Fixed Maturity Portfolio by Estimated Fair Value

As of December 31, 1997 (in FF millions except percentages)	Estimated fair value	% of total
Remaining contract maturity [(1)]:		
Due in one year or less	1,025	0.7%
Due after one year through five years	21,223	14.7%
Due after five years through ten years	52,771	36.5%
Due after ten years	57,186	39.6%
Mortgage-backed and asset-backed securities [(2)]	12,264	8.5%
TOTAL	**144,469**	**100.0%**

(1) Assumes debt securities are not called for redemption prior to stated maturity. At December 31, 1997, approximately 60.8% (measured by book value) of fixed maturities (excluding mortgage and asset backed securities and redeemable preferred stock and other) were non-callable or had call protection due to substantial prepayment premiums.

(2) The remaining contract maturity of mortgaged-backed securities is not included by maturity date due to the variability of timing of principal repayments.

Mortgage Loans on Real Estate. As of December 31, 1997, commercial mortgages represented 61.3% of the total book value of mortgage loans on real estate, while agricultural mortgages represented 38.6% and residential mortgages represented 0.1%. The commercial mortgages, substantially all of which are made on a non-recourse basis, consist primarily of fixed rate first mortgages on completed properties. As of December 31, 1997, first mortgages (which include all mortgages where no other lender holds a senior position to the US Life Insurance Group) represented FF 16,668 million (98.9%) of the amortized cost of the commercial mortgage portfolio. There were no construction loans in this category.

The agricultural mortgage loans add diversity to the mortgage loan portfolio. As of December 31, 1997, the US Life Insurance Group had over 4,140 outstanding agricultural mortgages with an aggregate amortized cost of FF 10.67 billion.

Real Estate. The real estate portfolio consists of a diversified group of office, retail, hotel, industrial and other properties. The book value of real estate as of December 31, 1997 was distributed (i) geographically among Massachusetts (18.7%), New York (17.9%) and California (12.3%), with no other state accounting for more than 10%, and (ii) by property type among office (75.8%), retail (9.9%) and industrial (4.3%), with no other category accounting for more than 5%.

The US Life Insurance Group has a policy of not investing substantial new funds in real estate, except to safeguard values in existing investments or to honor outstanding commitments. Further, the US Life Insurance Group announced plans in January 1998 to reduce its real estate holdings by approximately FF 12 billion by the end of the second quarter 1999.

Equity Investments. Equities consist primarily of limited partnership interests managed by third parties that invest in a selection of equity and below investment grade fixed maturites.

UK Life Insurance Group General Account Insurance Portfolio

These assets are managed by AXA Sun Life Management Ltd. formed effective July 1997 following the merger of Sun Life Asset Management Ltd. and AXA Equity and Law Investment Managers Ltd., who previously managed the assets of the UK Life Insurance Group.

The UK Life Insurance Group's investment strategy is to maximize the total return of the insurance portfolio, particularly with respect to with-profits contracts, subject to its overall strategy of matching assets and liabilities. The UK Life Insurance Group's strategy is to invest as high a proportion of its assets as it deems prudent in equity investments.

The following table summarizes the net book value and estimated fair value of the UK Life Insurance Group's general account insurance portfolio by category of investment as of December 31, 1997.

UK Life Insurance Group General Account Insurance Portfolio

As of December 31, 1997 (in FF millions except percentages)	Net book value			Estimated fair value of total [2]	% of total estimated fair value
	With profits [1]	Other	Total		
Equity investments[3]	85,575	9,663	95,238	98,636	56.2%
Fixed maturities	17,754	38,719	56,473	61,005	34.7%
Real estate[4]	12,845	1,779	14,624	14,911	8.5%
Mortgage and policy loans	42	567	609	609	0.3%
Cash and cash equivalents	-	458	458	458	0.3%
TOTAL	**116,216**	**51,186**	**167,402**	**175,619**	**100.0%**

[1] Assets allocated to with-profits contracts are carried at estimated fair value.

[2] The estimated fair values for fixed maturities and equity investments (substantially all of which are publicly traded) are determined on the basis of quoted market prices. Real estate investments are appraised annually by the UK Life Insurance Group.

[3] Excludes AEL's investments in Equitable and National Mutual.

[4] Real estate amounts allocated to UK with profits contracts includes FF 222 million of company occupied real estate.

Equity investments. The UK Life Insurance Group's general account equity investment portfolio is invested in more than 1,200 companies, with no single investment accounting for more than 3.5% of the portfolio's total estimated fair value. Approximately 99% of the equity investments are in listed securities. The UK Life Insurance Group typically invests in companies with large market capitalizations and generally does not hold more than 5% of any single issuer's share capital.

The geographical distribution by issuer of the estimated fair value of the investment portfolio as of December 31, 1997 was: 85.9% in the United Kingdom; 6.7% in North and South America (with over 86.4% of this amount in the United States); 3.6% in Japan and other Asia/Pacific countries; and 3.8% in other European countries.

Fixed maturities. *Of the FF 61,005 million estimated fair value of fixed maturities as of December 31, 1997, FF 40,257 million (66.0%) were issued or guaranteed as to payment by governments, with FF 38,523 million (95.7%) issued or guaranteed as to payment by the UK government and FF 1,734 million (4.3%) issued or guaranteed as to payment by other sovereign and public agencies.*

Of the total estimated fair value of fixed maturities, FF 20,184 million (33.1%) were issued by private (i.e. non-government) issuers, with UK private issuers accounting for FF 17,741 million (87.9%). Nearly all the fixed maturities were publicly traded and there were no significant concentrations in one company or industry.

Of the total estimated fair value of fixed maturities as of December 31, 1997, FF 1,133 million (1.9%) mature in one year or less, FF 6,434 million (10.5%) mature between one and five years, FF 11,078 million (18.2%) mature between five and ten years, while FF 41,384 million (67.8%) mature after 10 years and FF 976 million (1.6%) do not have one specific maturity date.

Real estate. *The UK Life Insurance Group's general account real estate portfolio consists of some 558 direct holdings of owned and leased commercial properties, of which 98.3% of the estimated fair value of properties is located in the United Kingdom. Approximately 40.5% of the estimated fair value of real estate consists of retail properties, 26.9% consists of office properties, 24.1% consists of industrial properties and 8.5% consists of other types of properties.*

Assets allocated to with-profits contracts. *As of December 31, 1997, the estimated fair value of assets allocated to with-profits contracts was FF 116,216 million. Approximately 73.6% of this amount consisted of equity securities (predominantly issued by publicly-traded UK issuers), 11.1% of real estate and 15.3% of fixed income securities. Unrealized investment gains accounted for approximately 28.4% of the estimated fair value of such assets.*

NATIONAL MUTUAL GENERAL ACCOUNT INSURANCE PORTFOLIO

National Mutual sets investment objectives and an investment policy consistent with its objectives in respect of each of its products. Management of National Mutual's insurance portfolios is generally contracted to NM Funds Management.

Assets supporting National Mutual's Health insurance liabilities are invested in accordance with special regulatory requirements which require maintenance of reserves that meet prescribed minimum solvency requirements. See Item 9 "Asia/Pacific Life Insurance Group" for a discussion of the impact of the Asian financial crisis on the Asia/Pacific Life Insurance Group General Account Insurance Portfolio.

The following table summarizes the estimated fair value of National Mutual's general account insurance portfolio by category of investment as it is included in the Consolidated Financial Statements as of December 31, 1997.

National Mutual General Account Insurance Portfolio

As of December 31, 1997 [(1)] (in FF millions except percentages)	Net book value	Estimated fair value [(2)]	% of estimated fair value
Equity investments	2,005	1,964	3.5%
Fixed maturities	7,234	7,412	13.2%
Real estate	6,134	6,677	11.9%
Mortgage loans	3,431	3,433	6.1%
Policy loans	755	755	1.3%
Trading account securities	28,923	28,923	51.5%
Other loans	2,387	2,387	4.3%
Cash and cash equivalents	4,566	4.566	8.1%
TOTAL	**53,048**	**53,730**	**100.0%**

(1) The net book value and estimated fair value of National Mutual's general account insurance portfolio are at September 30, 1997, the end of National Mutual's 1997 fiscal year, and are included in AXA's consolidated balance sheet as of December 31, 1997.

(2) The estimated fair values for fixed maturities and equity investments (substantially all of which are publicly traded) are determined on the basis of quoted market prices. Real estate investments are appraised annually by independent appraisers. Such estimated fair values do not necessarily represent the values for which the investments could have been sold on the date of the consolidated balance sheet.

Trading Account Securities. The trading account securities, comprised of a portfolio of fixed maturities and equity investments, are held principally for the purpose of selling and purchasing in the near term and generating profits on short term differences in price. At December 31, 1997, the trading account securities, which are carried at market value in the consolidated financial statements, included FF 14,906 million of fixed maturities and FF 14,017 million of equity investments. The characteristics of these fixed maturities and equity investments are discussed in the related categories below.

Equity Investments. The equity investment portfolio had an estimated fair value of FF 15,981 million at December 31, 1997 when the trading portfolio with an estimated fair value of FF 14,017 million is included.

National Mutual's general account equity investment portfolio is invested in more than 1,400 companies, with no single holding accounting for more than 10% of the portfolio's total estimated fair value. Approximately 85.6% of the equity investments are in listed securities. National Mutual typically invests in companies with large market capitalizations and at December 31, 1997, no investment represented more than 10% of an issuer's share capital.

The geographical distribution by issuer of the equity investment portfolio based on estimated fair value at December 31, 1997 was 66.7% in Australia and New Zealand, 17.9% in Japan and other Asia/Pacific countries, 5.4% in the United Kingdom and other European countries, and 10.0% in the United States.

Fixed maturities. The estimated fair value of the fixed maturities portfolio as of December 31, 1997 was FF 22,318 million when the trading portfolio with an estimated fair value of FF 14,906 is included. Of this total amount, FF 11,417 million (51.2%) were issued or guaranteed as to payment by governments and FF 10,822 million (48.5%) were issued by private (i.e. non government controlled) corporations. Of the estimated fair value of fixed maturities excluding the trading portfolio as of December 31, 1997, FF 220 million (3.0%) mature in one year or less, FF 1,736 million (23.4%) mature between one and five years, FF 2,758 million (37.2%) mature between five and ten years, while FF 2,698 million (36.4%) mature after ten years.

Real Estate. National Mutual's real estate portfolio consists of some 79 direct holdings of owned and leased commercial properties, of which 98.3% (based on estimated fair value) are located in Australia and New Zealand. Approximately 6.5% of the estimated fair value of real estate consists of retail properties, 72.6% consists of office properties, 3.2% consists of industrial properties and 17.7% consists of other types of properties. National Mutual's current policy is to increase the portion of its real estate portfolio located in the central business districts of the markets in which National Mutual operates.

German General Account Insurance Portfolio

The asset management functions of AXA Colonia were reorganized in 1998 with the establishment of AXA Colonia Asset Management. AXA Colonia Asset Management, since its inception, manages the general account insurance portfolio of the German insurance subsidiaries. Previously, the asset management functions were performed by the investment department of AXA Colonia.

The following table summarizes the net book value and estimated fair values of AXA's German general account insurance portfolios by category of investment as of December 31, 1997.

German General Account Insurance Portfolio

As of December 31, 1997 (in FF millions except percentages)	Life Insurance Group		Property and Casualty Insurance Group		Total insurance	
	Net book value	% of total net book value	Net book value	% of total net book value	Net book value	Estimated fair value [1]
Fixed maturities:						
Government controlled corporations	1,878	1.6%	6,289	17.3%	8,167	8,365
Government	25,051	21.4%	7,657	21.1%	32,708	33,997
Private corporations	30,036	25.7%	621	1.7%	30,657	31,515
Total fixed maturities	56,965	48.7%	14,567	40.2%	71,532	73,877
Equity investments	30,982	26.5%	14,666	40.5%	45,648	51,327
Real estate	6,918	5.9%	3,775	10.4%	10,693	11,284
Policy loans	1,680	1.4%	9	-	1,689	1,834
Mortgage loans	11,439	9.8%	1,233	3.4%	12,672	13,262
Other loans	8,036	6.9%	891	2.5%	8,927	9,076
Cash and cash equivalents	950	0.8%	1,108	3.1%	2,058	2,058
TOTAL	**116,970**	**100.0%**	**36,249**	**100.0%**	**153,219**	**162,718**

[1] The estimated fair values of the fixed maturities and equity investments included in the German general account insurance portfolios are determined using quoted market prices. As of December 31, 1997, fixed maturities and equity investments without a readily ascertainable fair value (i.e. without a quoted market price) had a combined net book value of FF 53,955 million. The fair values for non-quoted fixed maturities are determined by AXA Colonia using a discounted cash flow approach using interest rates based on the year end yield curve and the assumption that such securities will be held to maturity. Real estate investments are appraised internally on a annual year basis with periodic appraisals by third-party appraisers to confirm internal methodologies.

The investment objectives of German Life insurance subsidiaries generally provide for the yields and estimated duration of investments to match those of its liabilities, taking into account estimated levels of surrenders and withdrawals. The German Property and Casualty insurance businesses generally provide for matching of the estimated durations of long-tail liabilities but allow more flexibility with respect to short-tail liabilities.

Fixed maturities. The following table summarizes the fixed maturities of the German Life Insurance Group and the German Property and Casualty Insurance Group by remaining contract maturity as of December 31, 1997.

German General Account Insurance Portfolio Fixed Maturity Profile by Estimated Fair Value

(in FF millions except percentages) As of december 31, 1997	Life Insurance	Property and Casualty	Total	% of total
Remaining contract maturity [1]:				
Due in one year or less	1,442	817	2,259	3.1%
Due after one year through five years	23,602	8,035	31,637	42.8%
Due after five years through ten years	24,354	5,366	29,720	40.2%
Due after ten years	8,024	717	8,741	11.8%
Other	1,520	-	1,520	2.1%
TOTAL	**58,942**	**14,935**	**73,877**	**100.0%**

[1] Assumes debt securities are not called for redemption prior to stated maturity.

Equities. As of December 31, 1997, FF 43,965 million (96.3%) of the equity portfolio is held by AXA Colonia. Of this total, approximately 74.9% of the total net book value of equity securities in the German general account insurance portfolio, including the mutual funds, are traded on major stock exchanges of which approximately 50% is related to German issuers. The mutual funds are nearly all controlled by AXA Colonia. No single holding accounts for more than 5% of the portfolio's total estimated fair value.

Mortgage loans. The mortgage loans on real estate are principally on residential homes (98.5% based on net book value). In substantially all cases the amount loaned is less than the estimated fair value of the property at the time such loan is originated.

Real estate. AXA Colonia's real estate portfolio consists of approximately 350 holdings of owned and leased properties. Based on estimated fair value, 96.6% are located throughout Germany and 1.6% are located in Austria with the balance located in other countries. The properties are diverse and consist of approximately 86% retail and office with the balance being primarily residential based on the estimated fair value of the real estate at December 31, 1997.

Reinsurance General Account Insurance Portfolio

The Reinsurance Segment portfolio is primarily invested in fixed maturities (77.8%), cash and cash equivalents (9.3%) and in equity investments (12.0%). The allocation between fixed maturities and cash and cash equivalents varies from one year to another depending on opportunities to invest the highly liquid assets on a longer term basis. The fixed maturities are comprised of government and government controlled entity obligations (51.1%) with the remaining fixed maturities (48.9%) invested principally in private companies. Of the government and government controlled fixed maturities, 22.1% are issued or controlled by the French government and 30.5% are issued by the US government or US government controlled entities.

Other General Account Insurance Portfolios

The Other Property and Casualty Insurance Group, Belgium Property and Casualty Insurance Group, Transnational Property and Casualty Insurance Group and Other Life Insurance Group general account insurance portfolios with a total book value of FF 194,902 million are mainly invested in fixed maturities (65.5%), in equity securities (18.2%), in loans (7.3%) and in cash and cash equivalents (4.2%).

Financial Services

AXA's Financial Services Segment, which in 1997 accounted for 13.5% of AXA's consolidated operating revenues and contributed FF 2,415 million to its consolidated net income, is engaged in asset management, investment banking, securities brokerage, real estate and other financial services activities principally in the United States, Western Europe and the Asia/Pacific region. The clients of the Financial Services Segment include corporations and institutions, including AXA's insurance operations, and individuals.

The following table summarizes the assets under management as of the dates indicated.

Assets Under Management

(in FF millions) As of December 31,	1997	1996	1995
AXA [1]	1,489,456	620,853	525,457
Separate Accounts	452,364	227,457	181,283
Third-party [2]	1,242,383	887,958	641,984
TOTAL	**3,184,203**	**1,736,268**	**1,348,724**

[1] Includes policy loans of FF 31,786 million, FF 24,511 million and FF 22,073 million at December 31, 1997, 1996 and 1995, respectively, which are directly managed by the insurance companies.

[2] Includes assets of the Mutuelles AXA of FF 32,603 million, FF 29,040 million and FF 27,789 million at December 31, 1997, 1996 and 1995, respectively. Third party assets under management include 100% of the estimated fair value of US real estate owned by joint ventures in which third party clients own an interest.

Asset management has become increasingly important to AXA both from a strategic and profitability perspective. The development of third-party asset management activities is part of AXA's financial services strategy in order to capitalize on its existing investment management expertise and to expand its client base. Management believes that its asset management expertise will enable AXA to benefit from the expected growth in savings in the developed markets in which it operates.

Pursuant to these objectives, AXA strengthened its asset management organization in 1997 by restructuring its operations in Western Europe under a new holding company, AXA Investment Managers. With this restructuring, AXA has an asset management specialist in each of its major markets: Western Europe, United States and the Asia/Pacific region.

In the US, Alliance operates as the provider of asset management services, NM Funds Management offers such services in the Asia/Pacific region and in Western Europe the organization is organized under the new holding company, AXA Investment Managers. These companies, which specialize in the business of funds management, are responsible for the vast majority of AXA's assets under management for third-party clients. In addition to implementing its international strategy of developing third party asset management activities, AXA continues to provide investment management services to the insurance segments.

The following table summarizes the level of assets managed and fees earned by AXA's asset management companies (in 1997, AXA Investment Managers Paris, AXA Sun Life Asset Management, Alliance Capital and National Mutual Funds Management).

Asset Management Companies

As of December 31, (in FF millions)	1997	1996	1995
Assets under management:			
Third-party [(1)]	1,090,809	757,822	551,664
Separate Accounts	341,153	172,196	132,334
AXA	817,714	374,151	311,852
TOTAL	**2,249,676**	**1,304,169**	**995,850**
Fees Earned:			
Third Party [(2)]	4,482	3,001	2,105
AXA	970	505	324
TOTAL	**5,452**	**3,506**	**2,429**

[(1)] Includes assets of the Mutuelles AXA of FF 32,603 million, FF 29,040 million and FF 27,789 million at December 31, 1997, 1996 and 1995 respectively. Third party assets under management include 100% of the estimated fair value of US real estate owned by joint ventures in which third party clients own an interest.

[(2)] Includes fees earned on life insurance separate accounts.

US Financial Services Group

The US Financial Services Group's investment management business is conducted principally by Alliance Capital, while its investment and merchant banking, securities trading and brokerage business is conducted principally by Donaldson, Lufkin & Jenrette, Inc ("DLJ"). In 1997, the US Financial Services Group accounted for 87.0% of the Financial Services Segment's total revenues and contributed FF 5,720 million to its income before income tax expense and minority interests. Alliance Capital and DLJ are both publicly-traded companies subject to the reporting requirements of the Securities Exchange Act of 1934. For additional information about these companies please see their respective annual reports on Form 10-K for the year ended December 31, 1997.

Alliance Capital Managment L.P. Alliance Capital, a publicly-traded master limited partnership, provides diversified investment management services to a variety of institutional clients, as well as to individual investors. At December 31, 1997, Alliance Capital had approximately FF 1,311 billion in assets under management (including FF 1,161 billion for third party clients and life insurance separate accounts), FF 801 billion of which were from separately managed accounts for institutional investors and high net worth individuals and approximately FF 509 million of which were from mutual fund accounts. Alliance Capital's greatest growth in recent years has been in products for individual investors, primarily mutual funds, which generate relatively high management and servicing fees as compared to fees charged to separately managed accounts. As of December 31, 1997, Equitable held a 1% general partnership interest in Alliance Capital and approximately 57.9% of the units representing assignments of beneficial ownership of limited partnership interests in Alliance Capital.

Alliance Capital's business can be divided into two broad categories: separately managed accounts and mutual fund management. As of December 31, 1997, Alliance Capital acted as investment manager for approximately 1,650 separately managed accounts. Fees from management of these accounts represented 32.2% of Alliance Capital's revenues for the year ended December 31, 1997. In its mutual fund management business, Alliance Capital manages The Hudson River Trust which is the funding vehicle for certain products offered by the US Life Insurance Group as well as a broad range of open and closed-end mutual funds. The assets comprising all Alliance mutual funds, The Hudson River Trust and deposit accounts as of December 31, 1997, amounted to approximately FF 509 billion.

In February 1996, Alliance Capital completed the acquisition of Cursitor-Eaton Asset Management Company and Cursitor Holdings Ltd. (collectively "Cursitor"). Alliance Capital reduced its recorded value of Cursitor in 1997 reflecting Alliance Capital's view that its investment in Cursitor is impaired as a result of Cursitor's continuing decline in assets under management and its reduced profitability.

Donaldson, Lufkin & Jenrette, Inc. DLJ is a leading integrated investment and merchant bank that serves institutional, corporate, governmental and individual clients both in the US and internationally. DLJ's businesses include securities underwriting, sales and trading, merchant banking, financial advisory services, investment research, correspondent brokerage services and asset management. At December 31, 1997, Equitable owned approximately 76.2% of DLJ's issued and outstanding common stock; assuming full vesting of restricted stock units and full exercise of all outstanding options, Equitable would own approximately 58.1% of DLJ's common stock.

DLJ conducts its business through three principal operating groups, the Banking Group, the Capital Markets Group, and the Financial Services Group.

Banking. DLJ's Banking Group is a major participant in the raising of capital and the providing of financial advice to companies throughout the United States and has significantly expanded its activities outside the United States. Through its Investment Banking group, DLJ manages and underwrites public offerings of securities, arranges private placements and provides advisory and other services in connection with mergers, acquisitions, restructurings and other financial transactions.

Capital Markets. The Capital Markets Group encompasses a broad range of activities, including trading, research, origination and distribution of equity and fixed-income securities, private equity investments and venture capital.

Financial Services. The Financial Services Group provides a broad array of services to individual investors and the financial intermediaries which represent them. Pershing, a DLJ subsidiary, is a leading provider of correspondent brokerage services, clearing transactions for over 600 US brokerage firms which collectively maintain over 1.75 million client accounts. DLJ's Investment Services group provides high-net-worth individuals and medium and smaller sized institutions with access to DLJ's equity and fixed-income research, trading services and underwriting. Through its asset management group, DLJ provides cash management, investment advisory and trust services primarily to high-net-worth individual investors and institutions.

In 1997, DLJ acquired a London-based international financial advisory and asset management firm, Phoenix Group Limited ("Phoenix"). Phoenix maintains offices in London and Hong Kong and has two principal operations: a corporate finance and advisory business and a private equity fund management business investing in unquoted securities.

INTERNATIONAL FINANCIAL SERVICES GROUP

The International Financial Services Group's asset management, banking, real estate and other financial services activities are conducted primarily in France and the the Asia/Pacific region. In addition, activities in other Western European countries, mainly in the UK, Germany and Belgium are included in the International Financial Services Group.

In 1997, the International Financial Services Group accounted for 13.0% of the Financial Services Segment's total revenues and contributed FF 1,385 million to its net income before income tax expense and minority interests.

Asset Management. AXA's financial services strategy is, in part, to increase the scope of its third party asset management business in Western Europe by capitalizing on its investment management expertise and distribution channels of its insurance subsidiaries. In addition, the strategy of AXA includes maximizing potential synergies and building on the strength of the AXA name. This strategy was further advanced in 1997 with the UAP acquisition.

It is AXA's intention to continue to develop new asset management companies in countries where it has a significant presence.

A reorganization aimed at implementing AXA's European strategy of asset management began in 1997. AXA Investment Managers was formed to coordinate and direct the asset management activities in Western Europe. Under this asset management umbrella, organizations in the different countries are being consolidated.

In France, AXA Asset Management and UAP Gestion Financière teams have been relocated together and the companies were merged in 1998 to create AXA Investment Managers Paris.

In the UK, Sun Life Investment Managers and AXA Equity & Law Investment Management were merged in 1997 and AXA Sun Life Asset Management was formed as the investment management company.

As of December 31, 1997, AXA Investment Managers' assets under management (including insurance and third party) totaled FF 806 billion.

AXA provides asset management services in the Asia/Pacific region through NM Funds Management, primarily in Australia, New Zealand, Hong Kong and Japan. NM Funds Management provides asset management services to National Mutual's life insurance operations and third party institutional clients. NM Funds Management also develops, markets and manages pooled investment funds for retail and wholesale investors.

As of December 31, 1997, NM Funds Management had FF 132.6 billion in assets under management including FF 130.3 billion for National Mutual (FF 82.0 billion in National Mutual's general account insurance portfolio) and FF 48.3 billion for third party clients. NM Funds Management is also responsible for National Mutual's residential and commercial lending activities and management of real estate.

Banking Operations. *The International Financial Services Group's banking and financial services activities are principally conducted by Banque Ippa and by credit institutions controlled by Compagnie Financière de Paris ("CFP").*

Banque Ippa, a subsidiary of Royale Belge, offers a complete range of financial services to individuals, professional groups and small businesses. In addition, Banque Ippa's network of intermediaries support the sales of the insurance subsidiaries of Royale Belge.

AXA Banque acts principally as a bank for AXA. It also provides savings management, securities safekeeping, custodial and bank account services to high net worth individual policyholders and to general agents.

AXA Crédit specializes in revolving consumer credit lines marketed primarily to AXA policyholders.

Banque Worms, acquired in the UAP acquisition, operates principally as a commercial bank. Management does not consider Banque Worms to be a long-term permanent investment of AXA. Accordingly, the activities of Banque Worms are not consolidated.

Real Estate Credit Operations. *In conjunction with the UAP acquisition, AXA acquired two credit establishments specializing in real estate: Sofapi and Soffim. Sofapi, which specialized in real estate loans to individuals, originated only loans secured with a mortgage on the real estate or other real estate collateral. At December 31, 1997, the total net book value of loans held by Sofapi amounted to FF 830 million.*

Soffim principally manages impaired mortgages originated by Banque Worms and its subsidiaries and which were transferred to Soffim. In addition, Soffim manages the real estate it has obtained through foreclosing on such loans. At December 31, 1997, the total net book value of loans held by Soffim amounted to FF 448 million and the total net book value of its real estate portfolio amounted to FF 1,722 million.

Sofinad was created to participate in real estate development activity. The main activities were to participate in the purchase of real estate for lease or in real estate companies. The total net book value of real estate held by Sofinad at December 31, 1997 was FF 469 million.

These companies no longer originate real estate loans or initiate real estate development activities. It is AXA's intention to run off this business.

Real Estate Operations. *GENERAL. AXA's French real estate group manages real estate owned by AXA for its own account. The French real estate group also manages the real estate assets of the French Life Insurance Group and the French Property and Casualty Insurance Group, including the real estate assets included in the French general account insurance portfolio and the real estate assets linked to French separate account (ACAVI) products.*

THE FRENCH REAL ESTATE PORTFOLIO. AXA's French real estate portfolio (excluding equity in real estate joint ventures) measured on the basis of estimated fair value at December 31, 1997 was split between residential properties (45.1%) and office properties (44.1%), with the balance composed of mixed use and other properties. Approximately 59.2% of the net book value of the real estate portfolio is located in Paris.

The following table details the breakdown by category and geographic area of AXA's French real estate portfolio. The table includes *real estate held by AXA's real estate companies, as well as the real estate investments backing the French insurance subsidiaries' general account liabilities. The table excludes real estate backing ACAVI separate accounts.*

French Real Estate Portfolio

As of December 31, 1997 (in FF millions except square meters)	Square meters	Net book value	Estimated fair value[1]
By type of property:			
Offices	865,328	16,766	14,275
Residential	1,354,687	14,687	14,590
Mixed and other	326,438	3,345	3,468
Total	**2,546,453**	**34,798**	**32,333**
By location of property:			
Paris	861,072	20,590	18,958
Paris suburbs	955,116	10,762	9,937
Rest of France	730,265	3,446	3,438
Total	**2,546,453**	**34,798**	**32,333**
Other (equity in joint ventures)		19,368	18,695
TOTAL INVESTMENT IN REAL ESTATE		**54,166**	**51,028**

[1] *Real estate investments are appraised by third-party experts on a five-year rotating basis and are reviewed each year and updated as necessary. Fair values are determined on the basis of these appraisals.*

Competition

The Company's financial services subsidiaries are subject to substantial competition in all aspects of their business. Investment management is highly competitive and new entrants are continually attracted to it, due in part to relatively few barriers to entry. The Company's investment management subsidiaries compete with other investment managers primarily on the basis of the range of investment products offered, the investment performance of such products and the services provided to clients. In addition, DLJ encounters significant competition in all aspects of the securities business and competes worldwide directly with other US and non-US securities firms, a number of which have greater capital, financial and other resources than DLJ currently has at its disposal. In addition to competition from firms currently in the securities business, there has been increasing competition from other sources, such as commercial banks and investment boutiques. The principal competitive factors influencing DLJ's business are its professional staff, its reputation in the marketplace, its existing client relationships, the ability to commit capital to client transactions and its mix of market capabilities.

Employees and Agents

As of December 31, 1997, AXA employed approximately 80,613 persons. Of the total number of employees at that date, approximately 32.5% were employed in France, 16.7% in North America, 8.3% in the Asia/Pacific area and 42.5% in other countries in Western Europe. Most of the French employees of the AXA Group are employed by their respective companies with the exception of the staff of the central functions, such as finance, accounting, legal services and human resources, who are employed by GIE AXA. The management of human resources is decentralized and organized at the level of each GIE. AXA's employees in France and certain other countries are covered by various collective bargaining agreements, the application of which depends on the professional activity carried out, as well as collective agreements on working conditions and remuneration negotiated periodically with the union and employee representatives.

Additional factors which may affect AXA's business

Ownership of AXA Trademark by Finaxa

The name "AXA" and the AXA trademark are owned by Finaxa. In 1996, the Company and Finaxa entered into a Licensing Agreement pursuant to which Finaxa (i) granted the Company a non-exclusive license (the "AXA License") to use the AXA trademark in the jurisdictions in which AXA currently has operations and in any additional jurisdictions in which the AXA trademark is registered. The AXA License grants the Company the right, subject to prior written approval of Finaxa, to grant sublicenses to companies controlled, directly or indirectly, by the Company. The Company is obligated to pay Finaxa pursuant to the AXA License an annual fee of FF 5,000,000 as well as 50% of any net royalties the Company receives from sublicensees. The license may be terminated upon 3 months prior written notice by either party; however, Finaxa has agreed not to exercise its termination right for so long as it is the Company's largest shareholder.

Regulation

GENERAL

The insurance businesses of AXA are subject to detailed, comprehensive regulation in all the jurisdictions in which AXA transacts business. In addition, European Union ("EU") directives have had and will have a significant impact on the regulation of the insurance industry in the EU as such directives are implemented through legislation adopted within each member state.

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

Set forth below is a description of the principal regulations to which AXA and its principal insurance subsidiaries are subject to.

France

GENERAL

The Company and its French insurance and reinsurance subsidiaries are subject to regulations generally applicable to insurance holding, insurance and reinsurance companies organized in France, contained principally in the French Code des Assurances (the "French Insurance Code"), and the supervision of both the Direction du Trésor of the Ministry of the Economy and the Commission de Contrôle des Assurances (the "CCA"). The CCA is an independent administrative authority of the French insurance industry and supervises the financial condition and statements of insurance, reinsurance and insurance holding companies. The business and accounts of the Company's French insurance and reinsurance subsidiaries are subject to examination at any time by the CCA. The principal object of such regulations and supervision is protection of the insured party.

INSURANCE COMPANIES

Prior to engaging in the business of providing insurance, all French insurance companies must receive a license from the Ministry of the Economy through a process involving an examination of the compliance with statutory standards of the legal, financial, accounting and technical structures of the applicant.

In addition, the CCA supervises adherence to statutory accounting principles and compliance with financial and technical management regula-

tions. Any change in the charters of the Company's French insurance subsidiaries must also be approved by the CCA.

The Company's French insurance subsidiaries may not engage in any commercial activity on an ongoing basis other than that of providing insurance coverage and directly related activities. Under French law, life insurance coverage and property and casualty insurance coverage may not be provided by the same company except that French life insurers may offer bodily injury coverage and French property and casualty insurers that insure only bodily injury risks may also offer life insurance.

PROFIT SHARING REGULATION

French life insurers are obligated by law to allocate for the benefit of policyholders (other than holders of contracts supported by separate accounts and term policies) at least 85% of annual investment results on assets attributable to such policyholders plus at least 90% of other profits. Amounts allocated must be credited to such policyholders within eight years but otherwise can be credited at the insurer's discretion. In no case may these amounts be allocated to shareholders. The allocation usually takes the form of an increase in guaranteed benefits but may also take the form of a reduction of future premiums.

INVESTMENTS RESERVES AND SOLVENCY MARGIN.

Current French law subjects the French insurance subsidiaries of the Company to a number of requirements with respect to the administration of their assets and liabilities. With respect to liabilities, the actuarial and claims reserves of the regulated insurer, which underwrites the claims reimbursements that may be made by the regulated insurer to its policyholders, must be adequate to allow the regulated insurer to fulfill its contractual commitments to pay on receipt of claims. French law also prescribes a minimum solvency margin in addition to the maintenance of a guarantee fund. The guarantee fund must be equal to the greater of one third of the solvency margin and an amount stipulated by French law. For property and casualty insurance contracts, the solvency margin is required to be at least equal to 16% of premiums written in the prior year. For life insurance contracts, the solvency margin is generally required to be at least equal to 4% of insurance reserves (1% for separate account contracts which are deemed to involve less risk to the insurer) plus 0.3% of the amount at risk under insurance policies (with lower rates applying to some term insurance products).

The management by the Company's French insurance subsidiaries of the assets which support actuarial and claims reserves for potential claims is regulated by French law. French insurers may generally invest only in (i) debt securities, equity securities and shares of mutual funds, (ii) real estate and (iii) mortgage loans, certain government guaranteed loans and certain other loans and deposits. In addition, French law limits the proportion of assets that French insurers may invest in certain categories of investments and imposes restrictions with respect to particular investments.

PRODUCTS

New insurance products and policies may be offered in France by either a French or foreign insurer without any prior approval. However, such insurers must file a description of such new products and policies with the French Minister of the Economy who may require (i) the modification of their terms and conditions and (ii) the withdrawal from the market or the modification of any contract which, in his judgment, does not comply with applicable laws and regulations. Insurance companies must collect and remit to the government a tax of between 5% and 30% on certain premiums, depending upon the product. However, premiums paid on life insurance contracts, group insurance contracts, contracts covering land and sea transport risks and insurance contract payments which are made to a retirement savings plan are not subject to this tax.

French regulation imposes a maximum on the annual rate of return that may be guaranteed for most individual pension general account products. The maximum guaranteed rate on regular and flexible premium contracts will be the lesser of 60% of the average French state borrowing rate ("TME") and 3.5%. The maximum guaranteed rate on single premium or free installment contracts will be 75% of the TME, except that for those single premium or free installment contracts which have a duration in excess of 8 years, the maximum guaranteed rate will be the lesser of 60% of the TME and 3.5%.

Financial Reporting Requirements

The system of accounting used by the Company and its French insurance and reinsurance subsidiaries is subject to French regulatory control. The accounts of a French insurer or reinsurer must conform to a standard form prescribed by the French Insurance Code. French insurers and reinsurers currently must also file a balance sheet, a statement of income, notes to such financial statements, reports of its directors and statutory auditors and a number of other accounting and statistical statements with the CCA. In addition, French insurers and reinsurers are required to carry out an annual inventory and to present consolidated accounts. Pursuant to French legislation enacted in August 1994, French insurance, reinsurance and insurance holding companies may be required to maintain a consolidated or combined solvency margin, in accordance with the requirements adopted by the Minister of the Economy. To date, the Minister of the Economy has not issued an order implementing this legislation.

United States

General State Supervision

The US Life Insurance Group is licensed to transact its insurance business in, and is subject to extensive regulation and supervision by, all 50 states of the United States, the District of Columbia, Puerto Rico, the US Virgin Islands and Canada including nine of Canada's twelve provinces and territories. Equitable Life is domiciled in New York and is primarily regulated by the New York Superintendent of Insurance. The extent of state regulation varies but most jurisdictions have laws and regulations governing standards of solvency, levels of reserves, permitted types and concentrations of investments, business conduct to be maintained by insurance companies as well as agent licensing, approval of policy forms and, for certain lines of insurance, approval or filing of rates. The New York Insurance Law limits sales commissions and certain other marketing expenses that may be incurred. The US Life Insurance Group is required to file detailed annual financial statements, prepared on a statutory accounting basis, with the supervisory agencies in each of the jurisdictions in which it does business, and its operations and accounts are subject to examination by such agencies at regular intervals. Effective November 30, 1997, Equitable Life and the New York Insurance Department ("NYID") entered into a stipulation concluding the NYID's regular examination of the US Life Insurance Group for the period from 1991 through 1995. Pursuant to that stipulation, Equitable Life admitted certain violations of New York insurance laws and regulations, failure to adhere to certain agreements with the NYID and consented to pay a $ 450,000 civil penalty. Equitable Life is currently in the process of responding to subpoenas issued in January 1998 by the Florida Attorney General and the Florida Department of Insurance which request, among other things, documents related to various sales practices. Management believes that this inquiry will not have a material adverse effect on the financial condition or results of operations of the US Life Insurance Group.

Risk-Based Capital

Life insurers are subject to risk-based capital ("RBC") guidelines which provide a method to measure the adjusted capital (statutory capital and surplus plus asset valuation allowance ("AVR") and other adjustments) that a life insurance company should have for regulatory purposes, taking into account the risk characteristics of the company's investments and products. The New York Insurance Law gives the New York Superintendent of Insurance explicit regulatory authority to require various actions by, or take various actions against, insurance companies whose adjusted capital does not meet the minimum acceptable level. Equitable Life was above its target RBC ratios at year-end 1997.

NAIC Ratios

On the basis of statutory financial statements filed with state insurance regulators, the NAIC calculates annually a number of financial ratios to assist state regulators in monitoring the financial condition of insurance companies. Twelve ratios were calculated based on the 1997 statutory financial statements. Departure from the "usual range" on four or more of the ratios can lead to inquiries from individual state insurance departments. For Equitable Life's 1997 statutory financial statements, three ratios fell outside of the "usual range": (i) the ratio of net gain to total income, (ii) the ratio of investments in affiliates to capital and surplus, and (iii) the reserving ratio for individual life insurance products.

Management does not expect the 1997 designations accorded to Equitable Life based on its statutory financial statements to have a material adverse effect on the business or operations of the US Life Insurance Group or to adversely affect its ratings.

The NAIC has undertaken a comprehensive codification of statutory accounting practices for insurers. The resulting changes, once the codification project has been completed and the new principles adopted and implemented, are not expected to have a material adverse impact on the US Life Insurance Group's statutory results and financial position but may cause a modest reduction in statutory surplus. The codification is scheduled to become effective January 1,1999.

Holding Company Regulation

Several states, including New York, regulate transactions between an insurer and its affiliates under insurance holding company acts. These acts contain certain reporting requirements and restrictions on transactions such as the transfer of assets, loans or the payment of dividends between an insurer and its affiliates. Under such laws, transfers of assets, loans or dividends by Equitable Life to the Equitable Holding Company, may be subject to prior notice or approval depending on the size of such transfers or payments. Equitable Life agreed in an undertaking to the NYID that transactions between material subsidiaries of Equitable Life and the Equitable Holding Company (and certain affiliates, including AXA) are subject to similar approval. Changes in control (generally presumed at a threshold of 10% or more of outstanding voting securities) are also regulated by these laws.

Shareholder Dividend Restrictions

Since Equitable Life's demutualization, the Equitable Holding Company has not received any dividends from Equitable Life. Equitable Life would be permitted to pay shareholder dividends to the Equitable Holding Company only if it files notice of its intention to declare such a dividend and the amount thereof with the New York Superintendent of Insurance and the Superintendent does not disapprove such dividend. The Superintendent has broad discretion in deciding whether or not to approve dividends under the New York Insurance Law. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Sources of Liquidity" and Note 17 of Notes to the Consolidated Financial Statements.

Securities Laws

Equitable, certain of its insurance subsidiaries and certain policies and contracts offered by them are subject to regulation under the Federal securities laws administered by the Commission and under certain state securities laws. Equitable Life is complying voluntarily with the Commission's limited inspection of more than a dozen insurance companies concerning marketing and sales practices associated with variable insurance products. Certain separate accounts of Equitable Life are registered as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Separate account interests under certain annuity contracts and insurance policies issued by Equitable Life are also registered under the Securities Act.

Equitable Life, EQ Financial, Donaldson, Lufkin & Jenrette Securities Corporation ("DLJSC") and certain other subsidiaries of the Equitable are registered as broker-dealers (collectively the "Broker-Dealers") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are members of, and subject to regulation by, the National Association of Securities Dealers, Inc. and various other self regulatory organizations ("SROs"). Consequently, the Broker-Dealers are subject to extensive and overlapping regulations (discussed below under Investment Banking) which cover all aspects of their securities business.

Equitable Life and certain of the Equitable Holding Company's financial services subsidiaries also are registered as investment advisers (collectively, the "Investment Advisers") under the Investment Advisers Act of 1940, as amended. Many of the investment companies managed by these Investment Advisers, including a variety of mutual funds and other pooled investment vehicles, are registered with the Commission under the Investment Company Act. All aspects of the Investment Advisers' activities are subject to various Federal, state and foreign laws and regulations.

Such laws and regulations relate to, among other things, limitations on the ability of investment advisers to charge performance-based or non-refundable fees to clients, record-keeping and reporting requirements, disclosure requirements, limitations on principal transactions between an adviser or its affiliates and advisory clients, as well as general anti-fraud provisions. The failure to comply with such laws may result in possible sanctions including the suspension of individual employees, limitations on the activities in which the Investment Adviser may engage, suspension or revocation of the Investment Adviser's registration as an adviser, censure and/or fines.

INVESTMENT BANKING

DLJ's business is, and the securities industry generally is, subject to extensive regulation in the United States at both the Federal and state level. Various regulatory bodies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers, participating in those markets. DLJSC is registered as a broker-dealer with the Commission and in all 50 states and the District of Columbia, as a futures commission merchant with the Commodities Futures Trading Commission (the "CFTC"), as an investment advisor in certain states and with the Commission and is also designated a primary dealer in US Government securities by the Federal Reserve Bank of New York.

It is also a member of, and subject to regulation by, the NASD, the NYSE, the Chicago Board of Trade ("CBOT"), the National Futures Association and various other SROs. Broker-dealers are subject to regulation by state securities administrators in those states in which they conduct business. Broker-dealers are also subject to regulations that cover all aspects of the securities business, including sales and trading practices, use and safekeeping of customers' funds and securities, capital structure (including minimum required net capital levels and limitations on indebtedness), record-keeping and the conduct of directors, officers and employees.

The Commission, other governmental regulatory authorities, including state securities commissions, and SROs may institute administrative or judicial proceedings, which may result in censure, fine, the issuance of cease and desist orders, the suspension or expulsion of a broker-dealer or member, its officers or employees or other similar consequences.

DLJ's business may be materially affected not only by regulations applicable to it as a financial market intermediary, but also by regulations of general application. For example, the volume of DLJ's underwriting, merger and acquisition and merchant banking businesses in any year could be affected by, among other things, existing and proposed tax legislation, antitrust policy and other governmental regulations and policies (including the interest rate policies of the Federal Reserve Board) and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities.

From time to time, various forms of anti-takeover legislation and legislation that could affect the benefits associated with financing leveraged transactions with high yield securities have been proposed that, if enacted, could adversely affect the volume of merger and acquisition and merchant banking businesses, which in turn could adversely affect DLJ's underwriting, advisory and trading revenues related thereto.

ERISA CONSIDERATIONS

The US Life Insurance Group and the US Financial Services Group act as fiduciaries and are subject to regulation by the US Department of Labor ("DOL") when providing a variety of products and services to employee benefit plans governed by the US Employee Retirement Income Security Act of 1974 ("ERISA"). Severe penalties are imposed by ERISA on fiduciaries which violate ERISA's prohibited transaction provisions by breaching their duties to ERISA-covered plans. In a case decided by the US Supreme Court in 1993 (John Hancock Mutual Life Insurance Company v. Harris Trust and Savings Bank), the Court concluded that an insurance company general account contract that had been issued to a pension plan should be divided into its guaranteed and nonguaranteed components and that certain ERISA fiduciary obligations applied with respect to the assets underlying the nonguaranteed components. Although Equitable Life has not issued contracts identical to the one involved in Harris Trust, some of its policies relating to ERISA-covered plans may be deemed to have nonguaranteed components subject to the principles announced by the Court. During 1994, Equitable Life added additional guarantees to certain of these contracts.

The Supreme Court's decision did not resolve whether the assets at issue in the case may be subject to ERISA for some purposes and not for others. In July 1995, the DOL granted a prohibited transaction class exemption (PTE 95-60) which exempted from the prohibited transaction rules, prospectively and retroactively to January 1, 1975, certain transactions engaged in by insurance company general accounts in which employee benefit plans have an interest. In August 1996, Congress added Section 401(c) to ERISA, which required the DOL to issue a final regulation by December 31, 1997 defining the circumstances in which an insurer will be deemed to have a safe harbor from ERISA liability for general account contracts that are not guaranteed benefit contracts issued on or before December 31, 1998. Thereafter, newly issued general account contracts that are not guaranteed benefit contracts must comply with the applicable fiduciary provisions of ERISA. In December 1997 the DOL issued proposed regulations which provide for such a safe harbor if (i) the decision to purchase the policy is made by an independent fiduciary, (ii) certain disclosures are made by the insurer prior to entering into the contract and during the life of the contract, (iii) the insurer provides certain termination and withdrawal rights and (iv) certain general prudence standards for the management of the insurer's general account are followed. The proposed regulations did not define or give guidance as to what type of contracts would be considered guaranteed benefit contracts.

Equitable Life is continuing to work actively with industry trade groups to persuade the DOL to give guidance in the final regulation as to what would constitute a guaranteed contract, or to lessen the onerousness of the proposed regulation. Equitable Life is also considering the operational changes it must effect and the potential impact to the overall general account if the proposed regulations are adopted in final form.

ENVIRONMENTAL CONSIDERATIONS

As owners and operators of real property, the US Life Insurance Group and the US Financial Services Group are subject to extensive Federal, state and local environmental laws and regulations. Inherent in such ownership and operation is the risk there may be potential environmental liabilities and costs in connection with any required remediation of such properties. Based on compliance with internal environmental procedures (including routine environmental assessments before acquiring real property for investment or through foreclosure), management believes that any costs associated with compliance with environmental laws and regulations regarding such properties would not be material to the consolidated financial position of AXA. Furthermore, although the US Life Insurance Group and the US Financial Services Group hold equity positions in companies that potentially could be subject to environmental liabilities, management believes based on its assessment of the business and properties of these companies and the level of involvement of the US Life Insurance Group and US Financial Services Group in the operation and management of such companies, that any environmental liabilities with respect to these investments would not be material to AXA's consolidated financial position.

Federal Initiatives

Although the federal government generally does not directly regulate the insurance business, many federal laws do affect the business in a variety of ways. There are a number of existing or recently proposed federal laws which may significantly affect the US Life Insurance Group, including employee benefits regulations, removal of barriers preventing banks from engaging in the insurance and mutual fund businesses, the taxation of insurance companies and the taxation of insurance products. In addition, there has been some interest among certain members of Congress concerning possible federal roles in the regulation of the insurance industry. These initiatives are generally in a preliminary stage and, consequently, management cannot assess their potential impact on the US Life Insurance Group at this time. The Clinton Administration's 1999 budget proposals announced in February 1998 contain provisions which, if enacted, could have an adverse impact on certain sales in the non-qualified marketplace and, depending on grandfathering provisions, surrenders of certain variable insurance products and business-owned life insurance. In addition, the proposals could reduce the tax reduction allowed to the US Life Insurance Group for reserves for annuity contracts. Management cannot predict what other proposals may be made, what legislation, if any, may be introduced or enacted or what the effect of any such legislation might be.

Australia

General

The Life Insurance Act 1995 (the "Life Insurance Act"), became effective on July 1, 1995 in Australia. The Life Insurance Act's stated object "is to protect the interests of the owners and prospective owners of life insurance policies in a manner consistent with the continued development of a viable, competitive and innovative life insurance industry". The Life Insurance Act gives the Insurance and Superannuation Commission (the "ISC") responsibility for the administration of the Life Insurance Act and, where specifically provided in the Life Insurance Act, for promulgation of rules thereunder. This includes the Life Insurance Actuarial Standards Board ("LIASB") standard 1.01 which deals with the valuation of liabilities under the Margin on Services basis.

Statutory Funds

A life insurance company is required to establish and maintain in the records of the company at least one statutory fund that relates solely to the Life insurance business of the company. Where a company writes policies providing investment-linked benefits to policyholders in Australia, that business must be maintained in a separate statutory fund that is exclusive to that business. Likewise, the business of overseas branches established after July 1, 1995, must be maintained in a separate statutory fund or funds.

The function of a statutory fund is to segregate similar types of policies into a fund in which all related premiums must be credited and related claims and expenses debited and may be used only for the conduct of the business of those policies. The investment portfolio supporting that fund must be kept segregated from the other assets of the company and may be applied only for the benefit of those policyholders.

Profit Sharing/Distribution Regulation

Pursuant to the Life Insurance Act, in Australia an insurance company must allocate at the end of each fiscal year the profits and losses of each of its statutory funds and credit such amounts to the fund's retained earnings accounts to be held for distribution to the fund's participating policyholders and the insurance company's share-holders.

The Life Insurance Act requires that the profits of a statutory fund be determined separately for Australian participating policyholders, overseas participating policyholders and non-participating policyholders. At least 80% of the profit (or at most 80% of the loss) attributable to Australian participating policyholders (defined, for this purpose, to include National Mutual's investment account contracts) must be credited to the fund's Australian participating policyholders' retained earnings account. A portion of the profit or loss attributable to overseas participating policyholders, to the extent that the allocation would not be inconsistent with the insurance company's articles of association, may be credited to the fund's overseas participating policyholders' retained earnings account. All remaining profits and losses must be credited to the insurance company's shareholders' retained earnings account.

Under National Mutual Life's Memorandum of Demutualization, which governs the future management of its life insurance business in Australia and New Zealand, National Mutual Life must credit 80% of the profit or loss attributable to participating policies and 100% of the investment profit or loss attributable to investment account contracts to such policyholders' retained earnings accounts. This is in accordance with the Life Insurance Act.

Distributions of a statutory fund's retained earnings must be made in accordance with the requirements of the Life Insurance Act and only after the directors of the insurance company have received the written advice of the company's appointed actuary regarding the likely consequences of the proposed distribution. Generally, amounts available in a statutory fund's shareholders' retained earnings account may be transferred to the shareholders' fund for distribution to shareholders as dividends provided the statutory fund meets the capital adequacy standard established under the Life Insurance Act.

Solvency and Capital Adequacy Standards

The Life Insurance Act provides for the introduction of a capital adequacy requirement as well as a revised solvency requirement through standards set by the LIASB with the agreement of the ISC. The solvency and capital adequacy standards for life insurance companies operating in Australia became effective for fiscal years ending on or after December 31, 1996.

The purpose of the solvency standard is to ensure, as far as practicable, that a statutory fund will be able to meet all its liabilities as they fall due. The higher capital adequacy standard is intended to ensure that a statutory fund has adequate capital to enable it to continue to conduct business in accordance with the Life Insurance Act and in the interests of the policyholders.

Under the standards, the assets of the statutory fund are required at all times to exceed the aggregate of the fund's best estimate of policy liabilities, the solvency or capital adequacy margin and any liabilities other than policy liabilities attributable to the fund. The solvency and capital adequacy margin are calculated based on a formula which contains variables for (i) expenses, inflation, investment earnings, death claims, disability claims, voluntary discontinuances, premium dormancy and policyholder options, (ii) distribution of assets among investment categories, and (iii) the matching of specific categories of assets and liabilities.

Financial Reporting and Accounting

An Australian life insurance company is required by the Life Insurance Act to prepare financial statements in accordance with the ISC's rules and to submit these statements for audit by an auditor approved by the ISC. The auditor is obliged to report whether the statements have been prepared in accordance with the Life Insurance Act and whether the statements truly represent the financial position of the company. These statements are filed with the ISC, and with the Australian Securities Commission (the "ASC").

The auditor of an Australian life insurance company is required to draw to the attention of that company, or its directors or officers, any matter that comes to the attention of the auditor that the auditor believes requires action to be taken by the company, or the directors, to avoid a contravention of the Life Insurance Act or to avoid prejudice to the interests of the owners of policies issued by the company. If the auditor believes that there are reasonable grounds to believe that the company or a director may have contravened the Life Insurance Act, and the contravention is material, the auditor must inform the ISC of that opinion and the information on which it is based.

National Mutual is also subject to the provisions of the Australian Corporations Law, which permits life insurance companies to prepare accounts annually that either comply with the provisions of the Life Insurance Act or comply with such conditions as are specified by the ASC.

Products

The ISC may require a life insurance company to submit to it any form of proposal or policy documents ordinarily used by the company in Australia. The ISC may also require a life insurance company to make a written submission regarding these forms of proposal or policy documents if the ISC believes that the form fails to comply with the

Life Insurance Act or is likely to mislead, following which, if the ISC believes that the form fails to comply with the Act or is likely to mislead, it may give the life insurance company a written direction to change the form in the way specified in the direction.

Generally, however, the ISC regulates the pro-vision of product information provided to potential policyholders through circulars released to the industry. These circulars specify the minimum information which must be disclosed, how benefits may be illustrated, and the impact of fees and charges.

United Kingdom

General

Insurance companies in the United Kingdom for both life and property and casualty insurance are regulated principally by the Insurance Companies Act 1982 and various regulations promulgated thereunder and EU insurance directives. The principal objective of the UK insurance regulations is protection of the policyholder. The principal insurance company regulatory authority in the UK is the Insurance Directorate of Her Majesty's Treasury ("Treasury").

Selling activities by life insurance companies in the United Kingdom are governed by the Financial Services Act 1986, the relevant provisions of which were brought into force in April 1988. The Financial Services Authority ("FSA") which was formerly named the SIB (See "New Regulatory Developments") is the regulatory authority charged with the implementation and enforcement of the Financial Services Act 1986.

Company Regulation

All insurers (including non-UK concerns wishing to establish and operate an insurance subsidiary within the UK) must be authorized by the Treasury which grants licenses after consideration of the applicant's capital resources, proposed business plan, underwriting policy and reinsurance arrangements and the qualifications of its directors and management. Licenses may include limitations, for example, on gross premiums, investments and transactions with associated companies or as the Treasury otherwise deems appropriate.

However, if the applicant is a branch of an insurer from another member state of the EU, licensed in that country to carry on the business of insurance and applying to write classes of insurance which the insurer is authorized to write in its home jurisdiction, then it is only necessary to prove that sufficient assets exist to cover local liabilities.

All companies must submit to the Treasury annual and, in some cases, quarterly returns together with audited accounts. These must include a certificate as to whether domestic assets cover domestic liabilities, and are subject to examination by the Treasury. The Treasury has the authority to direct that assets be put under the control of an approved trustee as well as to investigate a company's affairs at any time and to determine whether an individual is a fit and proper person to control or manage an insurance company. An annual assessment for the protection of UK policyholders is imposed on all insurance companies underwriting life and general business. The assessment is based on gross premiums less commissions, reinsurance and taxes. The funds collected by imposition of the assessment are used to provide protection against bankruptcy of insurance companies.

As a result of AXA Global Risk UK's operating losses and significant additions to claims reserves for prior year claims in 1992 and 1993, it received a notice from the Treasury in March 1994 which imposed certain limitations on its business and required the filing of certain information with the Treasury.

Investments and Reserves

The Treasury requires that adequate reserves be maintained for each class of business underwritten both in respect of reported claims and those incurred but not reported. While no specific regulations exist that dictate the types of investment that must support reserves, there are asset admissibility rules for purposes of measuring solvency. In addition, an insurance company must ensure that such funds are not depleted to a point where they are no longer sufficient to meet the purpose for which they were intended.

Solvency

UK minimum solvency requirements are in accordance with relevant EU directives. For property and casualty insurers, the margin required is the larger of (a) 18% of the first 10,000,000 ECU of gross premiums for the year plus 16% of the remainder reduced by the ratio of gross reinsurance recoveries to gross claims paid during the last year (maximum reduction 50%), (b) 26% of the first 7,000,000 ECU of average gross claims for the past three years plus 23% of the remainder reduced by a reinsurance factor as under the premium basis, and (c) a fixed amount, referred to as the minimum guarantee fund, ranging from 200,000 ECU to 400,000 ECU depending on the class of business.

For life insurers, the minimum solvency margin is assessed by a mathematical formula. However, the minimum guarantee fund must be at least 800,000 ECU should the formula produce a lesser figure.

Auditing Requirements

The accounting procedures used by the insurance industry within the United Kingdom are prescribed by the Insurance Companies Act 1982, the Companies Act of 1985 and the Companies Act 1985 (Insurance Companies Accounts) Regulations which are administered by the Treasury. The process of auditing an insurer's accounts is required to be carried out by a qualified and independent auditor who reports on the truth and fairness of the accounts as presented. Under certain circumstances, the auditor may issue a qualified report. Failure to produce audited accounts as required by Treasury regulations may lead to the imposition of sanctions.

Appointed Actuary

Under insurance legislation, each life insurer must appoint an actuary who will prepare an annual report for the company's directors quantifying the company's liabilities and confirming the company's solvency. The Treasury must receive full details of the appointed actuary's report including the methods and assumptions adopted. The appointed actuary has a professional duty to be satisfied at all times as to the solvency of the life insurance company and the appropriateness of premium rates and bonus declarations.

Products

Only products that conform with the authorized classes granted by the Treasury may be marketed.

Applications to underwrite an additional class or classes of products will be considered by the Treasury provided all regulatory requirements are fulfilled. Failure to write business in a class over a certain period of time may lead to the withdrawal of the authorization.

A 1994 Court decision held that certain single premium investment products are not contracts of insurance, as had always been thought, but rather contracts of investment, since the amount payable on surrender is not significantly different from the amount payable on death. The decision was reversed on appeal although an application for leave to appeal further for a definitive ruling is pending.

SALES REGULATION

Prior to 1988, when the provisions of the Financial Services Act regulating the selling of life insurance became effective, the life insurance selling process in the United Kingdom was not subject to formal regulation. A self-regulatory structure was created headed by the FSA, and under which there are a number of self-regulatory organizations ("SROs") covering the financial services industry. The Personal Investment Authority ("PIA") regulates selling by life insurance companies, their exclusive agents and direct sales forces, and selling by IFAs, although life companies may choose to be regulated by the FSA, which has broadly similar rules.

SALES ADVICE

IFAs must be independent and offer clients the products most suited to their needs from the full range of financial products available in the market. Exclusive agencies represent only one insurer and must offer clients the products most suited to their needs from the range of financial products offered by the insurer. Regulations prohibit insurers from establishing a commission structure that may encourage IFAs and exclusive agencies to favor any particular product.

TRAINING AND COMPLIANCE

Strict requirements with respect to agent training and selling methods have been imposed by UK self-regulatory authorities in recent years, including requiring PIA members to have an accredited training program for their agents, who must demonstrate that they meet certain competence standards. All salespeople whether working for an IFA or direct for a product provider are now required to pass examinations in order to sell. In addition, life insurance companies are required to appoint a compliance officer whose responsibility is to ensure compliance with training and selling regulations. The compliance officer reports annually to the board of directors of the company. The costs of such training and oversight have increased insurers' costs.

Regular inspections of members, known as monitoring visits, are carried out by the PIA. The PIA has the authority to discipline members, and following the monitoring visits carried out since the introduction of the regulations, a large number of life insurance companies have been assessed fines for infractions, in many cases connected with the competency of salesmen, and the quality of monitoring and compliance procedures. The training programs and compliance procedures established by AEL and Sun Life have been subject to such an inspection, with no significant adverse comment.

The PIA also has a complaints bureau which is compulsory for all PIA members. It may make awards of up to £ 100,000.

Disclosure Regulations

Detailed information is required to be disclosed to the customer at the time of sale in connection with the projection of surrender and maturity values based on the insurers own charges and expenses, and commission to be paid or commission plus benefits and services to be provided to the salesperson as a reward for the introduction. The customer is also entitled to documents explaining the contracts in non-technical language and to the right to cancel the contract within 14 days. These regulations exceed the disclosure standards mandated by EU directives.

In addition, new regulations came into effect on July 1, 1995 that enable policyholders who are consumers to challenge the terms of policies which they claim are unfair or unclear. The Office of Fair Trading is empowered to enforce the regulations by requiring revised contract documents when existing wordings seem to contravene the regulations.

Underwriting

At the end of 1996, regulations came into force restricting discrimination by insurers against applicants on the grounds of disability, unless the underwriting decision is based upon a reasonable application of information relevant to the assessment of the risk to be insured, and from a source upon which it is reasonable to rely.

The Association of British Insurers ("ABI") issued a Code of Practice for Genetic Testing ("Code of Practice") to be effective January 1, 1998. The Code of Practice endorses the present two year moratorium on use of previously conducted genetic tests for underwriting decisions on contracts not in excess of £ 100,000 and connected to a mortgage. There are also strict rules covering the confidential storage of and access to personal medical details.

The Human Genetics Advisory Council ("HGAC"), established to advise the Governement, issued its report in December 1997. The report did not recommend a permanent ban on the use of genetic test results, however, they recommend a two year moratorium for all types of life insurance regardless of the amount of the insurance contract. In addition, the report acknowledges that the insurance industry has satisfactory arrangements in place to safeguard confidentiality of genetic test results.

New Regulatory Developments

A new Labour Government was elected in May 1997 with a manifesto which included plans for significant changes to the regulatory structure, income tax treatment of certain investment products, and pensions legislation. To this end, the core of a new financial regulatory organization was created on October 28, 1997, when the SIB formally changed its name to the Financial Services Authority ("FSA"). Over the next two years the FSA will acquire its full range of powers in two further stages. First, the Bank of England will transfer to the FSA responsibility for supervising banks, wholesale money market institutions and the foreign exchange clearing house. The second piece of legislation is the proposed financial regulatory reform bill which will create a new statutory regime under which the FSA will acquire regulatory and registration functions currently exercised by several regulatory bodies, including the Insurance Directorate of the DTI.

The review of the pensions regime is currently underway but it is too early to determine the likely outcome. The UK Insurance Group was asked to participate in the consultation process and has submitted its response.

Germany

General

German companies engaged in the insurance business are subject to the regulations of the German Versicherungsaufsichtsgesetz ("VAG" or German Insurance Control Act) and the supervision of the Bundesaufsichtsamt für das Versicherungswesen ("BAV", the Federal Supervisory Office). The BAV is an independent federal administrative office which monitors and supervises the operation and financial condition of German insurance companies. The business and accounts of German insurance companies are subject to examination at any time by the BAV. The BAV can investigate any aspect of an insurer's activity, perform local audits and request information it deems appropriate. The object of such regulations and supervision is the protection of the policyholders.

Insurance companies

Prior to conducting business, all German insurance companies need a license issued by the BAV following a process involving an examination of compliance with statutory standards of the legal, financial, accounting and technical structures of the applicant.

In addition, the BAV supervises adherence to statutory accounting principles and compliance with financial and technical management regulations. Any change in the statutes of the German insurance companies must also be approved by the BAV.

German insurance companies may not engage in any commercial activity on an ongoing basis other than that of providing insurance coverage and directly related activities. Under German law life insurance, private health coverage and property and casualty insurance coverage may not be written by the same insurance carrier. However, insurance companies engaged in different lines of business may belong to the same group.

Profit sharing regulation

German life insurance companies are obliged by regulations to allocate for the benefit of the policyholders at least 90% of their annual investment surplus and an adequate portion of their other surplus. In no case may these amounts be allocated to shareholders. Due to strong competition in Germany the actual policyholders' surplus participation is between 96% and 98%. The allocation of surplus is generally transferred to the provision for policyholders' dividends (RFB) and distributed to policyholders according to defined bonus plans.

Investments and reserves

German insurance companies are subject to a number of requirements with respect to the administration of their assets and liabilities. The actuarial and claims reserves of each insurer, must be adequate to allow the insurer to fulfill its contractual commitments to pay upon receipt of claims. The BAV has issued strict rules for the calculation of the actuarial reserves.

German law prescribes a minimum solvency margin in addition to the maintenance of a guarantee fund. Under German law the guarantee fund must equal one third of the solvency margin. For property and casualty insurance companies the solvency margin is calculated according to a defined ratio of the average premiums written in the last three years or the average level of claims incurred during the same period. For life insurance contracts, the solvency margin is generally required to be at least equal to 4% of the insurance reserves (1% for separate account contracts which are deemed to involve less investment risk to the insurer) plus 0.3% of the amount at risk (insured amount minus reserve). Lower rates are applied to some term insurance products.

German property and casualty insurance companies are required to establish claims equalization reserves according to actuarial rules. Such claims equalization reserves serve the purpose of leveling fluctuating claims requirements over the course of time.

The management of the assets of German insurance companies which support actuarial and claims reserves for potential claims is defined by the German Insurance Control Act which defines strict requirements for safety, profitability and liquidity of investments. German insurance companies may generally invest only in specific categories of assets such as bearer bonds and other fixed income securities, real estate, mortgages, annuity loans, certain government guaranteed loans, equity securities and investment fund securities and deposits. In addition, German law limits the proportion of assets which German insurers may invest in certain categories of investments and imposes restrictions with respect to particular investments.

Products

New insurance products and policies may be offered in Germany without prior approval of the BAV. Under the European Directives on insurance there is no authorization procedure to control insurance terms and conditions or tariffs.

While no prior approval is required, insurers must file a description of new products and policies with the BAV who may require (i) the modification of their terms and conditions or (ii) the withdrawal from the market or the modification of any contract which in its judgment does not comply with applicable laws and regulations. Insurance companies must collect and remit to the German Federal Government a tax equal to 15% of the premiums for property and casualty insurance. This tax may be reduced for certain types of products, e.g. 13.75% of the premiums for comprehensive insurance on buildings, 10% for fire and fire/loss of profits insurance and even lower for certain other types of products. At present, premiums for life insurance generally and private health insurance generally are not subject to this tax.

German regulations require a guaranteed annual interest rate for life and pension general account products. The maximum guaranteed rate is based on regulations concerning the interest rate to be applied for the calculation of the actuarial reserves. This interest rate is fixed by the BAV and must be less than 60% of the ten years' average German state borrowing rate.

Auditing Requirements

The system of accounting used by German insurance companies is subject to accounting principles provided by law and regulations published by the BAV. The accounts and financial statements of a German insurer must conform to a standard form prescribed by the German commercial code, German Insurance Control Act and regulations issued by the German Ministry of Justice. German insurers currently must also file a balance sheet a statement of income, notes to such financial statements, reports of its directors and statutory auditors and a number of other accounting and statistical statements with the BAV. The balance sheet format for all insurance companies is identical, however, the format for the income statement is different for life and private health insurance companies than for property and casualty insurance companies.

Belgium

Royale Belge and its insurance subsidiaries are subject to legislation applicable to corporations (sociétés anonymes) in general, and to insurance companies in particular.

The regulatory provisions which govern corporations (coordinated laws for commercial companies) form an integral part of the Commercial Code (Code du Commerce).

The provisions relative to the supervision of insurance enterprises are contained principally in the Act of 9 July 1975, as well as in the Royal Act of 22 February 1991.

The principal aim of the legislation relative to the supervision of insurance enterprises is to prescribe and maintain the conditions under which insurance companies have an adequate level of solvency to meet their obligations, thereby protecting policyholders. The regulations principally prescribe the terms and conditions under which insurance companies may engage in insurance and related activities.

Prior to engaging in the business of providing insurance, all Belgian insurance enterprises must receive a license. Such licenses are granted by line of business or by group of business lines. Without prejudice to existing insurance companies, insurance companies in Belgium are prohibited from simultaneously conducting life and non-life insurance activities. License applications must be filed with the Insurance Supervisory Office (Office de Contrôle des Assurances), which transmits this application, along with its recommendation, to the Ministry of Economic Affairs (Ministre des Affaires Economiques).

The requirements for receiving licensing approval are diverse in nature, and concern the legal form of the enterprise, its business purpose, the lines or groups of lines of business it wishes to conduct, the quality of certain shareholder categories, the enterprise's technical and financial resources, as well as the products and services it plans to market.

The terms and conditions under which the license was granted must be respected at all times. Insurance companies must maintain a solvency margin that is adequate with respect to the entire scope of its business operations. The amount of the solvency margin is defined by regulation.

Insurers must also maintain adequate actuarial and claims reserves to fulfill their contractual obligations under insurance policies. These reserves are supported by assets that are the exclusive property of the insurer.

Profit Sharing Regulation

The profit distributed by the insurer must be credited to policy categories in direct proportion to their contribution to investment income, mortality and management, and taking into consideration policy pricing.

At least 86% of the total amounts allocated to policyholders in connection with profit sharing must be credited to the policy no later than the policy anniversary date following the fiscal year in which the profit arises or when the policy expires prior to the anniversary date.

Solvency Margin

Along with the requirement to establish claims reserves, the solvency margin is intended to protect policyholders against an insurance company insolvency. Solvecy margin requirements for property-casualty insurance contracts must be at least equal to (i) 15% of gross premiums, up to a ceiling of 500 million Belgian Francs and 16% thereafter, and (ii) 26% of the annual claims, up to a ceiling of 350 million Belgian Francs and 23% thereafter. For life insurance contracts, the solvency margin is required to be equal to 4% of insurance reserves (1% for separate account contracts), plus 0.3% of the amount at risk under insurance policies (amount of total liabilities less technical reserves).

A European-level draft directive which aims to define capital adequacy requirements for insurance companies is currently under review. The likely impact of this bill, if adopted, would be to reduce current surplus capital.

Products

Products generally may be marketed in Belgium and abroad without prior approval from the Insurance Supervisory Office; however, products are subject to review by the Insurance Supervisory Office.

Insurers are subject to taxes or social security contributions of between 4.4% and 27% of premiums, depending on the type of product. Conversely, premiums paid on individual life insurance contracts are not subject to any taxes or contributions.

Annual Financial Statements

Insurance enterprises must publish annual financial statements which are communicated to the Insurance Supervisory Office and are audited by one of its licensed statutory auditors.

Brokerage

The insurance brokerage business is regulated by law and subject to audits by the Insurance Supervisory Office. Regulations define the conditions that brokers must meet and specify public disclosure requirements.

The law governs not only the activity of brokers and agents, but also that of sub-agents, other types of insurance intermediaries and distributors (banks, travel agents, mutual companies, etc.) and direct marketing operations.

Asset Management

The asset management business is subject to licensing by the Banking and Finance Commission which establishes minimum requirements in terms of paid-up capital, shareholders' equity and net assets.

In particular, asset management companies may not exercise activities other than the management of assets, nor may they hold equity interests in commercial companies or underwrite securities.

The provisions of asset management services may not begin until a specific contract has been concluded with the client, the constituent elements of which are defined by law.

Item 2, 3, 4

Item 2 : Description of property

In January, 1997, the Company moved its registered office in Paris from 23 avenue Matignon to 9 place Vendôme. The Company's current office, an office building of 6,080 square meters, is owned in fee. Equitable's executive office, an office building of 550,000 square feet located in New York City, is leased by Equitable Life. Sun Life & Provincial Holdings' main executive offices include a 40,000 square feet head office in the City of London and administrative offices in Bristol (346,000 square feet), High Wycombe (120,000 square feet) and Coventry (83,000 square feet). The properties in London and Bristol are leasehold; those in High Wycombe and Coventry are freehold. National Mutual's principal office, an office building of 29,153 square meters located in Melbourne, Australia, is owned in fee and fully occupied by National Mutual. AXA Colonia Konzern AG's head offices are located in Cologne, Germany. The building, which is owned by the subsidiary Nordstern Allgemeine Versicherung AG, has 1,272 square meters. Royale Belge's executive office, an office building of 103,505 square meters located in Brussels, is owned in fee. The major part of the other important physical properties of AXA are located in France, the United States, Australia, Germany, Belgium and the United Kingdom and are held on either a leasehold or a freehold basis. For additional information, see Notes 2-9 and 16 of Notes to the Consolidated Financial Statements.

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

Item 3 : Legal proceedings

The matters set forth in Note 15 of Notes to AXA's Consolidated Financial Statements as of December 31, 1997 (Item 17 of this Report) are incorporated herein by reference.

Item 4 : Control of registrant

AXA operates as part of the AXA Group which includes the Mutuelles AXA. The Mutuelles AXA, which are comprised of AXA Assurances IARD Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle, and Alpha Assurances Vie Mutuelle, are mutual life insurance and property and casualty insurance companies with fixed capital contributions ("société d'assurance sur la vie et de capitalisation" and "société d'assurance IARD--cotisations fixes"). They are governed by French insurance law and do not have shares outstanding. The business of each Mutuelle AXA is supervised by a board of directors elected by delegates representing policyholders. Each board elects a chairman for a term of one year and a chief executive officer for an unlimited term.

Relationships with the Mutuelles AXA

The Mutuelles AXA are engaged directly in the life insurance and property and casualty insurance businesses in France. These insurance businesses, which are the Mutuelles AXA's only significant operating business activities, generated gross premiums of FF 9.1 billion in 1997.

The insurance businesses of the Mutuelles AXA and the insurance businesses of AXA's French insurance subsidiaries using similar distribution channels are managed as single businesses subject to legal and management arrangements established to maintain the legal distinctions between their respective businesses. Although the Company and each of the Mutuelles AXA have their own boards of directors, they share the same management, as well as having a number of board members in common. Most of the costs and expenses of operating these insurance businesses (other than commissions) are shared by the relevant members of the AXA Group and are allocated among them through GIEs which perform various services for their members. Other GIEs provide specific services to their members, such as asset management, management of real estate assets and development and utilization of computer systems. The partnership agreement for each GIE provides for the operating costs and expenses of the GIE to be allocated among the members of the GIE in accordance with each member's use of the services provided by the GIE. Such costs and expenses are allocated on the basis of actual use of the specific service to the extent practicable. Most of the French employees of the AXA Group are employed by their respective companies with the exception of the staff of the central functions, such as finance, accounting, legal services and human resources, who are employed by GIE AXA.

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

Item 4

Ownership structure of the Company

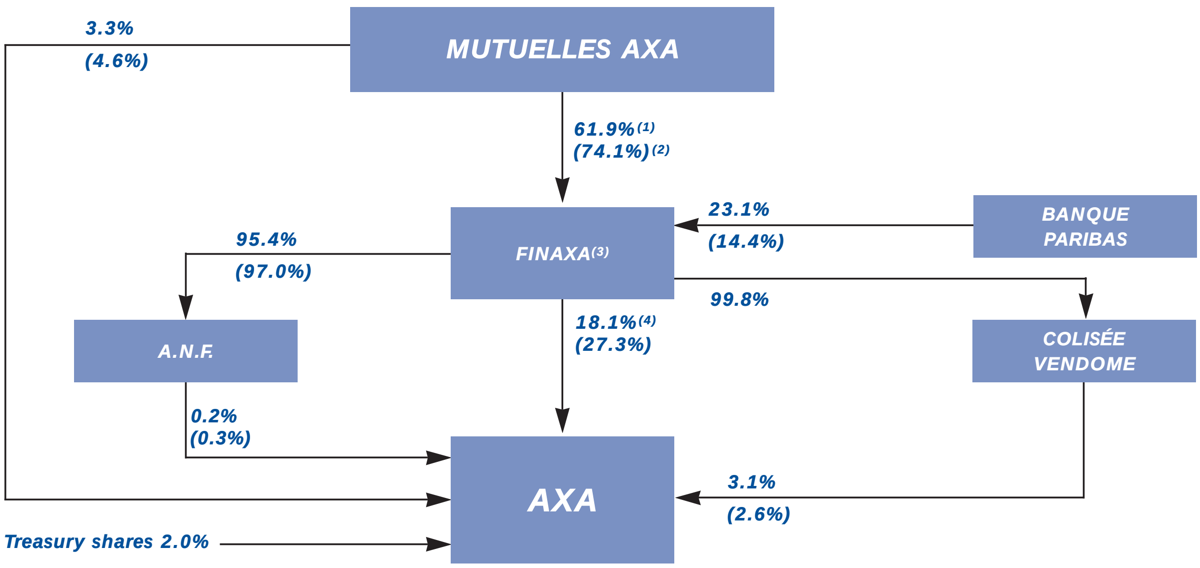
Since 1990, the Company has been the primary vehicle for the development of the AXA Group and all acquisition activity of the AXA Group has been conducted through the Company. There is, however, no requirement, contractual or otherwise, that acquisition or development activity of the AXA Group be conducted through the Company. There are also no agreements between the Mutuelles AXA and the Company's insurance subsidiaries may engage in activities in competition with each other.

In January, 1997, the Company acquired 91.37 % of the outstanding UAP shares owned by Compagnie UAP. After the merger between the Company and UAP in May, 1997, 11,575,640 additional AXA shares ("shares") have been issued to UAP shareholders who did not tender UAP shares in the Exchange Offer.

In May, 1997, the Company redeemed the AXA 6% Bonds at FF 1,285 plus FF 9.29 accrued interest. Finaxa converted 418,118 AXA 6 % Bonds into 2,153,308 shares. After the merger above mentioned and such conversion into shares, the Mutuelles AXA controlled (directly or indirectly through their interest in Finaxa) 24.7% of the issued ordinary shares (representing 35.9% of the voting power) of the Company.

As of March 1, 1998, the Mutuelles AXA, acting as a group, controlled, directly and indirectly through intermediate holding companies, approximately 24.6% of the issued Shares representing approximately 34.7% of the voting power of the Company. The Mutuelles AXA and Finaxa have informed the Company that their present intention is to maintain their aggregate voting power at its current level.

The following diagram sets forth the ownership structure of the Company as of March 1, 1998.



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

At March 1, 1998, Finaxa controlled, directly and indirectly through its interests in two holding companies, A.N.F. and Colisée Vendôme, approximately 21.3% of the issued shares representing approximately 30.1% of the voting power of the Company.

The Mutuelles AXA are parties to agreements relating to the management and influence over the AXA Group. These agreements affirm the intention of the Mutuelles AXA to collectively exercise their influence over AXA to utilize the synergies between the Mutuelles AXA and AXA so as to enhance the competitiveness of the AXA Group while maintaining the separate identities of the Mutuelles AXA and AXA. As part of these agreements, the Mutuelles AXA have established a strategy committee (comité de coordination stratégique) composed of nine members appointed by the boards of directors of the Mutuelles AXA. The strategy committee elects a chairman from among its members who, at present, is Claude Bébéar. The principal function of the strategy committee is to determine the strategy and general organization of the AXA Group. The strategy committee is generally consulted on all significant matters relating to AXA or Finaxa. The strategy committee also controls the use of the AXA name (and its derivatives), subject to the consent of Finaxa which is the owner of the AXA name.

Pursuant to agreements among the Mutuelles AXA, they have stated their intention to collectively exercise majority control over Finaxa. Each of the Mutuelles AXA has granted a right of first refusal to the other Mutuelles AXA in the event of any sale or other disposition of shares of Finaxa (or subscription or other rights or options relating thereto). Each of the Mutuelles AXA has also agreed not to purchase additional shares of Finaxa without the prior consent of the strategy committee.

Principal Shareholders

The table below sets forth as of March 1, 1998 all persons known by the Company to own, directly or indirectly, more than 10% of the issued Shares and the total amount of shares owned by executive officers and Directors of the Company (as a group).

Identity of person or Group	Shares	Percent of Class	Percent of Voting Power
Mutuelles AXA as a Group (through controlling interests in Finaxa and directly)[1]	81,624,773	24.6%	34.7%
Executive Officers and Directors (as a group)	344,216	0.1%	0.1%

[1] See ownership structure diagram above

Item 5 : Nature of trading market

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

Trading Practices and Procedures on the Paris Stock Exchange

Official trading of listed securities on the Paris Stock Exchange, including the Shares, is transacted through French stockbrokers (sociétés de bourse) and other authorized financial intermediaries, and takes place continuously on each business day from 10:00 a.m. to 5:00 p.m., with a pre-opening session from 8:30 a.m. to 10:00 a.m. during which transactions are recorded but not executed. The Paris Stock Exchange has introduced continuous trading by computer during exchange hours for most listed securities, including the Shares. Listed securities may generally be traded at any time outside the Paris Stock Exchange. Any trade effected after the close of a stock exchange session will be recorded on the next Paris Stock Exchange trading day at the closing price for the relevant security at the end of the previous trading day's session. The Société des Bourses Françaises ("SBF"), a self regulatory organization re-sponsible for supervision of trading in listed securities on French stock exchanges, publishes a daily Official Price List which includes price information on each listed security.

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

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

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

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

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

AXA Ordinary Shares Prices and Trading Volume on Paris Stock Exchange

Calendar Period		High (FF)	Low (FF)	Average(1) Monthly Volume (Shares in millions)
1996	First quarter	329	296	7.75
	Second quarter	315	275	5.94
	Third quarter	312	262	7.14
	Fourth quarter	334	290	17.92
1997	First quarter	383	324	21.55
	Second quarter	381	337	22.30
	Third quarter	420	365	19.57
	Fourth quarter	473	365	24.78
1998	First quarter(2)	608	444	18.43

(1) The figures shown include only the trading volume of the Shares on the Paris Stock Exchange. The Shares are also quoted on SEAQ International in London.
(2) Through March 1, 1998

Trading on the New York Stock Exchange

The Bank of New York serves as depositary (the "Depositary") with respect to the ADS's traded on the New York Stock Exchange. Each ADS represents one half an AXA Share. As of March 1, 1998, 7,166,520 ADS's were outstanding in the United States and were held by 66 registered holders of record.

Since the listing of the ADS's on June 25, 1996, the reported quarterly high and low sales price per ADS and volumes traded on the New York Stock Exchange are as follows:

Calendar Period		High (US dollar)	Low (US dollar)	Total ADS traded (in thousands)
1996	Second quarter[1]	27.125	26.375	1,957,700
	Third quarter	29.875	25.75	1,092,200
	Fourth quarter	31.875	28.25	673,700
1997	First quarter	33.875	31.25	462,000
	Second quarter	35.125	29.25	3,479,000
	Third quarter	34.50	30.75	3,482,000
	Fourth quarter	36.50	31.875	2,723,000
1998	First quarter[2]	42	36.187	3,520,000

(1) From June 25, 1996
(2) Through March 1, 1998

Trading by the Company in its Shares

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

Pursuant to authorization granted by the Company's shareholders at a general meeting on May 12, 1997, the Company is authorized to purchase at a price of not more than FF 450 and to sell at a price of not less than FF 270 up to 15,000,000 Shares. The authorization expires on the date of the Company's next annual general meeting.

Pursuant to such authorization, the Company delivered 4,362 shares for AXA Belgium shares in May 1997, after the exchange offer for the shares of its subsidiary, AXA Belgium.

On July 9, 1997, 102,575 Shares were sold for purposes of stabilization.

In connection with the exchange offer for UAP shares, the Company delivered 12,773,200 Shares in exchange for UAP Shares tendered in the offer and held by certain affiliates of the Company (AXA Assurances IARD, AXA Réassurance and Colisée Excellence), by virtue of an agreement between the Company and these affiliates.

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

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

Item 6 : Exchange controls and other limitations affecting security holders

Foreign Exchange Controls

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

Ownership of Shares

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

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

Item 7 : Taxation

General

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

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

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

French Taxes

TAXATION OF DIVIDENDS--WITHHOLDING TAX

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

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

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

TAXATION OF DIVIDENDS--"AVOIR FISCAL"

Under French domestic tax law, a resident of France generally is entitled to the avoir fiscal (a tax credit) in respect of a dividend received in cash or in the form of Shares from a French corporation in an amount equal to 50 percent of the net dividend received.

Under the Treaty, an Eligible US Holder is generally entitled to a payment from the French Treasury that is the equivalent of the avoir fiscal. Such payment is made by the French Treasury not earlier than the January 15th following the close of the calendar year in which the related dividend is paid, and only after receipt by the French tax administration of a claim for such payment in accordance with the procedures described below. However, there are certain limitations to the availability of the avoir fiscal under the Treaty. First, the avoir fiscal is generally only granted if the Eligible US Holder is subject to US Federal income tax on both the dividend and the avoir fiscal. Second, a partnership or a trust (other than a pension trust, a real estate investment trust or a real estate mortgage investment conduit) in its capacity as an Eligible US Holder is entitled to the avoir fiscal only to the extent that its partners, beneficiaries or grantors, as applicable, are themselves Eligible US Holders (other than a regulated investment company) and are themselves subject to US Federal income tax on their respective shares of both the dividend and the avoir fiscal. Third, the Eligible US Holder, where required by the French tax administration, must show that he or she is the beneficial owner of the Shares or ADRs and that the holding of such Shares or ADRs does not have as one of its principal purposes the purpose of allowing another person to take advantage of the grant of the avoir fiscal under the Treaty. Fourth, if the Eligible US Holder is a regulated investment company, it should not own, directly or indirectly, 10 percent or more of the capital of the Company (but only if less than 20 percent of its shares should be beneficially owned by persons who are neither citizens nor residents of the United States under the Treaty).

Under the Treaty, any payment of the avoir fiscal is subject to the 15 percent dividend withholding tax. Thus, for example, if a dividend of FF 100 were payable by the Company to an Eligible US Holder and the requirements of the Instruction are satisfied, such Holder would initially receive FF 85 (the FF 100 dividend less a FF 15 withholding tax). Such Holder also would receive an additional payment from the French Treasury of FF 42.50, consisting of the avoir fiscal of FF 50, less the 15 percent withholding tax on that amount. Thus, the total net payment to the Eligible US Holder would be FF 127.50 (although, as discussed below, such Holder would recognize FF 150 of income for US Federal income tax purposes).

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

Any amounts distributed as a dividend by the Company out of profits which have not been subject to French corporate income tax at the standard corporate income tax rate, which are distributed from the long-term capital gains reserve or which were earned and taxed more than five years before the distribution, would be subject to the "précompte" (a French equalization tax). The précompte is a tax paid by the corporation at the time of a dividend distribution that is equal to 50% of the net dividend distributed, except that, when a dividend is distributed from the long-term capital gains reserve, the précompte is equal to the difference between a tax based on the regular corporate tax rate applied *to the amount of the declared dividend and the taxes previously paid by the corporation on the income being distributed. The amount of any précompte would be charged to shareholders' equity as part of the dividend distribution. The Company will pay a précompte in 1998. This précompte will be paid by means of offsetting French and/or foreign tax credits against the précomte liability. As a consequence, any eligible US Holders that are not entitled to the full avoir fiscal may not obtain from the French Treasury a refund of any précompte paid by the Company (or, in certain cases, by one of its direct subsidiaries).*

TAXATION OF DIVIDENDS--PROCEDURES TO OBTAIN TREATY BENEFITS

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

An Eligible US Holder entitled to the avoir fiscal who wishes to obtain a reduced withholding rate at source must (i) complete, (ii) have certified by the United States financial institution that is in charge of the administration of such Eligible US Holder's Shares or ADRs (the "US Financial Institution"), and (iii) file with the Company or the French person in charge of the payment of dividends on the Shares (the "French Paying Agent") in the case of Shares, or with the Depositary in the case of ADRs, a French form RF1 A EU nº 5052, entitled "Application for Refund" (the "Standard Form"), before the date of payment of the relevant dividend. An Eligible US Holder that is a regulated investment company must also be identified as such on a list provided annually by the Internal Revenue Service ("IRS") to the French tax administration.

However, if an Eligible US Holder is not able to complete, have certified and file the Standard Form before the date of payment of the dividend, such Eligible US Holder may still benefit from the Treaty if the US Financial Institution provides the Company or the French Paying Agent in the case of Shares, or the Depositary in the case of ADRs, with certain information with respect to such Eligible US Holder and his or her holding of Shares or ADRs before the date of payment of such dividend. Whichever procedure is followed, the avoir fiscal is not paid by the French Treasury earlier than the January 15th following the close of the calendar year in which the related dividend is paid.

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

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

Special Rules for Certain Tax-Exempt Shareholders

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

Provided they are entitled to Treaty benefits under the limitation on benefits provisions in Article 30 there of, Eligible Tax-Exempt Holders are entitled to receive from the French Treasury a payment equal to 30/85ths of the avoir fiscal (the "partial avoir fiscal"), less a 15 percent dividend withholding tax on such amount, notwithstanding the general requirement described above that the Holder be subject to US tax on both the dividend and the avoir fiscal.

Thus, for example, if a dividend of FF 100 were payable by the Company to an Eligible Tax-Exempt Holder and the requirements of the Instruction are satisfied, such Holder would initially receive FF 85 (the FF 100 dividend less a FF 15 withholding tax). The Eligible Tax-Exempt Holder would be further entitled to an additional payment from the French Treasury of FF 15, consisting of the partial avoir fiscal of 30/85ths of FF 50, less the 15 percent withholding tax on that amount. Thus, the total net payment to the Eligible Tax-Exempt Holder would be FF 100. The Eligible Tax-Exempt Holder, where required by the French tax administration, must show that it is the beneficial owner of the Shares or ADRs and that the holding of such Shares or ADRs does not have as one of its principal purposes the purpose of allowing another person to take advantage of the grant of the partial avoir fiscal under the Treaty.

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

Tax on Sale or Redemption

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

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

French Transfer and Stamp Taxes

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

French Estate, Gift and Wealth Taxes

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

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

United States Taxes

Taxation of Dividends

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

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

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

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

TAX ON SALE

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

The Taxpayer Relief Axt of 1997 (the "Relief Act") has changed the US Federal income tax rates for capital gains of individuals, trusts and estates. Under the Relief Act, any gain realized by such taxpayers from the sale or other taxable disposition of Shares or ADRs that have been held for more than 18 months generally will be subject to a maximum tax rate of 20%, while the maximum tax rate for Shares or ADRs that have been held for more than 12 months but not more than 18 months generally will be 28%.

BACKUP WITHHOLDING

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

UNITED STATES STATE AND LOCAL TAXES

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

Item 8 : Selected financial data

Dividends

Dividends paid to holders of Shares and ADSs will generally be subject to French withholding tax at a rate of 25 % which, subject to certain procedures and exceptions, may be reduced to 15 % for holders who are residents of the United States. Certain holders of Shares and ADSs may be entitled to receive a subsequent payment equal to the French avoir fiscal or tax credit in an amount equal to 50 % of any dividends paid by the Company, less applicable French withholding tax. See "Taxation" for a summary of certain United States federal and French tax consequences to holders of Shares and ADSs. The following table sets forth the total dividends paid per Share and per ADS in each year indicated, with or without the French avoir fiscal, and before deduction of any French withholding tax. Dividends paid in each year are in respect of the prior year's results.

Historical Dividend Information(1)

Year	Dividend per Share FF	Net Income per Share FF	Dividend per Share including Avoir Fiscal(2) FF	Dividend per ADS(3) $	Dividend per ADS including Avoir Fiscal(2)(3) $
1993	5.00	12.93	7.50	0.46	0.69
1994	5.50	14.18	8.25	0.56	0.84
1995	6.50	16.86	9.75	0.63	0.94
1996	7.50	20.36	11.25	0.72	1.08
1997(4)	9.00	24.34	13.50	0.75	1.13

(1) Adjusted to reflect the five-for-one Share split on June 13, 1994

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

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

(4) At the ordinary general meeting of shareholders of the Company to be held on May 6, 1998, the shareholders are expected to declare a dividend in respect of 1997 of FF 9.00 per share (equivalent to $ 0.75 per ADS using the Noon Buying Rate on December 31, 1997).

Exchange Rates

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

In 1997, the year end exchange rates (which are rates AXA used in the preparation of the consolidated financial statements to translate the financial statements of its subsidiaries and affiliates not denominated in French francs into French francs) were US $1= FF 5.9935, UK £1 = FF 9.910252 and AUS $ = FF 4.275927. In 1996, the year end exchange rates were US $ = FF 5.2380, UK £1 = FF 8.8928 and AUS $ = FF 4.1001. In 1995, the year-end exchange rates were US $ = FF 4.9000, UK £1 = FF 7.6010 and AUS $= FF 3.7093.

Year	At end of period	Average rate[1]	High	Low
1993	5.92	5.69	6.06	5.29
1994	5.34	5.51	5.98	5.11
1995	4.91	4.96	5.39	4.76
1996	5.19	5.12	5.27	4.90
1997	6.02	5.79	6.35	5.20

[1] The average of the Noon Buying Rates on the last day of each full month during the relevant period.

Selected Financial Data

The selected consolidated financial data below has been derived from financial statements audited by Price Waterhouse, the Company's independent accountants. Consolidated balance sheets at December 31, 1997 and 1996 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997 and the notes thereto appear in the Consolidated Financial Statements included elsewhere in this Annual Report. The selected consolidated financial data below should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and the notes thereto included elsewhere in this Annual Report.

Consolidated Financial Information

The Consolidated Financial Statements have been prepared in accordance with French GAAP which differs in certain material respects from US GAAP. For a summary of the material differences between French GAAP and US GAAP relevant to AXA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations-Reconciliation of French GAAP to US GAAP" and Notes 24 and 25 of the Notes to the Consolidated Financial Statements.

In accordance with French GAAP, Equitable has been consolidated in the Consolidated Financial Statements since July 1, 1992. Accordingly, 100% of Equitable's revenues; benefits, claims and other deductions; income before income taxes and minority interests; and income tax expense are reflected in AXA's consolidated statements of income from July 1, 1992. The approximately 43% for 1997, 39% for 1996 and 1995 and 51% for 1994 and 1993 of Equitable's income after income tax expense attributable to minority shareholders is reflected as minority interests in income of consolidated subsidiaries and, accordingly, is deducted in determining AXA's consolidated net income.

In accordance with French GAAP, National Mutual has been consolidated in the Consolidated Financial Statements since September 1, 1995. Accordingly, 100% of National Mutual's revenues; benefits, claims and other deductions; income before income taxes and minority interests; and income tax expense are reflected in AXA's consolidated statements of income from September 1, 1995. The 49% of National Mutual's income after income tax expense attributable to minority shareholders is reflected as minority interests in income of consolidated subsidiaries and, accordingly, is deducted in determining AXA's consolidated net income. National Mutual uses a fiscal year ending September 30 and is consolidated as of that date in AXA's Consolidated Financial Statements. Accordingly, National Mutual's results of operations only for the month of September 1995 are included in AXA's consolidated results of operations for the year ended December 31, 1995.

Years ended December 31,	1997[(a)] (in $ millions except per ordinary share and ADS amounts)	1997	1996	1995	1994[(b)]	1993[(c)]
		(in FF millions except per ordinary share and ADS amounts)				
Income Statement Data :						
Gross premiums	51,313	307,546	130,838	100,215	96,033	88,499
Investment banking and other financial services revenue	9,524	57,082	36,368	30,361	28,358	32,424
Net investment results[(d)(e)]	14,022	84,044	35,407	27,963	25,583	29,695
Total revenues	74,858	448,664	202,377	158,152	149,254	148,994
Income before income tax expense	3,451	20,684	8,866	5,858	4,858	3,969
Income tax expense	(1,301)	(7,797)	(2,900)	(2,016)	(1,503)	(1,339)
Minority interests in income of consolidated subsidiaries	(878)	(5,264)	(2,098)	(1,017)	(1,213)	(680)
Equity in income (loss) of unconsolidated entities	50	297	(59)	(95)	127	88
Net income	1,321	7,920	3,809	2,730	2,269	2,038
Net income per ordinary share[(f)(g)]	4.06	24.34	20.36	16.86	14.18	12.93
Net income per ADS[(h)]	2.03	12.17	10.18	8.43	7.09	6.47
Dividends per ordinary share[(f)(i)]	1.50	9.00	7.50	6.50	5.50	5.00
Dividends per ADS[(h)(i)]	0.75	4.50	3.75	3.25	2.75	2.50
Approximate amounts in accordance with US GAAP:						
Gross premiums	28,757	172,360	53,492	54,994	40,322	
Total revenues	43,470	260,540	99,313	92,892	50,368	
Income before income tax expense	1,707	10,229	4,449	3,467	2,059	
Net income	339	2,032	2,154	324	1,995	
Per ordinary share[(f)(g)]:						
Net income per ordinary share	1.07	6.42	11.99	1.95	12.16	
Net income per ordinary share assuming issuance of all dilutive contingent securities	0.99	5.91	11.32	1.70	11.93	
Per ADS[(h)]:						
Net income per ADS	0.54	3.21	6.00	0.98	6.08	
Net income per ADS assuming issuance of all dilutive contingent securities	0.49	2.96	5.66	0.85	5.97	
Approximate amounts in accordance with US GAAP: except for adjustment for unrealized investment gains on real estate allocated to UK with non-profit contracts[(j)]:						
Net income	1,382	8,286	3,235	2,481	703	
Per ordinary share[(f)(g)]:						
Net income per ordinary share	4.37	26.19	18.01	14.95	4.29	
Net income per ordinary share assuming issuance of all dilutive contingent securities	4.09	24.51	16.41	14.59	4.25	
Per ADS[(h)]:						
Net income per ADS	2.19	13.10	9.01	7.48	2.15	
Net income per ADS assuming issuance of all dilutive contingent securities	2.05	12.26	8.21	7.30	2.13	

(a) French franc amounts for 1997 and as of December 31, 1997 have been translated into US dollars using FF 5,9935 = $1.00, the rate AXA uses in the preparation of the Consolidated Financial Statements. The Noon Buying Rate in effect on December 31, 1997 was FF 6.02 = $1.00.

(b) In 1994, AXA's US subsidiaries adopted SFAS No.112, "Employers Accounting for Postemployment Benefits" which resulted in a charge for the cumulative effect of the accounting change of FF 145 million, net of an income tax benefit of FF 78 million.

(c) As a result of a change in accounting method for UK with-profits contracts, AXA's consolidated net income for the year ended December 31, 1993 decreased by FF 91 million.

(d) In 1997, 1996, 1995 and 1994 investment management expenses are included in the investment result while in 1993 such expenses were included in other operating costs and expenses.

(e) 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.

As of December 31, ***(in FF millions per ordinary share and ADS amounts)***	***1997[(a)]***	***1997***	***1996***	***1995***	***1994[(b)]***	***1993[(c)]***
Balance Sheet Data:						
Total investments	*253,471*	*1,519,182*	*689,722*	*565,806*	*495,941*	*529,983*
Total assets	*402,768*	*2,413,995*	*1,127,309*	*943,534*	*798,015*	*835,844*
Insurance liabilities[(k)]	*200,039*	*1,198,937*	*470,119*	*413,654*	*363,499*	*344,979*
Long-term debt:						
Financing debt[(l)]	*3,947*	*23,658*	*22,070*	*26,033*	*19,986*	*22,863*
Operating debt[(l)]	*2,508*	*15,032*	*7,675*	*6,089*	*5,798*	*11,563*
Mandatorily convertible bonds and notes[(l)]	*519*	*3,111*	*1,260*	*2,100*	*-*	*-*
Subordinated debt[(l)]	*2,534*	*15,185*	*8,490*	*4,646*	*1,916*	*-*
Shareholders' equity	*13,126*	*78,670*	*44,837*	*33,391*	*33,758*	*33,092*
Shareholders' equity per ordinary share[(f)(g)]	*39.61*	*237.42*	*232.16*	*203.07*	*210.13*	*207.06*
Shareholders' equity per ADS[(h)]	*19.81*	*118.71*	*116.08*	*101.54*	*105.07*	*103.53*
Approximate amounts in accordance with US GAAP:						
Total investments	*250,661*	*1,502,341*	*603,403*	*489,351*	*446 153*	
Total assets	*416,771*	*2,497,921*	*1,053,349*	*877,733*	*797 931*	
Insurance liabilities	*196,561*	*1,178,094*	*377,891*	*325,051*	*304 137*	
Long-term debt:						
Financing debt[(l)]	*7,000*	*41,954*	*29,149*	*30,518*	*21,841*	
Operating debt[(l)]	*2,508*	*15,032*	*7,675*	*6,089*	*5,798*	
Shareholders' equity	*18,329*	*109,856*	*45,476*	*35,744*	*31,829*	
Shareholders' equity per ordinary share[(g)]	*56.41*	*338.07*	*253.67*	*217.38*	*198.13*	
Shareholders' equity per ADS[(h)]	*28.20*	*169.04*	*126.84*	*108.69*	*99.07*	
Approximate amounts in accordance with US GAAP except for adjustment for unrealized investment gains on real estates allocated to UK with non-profit contracts[(j)]:						
Shareholders' equity, group share	*18,521*	*111,004*	*46,604*	*36,721*	*32,820*	
Shareholders' equity group share, per ordinary share[(g)]	*57.00*	*341.60*	*259.97*	*223.32*	*204.30*	

[(f)] Adjusted to reflect the five-for-one Share split on June 13, 1994.

[(g)] All per ordinary share amounts calculated in accordance with French and US GAAP are based on the weighted average number of shares outstanding for each year presented. Shareholders' equity per ordinary share calculated in accordance with French and US GAAP is based on the number of ordinary shares outstanding at each year-end presented. The US GAAP calculations deduct ordinary shares held by AXA in the calculation of ordinary shares outstanding.

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

[(i)] An annual dividend generally is paid each year in respect of the prior year after the annual general meeting of shareholders (customarily held in May or June) and before September of that year. Dividends are presented above in the year to which they relate, not the year in which they are declared and paid. At the ordinary general meeting of shareholders of the Company to be held on May 6, 1998, the shareholders are expected to declare a dividend in respect of 1997 of FF 9.00 per Share (equivalent to $ 0.75 per ADS). Dividends per ordinary share and per ADS do not include any French avoir fiscal which may be receivable from the French Treasury. See Item 7: Taxation. Dividends per ordinary share are based on the number of shares oustanding at the end of the year for each year presented.

[(j)] Under French GAAP, in accounting for UK with-profits contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to UK with-profits contracts and corresponding increases or reductions in the liability for UK with-profits contractholder benefits. US GAAP, which has developed in an environment that differs from the one in which the UK with-profit contract was developed, requires that the change in unrealized investment gains or assets allocated to UK with-profits contracts be excluded from net income,while requiring recognition of the corresponding change in the liability for with-profits contractholder benefits in net income. Accordingly, AXA believes this exclusion results in amounts that do not fully reflect the economic effect of the UK with-profits contracts. A rise in the estimated fair value of these assets results in an increase in the liability for contractholder benefits and a reduction in AXA's consolidated US GAAP net income and, conversely, a decline in the estimated fair value of these assets results in a decrease in the liability for contractholder benefits and an increase in AXA' s consolidated US GAAP net income. Set forth below is AXA's consolidated net income in accordance with US GAAP except for adjustment for the change in unrealized investment gains on assets allocated to UK with-profits contracts, which presentation AXA believes is more meaningful under the circumstances. See notes 24-11 and 2-5.2 of Notes to the Consolidated Financial Statements and, for a description of UK with-profits contracts, "Business Life Insurance-UK Life Insurance Group Products-With-Profits Contracts".

[(k)] Includes future policy benefits and other policy liabilities, insurance claims and claims expenses, UK with-profits contract liabilities and unearned premium reserve.

[(l)] 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.

Consolidated gross premiums and investment banking and other financial services revenue by activity

Years ended December 31, (in FF millions)	1997	1996 Pro forma[a]	1996	1995 Pro forma[b]	1995	1997/1996 % change	% change on a constant structural, methodological and exchange rate basis[c]
Life Insurance							
France	64,539	61,274	20,743	18,796	17,805	5.3%	6.1%
United-Kingdom	30,509	24,782	9,384	7,134	7,134	23.1%	15.4%
Germany (including Austria)	17,003	16,439	1,151	1,057	1,057	3.4%	8.1%
Other European countries and Morocco	19,947	19,892	5,171	4,065	4,065	0.3%	10.9%
North America	51,813	38,123	38,123	34,613	34,613	35.9%	18.8%
Asia/Pacific	21,856	20,478	20,478	15,911	1,890	6.7%	4.1%
Total Life Insurance	**205,667**	**180,988**	**95,050**	**81,576**	**66,564**	**13.6%**	**10.5%**
Property and Casualty Insurance							
France	27,273	27,790	10,941	10,504	10,504	-1.9%	-1.5%
Germany (including Austria)	18,109	18,870	-	-	-	-	-1.6%
Belgium	8,574	8,645	2,565	2,720	2,720	-0.8%	-2.3%
Other European countries and Morocco	20,439	20,481	5,695	5,066	5,066	0.2%	1.9%
North America	3,748	3,765	3,765	3,654	3,654	-0.5%	-9.0%
Asia/Pacific	275	269	269	280	280	2.2%	1.7%
Transnational Property and Casualty group	13,617	13,930	4,475	4,297	3,304	-2.2%	4.1%
Total Property and Casualty Insurance	**92,035**	**93,750**	**27,710**	**26,521**	**25,528**	**-1.8%**	**-0.4%**
Reinsurance	**9,844**	**8,845**	**8,078**	**8,123**	**8,123**	**11.3%**	**0.1%**
Financial Services and Holding Companies							
Asset Management-Europe	524	135	135	103	103	288.1%	79.6%
Asset Management-Asia/Pacific	154	129	129	88	7	19.4%	14.3%
Asset Management-Alliance Capital	5,501	3,864	3,864	2,885	2,885	42.4%	24.4%
Real estate companies	1,798	1,898	998	1,031	1,031	-5.3%	-23.4%
DLJ	43,780	28,581	28,581	22,600	22,600	53.2%	33.9%
Other	5,325	6,552	2,661	3,728	3,735	-18.7%	-13.7%
Total Financial Services and Holding Companies	**57,082**	**41,159**	**36,368**	**30,435**	**30,361**	**38.7%**	**22.9%**
TOTAL	**364,628**	**324,742**	**167,206**	**146,655**	**130,576**	**12.3%**	**8.7%**

(a) To assist the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP had occured on January 1, 1996.

(b) In comparison with published 1995 figures, the 1995 pro forma column integrates the following elements:
- Consolidation of National Mutual (in Asia/Pacific) for its entire fiscal year in lieu of for the sole month of September.
- Transfer of French Property Casualty Insurance Group bodily injury insurance portfolio from the Mutuelles AXA to the French Life Insurance Group.
- Transfer of business from AXA Mutuelles to AXA Global Risks.

See MD&A for the pro forma adjustments made relating to acquisition of business from the Mutuelles AXA.

(c) See MD&A for explanation of calculation.

Consolidated Net Income by Activity

(In FF millions)	1997	1996	1995[a] Pro Forma	1995
Life Insurance:				
France	812	295	213	217
United-Kingdom	1,314	651	447	447
Germany (including Austria)	38	(81)	1	1
Other European countries and Morocco	1,054	365	114	114
North America	394	222	499	499
Asia/Pacific	316	160	40	(131)
Total Life Insurance	**3,928**	**1,612**	**1,314**	**1,147**
Property and Casualty Insurance:				
France	1,211	741	410	410
Germany (including Austria)	574	-	-	-
Belgium	650	183	103	103
Other European countries and Morocco	227	206	125	125
North America	139	100	153	153
Asia/Pacific	(55)	19	14	14
Transnational Property and Casualty group	(387)	(724)	(140)	(161)
Total Property and Casualty Insurance	**2 359**	**525**	**665**	**644**
Reinsurance	**813**	**579**	**394**	**394**
Financial Services:				
Asset Management-Europe	168	31	16	16
Asset Management-Asia/Pacific	19	8	3	(1)
Asset Management-Alliance Capital	110	232	179	179
Real estate	145	(105)	(13)	(13)
DLJ	1,006	624	421	421
Other	967	160	191	191
Total Financial Services	**2,415**	**950**	**797**	**793**
Holding Companies:				
AXA companies in France	(1,015)	489	(29)	(29)
Other European countries	(333)	(59)	(52)	(52)
North America	(174)	(195)	(167)	(167)
Asia/Pacific	(73)	(92)	(53)	-
Total Holdings Companies	**(1,595)**	**143**	**(301)**	**(248)**
TOTAL	**7,920**	**3,809**	**2,869**	**2,730**

[a] In comparison to the published 1995 figures, the 1995 pro forma column integrates the following elements:
- Consolidation of National Mutual (in Asia/Pacific) for its entire fiscal year in lieu of for the sole month of September.
- Transfer of French Property Casualty Insurance Group bodily injury insurance portfolio from the Mutuelles AXA to the French Life Insurance Group.
- Transfer of business from AXA Mutuelles to AXA Global Risks.

See MD&A for the pro forma adjustments made relating to acquisition of business from the Mutuelles AXA.

Total per share consolidated shareholders' equity and net asset value

Years ended December 31, (in FF millions, except share and per share amounts)	1997	1996	1995
Number of shares outstanding	331,357,282	193,132,868	164,430,358
Consolidated shareholders' equity[a]	125,176	65,383	51,776
including net income for the year[a]	13,184	5,907	3,747
Consolidated shareholders' equity, net of minority interests	78,670	44,837	33,391
including net income for the year, net of minority interests	7,920	3,809	2,730
Return on equity[b]	11.2%	10.2%	8.5%
Net asset value [c]			
- pre-tax[d]	122,059	61,521	45,256
- net[d]	106,631	56,835	42,145
Net asset value [c] per share			
- pre-tax [d] (FF)	368	319	275
- net [d] (FF)	322	294	256

[a] Including minority interests.

[b] Net income relative to average consolidated shareholders' equity excluding the respective years' net income.

[c] Consolidated shareholders' equity plus unrealized gains and losses adjusted to reflect the exchange listed market price for AXA's investment in Equitable Holding Company (US$ 24.00 at 12/31/1995, and US$ 24.63 at 12/31/1996), Alliance Capital (US$ 39.81 at 12/31/1997) and DLJ (US$ 79.50 at 12/31/1997) at their market value. In 1997, Equitable was valued at its net book value.

[d] Net asset value after pass-through of unrealized gains and losses to life policyholders.

Dividend [a]

Years ended December 31, (in FF millions, except share and per share amounts)	1997[b]	1996	1995
Gross dividend (including “avoir fiscal” tax credit) per share (FF)	13.50	11.25	9.75
Net dividend per share (FF)	9.00	7.50	6.50
Number of shares eligible for dividend	331,357,282	315,832,746	188,048,256
Total net dividend distribution (FF millions)	2,982	2,370	1,222
Pay-Out Ratio[c]	37.6%	62.2%	44.8%

[a] Dividends are paid with respect to the prior year results. Dividends are shown under the year to which they relate.

[b] Subject to the approval of the ordinary general meeting of shareholders to be held on May 6, 1998.

[c] Total net dividend distribution as a percent of consolidated net income.

Share price highs and lows and market capitalization

	1997	1996	1995[a]
Number of shares outstanding at December 31	331,357,282	193,132,868	164,430,358
Prices at December 31 (FF)	465.70	330.00	319.97
High (FF)	470.50	334.80	322.88
Low (FF)	326.00	262.80	200.03
Market capitalization at December 31 (FF Millions)	154,313	63,734	52,613

(a) Adjusted for the rights offering made by the Company in January 1996.

Assets under management

Years ended December 31,	General account[a]			Separate accounts			Third Parties[b]			Total		
(in FF million)	1997	1996	1995	1997	1996	1995	1997	1996	1995	1997	1996	1995
Europe and Morocco	1,037	246	211	211	53	42	101	47	39	1,349	346	292
North America	342	293	251	219	155	120	1,093	811	587	1,654	1,259	958
Asia/Pacific	64	54	46	22	19	19	48	30	14	134	103	79
Reinsurance and Transnational Property and Casualty group	47	28	18	-	-	-	-	-	-	47	28	18
TOTAL	**1,490**	**621**	**526**	**452**	**227**	**181**	**1,242**	**888**	**640**	**3,184**	**1,736**	**1,347**

(a) Consolidated assets under management, excluding assets managed for separate accounts, at estimated fair market value.

(b) Non-consolidated assets under management (including the asset managed for the account of the Mutuelles AXA) at estimated fair market value.

Employees

	1997	
	January 1 (1)	December 31
Insurance and reinsurance		
France	23,266	21,807
United-Kingdom	7,700	7,268
Germany	9,392	8,807
Belgium	4,995	4,895
Other European countries and Morocco	10,553	10,137
North America	4,736	4,628
Asia/Pacific	6,242	6,119
Reinsurance and Transnational Property and Casualty Group		
Reinsurance	555	598
Axa Global Risks	631	646
Direct insurance	719	1,015
Assistance	2,058	1,978
Total Insurance and reinsurance (70,847 and 67,898 including salaried sales force in 1997 and 1996, repectively)	**70,847**	**67,898**
Financial services		
France	1,545	1,503
United-Kingdom	236	256
Germany	274	253
Belgium	994	944
Other European countries and Morocco	7,388	8,723
North America	446	509
Asia/Pacific		
Total Financial services	**10,883**	**12,188**
Group Central Function Employees	492	527
TOTAL	**82,222**	**80,613**

The number of employees in France includes persons from the AXA Mutuelles.

Employees of non-consolidated companies are not included in these figures.

(1) Excluding employees of companies sold in 1997.

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

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the related Notes to the Consolidated Financial Statements included else-where herein. The Consolidated Financial Statements have been prepared in accordance with French GAAP, which differs in certain material respects from US GAAP. For a summary of the material differences between French GAAP and US GAAP relevant to AXA, see Notes 24 and 25 of the "Notes to the Consolidated Financial Statements". References to a percentage change in a financial amount between two periods (such as the percentage change in total revenues over two consecutive years) "on a constant exchange rate basis" refer to the elimination of any impact on such percentage change caused by the translation of the financial amount for each period into French francs at the applicable exchange rate used to prepare the Consolidated Financial Statements. A percentage change on a constant exchange rate basis is calculated by translating the financial amount for each period being compared into French francs using the same rate of exchange, which is the applicable exchange rate as of the end of the earlier period. See "Currency Translation and Exchange Rates" for a discussion of the translation rates used to prepare the Consolidated Financial Statements. On a "constant structural basis" refers to the elimination of any impact on such percentage change caused by changes in the composition of a segment or group, by eliminating from both periods being compared the results of the acquired, transferred or disposed of operations. On a "constant methodological basis" refers to the elimination of any impact on such percentage change caused by changes in accounting principles or methods by measuring results for both periods being compared using the new accounting principles or methods.

Introduction

In 1997, the Company purchased all of the outstanding shares of UAP. The results of UAP's operations have been included in the Consolidated Financial Statements and the following analyses as of January 1, 1997. In the following discussion and analysis, AXA subsidiaries that were acquired from UAP are referred to as "former UAP subsidiaries" while subsidiaries held all of 1996 and 1997 are referred to as "historical AXA subsidiaries".

At December 31, 1996, UAP's total assets were FF 941,376 million, total investments of the insurance companies were FF 710,998 with an estimated fair value of FF 772,768 million, insurance liabilities, net of reinsurance, totaled FF 698,129 million, and UAP shareholders' equity was FF 49,225 million, of which FF 16,201 million was allocated to minority interests. For the year ended December 31, 1996, UAP's total revenues and net loss were FF 217,387 million and FF 6,446 million, respectively.

The above amounts are on a historical French GAAP basis. UAP's historical application of French GAAP differs in certain material respects from AXA's application of French GAAP. Accordingly, pro forma analyses of the impact of UAP's 1996 results of operations are not provided. Any comparison of former UAP subsidiaries' results of operations between 1996 and 1997 is also hampered as a result of the subsequent impacts of purchase accounting adjustments. To facilitate some comparison, 1996 gross premiums, which were unaffected by differences in application of accounting principles, are presented on both an actual and a pro forma basis. Effective January 1, 1997, in conjunction with the purchase of UAP, the application of French GAAP by UAP has been conformed to that of AXA.

The following financial information for companies outside of France is translated into French francs using year end foreign currency exchange rates.

See Notes 2-1 and 2-1.1 of the "Notes to the Consolidated Financial Statements" for a discussion of Accounting Changes and Application of Accounting Methods, respectively.

Consolidated Results of Operations

The following tables set forth certain summarized financial information for AXA.

Consolidated Gross Revenues

(in FF millions) Years ended December 31,	1997	1996 Pro forma[a]	1996	1995
Insurance				
Life	205,667	180,988	95,050	66,564
Property and Casualty	92,035	93,750	27,710	25,528
Reinsurance	9,844	8,845	8,078	8,123
Total Insurance	**307,546**	**283,583**	**130,838**	**100,215**
Financial Services	57,063	41,142	36,351	30,340
Holding companies	19	17	17	21
TOTAL	**364,628**	**324,742**	**167,206**	**130,576**

[a] To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP had occurred on January 1, 1996.

Consolidated Total Revenues

(in FF millions) Years ended December 31,	1997	1996	1995
Insurance			
Life	273,047	124,303	90,160
Property and Casualty	103,512	30,532	27,552
Reinsurance	11,882	9,631	8,822
Total Insurance	**388,441**	**164,466**	**126,534**
Financial Services	60,603	38,135	31,995
Holding companies	(380)	(224)	(377)
TOTAL	**448,664**	**202,377**	**158,152**

Consolidated income before tax expense and equity in income (loss) of unconsolidated subsidiaries

(in FF millions) Years ended December 31,	1997	1996	1995
Insurance			
Life	9,419	3,620	2,341
Property and Casualty	4,842	1,032	903
Reinsurance	1,274	836	561
Total Insurance	**15,535**	**5,488**	**3,805**
Financial Services	7,105	3,770	2,514
Holding companies	(1,956)	(392)	(461)
TOTAL	**20,684**	**8,866**	**5,858**

Net income

(in FF millions) Years ended December 31,	Including Minority Interests			Group Share		
	1997	1996	1995	1997	1996	1995
Insurance						
Life	6,152	2,362	1,490	3,928	1,612	1,147
Property and Casualty	3,205	581	703	2,359	525	644
Reinsurance	855	598	394	813	579	394
Total Insurance	**10,212**	**3,541**	**2,587**	**7,100**	**2,716**	**2,185**
Financial Services	4,876	2,438	1,518	2,415	950	793
Holding companies	(1,904)	(72)	(358)	(1,595)	143	(248)
TOTAL	**13,184**	**5,907**	**3,747**	**7,920**	**3,809**	**2,730**

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Gross revenues are comprised of gross insurance premiums and investment banking and other financial services revenues. Total revenues are comprised of gross revenues, change in unearned premium reserve and net investment results. Gross revenues increased 12.3% compared to 1996 pro forma. On a constant exchange rate, structural and methodological basis, gross revenues increased 8.7%. In 1997, insurance activities represents 84.3% of consolidated gross revenues as opposed to 87.3% for 1996 pro forma. On a constant exchange rate, structural and methodological basis, insurance gross revenues grew by 6.6% compared to 1996 pro forma primarily as a result of an increase of 10.5% in the gross revenues of the Life Insurance Segment, partially offset by a decrease of 0.4% in the Property and Casualty Insurance Segment.

In 1997, Europe accounted for 69.2% of all life and property and casualty insurance gross premiums, North America accounted for 18.7%, Asia/Pacific accounted for 7.4%, and 4.7% was accounted for by the Transnational Property and Casualty Insurance Group. The proportion of AXA's operations in Europe increased in 1997 due to the acquisition of UAP which had primarily European operations: notably various subsidiaries in France; AXA Colonia in Germany; Royale Belge in Belgium; and Sun Life in the UK.

In Europe, life insurance gross premiums grew by 8.9% while property and casualty insurance gross premiums, excluding the Transnational Property and Casualty Insurance Group, declined by 0.8% -- a combined increase of 5.2% relative to 1996 pro forma on a constant exchange rate and structural basis. This growth in European life and property and casualty gross premiums is primarily a result of increases in AXA gross premiums of 13.3% in the UK, 3.7% in France, 2.9% in Germany, and 2.7% in Belgium.

In 1997, France accounted for 44.6% of the European life and property and casualty gross premiums (approximately 50% including the French operations of the Transnational Property and Casualty Insurance Group), the UK accounted for 17.6%, Germany 17.1%, and Belgium 6.9%.

In North America, Equitable's life insurance gross premiums grew by 18.8% on a constant exchange rate basis which was primarily attributable to the success of its Income Manager series of individual retirement products.

On a constant exchange rate and structural basis, investment banking and other financial services revenues posted 22.9% growth primarily as a result of DLJ's operations which again benefited from strong US financial markets.

Consolidated income before income tax expense and equity in income of unconsolidated entities was FF 20,983 million while the group share of this amount was FF 13,402 million.

The increase in net income, group share, ("net income") was attributable to increased activities as a result of the acquisition of UAP and favorable financial market conditions in most of the markets in which AXA operates. The Property and Casualty Insurance Segment profited from underwriting results and the Life Insurance Segment's improved results were primarily a result of growth in premiums and assets. Foreign currency fluctuations increased net income by FF 466 million in 1997.

The 1997 return on average equity (based on net income relative to average consolidated shareholders' equity excluding the respective years' net income) rose to 11.2 % compared to 10.2% in 1996 and 8.5% in 1995.

The insurance and reinsurance net income was contributed by subsidiaries located in Europe (82.1%), North America (7.5%), the Asia/Pacific region (3.7%), the Transnational Property and Casualty Insurance Group (-5.5%), and the Reinsurance Segment (11.5%).

The Financial Services Segment contributed FF 2,415 million to net income, including FF 1,742 million from the US Financial Services Group which, excluding the gain realized on the sale of Equitable Real Estate, accounted for 14.6% of net income.

The 1997 basic earnings per share (EPS) was FF 24.34 compared to FF 20.36 in 1996. Such EPS amounts were based on weighted average ordinary shares outstanding of 325,346,568 and 187,097,608 during 1997 and 1996, respectively. The 1997 diluted EPS was FF 22.84 compared to FF 18.31 in 1996.

In 1997, net income was affected by several non-recurring events:

- AXA benefited from the gains realized on the sale of Equitable Real Estate (FF 588 million), AXA Equity and Law International (Isle of Man) (FF 118 million), the acceptance of the tender offer made by ING, a Dutch insurance holding company, for shares of Banque Bruxelles Lambert ("BBL") (FF 540 million of which FF 268 million was realized by the Life Insurance Segment and FF 272 million was realized by the Property and Casualty Insurance Segment).

- Alliance Capital reduced the recorded value of goodwill and contracts associated with the acquisition of Cursitor primarily as a result of a decline in assets under management, reducing net income by FF 215 million.

- Equitable Holding Company redeemed subordinated debentures and preferred stock. Upon redemption, 32.5 million additional shares of common stock were issued, of which AXA received 15.9 million shares. As a result of this transaction, AXA reduced its equity interest in Equitable Holding Company resulting in a FF 356 million increase in net income.

- Equitable recorded provisions for impaired real estate reducing net income by FF 1,120 million.

- Equitable released tax reserves related to years prior to 1989 which increased net income for the US Life Insurance Group and US Financial Services Group by FF 259 million and FF 76 million, respectively.

- AXA was affected by certain tax law changes in France and the United Kingdom. In France, increases in tax rates reduced the net deferred tax asset and net income by FF 308 million. In the United Kingdom, the tax rate reduction from 33% to 31% increased net income by FF 69 million.

- The remaining negative goodwill related to the acquisition of Equitable was amortized into net income (FF 205 million compared to FF 410 million in 1996).

- In France, a FF 675 million loss was incurred upon the termination of a reinsurance contract by UAP Vie.

In addition, restructuring provisions decreased net income by FF 317 million in 1997.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Consolidated gross revenues for 1996 totaled FF 167.2 billion, versus FF 130.6 billion in 1995. On a constant exchange rate and structural basis, consolidated gross revenues grew 9.4%. Insurance activities accounted for 78.2% of AXA's consolidated gross revenues in 1996, versus 76.7% in 1995.

In 1996, Europe accounted for 49% of all life and property and casualty insurance gross premiums, while North America accounted for 34.1% and Asia/Pacific 16.9%. In 1995, Europe accounted for 56% of all life and property and casualty premiums, North America accounted for 41.6% and Asia/Pacific accounted for 2.4%. National Mutual, consolidated for the full year in 1996 versus one month in 1995, accounted for FF 18.1 billion of the increase to AXA's consolidated gross revenues.

AXA gained FF 1,658 million of gross revenues in 1996 due to the acquisition of the bodily injury, global risks (large international property and casualty risks) and marine, aviation and transport lines of business from the Mutuelles AXA.

An accounting change relative to the recognition of group life premiums in France led to a non-recurring increase in 1995 premiums of FF 862 million.

On a constant exchange rate, methodological and structural basis, total consolidated gross premiums grew by 7.5% which is largely attributable to growth in the French Life and Property and Casualty Insurance Groups and the US Life Insurance Group. In general, gross premiums from life operations were higher in most countries. On a constant exchange rate, methodological and structural basis, consolidated gross revenues from financial services rose by 15.7%, primarily as a result of sustained growth at DLJ in the US.

Consolidated net income including minority interests totaled FF 5,907 million, up FF 2,160 million over 1995. Net income increased by 39.5% in 1996, totaling FF 3,809 million versus FF 2,730 million in 1995.

In 1996, the increase in minority interests in income of consolidated subsidiaries of FF 1,081 million compared to 1995 is primarily attributable to the full year consolidation of National Mutual, a 51% owned subsidiary (FF 621 million). In addition, minority interest in the income of the US Financial Services Group increased by FF 657 million primarily attributable to the initial public offering of DLJ in October 1995. Partially offsetting these increases was the FF 215 million decrease in minority interests in the income of the US Life Insurance Group which was attributable to lower income before income tax expense.

The contribution to consolidated net income from insurance activities increased by 24.3% (16.2% on a constant exchange rate basis) which was primarily attributable to the following factors: improved underwriting results from the Property and Casualty Insurance Segment, especially in France and Belgium; earnings growth in both the reinsurance and life insurance activities in France, the United Kingdom and Canada; and full-year consolidation of National Mutual. Conversely, unusual items and the cumulative impact of accounting changes had a negative overall impact on the results of operations in 1996. In the US, adjustments for future policy benefit reserves for Equitable's disability income and certain Guaranteed Interest Contract ("GIC") and participating pension lines of business, led to a decrease in net income of FF 1,080 million. This decrease was partially offset, however, by the positive impact on net income (FF 634 million) of adopting SFAS No. 120 ("Accounting and Reporting by Mutual Life Insurance Enterprises and Other Insurance Enterprises for Certain Long-Duration Participating Contracts"). In addition, the decision to no longer capitalize costs associated with recent start-ups in Germany and Japan led to the immediate writedown of the remaining balance of previously capitalized costs reducing net income by FF 230 million.

The rise in net income can also be attributed to Equitable's financial services subsidiaries whose contribution increased by 35.8% on a constant exchange rate basis.

Results of Operations By Business Segment

In the following discussion and analysis, the results of operations for certain business segments for the years ended December 31, 1996 and 1995, are presented on both an actual and a pro forma basis. The pro forma results are provided solely to assist in the comparison of the results of operations between the two periods. In addition, the results of operations of segments and sub-segments have been retroactively restated for comparative purposes to reflect any changes in the grouping of segments and sub-segments.

In the Property and Casualty Insurance Segment and the Life Insurance Segment, the 1995 pro forma basis gives effect to certain restructuring which occurred in 1996. Bodily injury business previously reflected in the French Property and Casualty Insurance Group was transferred to the French Life Insurance Group and certain property and casualty business previously reflected in the French Property and Casualty Insurance Group and the Other (previously Non-French) Property and Casualty Insurance Group were transferred into AXA Global Risks which is a part of the Transnational Property and Casualty Insurance Group. In addition, as part of this restructuring AXA acquired the bodily injury and certain property and casualty business from the Mutuelles AXA. The 1995 pro forma basis gives effect to the above transactions as if they had occurred on January 1, 1995. The 1995 pro forma effects related to the acquisition of the bodily injury line of business from the Mutuelles AXA by the French Life Insurance Group were as follows: FF 991 million of gross premiums, FF 1,043 million of total revenues, FF 6 million of net loss before income tax benefit, and FF 4 million of net loss. The 1995 pro forma effects related to the acquisition of certain property casualty business from the Mutuelles AXA by AXA Global Risks were as follows: FF 993 million of gross premiums, FF 1,073 million of total revenues, FF 33 million of net income before income tax expense, and FF 21 million of net income.

In the Asia/Pacific Life Insurance Group, the 1995 pro forma basis gives effect to AXA's acquisition of National Mutual as if such acquisition and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.

Life Insurance Segment

For purposes of this discussion and analysis, the Life Insurance Segment is divided into the French Life Insurance Group, the US Life Insurance Group, the UK Life Insurance Group, the Asia/Pacific Life Insurance Group, the German Life Insurance Group, and the Other Life Insurance Group. As a result of the materiality of UAP's German life insurance operations, in 1997 AXA established the German Life Insurance Group for management reporting purposes. Prior to 1997, the German life insurance operations were part of the Other Life Insurance Group. In the following discussion and analysis, the results of operations for 1996 and 1995 have been restated for comparative purposes to reflect the establishment of this new life insurance group.

The following tables set forth certain summarized financial information for the Life Insurance Segment for the periods indicated.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[(a)]	1996	1995 Pro forma[(b)]	1995
France	64,539	61,274	20,743	18,796	17,805
United States	51,629	37,966	37,966	34,480	34,480
United Kingdom	30,509	24,782	9,384	7,134	7,134
Asia / Pacific	21,856	20,478	20,478	15,911	1,890
Germany [(c)]	17,003	16,439	1,151	1,057	1,057
Other countries	20,131	20,049	5,328	4,198	4,198
TOTAL	**205,667**	**180,988**	**95,050**	**81,576**	**66,564**

(a) To assist with the comparison to 1997, 1996 pro forma reflects gross premiums as if AXA's acquisition of UAP had occurred on January 1, 1996. Such column includes FF 1,798 million of gross premiums recorded by New Ireland which was sold in 1997.

(b) To assist in the comparison to 1996, the 1995 pro forma amounts for France reflect the transfer of the bodily injury business from AXA Mutuelles to the French Life Insurance Group. In addition, the 1995 pro forma amounts for Asia/Pacific reflect AXA's acquisition of National Mutual as if such acquisition and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.

(c) Ineluding AXA Colonia subsidiaries in Austria and Hungary.

Net Income

(in FF millions)	Including Minority Interests				Group Share			
Years ended December 31,	1997	1996 Pro forma[(a)]	1995	1995	1997	1996 Pro forma[(a)]	1995	1995
France	815	298	214	218	812	295	213	217
United States	616	231	800	800	379	143	497	497
United Kingdom	1,674	651	447	447	1,314	651	447	447
Asia / Pacific	1,229	803	250	(109)	316	160	40	(131)
Germany	65	(81)	1	1	38	(81)	1	1
Other countries	1,753	460	133	133	1,069	444	116	116
TOTAL	**6,152**	**2,362**	**1,845**	**1,490**	**3,928**	**1,612**	**1,314**	**1,147**

(a) To assist in the comparison to 1996, the 1995 pro forma amounts for France reflect the results of the bodily injury business obtained effective January 1, 1996 as if such business had been obtained January 1, 1995. In addition, the 1995 pro forma amounts for Asia/Pacific reflect AXA's acquisition of National Mutual as if such acquisition and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.

Year ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant exchange rate, structural and methodological basis, gross premiums increased 10.5%. In 1997, the Life Insurance Segment accounted for 66.9% of AXA's gross insurance premiums. Life insurance premiums were primarily earned in France (31.4%), the United States (25.2%), the UK (14.8%), Asia/Pacific (10.6%), and Germany (8.3%).

On a constant exchange rate basis, gross premiums in the United States increased by 18.8% which was primarily attributable to growth in the Equitable's series of individual retirement products, Income Manager, launched in late 1995. Gross premiums also grew in all major European countries. In the Asia/Pacific region, despite minimal growth in Australia and New Zealand, gross premiums increased by 4.1% on a constant exchange rate basis as a result of strong growth in Asia.

Net income increased to FF 3,928 million representing 49.6% of AXA's total net income and was primarily earned in the UK (33.5%), France (20.7%), Belgium (15.7%), and the United States (9.6%).

In the UK, a FF 118 million gain, group share, was realized on the sale of AXA Equity and Law International (Isle of Man). In the United States, Equitable's net income rose from FF 143 million to FF 379 million in 1997 largely as a result of the strong net investment results for fixed maturity and equity securities and the negative impact of certain non-recurring items in 1996. These increases were partially offset by additional provisions for impaired real estate recorded in 1997. In Belgium, FF 268 million of net income was attributable to the sale of BBL shares. In France, net income benefited primarily from the control of administrative costs and strong net investment results.

Effective January 1, 1997, deferred acquisition costs for new business written by European (other than UK and the Netherlands) life insurance subsidiaries include all costs which vary with and are primarily related to the production of new business and the renewal of premiums on the recurring premiums portfolio. Further, such deferred acquisition costs for most products are amortized over the expected average life of the contracts as a constant percentage of estimated gross profits from the contracts. Previously, deferral and amortization of acquisition costs were subject to regulatory limitations. The effect of conforming accounting methods was to increase 1997 net income by FF 101 million for historical AXA subsidiaries.

In conjunction with purchase accounting, an identifiable intangible asset is recorded for the present value of future after tax profits of purchased life insurance business inforce. The value of business inforce (VBI) represents the value of the right to receive future profits from insurance contracts existing at the date of acquisition. VBI is amortized over the estimated remaining lives of the underlying contracts in proportion to the earnings on the contracts. The 1997 VBI amortization expense related to the UAP acquisition was FF 523 million (FF 409 million, group share) relative to a balance of FF 12,401 million at January 1, 1997.

Year ended December 31, 1996 Compared to Year Ended December 31, 1995

In 1996, the Life Insurance Segment accounted for 72.6% of AXA's gross insurance premiums compared to 63.6% in 1995.

On a constant structural and exchange rate basis, the rise in consolidated gross premiums amounted to 10%. The full-year consolidation of National Mutual as well as increased gross premiums earned by National Mutual led to an increase in gross premiums of FF 18.1 billion from the Asia/Pacific region.

The contribution of life insurance operations to net income is up by FF 491 million and 29.4% on a constant exchange rate basis. Trends for 1996 consolidated net income were mixed depending on the country: in France, the UK, the Netherlands and Canada, net income increased, while in the US, Japan and Germany net income declined. Finally, National Mutual's full-year contribution to net income reached FF 401 million, versus one month's net income of FF 3 million in 1995.

Analysis by Life Insurance Group

The French Life Insurance Group

The following table sets forth certain summarized financial information for the French Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995 Pro forma[d]	1995
Gross premiums	64,539	20,743	18,796	17,805
Change in unearned premium reserve	35	1	28	30
Net investment results[a]	21,256	5,557	4,969	4,915
Total Revenues	**85,830**	**26,301**	**23,793**	**22,750**
Insurance benefits	(75,694)	(23,779)	(21,416)	(20,477)
Reinsurance ceded, net[b]	(995)	(8)	(23)	(71)
Acquisition expenses[c]	(5,152)	(1,126)	(1,119)	(1,041)
Amortization of value of business inforce	(111)	-	-	-
Other insurance company expenses	(2,699)	(935)	(988)	(908)
Total Benefits and Other Deductions	**(84,651)**	**(25,848)**	**(23,546)**	**(22,497)**
Income before income tax expense	**1,179**	**453**	**247**	**253**
Income tax expense	(364)	(155)	(33)	(35)
Minority interests in income of consolidated subsidiaries	(3)	(3)	(1)	(1)
NET INCOME	**812**	**295**	**213**	**217**

[a] Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

[b] Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

[c] Acquisition expenses are net of changes in the unearned revenue reserve which is established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

[d] To assist in the comparison to 1996, 1995 pro forma reflects the results of the bodily injury business transferred from the Mutuelles AXA effective January 1, 1996 as if such business had been obtained January 1, 1995.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant structural and methodological basis, gross premiums increased 6.1% compared to 1996 pro forma primarily due to growth of 14.5% at Alpha Assurances, 6.0% at AXA Assurances, 33.7% at Axiva, all historical AXA subsidiaries, and 71.7% at Théma Vie, a former UAP subsidiary which utilizes non-conventional distribution networks. Such increases were in large part due to increases in individual savings products and group retirement products. Premiums at UAP Collectives, a former UAP subsidiary underwriting group insurance, increased 2.0% to FF 16,053 million as a result of growth in group retirement products. This growth was tempered by increased selectivity in underwriting group health and disability income policies and the absence of growth in salaries in France which is the base of group life and health income premiums. UAP Vie, a former UAP subsidiary underwriting individual insurance, showed no growth in its gross premiums of FF 22,290 million due to a reduction in guaranteed interest rates on single premium policies which was offset, in part, by the success of new flexible premium products. The French life insurance companies gross premiums increased toward the end of 1997 when a tax increase for certain insurance contracts was announced. The new tax regulations became effective January 1, 1998 and therefore policyholders placed insurance before the new regulations became effective.

Net investment results increased to FF 21,256 million, of which FF 14,364 million was earned by former UAP subsidiaries. Historical AXA subsidiaries earned FF 6,893 million in 1997 compared to FF 5,557 million in 1996 primarily due to an increase in the amount of fixed income security investments. Fixed income securities of former UAP subsidiaries provided FF 7,967 million of net investment results. Realized gains, net of changes in valuation allowances, totaled FF 3,296 million for former UAP subsidiaries, of which most were realized on sales of equity securities.

Insurance benefits totaled FF 75,694 million, of which FF 48,864 million is attributable to former UAP subsidiaries while historical AXA subsidiaries accounted for FF 26,830 million compared to FF 23,779 million in 1996. Insurance benefits for historical AXA subsidiaries increased in proportion to the increase in gross premiums. For all French life insurance subsidiaries, 1997 was marked by a decrease in benefit payments in individual health, traditional life insurance, and loss of income coverage. Insurance benefits were adversely impacted in 1996 by high life insurance claims.

The negative results for reinsurance ceded is primarily the result of FF 675 million of losses incurred on the cancellation of a reinsurance contract by UAP Vie.

In 1997, total acquisition expenses excluding the change in DAC ("acquisition costs") represented 8.9% of gross premiums. For historical AXA subsidiaries, acquisition costs were 5.1% of gross premiums versus 5.4% in 1996 reflecting a decrease in commission rates in 1997. This ratio was 11.0% for former UAP subsidiaries reflecting the nature of their products and the higher cost of their salaried sales forces. Conforming the method of accounting for deferring acquisition costs in 1997 decreased acquisition expenses by FF 576 million.

For historical AXA subsidiaries, 1997 other insurance company expenses of FF 1,060 million were higher than to 1996's FF 935 million due to the increase in gross premiums and the recording of a FF 43 million provision for restructuring costs. The ratio of acquisition costs, other insurance company expenses, and claims handling expenses which are included as part of insurance benefits (collectively "general costs") relative to actuarial reserves declined to 2.1% in 1997 from 2.3% in 1996. Such reduction was the results of cost control programs initiated for such subsidiaries. For former UAP subsidiaries, other insurance company expenses were FF 1,639 million and the ratio of general costs to actuarial reserves was 2.4% in 1997. This ratio reflects the higher cost of the former UAP subsidiaries' salaried sales force. This ratio was 2.3% for the entire French Life Insurance Group in 1997.

The 1997 VBI amortization of FF 111 million was relative to an asset balance of FF 3,011 million at January 1, 1997 which arose entirely from the acquisition of UAP Vie and Théma Vie.

Income tax expense of FF 364 million reflects the impact of the increase in statutory tax rates enacted in 1997. French income tax rates including a surtax increased from 36.7% to 41.7% effective January 1, 1997. A surtax of 15% was imposed for 1997 and 1998 and 10% for 1999 compared to the previous surtax of 10% for 1996. This change in tax rate increased the net deferred tax liability by FF 68 million.

Net income rose to FF 812 million of which FF 142 million was earned by former UAP subsidiaries. Historical AXA subsidiaries earned FF 670 million compared to FF 295 million in 1996. The increase for the historical AXA subsidiaries is principally the result of the increases in net investment results and gross premiums. Contributions by former UAP subsidiaries include a net loss of FF 115 million by UAP Vie and profit from UAP Collectives of FF 247 million.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Gross premiums of the French Life Insurance Group were up 10.4% in 1996 over 1995 pro forma results. After eliminating the impact of a 1995 *accounting change which resulted in a non-recurring increase in group life premiums in 1995, premium growth was 16.3%. This increase was principally due to continued premium growth at Alpha Assurances (35%) -- notably through its retail network -- and at AXA Assurances, where growth in individual retirement savings products totaled 14%.*

Net investment results increased in 1996 by FF 588 million over 1995 pro forma, led by an increase of FF 208 million in gains on the sale of assets, net of changes in valuation allowances, in particular in the equity portfolio, and higher investment income on fixed maturities (FF 320 million), primarily due to the fact that the portion of assets invested in fixed rate increased.

The increase of FF 2,363 million in insurance benefits in 1996 compared to 1995 pro forma is primarily the result of higher benefit reserves, despite the fact that interest credited to policyholders remained stable between the two periods. Underwriting margin (gross premiums less insurance benefits, excluding claims processing expenses and interest credited to policyholders) net of reinsurance increased by FF 20 million over 1995 pro forma, to FF 1,697 million. For 1996, the loss ratio fell in the accident and health line of business but rose in the term insurance line of business, for both individual and group policies, primarily due to the occurrence of several major claims in 1996.

Overall, the ratio of general costs relative to actuarial reserves, gross of reinsurance, was 2.3% versus 2.7% for 1995 pro forma.

The increase in income tax expense of FF 122 million in 1996 compared to 1995 pro forma, is partially the result of higher income before income tax expense. Furthermore, in 1995 a higher proportion of income before income tax expense was investment income which qualified for a lower effective tax rate.

The total contribution of the French Life Insurance Group to consolidated net income totaled FF 295 million, up FF 82 million over 1995 pro forma, primarily attributable to improved net investment results.

Analysis of Insurance General Account Investment Results

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

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

(in FF millions except percentages)	1997		1996		1995	
Years ended December 31,	**Yield[(a)]**	**Amount**	**Yield[(a)]**	**Amount**	**Yield[(a)]**	**Amount**
Fixed Maturities:						
Net investment income	5.70%	12,681	7.35%	4,004	8.26%	3,446
Net investment gains	0.16%	349	0.73%	395	1.27%	532
Net investment results	5.86%	13,030	8.08%	4,399	9.53%	3,978
Ending Assets		**236,149**		**63,530**		**42,648**
Real Estate:						
Net investment income	3.93%	1,208	2.53%	51	-1.66%	(29)
Net investment gains (losses)	-0.21%	(66)	-2.04%	(41)	-3.03%	(53)
Net investment results	3.72%	1,142	0.50%	10	-4.69%	(82)
Ending Assets		**30,732**		**2,069**		**1,865**
Equity Investments:						
Net investment income	3.42%	1,932	1.91%	219	2.50%	257
Net investment gains	7.64%	4,313	4.01%	459	1.33%	137
Net investment results	11.06%	6,245	5.92%	678	3.83%	394
Ending Assets		**55,525**		**10,024**		**11,877**
Policy Loans:						
Net investment income	6.48%	214	7.05%	191	7.06%	198
Ending Assets		**3,477**		**2,742**		**2,679**
Cash & Short Term:						
Net investment income	3.52%	322	3.87%	240	5.89%	258
Ending Assets		**13,656**		**4,887**		**6,587**
TOTAL:						
Net investment income	5.09%	16,465	6.12%	4,706	6.77%	4,130
Net investment gains	1.42%	4,596	1.06%	814	1.01%	616
Net investment results	**6.51%**	**21,061**	**7.18%**	**5,520**	**7.78%**	**4,746**
ENDING ASSETS		**340,896**		**83,259**		**65,666**

(a) Yields are calculated on the basis of the average beginning and end of period asset carrying value for each asset category.

The US Life Insurance Group

The following table sets forth certain summarized financial information for the US Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	51,629	37,966	34,480
Net investment results[(a)]	13,411	13,442	12,587
Total Revenues	**65,040**	**51,408**	**47,067**
Insurance benefits	(59,233)	(46,329)	(41,438)
Reinsurance ceded, net[(b)]	99	112	94
Acquisition expenses[(c)]	(3,131)	(2,812)	(2,737)
Other insurance company expenses	(2,451)	(2,101)	(1,810)
Amortization of goodwill, net	(3)	(3)	(3)
Total Benefits and Other Deductions	**(64,719)**	**(51,133)**	**(45,894)**
Income before income tax expense	**321**	**275**	**1,173**
Income tax (expense) benefit	295	(44)	(373)
Minority interests in income of consolidated subsidiaries	(237)	(88)	(303)
NET INCOME	**379**	**143**	**497**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(c) Acquisition expenses are net of changes in the unearned revenue reserve which is established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant exchange rate basis, gross premiums increased 18.8% primarily due to the success of "Income Manager", a series of individual retirement products. Income Manager accounted for 78.8% of the 1997 gross premium increase and 15.5% of Equitable's gross premiums. Equitable created its own wholesale distribution company (EDI) to offer the Income Manager products to securities firms, financial planners, and banks.

Net investment results declined 12.8% on a constant exchange rate basis. Such decline was principally attributable to writedowns of real estate held for the production of income and additions to valuation allowances in the fourth quarter of 1997. Equitable announced in January 1998 its intention to accelerate the sale of assets from the real estate portfolio by disposing of certain properties over the following 12 to 15 months. In connection with this program, Equitable reclassified equity real estate from "held for the production of income" to "held for sale". Since held for sale properties are carried at the lower of depreciated cost or estimated fair value, less *disposition costs, the reclassification generated additional valuation allowances in the fourth quarter of 1997. Also, the review of the equity real estate portfolio identified properties held for the production of income which were impaired as determined under SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". The impact of the reclassification and the SFAS No. 121 impairment writedowns totaled FF 3,350 million.*

On a constant exchange rate basis, insurance benefits increased 11.7% principally as a result of the increase in gross premiums. Excluding the impact of the increase in gross premiums, insurance benefits declined as a result of a lower reserve increase on disability income (DI) and participating group annuity business and improved mortality experience on the larger inforce book of business for variable and interest-sensitive life policies. However, 1997 and 1996's insurance benefits were significantly affected by certain actions. The loss provision for Guaranteed Investment Contracts ("GIC") and group non-participating Wind-up Annuities ("Wind-Up Annuities") was strengthened by FF 804 million in 1997 and FF 675 million in 1996. The principal factor in the 1997 reserve strengthening was the change in projected cash flows for equity real estate due to management's plan to accelerate the sale of equity real estate.

Also affecting 1996 was the adoption of SFAS No. 120, "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts" which led to a decrease in the liability for future policy benefits of FF 1,226 million and an increase in DAC of FF 378 million. See further discussion of 1996 events affecting insurance benefits below.

On a constant exchange rate basis, acquisition costs increased 23.2% primarily as a result of higher commissions and variable expenses related to the increase in gross premiums. This increase led to a FF 901 million increase in DAC capitalization in 1997 which was partially offset by a FF 835 million increase in DAC amortization, excluding impacts from non-recurring events: writedowns and additions to valuation allowances for real estate in 1997, and the 1996 adoption of SFAS No. 120 and the 1996 DI reserve strengthening. The increase in DAC amortization is principally attributable to improved mortality and higher investment spreads on variable and interest-sensitive products. See further discussion of 1996 events affecting acquisition expenses below.

Other insurance company expenses increased 1.9% on a constant exchange rate basis. Such increase resulted from the FF 116 million increase in restructuring costs, higher costs related to the annuity wholesale distribution channel introduced in the latter part of 1996 and higher costs associated with litigation. The ratio of general expenses to actuarial reserves was 1.5% compared to 1.4% in 1996.

The 1997 income tax benefit reflected the release of approximately FF 450 million of tax reserves related to years prior to 1989.

AXA's economic interest in Equitable declined from 60.8% at December 31, 1996 to 57.5% at December 31, 1997 primarily as a result of the redemption of certain convertible subordinated debentures and preferred stock for newly issued common stock. In addition, AXA's interest in certain shares of Equitable held by AXA Equity and Law were diluted upon the acquisition of AXA Equity and Law by Sun Life.

Net income increased from FF 143 million in 1996 to FF 379 million in 1997. The impairments and valuation allowances recorded for real estate reduced net income by FF 1,120 million while the release of prior year tax provisions increased net income by FF 259 million. The 1996 results of operations were impacted by the FF 1,080 million net impact of adjustments to increase the liability for future policy benefits and the write-off of deferred acquisition costs, partially offset by the effects of the adoption of new accounting principles which had net positive impacts of FF 560 million. Excluding the impact of these non-recurring events, net income increased by 63.5% on a constant exchange rate basis primarily as a result of an improvement in investment yield and mortality experience and an increase in fees from individual life and variable annuity contracts.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

On a constant exchange rate basis, Equitable's gross premiums increased by 3.0% over 1995. Gross premiums from individual life and annuities products rose by 11.7% on such basis, led by the success of the new Income Manager product. Conversely, gross premiums from group products declined by 26.8% on such basis, principally due to a decline in pension fund inflows to accounts managed by Equitable Real Estate (an Equitable subsidiary which was sold in 1997 which specialized in the management of real-estate assets for third parties).

Net investment results showed little change on a constant exchange rate basis. Net investment income matched the level attained in 1995, with an increase in bond and equity investment income offsetting a decline in real estate income.

The 4.6% increase in insurance benefits on a constant exchange rate basis is a result of premium income growth, an increase in DI claims and claims expenses reserves and an increase in the liability for future policy benefits for GIC's, Wind-Up Annuities and participating pension lines of business. GIC and Wind-Up reserve strengthenings were also made in 1996. The primary factors contributing to this strengthening were changes in projected cash flows for mortgages and other equity investments due to lower portfolio balances as the result of higher than anticipated redemptions and repayments in 1996 and an increase in assumed mortgage defaults as well as an increase in projected benefit payments due to the expected increase in longevity of Wind-Up Annuities beneficiaries. These increases were partially offset by the adoption of a new accounting principle.

In light of unfavorable results for DI policies, particularly the lack of claims experience improvement in 1996, management initiated a comprehensive experience analysis. The study indicated DAC was not recoverable and reserves were not sufficient. Therefore, FF 760 million of unamortized DAC on DI policies at December 31, 1996 was written off and reserves for directly written DI policies and DI reinsurance assumed were strengthened by FF 917 million. As of February 1998, Equitable no longer underwrites new DI policies.

During the fourth quarter of 1996, Equitable also performed a loss recognition study on participating group annuity contracts and conversion annuities which prompted management to establish a premium deficiency reserve which decreased income before income tax expenses by FF 382 million. As mentioned above, during 1996 Equitable adopted SFAS No. 120 for its qualifying participating life insurance contracts.

On a constant exchange rate basis, acquisition expenses fell 4.6% primarily reflecting the adoption of SFAS No. 120 which modified the amortization of deferred costs. This change was partially offset by accelerated amortization of FF 760 million of DI deferred acquisition costs due to the revision of estimates.

Other insurance company expenses increased FF 167 million (8.6% on a constant exchange rate basis), due to expenditures related to the Income Manager line of annuities products and the implementation of alternative distribution channels. In addition, the adoption of SFAS No. 121 generated a loss of FF 186 million due to the immediate write-down of all leasehold improvements in Equitable's headquarters, following the decision to transfer all headquarters personnel to another building.

Acquisition and other insurance company expenses, excluding changes in acquisition costs and the effects of the adoption of SFAS No 121, remained stable. Overall, general costs amounted to 1.36% of actuarial reserves versus 1.44% in 1995.

Overall, income before minority interests fell by FF 569 million in 1996 compared to 1995. The decrease in net income was FF 354 million, principally resulting from FF 1,080 million net effect of adjustments to increase the liability for future policy benefits and the write-off of deferred acquisition costs, partially offset by the effects of the adoption of new accounting principles which had a net positive impact of FF 560 million.

Analysis of Insurance General Account Investment Results

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

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

(in FF millions except percentages)	1997		1996		1995	
Years ended December 31,	Yield[(a)(b)]	Amount[(a)]	Yield[(a)(c)]	Amount[(a)]	Yield[(a)(d)]	Amount[(a)]
Fixed Maturities:						
Net investment income	8.65%	10,913	8.21%	8,578	7.80%	7,288
Net investment gains	0.45%	567	0.35%	369	0.41%	384
Net investment results	9.10%	11,480	8.57%	8,947	8.21%	7,672
Ending Assets		**138,036**		**114,176**		**94,725**
Real Estate[(e)]:						
Net investment income	5.82%	1,005	3.36%	664	2.42%	559
Net investment gains (losses)	-20.27%	(3,498)	-2.79%	(550)	-1.99%	(458)
Net investment results	-14.45%	(2,493)	0.58%	114	0.44%	101
Ending Assets		**15,770**		**18,750**		**20,719**
Mortgage loans on real estate:						
Net investment income	9.97%	2,845	9.38%	2,873	8.38%	2,971
Net investment losses	-0.83%	(236)	-0.55%	(169)	-0.71%	(253)
Net investment results	9.14%	2,609	8.83%	2,704	7.67%	2,718
Ending Assets		**27,621**		**29,463**		**31,815**
Equity Investments:						
Net investment income	24.53%	1,510	19.18%	1,033	10.66%	712
Net investment gains	1.54%	95	2.32%	125	0.97%	65
Net investment results	26.07%	1,605	21.50%	1,158	11.63%	777
Ending Assets		**7,299**		**5,014**		**5,757**
Policy loans:						
Net investment income	7.53%	1,712	7.27%	1,426	6.68%	1,254
Ending Assets		**24,712**		**20,753**		**18,491**
Cash & Short Term:						
Net investment income	1.66%	32	9.08%	344	7.79%	413
Ending Assets		**1,596**		**2,271**		**5,307**
TOTAL:						
Net investment income	8.89%	18,017	8.12%	14,918	7.22%	13,197
Net investment gains	-1.51%	(3,072)	-0.12%	(225)	-0.14%	(262)
Net investment results	**7.38%**	**14,945**	**8.00%**	**14,693**	**7.08%**	**12,935**
ENDING ASSETS		**215,034**		**190,427**		**176,814**

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

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

(c) On a constant exchange rate basis, the yields for 1996 would have been 8.31% for fixed maturities, 0.56% for real estate, 8.52% for mortgage loans on real estate, 20.74% for equity investments, 7.04% for policy loans, 8.66% for cash and short term investments and 7.74% for all general account investments.

(d) On a constant exchange rate basis, the yields for 1995 would have been 8.57% for fixed maturities, 0.47% for real estate, 8.04% for mortgage loans on real estate, 12.21% for equity investments, 6.99% for policy loans, 8.13% for cash and short term investments and 7.41% for all general account investments.

(e) Real estate carrying values are shown, and real estate yields are calculated, net of third party debt and minority interests of FF 5,659 million of FF 4,710 million, and FF 5,128 million as of December 31, 1997, 1996 and 1995, respectively. Real estate investment income is shown net of operating expenses, depreciation, third party interest expense and minority interests. Third party interest expense and minority interests totaled FF 362 million, FF 363 million and FF 421 million for 1997, 1996 and 1995, respectively.

The UK Life Insurance Group

The following table sets forth certain summarized financial information for the UK Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	30,509	9,384	7,134
Net investment results[a]	11,478	3,654	3,480
Total Revenues	**41,987**	**13,038**	**10,614**
Insurance benefits	(35,456)	(10,593)	(8,674)
Reinsurance ceded, net[b]	(32)	(4)	-
Acquisition expenses[c]	(1,816)	(645)	(868)
Amortization of value of business inforce	(282)	-	-
Other insurance company expenses	(1,628)	(584)	(322)
Total Benefits and Other Deductions	**(39,214)**	**(11,826)**	**(9,864)**
Income before income tax expense	**2,773**	**1,212**	**750**
Income tax expense	(1,099)	(561)	(303)
Minority interests in income of consolidated subsidiaries	(360)	-	-
NET INCOME	**1,314**	**651**	**447**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(c) Acquisition expenses are net of changes in the unearned revenue reserve established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

In 1997, AXA increased its life insurance operations in the UK with the addition of Sun Life in connection with the UAP purchase. Effective July 1, 1997, AXA Equity & Law, a historical AXA subsidiary, was acquired by Sun Life. As of October 1997, the new business of AXA Equity & Law is offered through a new entity, AXA Sun Life. The new business of Sun Life will be offered through AXA Sun Life effective January 1, 1998.

Gross premiums totaled FF 30,509 million, of which FF 20,618 million was recorded by Sun Life, FF 411 million by AXA Sun Life, and FF 9,480 million was recorded by AXA Equity and Law. On a constant exchange rate and structural basis, gross premiums for the UK Life Insurance Group increased 15.4% compared to 1996 pro forma; 87% of the increase was related to individual retirement products. The growth of such products' sales was the result of the strong UK financial markets, the increased competitiveness of Sun Life's retirement products which benefited from a revision in the sales commission structure, and the introduction of new individual retirement products by AXA Equity & Law.

The net investment result was FF 11,478 million of which FF 5,065 million was earned by AXA Equity and Law compared to FF 3,654 million in 1996. AXA

Equity & Law's net investment results increase (28.5% on a constant exchange rate basis) is principally due to an increase of FF 591 million in gains realized on sales of equity securities which benefited from the strong UK financial markets and an increase of FF 326 million in gains realized on real estate sales. Despite recording all Sun Life investments at fair value as of January 1, 1997 in connection with purchase accounting, Sun Life realized gains on investment sales of FF 1,335 million and recorded net investment income of FF 5,247 million.

Insurance benefits increased to FF 35,456 million of which FF 23,090 million was incurred by Sun Life, FF 11,950 million was incurred by AXA Equity & Law and FF 416 million by AXA Sun Life. On a constant exchange rate and structural basis, AXA Equity & Law's insurance benefits increased 12.0% principally as a result of the increase in gross premiums of 10.6% and net investment results of 28.5%. Net investment results affect insurance benefits and claims as certain UK insurance contracts, including those of Sun Life, share the investment results with policyholders.

Acquisition expenses and other insurance company expenses totaled FF 3,444 million of which FF 2,236 million was incurred by Sun Life, FF 478 million by AXA Sun Life, and FF 730 million by AXA Equity & Law. On a constant exchange rate basis, the UK Life Insurance group improved its ratio of general costs to gross premiums from 15.9% in 1996 to 15.3% in 1997. AXA Equity & Law has benefited from its continuing project to reduce costs and, in addition, certain cost efficiencies have been attained in connection with the merger. AXA Sun Life's other insurance company expenses included FF 297 million of restructuring provisions related to the merger with AXA Equity & Law which were principally comprised of relocation costs and professional consulting fees. During 1997, FF 87 million of the restructuring costs were incurred. The group's 1997 ratio of general costs, excluding restructuring costs, to gross premiums was 14.3% while the ratio of general costs to actuarial reserves was 1.5% in 1997.

DAC amortization was incurred principally by AXA Equity & Law as Sun Life's deferred acquisition costs as of January 1, 1997 were eliminated in connection with purchase accounting. AXA Equity & Law DAC amortization decreased by FF 210 million due to the continuing effects of the change in amortization method which began in 1996. Prior to 1996, DAC was amortized over two years whereas it is now amortized over the estimated life of the contracts in proportion to estimated gross profits.

The 1997 amortization of VBI of FF 282 million was relative to a VBI asset balance of FF 5,571 million at January 1, 1997 relating entirely to the Sun Life acquisition.

Income tax expense includes the positive FF 69 million effect of a change in legislation reducing the tax rate from 33% to 31%. In the UK, life insurance companies are principally taxed based on investment income less certain deductible expenses. Accordingly, income tax expense does not vary directly with income before income tax expense.

The increase in minority interests in income of consolidated subsidiaries is attributable to the acquisition of Sun Life which has a publicly-traded minority interest. In connection with the merger of AXA Equity & Law and Sun Life, AXA's ownership in both entities is currently 71.6%.

Net income for the UK Life Insurance Group was FF 1,314 million of which Sun Life earned FF 683 million, AXA Sun Life incurred a loss of FF 254 million, and AXA Equity & Law earned FF 885 million compared to FF 651 million in 1996. The increase in the net income of AXA Equity & Law is primarily attributable to the FF 118 million group share gain realized on the sale of AXA Equity and Law International (Isle of Man), the FF 69 million impact from the change in tax rates, the FF 210 million positive impact of the change in DAC amortization methods, and the positive FF 72 million impact of exchange rate fluctuations between the Pound Sterling and French Franc. These impacts were partially offset by the FF 132 million increase in minority interest in the income of AXA Equity and Law.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

On a constant exchange rate basis, gross premiums increased by 12.4% in 1996 versus 1995. New business rose 12.8%, led by 46% growth in retirement products.

On a constant exchange rate basis, net investment results decreased by 10.2% as the level of realized gains was particularly high in 1995. This decline was partially offset by higher dividend income.

The 4.9% increase recorded in insurance benefits on a constant exchange rate basis was significantly lower than the comparable rise in gross premiums. This favorable relationship was linked to a small decrease in additional reserves for future terminal bonuses on "with profits" products.

Due to a revision in the cost allocation method, the respective increase and decrease of other insurance company expenses and acquisition expenses largely offset one another. However, total acquisition expenses and other insurance company expenses declined by 15.5% on a constant exchange rate basis due to changes in accounting methods which resulted in higher DAC for 1996 new business. In accordance with the new accounting method, DAC is amortized in proportion to profits over the life of the contracts, rather than over two years under the previous method. In addition, a program undertaken at AXA Equity & Law to reduce general expenses resulted in a decrease in acquisition expenses and other insurance company expenses to gross premium from 16.5% in 1995 to 15.9% in 1996.

Income tax expense increased due to higher income before income tax expense and an addition to income tax expense related to a tax audit of prior year tax returns.

Overall, AXA Equity and Law improved its contribution to net income by FF 204 million (45.6%) in 1996. On a constant exchange rate basis, the increase was 24.6%.

Analysis of Insurance General Account Investment Results

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

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

(in FF millions except percentages)	1997		1996		1995	
Years ended December 31,	Yield[(a)(b)]	Amount[(a)]	Yield[(a)(c)]	Amount[(a)]	Yield[(a)(d)]	Amount[(a)]
Fixed Maturities:						
Net investment income	8.05%	4,005	7.88%	751	9.10%	961
Net investment gains	1.26%	625	2.83%	270	1.52%	161
Net unrealized investment gains (losses)[(e)]	2.02%	1,004	-1.03%	(98)	1.32%	139
Ending Assets		**56,473**		**9,552**		**10,754**
Real Estate:						
Net investment income	7.83%	1,035	6.79%	393	6.27%	329
Net investment gains (losses)	5.86%	775	3.96%	229	5.24%	275
Net unrealized investment gains (losses)[(e)]	0.81%	107	-5.07%	(293)	0.91%	48
Ending Assets		**14,624**		**6,271**		**5,295**
Equity Investments:						
Net investment income	4.08%	3,333	4.54%	1,426	3.95%	966
Net investment gains (losses)	2.25%	1,838	2.21%	696	3.27%	799
Net unrealized investment gains (losses)[(e)]	13.53%	11,044	4.95%	1,556	15.21%	3,718
Ending Assets		**95,238**		**37,472**		**25,713**
Cash & Short Term:						
Net investment income	1.26%	4	0.82%	4	1.66%	10
Ending Assets		**458**		**82**		**986**
TOTAL:						
Net investment income	5.83%	8,437	5.51%	2,634	5.57%	2,289
Net investment gains (losses)	2.22%	3,238	2.52%	1,205	3.00%	1,233
Net unrealized investment gains (losses)[(e)]	8.36%	12,154	2.44%	1,165	9.51%	3,905
ENDING ASSETS		**167,402**		**54,259**		**42,990**

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

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

(c) On a constant exchange rate basis, the total yields for 1996 would have been 9.88 % for fixed maturities, 9.98% for real estate, 6.32 % for equity investments, 0.71% for cash and short term investments and 7.48% for all general account investments.

(d) On a constant exchange rate basis, the total yields for 1995 would have been 12.49% for fixed maturities, 13.02% for real estate, 23.42% for equity investments, 1.69% for cash and short term investments and 18.88% for all general account investments.

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

Asia/Pacific Life Insurance Group

The following table sets forth certain summarized financial information for the Asia/Pacific Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995 Pro forma[(c)]	1995
Gross premiums	21,856	20,478	15,911	1,890
Net investment results[(a)]	6,980	4,486	3,380	740
Total Revenues	**28,836**	**24,964**	**19,291**	**2,630**
Insurance benefits	(22,492)	(20,299)	(15,335)	(2,013)
Reinsurance ceded, net[(b)]	(139)	(102)	(65)	(6)
Acquisition expenses[(d)]	(860)	(951)	(562)	(196)
Amortization of value of business inforce	(438)	(446)	(729)	-
Other insurance company expenses	(2,047)	(2,046)	(2,022)	(403)
Amortization of goodwill, net	(52)	(1)	(10)	-
Total Benefits and Other Deductions	**(26,028)**	**(23,845)**	**(18,723)**	**(2,618)**
Income before income tax expense	**2,808**	**1,119**	**568**	**12**
Income tax expense	(1,753)	(428)	(439)	(129)
Equity in income of unconsolidated subsidiaries	174	112	121	8
Minority interests in income of consolidated subsidiaries	(913)	(643)	(210)	(22)
NET INCOME	**316**	**160**	**40**	**(131)**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(c) To assist in the comparison to 1996, 1995 pro forma reflects results of operations as if AXA's acquisition of National Mutual and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.

(d) Acquisition expenses are net of changes in the unearned revenue reserve established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

The following tables set forth certain summarized financial information for the Asia/Pacific Life Insurance Group by country for the periods indicated.

Gross Premium

(in FF millions) Years ended December 31,	1997	1996	1995 Pro forma[a]	1995
Australia / New Zealand	16,990	16,044	12,514	903
Hong Kong	3,845	3,266	2,668	258
Korea	487	803	591	591
Singapore	285	246	115	115
Japan	249	119	23	23
TOTAL	**21,856**	**20,478**	**15,911**	**1,890**

[a] *To assist in the comparison to 1996, 1995 pro forma reflects results of operations as if AXA's acquisition of National Mutual and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.*

Net Income

(in FF millions)	Including Minority Interests				Group Share			
Years ended December 31,	1997	1996	1995 Pro forma[a]	1995	1997	1996	1995 Pro forma[a]	1995
Australia / New Zealand	516	508	178	(1)	216	233	91	(7)
Hong Kong	882	536	206	26	269	168	83	10
Korea	(50)	(7)	(23)	(23)	(50)	(7)	(23)	(23)
Singapore	49	5	12	12	49	5	12	12
Japan	(168)	(239)	(123)	(123)	(168)	(239)	(123)	(123)
TOTAL	**1,229**	**803**	**250**	**(109)**	**316**	**160**	**40**	**(131)**

[a] *To assist in the comparison to 1996, 1995 pro forma reflects results of operations as if AXA's acquisition of National Mutual and the demutualization of National Mutual Life had occurred at the beginning of National Mutual's fiscal year, October 1, 1994.*

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Gross premiums; net income including minority interest; and net income are analyzed in detail below by country.

The Asian financial crisis, which primarily began in the fourth quarter of 1997, has had an adverse effect on certain of AXA's investments and customers in the region. However, the effect of the crisis is not entirely reflected in the results of operations as the Australia/New Zealand operations and NM Asia use a fiscal year ended September 30 and are consolidated as of that date in AXA's consolidated financial statements. For example, National Mutual Life and NM Asia's trading securities, whose changes in fair value are recorded in net investment results, are recorded at their September 30, 1997 estimated fair values.

AXA's investment in the Asia/Pacific region is principally located in Australia which has not been significantly affected by the Asian financial crisis, although management makes no assertion as to whether the Asian financial crisis will affect Australia in the future. NM Asia in Hong Kong was the AXA subsidiary most affected by the Asian financial crisis. NM Asia's net loss for the three months ended December 31, 1997, which will be reflected in AXA's 1998 consolidated financial statements was approximately FF 130 million. The two primary factors for this net loss were 1.) losses realized on sales of equity securities issued in countries considered to be the most susceptible to the Asian financial crisis, e.g., South Korea, Thailand, and the Philippines, and 2.) unrealized losses on trading securities. It should be noted that the Asian financial markets, notably in Hong Kong, have risen significantly since December 31, 1997. Based on the condition of the Asian financial markets as of April 6, 1998, any impacts from the Asian financial crisis are not expected to have a material adverse impact on AXA's consolidated results of operations or financial position.

On a constant exchange rate basis, gross premiums increased 4.1% compared to 1996. Gross premiums and insurance benefits were both affected in 1996 by an internal replacement campaign in Australia and New Zealand. Internal replacements are transactions whereby an existing policy is "rolled over" into a new policy and the amount exchanged is recorded both as an insurance benefit paid and gross premium received.

On a constant exchange rate basis, net investment results increased 50.3% primarily as a result of an increase in realized and unrealized gains at NM Asia and in Australia/New Zealand which benefited from the strong equity markets through September 30, 1997.

On a constant exchange rate basis, insurance benefits and claims increased by 8.2% primarily as a result of the increase in gross premiums and net investment results at NM Asia. Net investment results affect insurance benefits and claims as certain Hong Kong insurance contracts share investment results with policyholders. These increases were partially offset by certain impacts in Australia / New Zealand where health insurance claims declined principally as a result of the 7.9% decrease in the size of the portfolio.

Acquisition expenses declined by 10.4% on a constant exchange rate basis principally as a result of the increase in the deferral of amortization costs, net of changes in the unearned revenue reserve. The increase in acquisition cost deferrals is related to certain insurance products sold by NM Asia which pay commissions on a monthly basis. Commissions paid which relate to business sold before the September 1995 NM Asia acquisition date are not deferred in accordance with purchase accounting principles. Therefore, as the portion of business sold after the acquisition increases, the amount of acquisition cost deferrals increases.

On a constant exchange rate basis, other insurance company expenses were stable relative to 1996 after elimination of the FF 90 million balance of start-up costs written-off by AXA Japan in 1996 as a result of its change in accounting principle. Despite the increase in new business, such costs were controlled as a result of the continued benefits from National Mutual Life's cost cutting programs.

The increase in income tax expense is primarily attributable to improved net investment results. In Australia and New Zealand, non-traditional insurance products are principally taxed based on investment results less certain deductible expenses. Accordingly, income tax expense does not vary directly with income before income tax expense. In addition, 1996 income tax expense was reduced by the release of certain tax provisions established in 1995.

Australia/New Zealand

Gross premiums increased 1.5% on a constant exchange rate basis. During 1997, FF 696 million in additional gross premiums was received from policyholders that opted to purchase insurance coverage with proceeds obtained in connection with the demutualization. Excluding this FF 696 million, gross premiums declined 2.6% on a constant exchange rate basis. This decline is a result of reduced sales of annuity products by National Mutual Life which declined 13.7% on a constant exchange rate basis because of a reduction in interest crediting rates. This decline was partially offset by constant exchange rate increases in the gross premiums of single premium retirement products of 26.5% and traditional life insurance products of 9.9%. In addition, a major internal replacement campaign occurred in Australia and New Zealand in 1996.

Net income remained stable in 1997 at FF 216 million relative to FF 233 million in 1996. Net income for 1997 benefited from net investment results which increased 50.0% and a 7.3% decline in other insurance company expenses, both on a constant exchange rate basis, partially offset by an increase in income tax expense.

Hong Kong

Gross premiums increased FF 579 million or 12.3% on a constant exchange rate basis. This increase is principally due to increased sales of individual savings and health products of FF 342 million and group retirement products of FF 136 million.

The contribution of NM Asia to net income increased from FF 101 million in 1996 to FF 269 million in 1997 primarily attributable to the increase in net investment results.

South Korea

Dongbu AXA, proportionately consolidated at the 50% level, increased gross premiums by 6.2% on a constant exchange rate basis due to growth in individual product sales primarily related to an increase in the agent network. As a result of the decline in the Korean Won, gross premiums declined 39.4% when translated into French Francs. However, net loss increased from FF 7 million in 1996 to FF 50 million in 1997 due to FF 41 million of investment and VBI impairments recognized as a result of the Asian financial crisis.

SINGAPORE

Gross premiums increased 21.7% on a constant exchange rate basis and net income increased to FF 49 million versus FF 5 million in 1996. Such improvement was a result of increased sales of retirement products due to favorable changes anticipated in pension regulations. In addition, changes in actuarial assumptions had a positive impact on insurance benefits and DAC amortization and a non-recurring foreign currency transaction gain of FF 17 million was realized in 1997.

JAPAN

As expected for an insurance company in the start-up phase, gross premiums increased to FF 249 million compared to FF 119 million in 1996. Net loss improved to FF 168 million compared to FF 239 million in 1996 principally due to the fact that the FF 90 million unamortized balance of start-up costs was written-off in 1996.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

Gross premiums from the Asia/Pacific Life Insurance Group increased 17.2% on a constant exchange rate basis over 1995 pro forma results, primarily due to a major internal replacement campaign which occurred in Australia and New Zealand in 1996. Internal replacements are transactions whereby an existing policy is "rolled over" into a new policy, and the amount exchanged is considered both an insurance benefit paid and premium income received. Excluding such internal replacements, gross premiums rose by 3.2% on a constant exchange rate basis over 1995 pro forma, primarily due to growth recorded by Asian subsidiaries.

Net investment results rose by FF 1,106 million (20.6% on a constant exchange rate basis) in 1996 as compared to 1995 pro forma primarily due to increases in realized capital gains (particularly on equity securities) and unrealized gains in the trading portfolio, which were significantly higher than the previous year.

The 20.8% increase on a constant exchange rate basis over 1995 pro forma in insurance benefits was principally due to increased gross premiums, mainly due to the internal replacement campaign in 1996. In addition, the increase in investment income resulted in higher interest and bonuses credited to policyholders.

Other insurance company expenses and acquisition expenses decreased 5.5% on a constant exchange rate basis compared with 1995 pro forma due to National Mutual Life's successful cost-cutting programs. Such decreases were partially offset by the write-off of the January 1, 1996 balance of start-up costs by AXA Japan.

On a constant exchange rate basis as compared to 1995 pro forma, income tax expense decreased by 11.9%, primarily due to the release of tax provisions established in the previous year by National Mutual Life. In Australia, National Mutual Life is principally taxed based on investment results less certain deductible expenses. Accordingly, income tax expenses did not vary directly with income before income tax expense.

The German Life Insurance Group

The following table sets forth certain summarized financial information for the German Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums[a]	17,003	1,151	1,057
Net investment results[b]	5,926	128	135
Total Revenues	**22,929**	**1,279**	**1,192**
Insurance benefits	(20,645)	(864)	(767)
Reinsurance ceded, net[c]	76	(9)	(4)
Acquisition expenses[d]	(1,305)	(381)	(338)
Amortization of value of business inforce	(60)	-	-
Other insurance company expenses	(761)	(100)	(79)
Total Benefits and Other Deductions	**(22,695)**	**(1,354)**	**(1,188)**
Income before income tax expense	**234**	**(75)**	**4**
Income tax expense	(169)	(6)	(3)
Minority interests in income of consolidated subsidiaries	(27)	-	-
NET INCOME[a]	**38**	**(81)**	**1**

(a) FF 493 million of gross premiums and FF 3 million of net income, were earned by the Austrian and Hungarian subsidiaries in 1997.

(b) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(c) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(d) Acquisition expenses are net of changes in the unearned revenue reserve which is established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

In 1997, AXA increased its life insurance operations in Germany as a result of the acquisition of AXA Colonia, a former UAP subsidiary. AXA Leben is a historical AXA subsidiary.

AXA Colonia and AXA Leben increased gross premiums by 8.9% for life insurance products to FF 15,213 million principally by developing agent and broker distribution networks. In health insurance, AXA Colonia increased its gross premiums 15.5% on a constant exchange rate basis primarily as a result of introducing a new insurance product (Elementar) in 1997 and the development of reinsurance operations. AXA Leben's gross premiums totaled FF 1,297 million in 1997 compared to FF 1,151 million in 1996, an increase of 13.8% on a constant exchange rate basis. Such growth is in part due to the success of the introduction of its new retirement products. Gross premiums earned by the Austrian and Hungarian subsidiaries of AXA Colonia totaled FF 440 million and FF 53 million, respectively. On a constant exchange rate basis, Austrian gross premiums decreased by 20.6% compared to 1996 pro forma primarily as a result of an adverse tax change for single premium life insurance products.

Net investment results in 1997 totaled FF 5,926 million, of which FF 5,750 million was earned by AXA Colonia and FF 176 million by AXA Leben. Net investment results were primarily comprised of investment income of FF 5,955 million principally earned on the fixed maturity portfolio and realized losses of FF 29 million. The level of realized gains and losses is generally low as a large portion of the investment portfolios is actively managed within mutual funds. Provisions of FF 193 million, before policyholder interests, were recorded on Asian investments impaired as a result of the Asian financial crisis. AXA Leben's net investment results increased FF 48 million due to an increase in gains realized on sales of equity securities.

Insurance benefits increased to FF 20,645 million, of which FF 19,499 million was incurred by AXA Colonia and FF 1,146 million was incurred by AXA Leben compared to FF 864 million in 1996. AXA Leben's insurance benefits increased by 5.7% on a constant exchange rate basis which was less than the 13.8% increase in gross premiums due to improvements in mortality experience.

Acquisition costs represented 14.9% of gross premiums in 1997. The same ratio for AXA Leben decreased from 29.1% in 1996 to 28.5% in 1997.

This ratio was 13.7% for AXA Colonia in 1997. The difference in this ratio between AXA Leben and AXA Colonia is attributable to the high proportion of new business sold by AXA Leben relative to its insurance inforce. The conforming of DAC accounting principles resulted in a FF 33 million increase in net income.

Other insurance company expenses totaled FF 761 million of which FF 94 million was incurred by AXA Leben versus FF 100 million in 1996. The 1997 ratio of general costs to gross premiums for both companies combined was 20.4% and the ratio of general costs to actuarial reserves was 2.9%.

The amortization of VBI of FF 60 million (FF 41 million, group share) was relative to a VBI asset balance of FF 1,446 million at January 1, 1997 relating entirely to the acquisition of AXA Colonia.

Income tax expense of FF 169 million is large relative to income before income tax expense principally as a result of the fact that VBI amortization is calculated on an after-tax basis.

Net income totaled FF 38 million, of which FF 40 million was earned by AXA Colonia, of which FF 3 million was earned by the Austrian and Hungarian subsidiaries, and a loss of FF 5 million was incurred by AXA Leben versus a loss of FF 81 million in 1996. As a result of German insurance regulations and the competitive nature of the German market, AXA Colonia currently distributes approximately 95% of its statutory profits to policyholders. AXA Leben's reduced net losses were the result of keeping other insurance company expenses stable while improving gross premiums, net investment results and insurance benefits.

In March 1998, AXA announced the sale of AXA Leben.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

With gross premiums of FF 1,151 million, AXA Leben registered 10% growth versus 1995 on a constant exchange rate basis. The rise in new business was led by the success of new lines of savings products.

After breaking even in 1995, AXA Leben recorded a loss in 1996 of FF 81 million, primarily attributable to information systems expenditures of FF 24 million, the effects of changes in mortality assumptions for calculating the liability for future policy benefits related to annuities (FF 12 million), and changes in the method of calculating deferred acquisition costs (FF 13 million).

Analysis of Insurance General Account Investment Results

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

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

(in FF millions except percentages) Years ended December 31,	1997		1996		1995	
	Yield[a][b]	Amount[a]	Yield[a][c]	Amount[a]	Yield[a][d]	Amount[a]
Fixed Maturities:						
Net investment income	5.54%	3,086	7.43%	107	7.79%	86
Net investment gains	-	-	-	-	0.08%	1
Net investment results	5.54%	3,086	7.43%	107	7.87%	87
Ending Assets		**56,966**		**1,630**		**1,243**
Real Estate:						
Net investment income	4.73%	331				
Net investment gains (losses)	- 0.05%	(3)				
Net investment results	4.68%	328	-	-	-	-
Ending Assets		**6,918**				
Mortgage Loans on Real Estate:						
Net investment income	5.67%	643				
Ending Assets		**11,439**				
Equity Investments:						
Net investment income	6.04%	1,697	4.85%	17	4.30%	13
Net investment gains (losses)	- 0.34%	(97)	0.74%	3	0.86%	3
Net investment results	5.69%	1,600	5.59%	20	5.16%	16
Ending Assets		**30,982**		**381**		**331**
Policy Loans:						
Net investment income	7.66%	130				
Ending Assets		**1,680**				
Cash & Short Term:						
Net investment income	1.75%	22	1.93%	2	2.92%	2
Ending Assets		**950**		**108**		**91**
TOTAL:						
Net investment income	5.57%	6,365	6.52%	124	6.83%	102
Net investment gains (losses)	- 0.09%	(100)	0.16%	3	0.23%	4
Net investment results	**5.48%**	**6,265**	**6.68%**	**127**	**7.06%**	**106**
ENDING ASSETS		**116,970**		**2,132**		**1,676**

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

[b] On a constant exchange rate basis, the yields for 1997 would have been 5.56% for fixed maturities, 4.71% for real estate, 5.70% for mortgage loans on real estate, 5.70% for equity investments, 7.70% for policy loans, 1.76% for cash and short term investments and 5.54% for all general account investments.

[c] On a constant exchange rate basis, the total yields for 1996 would have been 7.49% for fixed maturities, 5.62% for equity investments, 1.94 % for cash and short term investments and 6.72% for all general account investments.

[d] On a constant exchange rate basis, the total yields for 1995 would have been 7.99% for fixed maturities, 5.24% for equity investments, 2.96% for cash and short term investments and 7.17% for all general account investments.

Other Life Insurance Group

AXA's Other Life Insurance Group principally includes AXA's life insurance businesses in the Netherlands, Belgium, Luxembourg, Italy and Spain.

The following tables sets forth certain summarized financial information for the Other Life Insurance Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	20,131	5,328	4,198
Net investment results[(a)]	8,294	1,985	1,709
Total Revenues	**28,425**	**7,313**	**5,907**
Insurance benefits	(24,285)	(5,875)	(5,047)
Reinsurance ceded, net[(b)]	(39)	(29)	(29)
Acquisition expenses[(c)]	(929)	(379)	(358)
Amortization of value of business inforce	(70)	-	-
Other insurance company expenses	(998)	(393)	(324)
Total Benefits and Other Deductions	**(26,321)**	**(6,676)**	**(5,758)**
Income before income tax expense	**2,104**	**637**	**149**
Income tax expense	(356)	(177)	(16)
Equity in income (loss) of unconsolidated subsidiaries	5	-	-
Minority interests in income of consolidated subsidiaries	(684)	(16)	(17)
NET INCOME	**1,069**	**444**	**116**

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(c) Acquisition expenses are net of changes in the unearned revenue reserve which is established for fees charged to contractholders that are not fully earned in the period assessed. Such amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[(a)]	1996	1995
The Netherlands	5,709	5,839	1,900	1,344
Belgium	5,560	5,040	933	761
Luxembourg	3,165	2,767	819	438
Italy	2,312	1,741	725	744
Spain	2,063	1,612	794	778
Other countries	1,322	3,050	157	133
TOTAL	**20,131**	**20,049**	**5,328**	**4,198**

(a) To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996. Such column includes FF 1,798 million of gross premiums recorded by New Ireland which was sold in 1997.

Net Income

(in FF millions)	Including Minority Interests			Group Share		
	1997	1996	1995	1997	1996	1995
The Netherlands	170	307	28	146	306	28
Belgium	1,231	1	44	616	1	41
Luxembourg	34	8	4	26	8	4
Italy	102	35	27	102	35	27
Spain	141	30	28	113	15	14
Other countries	75	79	2	66	79	2
TOTAL	**1,753**	**460**	**133**	**1,069**	**444**	**116**

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Gross premiums; net income including minority interests; and net income are analyzed in further detail below by country.

Gross premiums increased 10.9% on a constant exchange rate, structural and methodological basis compared to 1996 pro forma.

Net investment results increased to FF 8,294 million which were primarily earned in Belgium (FF 3,557 million) and in the Netherlands (FF 2,089 million).

Minority interests in income of consolidated subsidiaries totaled FF 684 million in 1997 of which FF 615 million relates to minority interests in Royale Belge.

Net income increased to FF 1,069 million and was principally earned by the Belgian subsidiaries who benefited from the realization by Royale Belge of FF 268 million of non-taxable gains on the BBL transaction.

THE NETHERLANDS

Gross premiums for the life and health insurance operations in the Netherlands totaled FF 5,709 million, of which FF 3,896 million relates to UAP Nieuw Rotterdam ("UAP NRB"), a former UAP subsidiary, and FF 1,813 million was recorded by AXA Leven. On a constant exchange rate basis, gross premiums for AXA Leven declined 2.9% compared to 1996 due to the impact on 1996 premiums from single premium savings contracts. Gross premiums on products with recurring premiums increased by 65% principally as a result of the introduction of a new product, universal life, in 1996 which accounted for approximately 30% of AXA Leven's 1997 gross premiums. On a constant exchange rate basis, UAP NRB gross premiums decreased 3.4% (a decline of 5% in life insurance offset by an increase of 0.3% in health insurance) as a result of a reduction in business caused by the purchase of one of its insurance brokerage firms by a competitor.

Net income totaled FF 146 million of which FF 144 million was earned by AXA Leven (compared to FF 306 million in 1996) and FF 2 million was earned by UAP NRB. The decrease in the net income contributed by AXA Leven is principally attributable to the high level of income in 1996 which benefited from a change in the method of calculating the actuarial reserves. In addition, the ownership interest in AXA Leven, a subsidiary of AXA Equity & Law, went from 100% in 1996 to 71.6% at December 31, 1997 principally as a result of the merger of Sun Life and AXA Equity and Law. The contribution of UAP NRB is comprised of net income of FF 19 million in life insurance and a loss of FF 17 million in health insurance which suffered from an increase in health care costs and strong competition which forced a reduction in premium rates.

Belgium

Gross premiums totaled FF 5,560 million, of which FF 4,302 million was earned by Royale Belge and FF 1,258 million was earned by AXA Belgium, a historical AXA subsidiary. On a constant exchange rate basis, gross premiums rose 36.3% at AXA Belgium primarily as a result of the growth in sales of the recently introduced savings-type insurance products. In addition, AXA Belgium improved sales of its group insurance policies. On a constant exchange rate basis, Royale Belge increased gross premiums 5.9% compared to 1996 pro forma as a result of improved sales of traditional and savings-type insurance products.

Net income totaled FF 616 million, of which FF 558 million was earned by Royale Belge and FF 58 million was earned by AXA Belgium (versus FF 1 million in 1996). Royale Belge benefited from the realization of FF 268 million of non-taxable gains on the BBL transaction.

Luxembourg

Gross premiums increased to FF 3,165 million of which FF 2,118 million was earned by PanEuroLife and FF 95 million from Royale UAP Luxembourg, both former UAP subsidiaries, and FF 952 million was earned by AXA Luxembourg, a historical AXA subsidiary. On a constant exchange rate basis, gross premiums increased 15.6% compared to 1996 pro forma due to the strong sales of savings-type products.

Net income increased to FF 26 million of which FF 16 million was earned by PanEuroLife and FF 10 million by AXA Luxembourg (versus FF 8 million in 1996).

Italy

Gross premiums increased to FF 2,312 million, of which FF 491 million was earned by AXA Assicurazioni and FF 490 million was earned by Eurovita, both historical AXA subsidiaries, while FF 1,331 million was earned by former UAP subsidiaries. On a constant exchange rate basis, gross premiums for all entities increased by 33.6% on a constant exchange rate basis compared to 1996 pro forma due to the growth in sales of single premium savings products sold through agent and bank distribution networks.

Net income increased to FF 102 million, of which FF 54 million was earned by former UAP subsidiaries and FF 48 million was earned by historical AXA subsidiaries versus FF 35 million in 1996.

Spain

Gross premiums rose to FF 2,063 million of which FF 1,029 million was earned by UAP Iberica, a former UAP subsidiary, and FF 1,034 million was earned by AXA Aurora, a historical AXA subsidiary. On a constant exchange rate basis, gross premiums increased 28.5% compared to 1996 pro forma due to strong sales of single premium products, particularly for savings-type retirement products.

Net income increased to FF 113 million of which FF 85 million was earned by UAP Iberica and FF 28 million was earned by AXA Aurora versus FF 15 million in 1996. It should be noted that until December 31, 1997, AXA's interest in AXA Aurora and UAP Iberica was 50% and 100%, respectively. Effective January 1, 1998, AXA's interest is 70% in both entities.

Other Countries

Gross premiums earned by life insurance subsidiaries in Portugal, Switzerland, Morocco and Canada totaled FF 1,322 million, an increase of 10.6% on a constant exchange rate and structural basis compared to 1996 pro forma.

Net income was FF 66 million of which FF 40 million was earned by the Portuguese subsidiary, AXA Vida; FF 10 million in Morocco; FF 15 million in Canada; and FF 1 million in Switzerland.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Gross premiums totaled FF 5,328, up 27% over 1995 on a constant exchange rate basis. The Netherlands experienced growth largely due to the success of universal life, its new line of flexible savings-type products. In Luxembourg, growth was led by the development of cross-border business, while in Belgium growth can be attributed to its savings product line. Premium growth was also recorded in Spain; however, Italy, which experienced exceptional growth in savings-contract deposits at the end of 1995, incurred a decline in gross premiums due to the elimination of favorable tax treatment for such deposits.

Net investment results rose by FF 276 million due to strong growth in bond investment income as a result of an increasing asset base. The noteworthy increases in net investment results in 1996 were FF 93 million in Italy, FF 54 million in the Netherlands, FF 43 million in Spain.

The FF 867 million increase in insurance benefits is principally related to growth: Luxembourg, FF 407 million; the Netherlands, FF 204 million; and Belgium, FF 144 million. The increase for the Netherlands was reduced by the FF 180 million impact of changes in the assumptions used in the computation of reserves.

Acquisition expenses increased by FF 21 million but did not increase in proportion to the increase in premiums as a result of the change in accounting methods in the Netherlands.

Overall, the contribution to consolidated net income increased by FF 328 million over 1995, totaling FF 444 million. This increase was primarily due to changes in the assumptions used in the computation of reserves for future policy benefits and deferred acquisition costs in the Netherlands.

Property and Casualty Insurance Segment

Effective January 1, 1997, AXA combined for financial reporting purposes its property and casualty insurance activities of direct-selling (primarily utilized in France and Germany), its assistance insurance activities (predominately in Western Europe) and its AXA Global Risks subsidiaries (subsidiaries which underwrite, on a global basis, large property and casualty insurance risks as well as marine, aviation and transport business) into a newly-created group, the Transnational Property and Casualty Insurance Group. In the following discussion and analysis, the results of operations for the years ended December 31, 1996 and 1995 have been restated for comparative purposes to reflect the creation of this new group.

As a result of the materiality of UAP's German and Belgian property and casualty insurance operations, AXA established Germany and Belgium as separate property and casualty insurance groups for financial reporting purposes. Prior to 1997, Belgian property and casualty insurance operations were included in the Other Property and Casualty Insurance Group. AXA did not have significant property and casualty insurance operations in Germany prior to 1997. In the following discussion and analysis, the results of operations for 1996 and 1995 have been restated for comparative purposes to reflect the establishment of these new property and casualty insurance groups. AXA's Property and Casualty Insurance Segment is now comprised of the French Property and Casualty Insurance Group, the German Property and Casualty Insurance Group, the Belgian Property and Casualty Insurance Group, the Other Property and Casualty Insurance Group, and the Transnational Property and Casualty Insurance Group.

The following tables set forth certain summarized financial information for the Property and Casualty Insurance Segment for the periods indicated.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[a]	1996	1995 Pro forma[b]	1995
France	27,273	27,790	10,941	10,504	10,504
Germany	18,109	18,870	-	-	-
Belgium	8,574	8,645	2,565	2,720	2,720
Other countries	24,462	24,515	9,729	9,000	9,000
Transnational	13,617	13,930	4,475	4,297	3,304
TOTAL	**92,035**	**93,750**	**27,710**	**26,521**	**25,528**

[a] To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996.

[b] To assist in the comparison to 1996, the 1995 pro forma amounts for Transnational activities reflect transfer of business from Mutuelles AXA to AXA Global Risks as if the transfer had occurred January 1, 1995.

Net Income

(in FF millions) Years ended December 31,	Including Minority Interests				Group Share			
	1997	1996	1995 Pro forma[a]	1995	1997	1996	1995 Pro forma[a]	1995
France	1,211	749	414	414	1,211	741	410	410
Germany	854	-	-	-	574	-	-	-
Belgium	1,118	184	109	109	650	183	103	103
Other countries	481	386	345	345	311	325	292	292
Transnational	(459)	(738)	(144)	(165)	(387)	(724)	(140)	(161)
TOTAL	**3,205**	**581**	**724**	**703**	**2,359**	**525**	**665**	**644**

[a] To assist in the comparison to 1996, the 1995 pro forma amounts for Transnational activities reflect transfer of business from Mutuelles AXA to AXA Global Risks as if the transfer had occurred January 1, 1995.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant exchange rate and structural basis, gross premiums decreased 0.4% compared to 1996 pro forma. The lack of growth is primarily a result of the competitive property and casualty insurance markets in Europe, particularly automobile and industrial risk insurance which has resulted in a decline in premium rates. Excluding the Transnational Property and Casualty Insurance Group, 94.4% of the 1997 property and casualty gross premiums were earned in Europe: primarily the French Property and Casualty Insurance Group (36.9 %), the German Property and Casualty Insurance Group (24.5 %) (which includes Austria and Hungary), and the Belgian Property and Casualty Insurance Group (11.6%). Including the French operations of the Transnational Property and Casualty Insurance Group, France accounted for 41.5% of property and casualty gross premiums.

The contribution of the Property and Casualty Insurance Group represented 29.8% of the total 1997 consolidated net income. Excluding the Transnational Property and Casualty Insurance Group, net income was principally earned by the French Property and Casualty Insurance Group (44.1 %), the German Property and Casualty Insurance Group (20.9 %), and the Belgian Property and Casualty Insurance Group (23.7 %).

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

On a constant structural and exchange rate basis, gross premiums in the Property and Casualty Insurance Segment grew by 2.4% compared to 1995 pro forma. This growth occurred primarily in France, Italy, Spain and the United Kingdom. In Canada and Belgium, the increased selectivity in the underwriting of risks continued and resulted in a decrease in gross premiums.

The contribution of the Property and Casualty Insurance Segment to consolidated net income, decreased by FF 145 million in 1996 compared with 1995 pro forma, primarily reflecting the strengthening of claims reserves at AXA Global Risks UK for underwriting years prior to 1992 (FF 254 million) and to an accounting change whereby start-up costs which were previously capitalized are now charged to expense as incurred. As a result, the unamortized balance of start-up costs at January 1, 1996 (FF 144 million) was charged to expense in 1996. Improved underwriting margins, notably in France and Belgium, partially offset the claims strengthening mentioned above.

Analysis by Property and Casualty Insurance Group

French Property and Casualty Insurance Group

The following table sets forth certain summarized financial information for the French Property and Casualty Insurance Group for the periods indicated.

French Property and Casualty Insurance Group

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	27,273	10,941	10,504
Change in unearned premium reserve	286	(31)	(85)
Net investment results[a]	3,065	1,009	738
Total Revenues	**30,624**	**11,919**	**11,157**
Insurance benefits and claims	(20,953)	(7,950)	(7,856)
Reinsurance ceded, net[b]	(423)	(179)	(98)
Acquisition expenses	(3,696)	(1,200)	(1,311)
Other insurance company expenses	(3,470)	(1,498)	(1,500)
Amortization of goodwill, net	(3)	(3)	(3)
Total Benefits and Other Deductions	**(28,545)**	**(10,830)**	**(10,768)**
Income before income tax expense	**2,079**	**1,089**	**389**
Income tax (expense) benefit	(868)	(340)	25
Minority interests in income of consolidated subsidiaries	-	(8)	(4)
NET INCOME	**1,211**	**741**	**410**
Claims ratio[c]	77.3%	74.2%	76.1%
Combined ratio[c]	101.2%	99.1%	103.6%

[a] Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

[b] Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

[c] See "Glossary" for a description of the method by which claims and combined ratios are calculated.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Effective January 1, 1997, the portfolio of UAP Incendie-Accidents, a former UAP subsidiary, was restructured according to distribution channel: a portion of the portfolio was transferred to AXA Assurances IARD for agent business, AXA Courtage for brokerage business, AXA Conseil IARD for specialized salaried sales network business and AXA Global Risks, part of the Transnational Property and Casualty Insurance Group, for large commercial and international property and casualty risks. As a result of the restructuring of former UAP subsidiaries with historical AXA subsidi-aries, comparable amounts between 1996 and 1997 for the historical AXA subsidiaries are not available.

Gross premiums totaled FF 27,273 million, a decrease of 1.5% on a constant exchange rate and structural basis. Such gross premiums were principally earned by the agent distribution channels (approximately 68% of gross premiums) while broker and specialized distribution channels accounted for approximately 19% and 5%, respectively, of gross premiums. General liability insurance gross premiums increased by 1.0% principally due to an increase in construction insurance, which increased 4.0% on a constant structural basis. As a result of competition, homeowner insurance gross premiums remained stable. Personal insurance gross premiums declined as a result of a reduction in premium rates. Automobile insurance contracts increased 1% or 48,104 due to agents and BNP bank distribution network. Despite such growth, automobile gross premiums declined by 1.7% due to a decline in premium rates associated with competitive market pressures.

Net investment results increased to FF 3,065 million, including FF 1,783 million net investment income. In 1997, FF 1,282 million of the net investment results was realized on sales of fixed maturities and equity securities as a result of investment sales in connection with the restructurings discussed above. This high level of realized gains was also reflective of the strong performance of the French equity markets.

The 1997 claims ratio for all accident years was 77.3%. Claims experience was favorable as a result of a decrease in automobile claims frequency and the absence of significant catastrophes in 1997. Partially offsetting these impacts were high average automobile bodily injury costs and certain significant claims in commercial property insurance, principally from the former UAP subsidiaries. In addition, the catastrophe equalization reserve increased by FF 464 million in 1997. In connection with the restructurings, certain changes in claims reserving estimates were made in order to ensure consistency within the group.

The increase in the reinsurance ceded loss reflects lower recoveries from reinsurance as less losses were incurred for property and catastrophe insurance.

Acquisition expenses and other insurance company expenses rose to FF 7,166 million. The expense ratio for the group was 23.9% compared to 24.8% for the historical AXA subsidiaries in 1996. For the former UAP subsidiaries, acquisition expenses were relatively low as a result of an agreement reached with their agents at the end of 1996 to gradually decrease their commission rates. In exchange, the agents received a settlement of FF 520 million which was recorded in the opening purchase balance sheet.

The 1997 income tax expense increased as a result of the increase in income before income tax expense and French tax rates.

Net income increased to FF 1,211 million of which FF 1,073 million was earned by AXA Assurances IARD

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

Gross premiums grew by 4% compared to 1995. Growth in 1996 was due principally to development of the automobile line: AXA Assurances increased its portfolio by more than 50,000 vehicles.

Net investment results increased by FF 271 million compared to 1995. The increase in realized investment gains, net of changes in valuation allowance, totaled FF 76,7 million, including FF 216 million related to the sale of securities in a single issuer (Generali Midi Expansion). Interest and dividend income remained stable compared to the prior year and investment income on fixed maturities offset lower other investment income due to losses incurred by AXA's real estate affiliates.

In total, the claims ratio (including claims handling costs) was 74.2% in 1996 versus 76.1% in 1995. The 1996 loss ratio declined due to the positive trends in commercial risks, notably the absence of major industrial claims and the smaller increase in catastrophe equalization reserves of FF 41 million in 1996 versus an increase of FF 277 million in 1995. In addition, no additional reserve strengthening was necessary in construction liability insurance after the exceptional FF 295 million reserve additions in 1995. On the other hand, positive loss reserve development in other lines of business declined by FF 180 million, including FF 140 million in the individual automobile line.

Reinsurance ceded declined by FF 81 million compared to 1995, which is the result of improvements in the claims ratio. The year 1995 was marked by a strong contribution from reinsurers in the areas of commercial risk and catastrophic insurance.

Analysis of Insurance General Account Investment Results

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

French Property and Casualty Insurance Group Net Investment Results by General Account Asset Category

(in FF millions except percentages)	1997		1996		1995	
Years ended December 31,	Yield[a]	Amount	Yield[a]	Amount	Yield[a]	Amount
Fixed Maturities:						
Net investment income	7.16%	1,606	6.21%	420	7.84%	555
Net investment gains	0.24%	54	-0.19%	(13)	2.12%	150
Net investment results	7.40%	1,660	6.02%	407	9.96%	705
Ending Assets		**24,176**		**9,404**		**7,215**
Real Estate:						
Net investment income	-5.28%	(220)	-9.97%	(184)	-5.47%	(157)
Net investment gains	-0.26%	(11)	5.09%	94	5.47%	157
Net investment results	-5.54%	(231)	-4.88%	(90)	-	-
Ending Assets		**3,963**		**1,717**		**2,393**
Equity Investments:						
Net investment income	2.76%	284	2.25%	180	2.06%	179
Net investment gains	12.22%	1,257	6.25%	500	-0.01%	(1)
Net investment results	14.98%	1,541	8.50%	680	2.05%	178
Ending Assets		**10,310**		**6,569**		**10,904**
Cash & Short Term:						
Net investment income	2.99%	95	6.85%	95	5.85%	108
Ending Assets		**4,552**		**1,027**		**3,014**
TOTAL:						
Net investment income	4.69%	1,930	2.91%	530	3.42%	706
Net investment gains	3.10%	1,265	3.19%	581	1.48%	306
Net investment results	**7.79%**	**3,195**	**6.10%**	**1,111**	**4.90%**	**1,012**
ENDING ASSETS		**44,122**		**18,910**		**23,750**

[a] Yields are calculated on the basis of the average beginning and end of period asset carrying value for each asset category.

German Property and Casualty Insurance Group

The following table sets forth certain summarized financial information for the German Property and Casualty Insurance Group for the periods indicated. Prior to the 1997 acquisition of AXA Colonia, a former UAP subsidiary, AXA did not have significant property and casualty insurance operations in Germany.

German Property and Casualty Insurance Group

(in FF millions) Year ended December 31,	1997
Gross premiums[(a)]	18,109
Change in unearned premium reserve	71
Net investment results[(b)]	1,957
Total Revenues	**20,137**
Insurance benefits and claims	(13,303)
Reinsurance ceded, net[(c)]	(428)
Acquisition expenses	(2,396)
Other insurance company expenses	(2,585)
Total Benefits and Other Deductions	**(18,712)**
Income before income tax expense	**1,425**
Income tax expense	(601)
Equity in income (loss of unconsolidated entities)	30
Minority interests in income of consolidated subsidiaries	(280)
NET INCOME[(a)]	**574**
Claims ratio[(d)]	75.3%
Combined ratio[(d)]	103.0%

(a) FF 1,157 million of gross premiums and FF 58 million of net income were earned by the Austrian and the Hungarian subsidiaries.

(b) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(c) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

(d) See "Glossary" for a description of the method by which claims and combined ratios are calculated.

YEAR ENDED DECEMBER 31, 1997

Gross premiums at AXA Colonia decreased to FF 16,952 million, a decrease of 1.6% on a constant exchange rate basis compared to 1996 pro forma. Such decline is attributable to the sluggish German economy and the competitive German property and casualty markets which forced reductions in premium rates. As a result, on a constant exchange rate basis, AXA Colonia's automobile insurance gross premiums declined by 7.7% and industrial risk insurance decreased by 11.7%. Gross premiums recorded by the Austrian and Hungarian subsidiaries rose to FF 1,157 million (1.7% on a constant exchange rate basis compared to 1996 pro forma) as a result of the development of the personal insurance distribution channels in both countries.

Net investment results totaled FF 1,957 million, of which FF 1,866 million was net investment income and FF 91 million was realized on sales of investments. Fixed maturities provided FF 827 million of net investment income while FF 810 million was earned on equity securities. AXA Colonia recorded a valuation allowance of FF 66 million for Asian investments impaired as a result of the Asian financial crisis.

The 1997 claims ratio for the current accident year was negatively impacted by the decrease in the automobile premium rates discussed above and adverse weather conditions in 1997. The claims ratio for all accident years was 75.3%. An increase of FF 304 million was recorded for the catastrophe equalization reserve which had a balance of FF 3,208 million at December 31, 1997. Such reserve is calculated generally based on regulatory factors that reflect estimates of future catastrophe losses based on the claims experience over the last 15 years.

The 1997 expense ratio and combined ratio totaled 27.7% and 103.0%, respectively, reflecting the positive impact of cost-cutting programs at AXA Colonia which have reduced employee compensation costs and information system expenses.

Net income totaled FF 574 million, of which FF 58 million was contributed by the Austrian and Hungarian branches.

Analysis of Insurance General Account

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

German Property and Casualty Insurance Group Net Investment Results by General Account Asset Category

(in FF millions except percentages)	1997	
Year ended December 31,	Yield[(a)(b)]	Amount[(a)]
Fixed Maturities:		
Net investment income	5.93%	827
Net investment gains	0.25%	35
Net investment results	6.18%	862
Ending Assets		**14,567**
Real Estate:		
Net investment income	4.74%	181
Net investment gains	0.37%	14
Net investment results	5.12%	195
Ending Assets		**3,775**
Equity Investments:		
Net investment income	5.56%	810
Net investment gains	- 0.09%	(13)
Net investment results	5.47%	797
Ending Assets		**14,666**
Cash & Short Term:		
Net investment income	5.38%	45
Ending Assets		**1,108**
TOTAL:		
Net investment income	5.62%	1,985
Net investment gains	0.10%	36
Net investment results	**5.72%**	**2,021**
ENDING ASSETS		**36,249**

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

(b) On a constant exchange rate basis, the yields for 1997 would have been 6.20% for fixed maturities, 5.14% for real estate, 5.50% for equity investments, 5.39% for cash and short term investments and 5.74% for all general account investments.

Belgian Property and Casualty Insurance Group

The following table sets forth certain summarized financial information for the Belgian Property and Casualty Insurance Group for the periods indicated.

Belgian Property and Casualty Insurance Group

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	8,574	2,565	2,720
Change in unearned premium reserve	54	40	(20)
Net investment results[a]	2,788	571	598
Total Revenues	**11,416**	**3,176**	**3,298**
Insurance benefits and claims	(7,577)	(2,065)	(2,169)
Reinsurance ceded, net[b]	(56)	5	8
Acquisition expenses	(1,409)	(234)	(169)
Other insurance company expenses	(1,190)	(645)	(806)
Amortization of goodwill, net	(3)	(3)	(3)
Total Benefits and Other Deductions	**(10,235)**	**(2,942)**	**(3,139)**
Income before income tax expense	**1,181**	**234**	**159**
Income tax expense	(63)	(50)	(50)
Minority interests in income of consolidated subsidiaries	(468)	(1)	(6)
NET INCOME	**650**	**183**	**103**
Claims ratio[c]	88.9%	78.6%	79.6%
Combined ratio[c]	118.9%	112.6%	115.4%

[a] Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

[b] Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

[c] See "Glossary" for a description of the method by which claims and combined ratios are calculated.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

In 1997, AXA increased its property and casualty insurance operations in Belgium with the acquisition of Royale Belge.

Gross premiums totaled FF 8,574 million of which FF 6,111 million was earned by Royale Belge and FF 2,463 million by AXA Belgium compared to FF 2,565 million in 1996. On a constant exchange rate basis, gross premiums for both companies combined declined 2.3% compared to 1996 pro forma due to competition in the Belgian automobile insurance market. Gross premiums in worker's compensation also decreased as a result of a decline in premium rates for large companies.

Net investment results increased to FF 2,788 million of which FF 2,125 million was earned by Royale Belge and FF 663 million was earned by AXA Belgium compared to FF 571 million in 1996. A gain of FF 572 million and FF 156 million, including minority interests, was realized by Royale Belge and AXA Belgium, respectively, on the BBL transaction.

The group's 1997 claims ratio for all accident years was 88.9%. Excluding worker's compensation and reinsurance assumed, the ratio was 81.4%. This ratio reflects the catastrophe equalization reserve and other regulatorily-required reserves which are intended to provision against potential future adverse claims experience but do not reflect actual incurred losses.

The 1997 AXA Belgium claims ratio for all accident years was 82.2% versus 78.6% in 1996. This ratio suffered from adverse weather conditions in early 1997, poor underwriting results in the fire insurance line of business, and a reserve strengthening of FF 58 million for worker's compensation as a result of changes in mortality assumptions. Excluding worker's compensation, the claims ratio went from 70.0% in 1996 to 72.2% in 1997. The claims ratio for Royale Belge for all accident years was 91.5% in 1997 (85.2% excluding worker's compensation and reinsurance assumed). In automobile insurance, underwriting results improved as a result of a decline in the frequency of claims and the average claims' cost for liability insurance.

The expense ratio was 30.0% for the Belgian Property and Casualty Insurance Group. This ratio declined for AXA Belgium to 33.2% in 1997 from 34.1% in 1996 reflecting the positive impact of cost-cutting programs. This ratio was 28.8% for Royale Belge in 1997.

Income tax expense of FF 63 million was low relative to income before income tax expense as a result of the fact that gains realized on sales of equity securities and dividends received are generally not taxed in Belgium.

Net income rose to FF 650 million, of which FF 425 million was earned by Royale Belge and FF 225 million by AXA Belgium compared to FF 183 million in 1996. The result of Royale Belge was positively impacted by the FF 272 million gain realized on the BBL shares.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Gross premiums in Belgium totaled FF 2,565 million in 1996, a decline of 4.3% on a constant exchange rate basis compared to 1995. Management believes that this decline can be attributed to strong competition as well as to increased selectivity in the underwriting of risks in the automobile portfolio.

The contribution to consolidated net income rose FF 80 million to FF 183 million. This increase was principally due to both a reduction in other insurance company expenses and improved claims ratio resulting from a drop in the frequency of automobile and liability claims, which management believes is attributable to increased selectivity in the underwriting of risks over the last few years. Thus, for the accident year 1996, the claims ratio was 86.1% compared to 90.0% for 1995. When development of prior year reserves is taken into consideration, the overall 1996 claims ratio fell to 78.6%, down one percentage point from 1995 levels. Net investment results decreased by FF 26 million, due to the recognition of investment losses, including provisions for valuation allowances on equity securities and real estate.

Other Property and Casualty Insurance Group

The Other Property and Casualty Insurance Group principally includes AXA's property and casualty insurance operations in Italy, the United Kingdom, Spain, Canada and the Netherlands.

The following tables set forth certain summarized financial information for the Other Property and Casualty Insurance Group for the periods indicated.

Other Property and Casualty Insurance Group

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	24,462	9,729	9,000
Change in unearned premium reserve	(249)	(120)	(243)
Net investment results[a]	2,381	1,107	870
Total Revenues	**26,594**	**10,716**	**9,627**
Insurance benefits and claims	(18,463)	(6,875)	(6,184)
Reinsurance ceded, net[b]	(204)	(241)	(283)
Acquisition expenses	(4,456)	(1,695)	(982)
Other insurance company expenses	(2,796)	(1,268)	(1,630)
Amortization of goodwill, net	(23)	(20)	(19)
Total Benefits and Other Deductions	**(25,942)**	**(10,099)**	**(9,098)**
Income before income tax expense	**652**	**617**	**529**
Income tax expense	(182)	(245)	(194)
Equity in income (loss) of unconsolidated entities	11	14	10
Minority interests in income of consolidated subsidiaries	(170)	(61)	(53)
NET INCOME	**311**	**325**	**292**
Claims ratio[c]	76.9%	73.1%	72.7%
Combined ratio[c]	107.8%	104.9%	103.9%

[a] Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

[b] Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

[c] See "Glossary" for a description of the method by which claims and combined ratios are calculated

Item 9

The following table sets forth certain summarized financial information for the Other Property and Casualty Insurance Group by country for the periods indicated.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[(a)]	1996	1995
Italy	5,808	5,684	1,593	1,245
United Kingdom	5,759	4,818	1,449	1,202
Spain	4,408	4,427	2,488	2,458
Canada	3,748	3,765	3,765	3,653
The Netherlands	2,058	2,478	-	-
Other countries	2,681	3,343	434	442
TOTAL	**24,462**	**24,515**	**9,729**	**9,000**

[(a)] To assist with the comparison to 1997, 1996 pro forma reflects gross premiums as if AXA's acquisition of UAP occurred on January 1, 1996.

Net Income

(in FF millions)	Including Minority Interests			Group Share		
Years ended December 31,	1997	1996	1995	1997	1996	1995
Italy	(220)	55	44	(219)	55	44
United Kingdom	411	76	22	296	76	22
Spain	3	102	99	21	51	49
Canada	141	104	153	139	100	153
The Netherlands	51	-	-	34	-	-
Other countries	95	49	27	40	43	24
TOTAL	**481**	**386**	**345**	**311**	**325**	**292**

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Gross premiums, net income including minority interests and net income are analyzed in more detail below by country.

On a constant exchange rate and structural basis, gross premiums grew by 0.2% compared to 1996 pro forma.

Insurance benefits and claims totaled FF 18,463 million of which FF 5,210 million was recorded in Italy, FF 3,904 million in the UK, and FF 3,359 million in Spain.

Net income for the group represented 13.2% of the net income of the Property and Casualty Insurance Segment.

Italy

Gross premiums totaled FF 5,808 million, of which FF 3,987 million was recorded by former UAP subsidiaries and FF 1,821 million was recorded by AXA Assicurazioni, a historical AXA subsidiary. The portofolio of Centurion, a former UAP subsidiary, was transferred to AXA Assicurazioni on November 1, 1997. On a constant exchange rate basis, gross premiums increased 2.8% compared to 1996 pro forma principally due to growth in automobile premium rates. Such growth was despite an improvement in underwriting standards and the closure of certain agencies in 1997.

The 1997 claims ratio for all Italian subsidiaries was 89.5% for all accident years. The same ratio for AXA Assicurazoni detoriated from 79.1% in 1996 to 92.1% in 1997. This decline was principally due to poor underwriting results in the current accident year for most lines, particularly in automobile insurance, the increase in average claims costs and significant weather-related claims in Northern Italy. The claims ratio for former UAP subsidiaries was 88.4%.

The expense ratio for all Italian subsidiaries was 29.3%. For AXA Assicurazioni, the expense ratio was 29.0% in 1996 versus 32.2% in 1997 principally reflecting the costs incurred as a result of the Centurion transfer discussed above.

Net loss, group share, of FF 219 million is principally a result of the poor underwriting results discussed above.

United Kingdom

Gross premiums increased 3.7% on a constant exchange rate basis relative to 1996 pro forma. The strong growth in direct marketing automobile insurance line of business ("Prospero") was partially offset by declines in other lines of insurance principally resulting from the decline in gross premiums written through brokers and agents and declines in the underwriting of large property and casualty risks.

The claims ratio for all accident years improved to 67.3% for AXA Insurance, a historical AXA subsidiary, compared to 73.4% in 1996. This improvement is principally due to a decrease in claims frequency for commercial property and liability insurance partially offset by an increase in automobile insurance claims. The positive prior year loss reserve development for AXA Insurance increased by FF 70 million in 1997 compared to 1996. The claims ratio for all accident years was 70.9% in 1997 for AXA Provincial, a former UAP subsidiary.

AXA Insurance's expense ratio was 29.2% in 1997 as compared to 29.4 % in 1996. The same ratio for AXA Provincial (30.4%) was higher than AXA

Insurance's ratio due to its higher direct marketing costs.

Net income was FF 296 million, of which FF 158 million was earned by AXA Provincial, and FF 138 million was earned by AXA Insurance compared to FF 76 million in 1996. The increase in net income at AXA Insurance is principally attributable to the improvement in its investing and underwriting results.

Spain

Gross premiums totaled FF 4,408 million, of which FF 2,568 was recorded by AXA Aurora, a historical AXA subsidiary, and FF 1,840 million was recorded by UAP Iberica, a former UAP subsidiary. On a constant exchange rate basis, gross premiums of UAP Iberica declined 6.0% compared to 1996 pro forma due to the transfer of business to the Transnational Property Casualty Insurance Group. Experiencing low growth in automobile insurance, AXA Aurora gross premiums grew 4.8% in 1997 on a constant exchange rate basis as a result of growth in other individual insurance and general liability insurance.

Net income declined to FF 21 million, of which FF 39 million was earned by wholly owned UAP Iberica offset by FF 18 million of net losses incurred by 50%-owned AXA Aurora which earned FF 51 million in 1996. Despite its growth in gross premiums, AXA Aurora's declining results of operations were a result of a deterioration in its claims ratio for all accident years of 7.9 points to 83.6% in 1997 due primarily to the decline in claims ratio for the current accident year. Such poor results were principally the result of declining underwriting results in automobile insurance where there was an increase in the frequency and severity of claims and a decline in premium rates. The claims ratio for all accident years for UAP Iberica was 78.4% and benefited from a decrease in claims experience for most types of business. The claims ratio in Spain for all accident years was 81.3%.

Canada

On a constant exchange rate basis, gross premiums declined 9.0% compared to 1996 primarily due to statutory reductions in automobile insurance rates of 5% in November 1996 and 4% in August 1997 enacted in Ontario, the sale of a portion of the automobile line of business, and overall market competition.

Despite the decrease in gross premiums, net income grew to FF 139 million. This increase is attributable to the improvement in the claims ratio for all accident years which declined 1.8 points to 68.8% in 1997.

The Netherlands

On a constant exchange rate basis, gross premiums at UAP NRB declined 6.6% compared to 1996 pro forma due to the termination of relationships with one of its bank distribution networks and the loss of certain brokers. Automobile, fire, and marine insurance gross premiums declined 8.6 %, 5.4 %, and 5.9 % respectively, as a result of competition.

Net income was FF 34 million, with a claims ratio of 68.4% and an expense ratio of 33.7%. The claims ratio for the current accident year was similar to the same ratio for 1996. Net investment results amounted to FF 128 million.

Other Countries

Gross premiums increased 7.4% on a constant exchange rate and structural basis. Net income, was earned in Morocco, FF 43 million; Portugal, FF 20 million; Luxembourg, FF 19 million and Switzerland, FF 13 million. A net loss of FF 55 million was incurred in the Asia/Pacific region due to FF 39 million of writedowns recorded for investments, principally equity securities, impaired as a result of the Asian financial crisis.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Gross premiums from the Other Property and Casualty Insurance Group increased by FF 729 million. This increase was a result of steady growth of business in Italy, the UK, and Canada.

Net investment results grew by FF 237 million compared to 1995. This included an increase of FF 83 million in investment income on fixed maturities, principally from the UK where investments increased, and higher realized investment gains, primarily in Italy (FF 70 million).

Acquisition expenses increased by FF 713 million during 1996 compared to 1995. This increase was largely attributable to increases of FF 433 million in Canada and FF 230 million in the UK, primarily due to the reclassification of renewal commissions (previously classified as other insurance company expenses).

Other insurance company expenses decreased by FF 362 million compared to 1995, due to the reclassification of renewal commissions, mentioned above, and to the effect of cost-cutting programs in Belgium.

Transnational Property and Casualty Insurance Group

The Transnational Property and Casualty Insurance Group principally includes the operations of AXA Global Risks, Direct Selling Insurance and Assistance. AXA Global Risks is principally comprised of operations in the UK and France, Direct Selling Insurance is principally comprised of operations in France, Germany and Spain and Assistance insurance is provided in Western Europe.

The following table sets forth certain summarized financial information for the Transnational Property and Casualty Insurance Group for the periods indicated.

Transnational Insurance Group

(in FF millions) Years ended December 31,	1997	1996	1995 Pro forma[d]	1995
Gross premiums	13,617	4,475	4,297	3,304
Change in unearned premium reserve	12	(98)	(32)	(35)
Net investment results[a]	1,112	344	278	201
Total Revenues	**14,741**	**4,721**	**4,543**	**3,470**
Insurance benefits and claims	(11,169)	(3,600)	(3,763)	(2,928)
Reinsurance ceded, net[b]	(647)	(460)	41	76
Acquisition expenses	(1,990)	(742)	(305)	(244)
Other insurance company expenses	(1,430)	(827)	(657)	(548)
Total Benefits and Other Deductions	**(15,236)**	**(5,629)**	**(4,684)**	**(3,644)**
Income before income tax expense	**(495)**	**(908)**	**(141)**	**(174)**
Income tax (expense) benefit	35	170	(3)	9
Equity in income (loss) of unconsolidated entities	1	-	-	-
Minority interests in income of consolidated subsidiaries	72	14	4	4
NET INCOME	**(387)**	**(724)**	**(140)**	**(161)**
Claims ratio[c]	87.8%	95.2%	87.8%	88.1%
Combined ratio[c]	119.8%	139.5%	114.4%	116.8%

[a] Includes investment income, net to investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

[b] Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts.

[c] See "Glossary" for a description of the method by which claims and combined ratios are calculated.

[d] To assist in the comparison with 1996, the 1995 pro forma amounts reflect the transfer of business from Mutuelles AXA to AXA Global Risks as if the transfer had occurred January 1, 1995.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[a]	1996	1995 Pro forma[b]	1995
AXA Global Risks	10,916	11,577	3,566	3,547	2,554
Direct Selling Insurance	874	569	387	225	225
Assistance	1,726	1,661	399	375	375
Other	101	123	123	150	150
TOTAL	**13,617**	**13,930**	**4,475**	**4,297**	**3,304**

[a] To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996.

[b] To assist in the comparison to 1996, the 1995 pro forma amounts reflect the transfer of business from Mutuelles AXA to AXA Global Risks as if the transfer had occurred January 1, 1995.

Net Income

(in FF millions) Years ended December 31,	Including Minority Interests				Group Share			
	1997	1996	1995 Pro forma[a]	1995	1997	1996	1995 Pro forma[a]	1995
AXA Global Risks	105	(289)	(51)	(72)	104	(281)	(51)	(72)
Direct Selling Insurance	(469)	(417)	(88)	(88)	(395)	(411)	(88)	(88)
Assistance	(25)	(31)	(8)	(8)	(26)	(31)	(4)	(4)
Other	(70)	(1)	3	3	(70)	(1)	3	3
TOTAL	**(459)**	**(738)**	**(144)**	**(165)**	**(387)**	**(724)**	**(140)**	**(161)**

[a] To assist in the comparison to 1996, the 1995 pro forma amounts for Transnational activities reflect the transfer of business from AXA Mutuelles to AXA Global Risks as if the transfer had occurred January 1, 1995.

Year Ended 1997 Compared to Year Ended December 31, 1996

Gross premiums; net income including minority interests; and net income are analyzed below in more detail by business.

On a constant exchange rate and structural basis, gross premiums increased 4.1% compared to 1996 pro forma.

The FF 11,169 million in insurance benefits and claims were primarily incurred by AXA Global Risks (FF 9,079 million). The Transnational Property Casualty Insurance Group 1997 claims ratio for all accident years of 87.8% is significantly influenced by the underwriting results of AXA Global Risks whose comparable claims ratio was 90.6% compared to 100.1% in 1996. Such improvement was principally a result of the absence of significant claims similar to those which occurred in 1996, e.g., Crédit Lyonnais and Eurotunnel. The direct Selling insurance 1997 claims ratio for all accident years was 91.8% compared to 99.2% in 1996.

Reinsurance ceded, net, of FF 647 million was nearly all incurred by AXA Global Risks which has a high level of retrocessions in its marine, aviation and transport line of business.

The ratio of acquisition expenses to gross premiums was 14.6% for the Transnational Property and Casualty Insurance Group. The ratio was particularly high for Direct Selling Insurance (56.6% compared to 121.1% in 1996) due to a high level of start-up costs which are charged to expense as incurred. The ratio was 11.6% for AXA Global Risks.

The expense ratio was 32.0%.

The income tax benefit of FF 35 million is due to the recording of deferred tax assets for the 1997 net operating losses, principally Direct Selling Insurance.

The net loss is largely a result of the high level of start-up costs.

AXA Global Risks

On a constant exchange rate and structural basis, gross premiums increased 1.7% compared to 1996 pro forma principally due to the growth of underwriting through other AXA subsidiaries and growth at AXA Global Risks UK.

Net income of FF 104 million in 1997 improved from a net loss of FF 281 million in 1996. This improvement was largely attributable to the results of operations for AXA Global Risks UK which contributed net income of FF 23 million in 1997 versus a net loss of FF 196 million in 1996. This improvement reflects the 1996 FF 254 million reserve strengthening recorded for pre-1992 business and the positive 1997 results of an intercompany proportional reinsurance contract with English and Scottish, a wholly-owned AXA subsidiary. Effective January 1, 1997, AXA Global Risks UK's business written prior to 1992 was reinsured by English and Scottish under this reinsurance treaty, the results of which are recorded above in the "Other" line item.

AXA Global Risks SA in France recorded a profit of FF 66 million versus a loss of FF 85 million in 1996. Underwriting results improved over 1996 which was marked by large claims, notably Crédit Lyonnais and Eurotunnel for FF 81 million and FF 29 million, respectively. La Réunion Française, a former UAP subsidiary engaged in underwriting marine, aviation and transport risks, contributed FF 19 million while US operations incurred a net loss of FF 4 million.

Direct Selling Insurance

On a constant exchange rate basis, gross premiums increased by 54.5% compared to 1996 pro forma. On a constant exchange rate basis, the gross premiums increased 41.9% to FF 874 million for AXA Tellit Direkt operating in Germany, and 45.5% to FF 466 million for Direct Assurance operating in France. Direct Seguros in Spain began operations in 1997 and has underwritten approximately 30,000 automobile contracts. The total number of automobile contracts insured by the Direct Selling Insurance subsidiaries increased by approximately 136,000 contracts to approximately 358,200 contracts at December 31, 1997.

The net losses were incurred by AXA Tellit Direkt (FF 256 million), Direct Assurance (FF 112 million) and Direct Seguros (FF 27 million). Both the growth in gross premiums and the net losses reflect the fact that this activity is still in the start-up phase.

Assistance

On a constant exchange rate and structural basis, gross premiums grew by 3.9% compared to 1996 pro forma reflecting the growth in tourism-related business and vehicle assistance insurance in France. Activities in the UK and South America progressed as well.

Other

The net loss was FF 70 million of which a net loss of FF 86 million was incurred by English and Scottish, discussed above, and net income of FF 16 million was incurred by AXA Cessions, a historical AXA subsidiary. A FF 92 million increase in claims reserves was recorded in 1997 by English and Scottish.

Year Ended 1996 Compared to Year Ended December 31, 1995

Gross premiums remained stable in 1996 compared to 1995 pro forma, on a constant exchange rate methodological and structural basis.

The decline in income from reinsurance ceded of FF 501 million compared to 1995 pro forma is primarily attributable to the aviation (FF 168 million) and marine (FF 100 million) lines, which registered improved loss ratios gross of reinsurance. In addition, FF 132 million of the decline was due to the reduction in reinsurance recoverable as a result of the decline of loss reserves for other property and casualty insurance lines and a change in reinsurance programs resulting in a higher retention rate, i.e., lower reinsurance premiums, at AXA Global Risks.

Underwriting results, net of reinsurance, declined compared to 1995 pro forma primarily due to the FF 254 million reserve stregthening at AXA global risks UK and a decline in the results of reinsurance ceded for property business, partially offset by positive loss reserve development in France.

Acquisition expenses increased by FF 437 million compared to 1995 pro forma primarily due to acquisition expenses related to unwritten premiums recorded in 1996 by AXA Global Risks UK and expenses incurred in the development of the direct selling business. Prior to 1996, a portion of such start-up costs was capitalized, a practice which was discontinued in 1996.

Reinsurance Segment

The Reinsurance Segment is principally composed of AXA Ré. In 1997, AXA increased its reinsurance operations with the addition of Royale Belge Ré, a former UAP subsidiary, which has ceased underwriting new business.

Gross Premiums

(in FF millions) Years ended December 31,	1997	1996 Pro forma[(a)]	1996	1995
AXA Ré	9,105	8,078	8,078	8,123
Other reinsurers	739	767	-	-
TOTAL	**9,844**	**8,845**	**8,078**	**8,123**

[(a)] To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996.

Net Income

(in FF millions)	Including Minority Interests			Group Share		
Years ended December 31,	1997	1996	1995	1997	1996	1995
AXA Ré	816	598	394	794	579	394
Other reinsurers	39	-	-	19	-	-
TOTAL	**855**	**598**	**394**	**813**	**579**	**394**

AXA Ré

(in FF millions) *Years ended December 31,*	1997	1996	1995[(d)]
Gross premiums	9,105	8,078	8,123
Change in unearned premium reserve	(219)	(28)	(34)
Net investment results[(a)]	1,853	1,581	733
Total Revenues	**10,739**	**9,631**	**8,822**
Insurance benefits and claims	(6,254)	(6,062)	(5,671)
Reinsurance ceded, net[(b)]	(658)	(574)	(756)
Acquisition expenses	(2,150)	(1,839)	(1,597)
Other insurance company expenses	(397)	(291)	(226)
Amortization of goodwill, net	(59)	(29)	(11)
Total Benefits and Other Deductions	**(9,518)**	**(8,795)**	**(8,261)**
Income before income tax expense	**1,221**	**836**	**561**
Income tax expense	(405)	(238)	(167)
Minority interests in income of consolidated subsidiaries	(22)	(19)	-
NET INCOME	**794**	**579**	**394**
Claims ratio[(c)]	74.9%	82.6%	77.8%
Combined ratio[(c)]	107.8%	109.8%	101.4%

(a) Includes investment income, net of investment expenses and interest expense on short-term and long-term debt, and net realized investment gains or losses.

(b) Includes the net result of premiums, insurance benefits and claims and commissions ceded under reinsurance contracts with unrelated third parties.

(c) See "Glossary" for a description of the method by which claims and combined ratios are calculated.

(d) In August 1995, AXA acquired Abeille Ré, a Paris based reinsurance company, from Compagnie de Suez. Abeille Ré generated gross premiums of FF 4,481 million in 1995 and, after consolidation for the last four months of 1995, contributed FF 1,161 million to AXA's consolidated revenues and FF 10 million to its consolidated net income.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Reinsurance gross premiums were principally earned by AXA Ré as Royale Belge Ré reduced operations in 1997 and entirely ceased underwriting new business in 1998.

The Reinsurance Segment provided 10.3% of the AXA 1997 net income.

Axa Re

On a constant exchange rate and structural basis, gross premiums were stable in 1997 relative to 1996. Reductions in non-proportional property and casualty reinsurance and marine reinsurance gross premiums were offset by increases in proportional property and casualty reinsurance and life reinsurance premiums. The life reinsurance increase was due to increased gross premiums in the United States. Total property and casualty reinsurance gross premiums of FF 7,279 million declined 6.0% on a constant exchange rate basis as a result of an overall decline in such market. During 1997, AXA Ré benefited from the integration of SPS Ré, a former UAP subsidiary, accounting for FF 432 million in gross premiums.

Net investment results increased FF 272 million due primarily to a FF 226 million increase in investment income which resulted from an increase in invested assets. Investment gains increased to FF 485 million from FF 461 million in 1996. This increase was significantly larger excluding the 1996 gains of FF 266 million realized on the Generali Midi Expansion and AXA Ré Finance transactions discussed below. Provisions for investment impairment of FF 59 million were recorded as a result of the Asian financial crisis.

Insurance benefits and claims, gross of reinsurance, increased 3.2% largely due to a result of the FF 240 million increase in claims reserves for health reinsurance, principally in the United States. The integration of the SPS Ré business discussed above increased insurance benefits and claims by FF 216 million. Excluding this transfer, insurance benefits and claims decreased by 0.4%. 1997 was marked by the absence of major catastrophes and a decline in claims frequency for facultative property and casualty contracts. The increase in the catastrophe equalization reserve was FF 44 million in 1997 compared to FF 336 million in 1996. The claims ratio for all accident years declined to 74.9% from 82.6% in 1996.

Losses on retrocessions increased from FF 575 million in 1996 to FF 658 million in 1997 primarily due to the absence of major catastrophes in 1997 and the increase in excess of loss reinsurance coverage. Due to a competitive retrocession market, especially for non-proportional reinsurance, AXA Ré increased catastrophe coverage as it was able to retrocede certain risks at advantageous rates.

Acquisition expenses increased FF 311 million principally as a result of the increase in proportional reinsurance which has higher commission rates than other types of reinsurance.

The expense ratio increased to 32.9% in 1997 from 27.2% in 1996. Such higher costs reflected integration costs associated with SPS Ré, an increase in life reinsurance activity in the United States and certain information system expenditures.

Income tax expense increased in proportion to the increase in income before income tax expense.

Net income increased principally as a result of the growth in investment income. In late 1997, AXA Ré

Vie was merged within AXA Ré in order to better allocate capital resources and achieve other efficiencies. This merger is also expected to reduce the life reinsurance premiums in 1998.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

In 1996, AXA Ré registered growth in net investment results of FF 848 million, of which FF 430 million resulted from higher investment income, principally due to growth in average assets invested. The growth in invested assets was primarily due to the inclusion of Abeille Ré assets for a full year and positive underwriting cash flows. Net realized investment gains were also higher in 1996 (up FF 414 million) primarily due to the May 1996 tendering of Generali Midi Expansion shares for AXA shares (FF 201 million) and the sale of 21% of AXA Ré Finance to Paribas (FF 65 million).

Insurance benefits gross of retrocessions grew by 6.9% compared to 1995, reflecting reserve strengthening by Abeille Ré for claims incurred prior to its acquisition by AXA. Catastrophe equalization reserves rose by FF 336 million. The increase also reflects the larger share of proportional business in property and casualty risks and higher claims on satellite business written by Intec, a subsidiary of AXA Ré. These factors contributed to the increase in the claims ratio before retrocessions (including claims handling costs) to 75.3% in 1996 from 70.1% in 1995.

On the other hand, the 1996 results from reinsurance ceded improved by FF 182 million due to the higher claims ratio mentioned above in the satellite business, where the rate of retrocession was considerable.

The claims ratio in the property and casualty reinsurance portfolio rose to 82.8% in 1996 from 78.5% in 1995. Net loss reserves for this business as at December 31, 1996 represented 335% of net earned premiums for 1996.

Acquisition costs rose by FF 242 million, primarily due to an increase in proportional business, for which commission rates are higher.

Income before minority interests was up by FF 204 million, principally due to the growth in net investment results, partially offset by the higher claims ratio and an increase in general expenses. The increase in net income is less than the increase in income before minority interests due to the sale of 21% of AXA Ré Finance to Paribas.

Financial Services Segment

The Financial Services Segment is comprised of the US Financial Services Group and the International Financial Services Group. The Financial Services Segment provides a variety of services in the areas of asset management, investment banking, securities trading, brokerage, real estate, other financial services. The following tables set forth certain summarized financial information for the Financial Services Segment for the periods indicated.

Investment Banking and Other Financial Services Revenues

(in FF millions) Years ended December 31,	1997	1996 Pro forma[a]	1996	1995
United States	49,694	33,321	33,321	26,348
Other countries	7,369	7,821	3,030	3,992
TOTAL	**57,063**	**41,142**	**36,351**	**30,340**

[a] To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996.

Net Income

(in FF millions)	Including Minority Interests			Group Share		
Years ended December 31,	1997	1996	1995	1997	1996	1995
United States	3,928	2,323	1,381	1,742	916	631
Other Countries	948	115	137	673	34	162
TOTAL	**4,876**	**2,438**	**1,518**	**2,415**	**950**	**793**

Year ended Ddecember 31, 1997 Compared to Year Ended December 31, 1996

Investment banking and other financial services revenues represent 15.7% of the consolidated gross revenues of AXA compared to 21.6 % in 1996. The US Financial Services Group contributed 87.1% to the investment banking and other financial services revenues. On a constant exchange rate basis, investment banking and other financial services revenues grew by 22.9% compared with 1996 pro forma largely due to DLJ's continued success.

The Financial Services Segment provided 30.5% of AXA's net income. The US Financial Services Segment provided 72.1% of the segment's net income.

See Note 14 of the Consolidated Financial Statements for a discussion of the derivative activities of the Financial Services Segment.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

In 1996, the Financial Services Segment represented 21.6% of the overall revenues of AXA, with more than 90% of this total coming from the US.

On a constant structural and exchange rate basis, total revenues of the Financial Services Segment grew 15.7%, principally due to growth in revenues of US subsidiary DLJ.

The contribution to consolidated net income, rose by FF 157 million compared to 1995. The increased contribution of the US subsidiaries DLJ and Alliance (up FF 285 million) was partially offset by a FF 128 million decline in the results of the European companies, in particular Fidéi, which is accounted for by the equity method, and the Compagnie Financière de Paris, which benefited from a capital gain on the sale of Banque d'Orsay in 1995.

US Financial Services Group

The following table sets forth certain summarized financial information for the US Financial Services Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Investment banking and other financial services revenue[a]	49,694	33,321	26,348
Net investment results	3,060	1,512	1,292
Total Revenues	**52,754**	**34,833**	**27,640**
Financial company expenses	(46,215)	(31,331)	(25,549)
Amortization of goodwill	(819)	(111)	(79)
Total Operating Costs and Other Deductions	**(47,034)**	**(31,442)**	**(25,628)**
Income before income tax expense	**5,720**	**3,391**	**2,012**
Income tax expense	(1,792)	(1,068)	(631)
Minority interests in income of consolidated subsidiaries	(2,186)	(1,407)	(750)
NET INCOME	**1,742**	**916**	**631**

[a] Includes trading investment income, net of investment expenses and interest expense on short-term and long-term debt (other than interest expense on short-term trading instruments which is included in financial company expenses), and net realized trading investment gains or losses.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant exchange rate basis, investment banking and other financial services revenue increased 30.3% primarily as a result of DLJ's growing activity. DLJ's revenues were higher in 1997 largely due to strong merger and acquisition activity, private capital raising, higher investment banking fees and the growth in trading volume on most major stock exchanges. Alliance Capital experienced a 24.4% increase in revenues primarily as a result of increased investment advisory, asset management and service fees. In addition, fees for assets under management increased during 1997 on a constant exchange rate basis as the continued growth in assets under management for third parties was partially offset by the reduction in fees resulting from the sale of Equitable Real Estate. The Alliance Capital growth in assets under management in 1997 was principally due to market appreciation and mutual fund sales, offset by the decrease in assets under management at Cursitor, an investment management company Alliance Capital acquired in 1996.

Net investment results increased 76.9% on a constant exchange rate basis primarily as a result of the FF 1,498 million gain realized on the sale of Equitable Real Estate.

Financial company expenses increased 28.9% on a constant exchange rate basis. This increase is largely due to DLJ's higher interest expense of FF 6,863 million, and their FF 2,214 million increase in compensation and commissions. The increase in compensation and commissions was attributable to the increase in investment banking and other financial services revenues as such costs are primarily performance-linked.

In addition, 1997 was marked by the writedown of intangible assets related to Cursitor. In 1997, Alliance Capital reduced its recorded value of Cursitor by FF 725 million reflecting Alliance's view that its investment in Cursitor is impaired as a result of its continuing decline in assets under management and its reduced profitability. Cursitor's assets under management declined approximately 65% between the date of the acquisition and December 31, 1997.

Income tax expense increased in proportion to the increase in income before income tax expense after excluding the 1997 release of FF 132 million of tax reserves related to tax years prior to 1989.

Net income was affected by certain non-recurring items. Excluding the FF 588 million gain, group share, realized on the sale of Equitable Real Estate and the FF 215 million decline in net income resulting from the Cursitor writedowns, net income increased 30.7% on a constant exchange rate basis. This increase is primarily attributable to DLJ's operations which benefited from continuing favorable financial market conditions.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

On a constant exchange rate basis, investment banking and other financial services revenue of the US Financial Services Group rose 18.3%. Most of the increase was generated at DLJ, which increased commissions and income in its trading portfolios primarily as a result of the continued strong performance of the US financial markets. Alliance experienced investment banking and other financial services revenue growth of 25.3% primarily due to the acquisition of Cursitor in 1996.

Net investment results in 1996 rose 9.5% over 1995 on a constant exchange rate basis. A gain of FF 108 million was recognized as a result of the issuance of Alliance Units in connection with the acquisition of Cursitor.

The increase in financial company expenses of 14.7% on a constant exchange rate basis was slightly below the growth in revenues, and was partially attributable to business growth at DLJ which led to higher financing and payroll costs. In particular, the performance-linked portion of payroll costs rose at both DLJ and Alliance Capital.

The increase in minority interests (FF 657 million) is primarily a result of the public offering by DLJ in October 1995. As a result, AXA's equity interest in DLJ, which was approximately 61% for the first 10 months of 1995, fell to approximately 44% on November 1, 1995.

International Financial Services Group

The following table sets forth certain summarized financial information for the International Financial Services Group for the periods indicated.

(in FF millions) Years ended December 31,	1997	1996	1995
Investment banking and other financial services revenue	7,369	3,030	3,992
Net investment results[(a)]	480	272	363
Total Revenues	**7,849**	**3,302**	**4,355**
Financial company expenses[(b)]	(6,460)	(2,899)	(3,823)
Amortization of goodwill	(4)	(24)	(30)
Total Operating Costs and Other Deductions	**(6,464)**	**(2,923)**	**(3,853)**
Income before income tax expense	**1,385**	**379**	**502**
Income tax expense	(512)	(79)	(252)
Equity in income (loss) of unconsolidated subsidiaries	75	(185)	(113)
Minority interest in income of consolidated subsidiaries	(275)	(81)	25
NET INCOME	**673**	**34**	**162**

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

[(b)] *Includes interest expense on short-term trading instruments.*

Investment Banking and Other Financial Services Revenues

(in FF millions) Years ended December 31,	1997	1996 Pro forma[(a)]	1996	1995
Asset management	524	134	134	102
Other financial services	4,893	5,665	1,768	2,852
Real estate credit	394	557	-	-
Other real estate management	1,404	1,336	999	1,031
Total Europe	**7,215**	**7,692**	**2,901**	**3,985**
Asia/Pacific	154	129	129	7
TOTAL	**7,369**	**7,821**	**3,030**	**3,992**

[(a)] *To assist with the comparison to 1997, 1996 pro forma reflects gross revenues as if AXA's acquisition of UAP occurred on January 1, 1996, other than fees earned for asset management.*

Net Income

(in FF millions) Years ended December 31,	Including Minority Interests			Group Share		
	1997	1996	1995	1997	1996	1995
Asset management	208	31	15	168	31	15
Other financial services	499	131	179	341	100	160
Real estate credit	(13)	-	-	(13)	-	-
Other real estate management	217	(64)	(56)	158	(105)	(12)
Total Europe	**911**	**98**	**138**	**654**	**26**	**163**
Asia/Pacific	37	17	(1)	19	8	(1)
TOTAL	**948**	**115**	**137**	**673**	**34**	**162**

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

On a constant exchange rate, structural and methodological basis, investment banking and other financial services revenue decreased 7.7% compared to 1996 pro forma. Such revenue is analyzed below in more detail by business.

Net investment results are principally comprised of fees received for the management of AXA insurance company assets who record these fees as investment expenses. Such fees are eliminated in consolidation. Asset management fees earned for services provided to third parties are recorded as part of investment banking and other financial services revenue.

Financial company expenses totaled FF 6,460 million, of which FF 3,023 million was incurred by Banque IPPA, a former UAP subsidiary, FF 1,521 million was incurred in other banking activities and FF 1,168 million related to real estate management. Such costs have been declining as a result of cost-cutting programs at Banque IPPA and the reduction in the activity at CEC, an historical AXA subsidiary involved in leasing activities. CEC has not generated new business since 1995.

Equity in income of unconsolidated subsidiaries improved from a loss of FF 185 million in 1996 to a gain of FF 75 million in 1997. The 1997 amount is primarily comprised of FF 63 million of income earned by SIMCO and FF 17 million of losses incurred by Fidéi. This improvement is principally a result of income from former UAP subsidiaries and the significant provisions for impaired real estate recorded in 1996 by Fidéi.

The increase in French tax rates increased net deferred tax liabilities by FF 144 million. The total impact of such increase was FF 263 million including the impact on entities accounted for using the equity method.

Asset Management

Investment banking and other financial services revenues increased by 79.6% on a constant exchange rate, structural and methodological basis as a result of an increase in third party assets under management.

Net income totaled FF 168 million which was principally earned by former UAP subsidiary Sun Life Asset Management (FF 96 million) and AXA Investment Managers (FF 57 million), an historical AXA subsidiary.

Other Financial Services

Investment banking and other financial services revenues decreased 6.0% on a constant exchange rate, structural and methodological basis compared to 1996 pro forma due principally to the 6.2% decline in the revenues of Banque IPPA which incurred a decrease in its trading activities.

Net income totaled FF 341 million which was principally earned by Banque IPPA (FF 56 million); AXA Banque, principally a bank for AXA (FF 44 million); Assurinvest, a capital risk company (FF 59 million); Royale Belge Investissement (FF 42 million); SPS, a closed-end mutual fund (FF 49 million); and CFP, engaged in banking and financial activities (FF 49 million).

Real Estate Credit

A 29.9% decline was incurred in the investment banking and other financial services revenue compared to 1996 pro forma principally as a result of the 51.5% decline incurred by Sofapi, a former UAP subsidiary which specializes in single-family real estate loans, as a result of loans which were sold in late 1996.

Net loss totaled FF 13 million due to provisions recorded for impaired real estate as a result of the continued decline in the real estate market.

Other Real Estate Management Companies

On a constant exchange rate, structural and methodological basis, investment banking and other financial services revenue declined 21.4% primarily as a result of AXA's decreased real estate activity.

Net income was principally earned by former UAP entities: UGIL (FF 67 million); Foncière Vendome (FF 92 million); and SIMCO (FF 63 million) which now holds CIPM, an historical AXA subsidiary. Such gains were offset by losses from historical AXA subsidiaries: notably Axamur, FF 45 million; Colisée Bureaux, FF 32 million; and Colisée Première, FF 35 million. The French tax rate increase led to FF 123 million of these losses.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Investment banking and other financial services revenue from the International Financial Services Group declined FF 962 million (24.1%). The sale of Meeschaert Rousselle in 1996 led to a decrease in 1996 revenues of FF 105 million. In addition, FF 779 million of the decline in 1996 was due to the decrease in the operations of the leasing subsidiary CEC. This decline was offset by the consolidation of National Mutual Funds Management (NMFM) for a full year, which increased investment banking and other financial services revenue by FF 122 million compared to 1995. On a constant structural basis, revenues declined 6.4%, principally due to a smaller real estate portfolio following the sale of certain real estate assets during 1995.

Net investment results fell by FF 92 million versus 1995. In 1996, an AXA subsidiary sold a group of properties in Paris and its equity interest in Haussmann 54, which generated capital gains of FF 112 million and FF 109 million, respectively. In 1995 the sale of certain property located in Paris generated a capital gain of FF 250 million and the sale of Banque d'Orsay generated a capital gain of FF 146 million. The decline in net investment results was partially offset by the increase in net investment gains on the sale of equity securities by financial services companies.

The 24.2% decline in financial company expenses is primarily attributable to the decrease in revenues. Income tax expense declined by FF 173 million versus 1995 primarily as a result of the decline in taxable income and certain gains that were taxable at lower tax rates.

AXA's share of net losses of unconsolidated subsidiaries increased by FF 72 million, principally due to the declining results of a real estate subsidiary (Fidéi) which strengthened its real estate valuation allowances in 1996. Net income decreased by FF 127 million as most of the increase in total net income was posted by companies with minority interests, while the net income of wholly-owned subsidiaries declined.

Holding Company Segment

The Holding Company Segment consists of AXA's non-operating companies, including the Company, Equitable Companies Inc., National Mutual Holdings, and Sun Life and Provincial Holdings.

Net Income

(in FF millions) Years ended December 31,	Including Minority Interests			Group Share		
	1997	1996	1995	1997	1996	1995
The Company	(1,109)	473	23	(1,109)	473	23
Equitable Holding Company	(292)	(320)	(277)	(174)	(195)	(168)
National Mutual Holdings	(161)	(182)	-	(73)	(93)	-
SLPH	(315)	-	-	(215)	-	-
Other holding companies	(27)	(43)	(104)	(24)	(42)	(103)
TOTAL	**(1,904)**	**(72)**	**(358)**	**(1,595)**	**143**	**(248)**

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

The Company

Net income provided by the Company decreased sharply from 1996 which was marked by certain non-recurring gains. General operating expenses increased primarily as a result of the inclusion of UAP holding company expenses including costs associated with the restructuring of former UAP subsidiaries, increased costs related to the promotion of the AXA trademark, and certain investment and tax provisions. In addition, goodwill amortization increased by FF 473 million in 1997. In 1997, the Company recorded goodwill amortization of FF 50 million related to the UAP acquisition and FF 205 million for the last half year of amortization of negative goodwill related to the Equitable acquisition as compared to FF 410 million in 1996. In 1996, gains of FF 188 million were realized on certain foreign currency swaps, a tax refund of FF 66 million was received in connection with certain mergers, and the sale of SCAC Delmas Vieljeux resulted in the release of a FF 113 million, after tax, reserve and the recognition of a FF 35 million gain.

Such decreases in 1997 income were offset by the FF 299 million dilution gain recorded by the Company when Equitable Holding Company redeemed for shares of common stock subordinated debentures and preferred stock, most of which were held by the Company. In addition, FF 439 million was realized on sale of equity securities held in BNP, a French bank, and Schneider, a French electrical equipment company.

Equitable Holding Company

The improvement in net income of Equitable Holding Company is primarily a result of the decrease in interest expense as a result of the redemption of its subordinated debentures and preferred stock.

Sun Life Holdings

The net loss is primarily attributable to operating expenses and interest expense.

Other Holding Companies

Colisée Excellence, a wholly-owned historical AXA subsidiary, realized a pre-tax gain of FF 86 million on the sale of the Company's ordinary common shares.

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

The Company

The contribution of the Company to consolidated net income was up sharply compared to 1995. The Company posted significant profits in 1996 as a result of the termination of certain foreign currency swaps (FF 188 million) and a tax refund of amounts paid in connection with certain mergers (FF 66 million) and the effects of the sale of SCAC Delmas Vieljeux, described above.

Equitable Holding Company

Equitable Holding Company's loss increased by FF 43 million, of which group share totaled FF 27 million, compared to 1995, a year which included a capital gain (FF 67 million, group share) realized in the public offering of DLJ's common stock.

National Mutual Holdings

National Mutual Holdings net loss of FF 93 million, group share, is comprised primarily of interest expense.

Other Holding Companies

The other holding companies finance costs declined in 1996 as compared to 1995.

Matters Affecting All Segments

Introduction of the Euro. *AXA continues to prepare for the introduction of the Euro as the single currency of the participating European countries (the "Member States"). The monetary union begins on January 1, 1999 when the rates of conversion between the Euro and Member State currencies will be irrevocably fixed. The Member State currencies will remain in existence during a transitional period but most financial market operations will be transacted in Euro, e.g., stock exchange and institutional banking transactions. The definitive changeover to the Euro will begin on January 1, 2002 when new Euro banknotes and coins will be placed into circulation in substitution of Member State currencies.*

AXA is active in the current efforts to integrate the Euro, both with its subsidiaries and its clients. The preparation for the Euro is a significant project that affects Member and non-Member State subsid-

iary and most disciplines including information systems, treasury, risk management, accounting and financial reporting, customer service, communications and asset management. A centralized team has been established to monitor the preparation and establish synergies among subsidiaries and disciplines. While AXA is currently preparing for the definitive changeover which begins January 1, 2002, the more immediate concern is preparing for the transitional period. The most substantial portion of the work incurred in preparing for the transitional period surrounds enabling information systems to accept the Euro in addition to the existing currencies. However, certain operations will immediately begin operating solely in the Euro. For example, asset management in Member States and financial reporting are expected to be performed in the Euro effective January 1, 1999.

The total future costs expected to be incurred between 1998 and 2001 in preparation for the Euro are approximately FF 1,200 million (approximately FF 850 million, pre-tax, group share). At December 31, 1997 a liability of FF 200 million was established for Euro costs to be incurred. See Note 2-11.2 of the Consolidated Financial Statements for a description of the accounting principles used for such costs.

Year 2000. *Many computer systems and applications store years in a 2-digit rather than 4-digit format to conserve memory. Since these systems assume the 2-digit year storage is preceded by the digits "19"; using the 2-digit date of "00" for the year 2000 may erroneously be recognized as 1900. If not resolved, this problem could be significant to AXA and other companies. Areas that could be impacted include customer service, claims management abilities, asset management, and compliance with legal and regulatory obligations.*

In 1995, AXA established a centralized oversight and project management process to ensure compliance of all information systems. This group monitors the advancement of subsidiaries' projects and facilitates synergies including the exchange of experiences, methodologies and best practices. An immediate action of this project was to ensure that all information system and other computer-related providers ensure year 2000-compliant equipment. As of December 31, 1997, all information system departments have begun preparing for the Year 2000 and most have formal projects with allocated resources and budgets. AXA expects to have most information systems year 2000 compliant by the end of 1998.

AXA is preparing for the year 2000 concurrent with the Euro. Both of these critically important projects have overlapping timetables, the deadlines of which are fixed. While the overlap of these projects has drained information systems resources, AXA has attempted, as often as possible, to solve a year 2000 and Euro problem within a single project or with a single information system purchase.

The cost for internal and external resources expected to be incurred in 1998 and 1999 to complete the Year 2000 project is approximately FF 900 million, (approximately FF 500 million pre-tax, group share). The majority of these costs will be incurred by the US subsidiaries, particularly DLJ. Internal and external costs associated with modifying software for the year 2000 are charged to expense as incurred.

Liquidity And Capital Resources

The Company and each of its major operating subsidiaries are responsible for financing their operations consistent with their capitalization and ratings. The Company, as the holding company for AXA, will from time to time, however, arrange for and participate in financing the operations of its subsidiaries.

On a consolidated basis at December 31, 1997 and 1996, AXA's outstanding long-term financing and operating debt was FF 38,690 million and FF 29,745 million, respectively, and short-term debt was FF 26,036 million and FF 11,020 million, respectively. Financing debt is principally comprised of long-term debt and debt convertible into equity securities of the Company or one of its subsidiaries. Operating debt is comprised of borrowings, principally by financial services subsidiaries, to provide operational working capital.

In addition, AXA has obligations which are not characterized or classified in the consolidated balance sheet as debt or equity capital. These funds, referred to as mezzanine capital, amounting to FF 18,296 million and FF 9,750 million at December 31, 1997 and 1996, respectively, are comprised of certain subordinated debt and other debt reimbursable in shares. The amounts rembursable in shares (mandatorily convertible bonds and notes) amounted to FF 3,111 million and FF 1,260 million at December 31, 1997 and 1996, respectively. See Notes 6, 7 and 8 of the Notes to the Consolidated Financial Statements.

At December 31, 1997, the aggregate principal payments required to be made on maturing operating and financing long-term debt and mezzanine capital (other than mandatorily convertible bonds and notes) for 1998 and the succeeding four years are FF 7,468 million, FF 5,753 million, FF 5,547 million, FF 6,532 million and FF 2,609 million, respectively, and FF 25,966 million thereafter.

THE COMPANY

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

In 1997, the Company acquired UAP (see "Description of Business--Significant 1997 Transactions"). In connection with this acquisition, the Company undertook a number of measures to redistribute resources and better align operational structures to conform with AXA's strategic view. The Company directly purchased from its operating subsidiaries insurance operations in Italy (FF 1,247 million) and Belgium (FF 1,114 million) in order to restructure and consolidate these operations. In addition, the Company made a capital contribution to AXA Assicurazioni of FF 396 million. The Company also made capital contributions of FF 1,085 million to the former UAP real estate companies to cover the losses they incurred in 1996.

The Company also divested during 1997 certain businesses or assets it obtained through the UAP acquisition which were not considered to be core businesses or assets. Related to such assets, the Company received cash proceeds of FF 2,202 million with respect to sales of equity positions in French companies and FF 1,953 million in connection with sales of real estate interests. The Company continues to own interests in a limited number of businesses and assets that are not controlled by it or that do not operate in AXA's core businesses and that consequently may be considered for sale from time to time.

In connection with the UAP acquisition, the Company issued 128 million Certificates, of which 121.6 million Certificates were issued to outside investors. Holders of the Certificates, will receive for each Certificate held as of July 1, 1999 an amount in French francs (not to exceed FF 80 per Certificate) equal to the difference, if positive, between FF 392.50 and the reference price for one ordinary share. The reference price will be equal to the average of the opening stock market prices for ordinary shares on the Paris stock exchange for the thirty trading days immediately preceding July 1, 1999 during which the ordinary shares will have been quoted on such exchange. The maximum amount payable (including amounts payable to the Company's subsidiaries) for the Certificates is FF 10.2 billion (FF 80 per Certificate). At December 31, 1997, the outstanding certificates had no intrinsic value as the Company's per share price exceeded FF 392.50. The total market value of outstanding Certificates held by outside investors was FF 737 million based on the Certificates' trading price of FF 5.90 at December 31, 1997.

The Company's total debt outstanding at December 31, 1997 and 1996 was FF 7,358 million and FF 9,149 million, respectively, of which FF 2,714 million and FF 6,413 million, respectively, was related to convertible debt securities. In 1996, the convertible debt included FF 3,699 million aggregate principal amount 6.0% convertible bonds issued in March 1993. These 6.0% convertible bonds were redeemed in full by the Company in 1997.

The Company's mezzanine capital is comprised of certain subordinated debt and other debt reimbursable in shares. The subordinated debt includes the subordinated perpetual step-up notes ("Perpetual Notes") issued in 1997. Debt reimbursable in shares principally includes the 6.0% AXA Notes with an aggregate principal amount of FF 1,851 million which together with 4.1 million Certificates was issued in exchange for UAP Notes of the same aggregate principal amount and the 4.5% bonds which are mandatorily convertible into ordinary shares ("Mandatorily Convertible Bonds") issued in 1995 (see Note 8 in Notes to the Consolidated Financial Statements). At December 31, 1997 and 1996, the total amount of mezzanine capital outstanding was FF 10,148 million and FF 2,100 million, respectively. Such amounts include FF 840 million of aggregate principal amount of the Mandatorily Convertible Bonds repurchased by subsidiaries of the Company in December 1996.

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

Sources of liquidity. At December 31, 1997 and 1996, the Company had FF 1,911 million and FF 755 million, respectively, in cash and cash equivalents. The Company maintains standby committed credit facilities in an aggregate amount of FF 13.5 billion of which FF 80 million was drawn as of December 31, 1997. Such credit facilities (at December 31, 1997) had an average remaining expiration period of approximately 3 years, with renewal periods equal to the original term of the facility at the Company's option.

The Company also maintains a FF 8.0 billion French commercial paper program and a FF 8.0 billion French medium term note program. As of December 31, 1997, approximately FF 970 million of commercial paper was outstanding with an average maturity of 16.5 days and approximately FF 1,429 million of medium term notes were outstanding with an average maturity of 5.8 years.

In 1997, the Company received FF 3,164 million in cash dividends compared to FF 1,081 million and FF 1,208 million in 1996 and 1995, respectively. These dividends principally are received from the Company's French and other European insurance subsidiaries. Cash dividends received by the Company in currencies other than French francs were approximately FF 1,540 million, FF 593 million and FF 567 million in 1997, 1996 and 1995, respectively. Certain of the Company's direct and indirect subsidiaries are subject to restrictions on the amount of dividends and debt repayments that can be paid to the Company and its affiliates (see Note 17 of Notes to the Consolidated Financial Statements). The Company does not believe that such restrictions constitute a material limitation on its ability to meet its obligations or pay dividends.

In 1997, the Company issued approximately FF 6.2 billion aggregate principal amount of Perpetual Notes. The Perpetual Notes have no stated maturity date and are redeemable after December 2007, only at the Company's option. Annual interest is based on a floating index with an initial 60 basis point margin which increases to 210 basis points after December 2007. The floating index is PIBOR on the French Franc tranche of FF 3.8 billion and LIBOR for the US tranche of US $ 400 million (FF 2.4 billion). Interest payments can be deferred under certain conditions. (see Note 8 of Notes to the Consolidated Financial Statements).

In February 1996, the Company completed the French Rights Offering in which each existing shareholder of the Company received a priority subscription right entitling it to subscribe for one new ordinary share, at a price of FF 250, for each seven ordinary shares held by such shareholder. The French Rights Offering resulted in the issuance of 23.6 million new ordinary shares for aggregate net proceeds to the Company of FF 5,830 million of which FF 2,300 million was used to repay a loan obtained from Finaxa in connection with the Company's investment in National Mutual.

During 1995, the Company received cash consideration of FF 1,707 million for transferring a portion of its beneficial ownership in National Mutual Holdings and Equitable Holding Company shares to AEL. Such transfers are subject to certain terms and conditions as discussed at Note 20 to the Consolidated Financial Statements.

Uses of Funds. The Company's principal uses of funds are the payment of operating expenses, the servicing of its debt obligations, the payment of dividends to shareholders and the acquisition of, and investment in, core businesses and assets.

Interest expense of the Company on short-term and long-term debt for 1997, 1996 and 1995 was FF 878 million, FF 620 million and FF 581 million, respectively. Annual interest expense of the Company is expected to be approximately FF 928 million, FF 789 million, and FF 619 million in 1998, 1999, and 2000, respectively, assuming no additional repurchases or early redemptions of outstanding borrowings or mezzanine capital.

At the ordinary general meeting of shareholders of the Company to be held on May 6, 1998, the shareholders are expected to declare a cash dividend of approximately FF 2,983 million (FF 9.00 per Share) in respect of 1997. Dividends paid to shareholders in 1997 (in respect of 1996) were FF 2,369 million (FF 7.50 per Share). This dividend compares with dividends paid to shareholders of FF 1,222 million (FF 6.50 per Share) in 1996 (in respect of 1995), and FF 883 million (FF 5.50 per Share) in 1995 (in respect of 1994). For dividends paid in 1996 and prior years, the Board of Directors proposed and each shareholder could determine the portion of the annual dividend that each shareholder will have the option of receiving in additional Shares. A shareholder could have chosen to receive its entire annual dividend in cash. In 1998 and 1997, this option was not given to the shareholders and all dividends were paid in cash. Dividends to shareholders in 1996 were paid 32.1% in cash and 67.9% in Shares, as compared to 17.0% in cash and 83.0% in Shares in 1995.

In 1993, the Company began financing a direct selling operation in France. This operation was financed by capital contributions which on a cumulative basis through December 31, 1997 amounted to approximately FF 694 million. Following the establishment of direct operations in France, the Company began direct sales operations in Germany (AXA Tellit Direkt Versicherung "AXA Tellit") in 1994 and Spain (Direct Seguros) in 1996. The cumulative amount invested in AXA Tellit's direct sales as of December 31, 1997, was FF 426 million. The cumulative amount invested in Direct Seguros as of December 31, 1997, was FF 60 million of which half was paid by the Company and the other half by BBV, AXA's Spanish partner.

Over the next three years, the Company plans to invest additional amounts of approximately FF 520 million in direct selling insurance activities in Germany, FF 250 million in direct selling insurance activities in Spain and FF 430 million in direct selling insurance activities in France. Of this total amount FF 1,200 million (which excludes the Company's potential purchase from AXA Colonia, the remaining 50% of AXA Tellit), the Company plans to invest approximately FF 580 million in 1998. AXA has also announced its intention to begin direct selling insurance operations in Japan.

In Japan, the Company has established a life insurance subsidiary that commenced operations in 1995. The total amount to be invested in this project is estimated at JPY 37 billion (FF 1.7 billion), of which approximately JPY 14 billion (FF 745 million) has been expended as of December 31, 1997 and approximately JPY 13 billion (FF 600 million) of which is scheduled to be invested in 1998 through 2000 and approximately JPY 10 billion (FF 460 million) of which is scheduled to be invested in 2001 through 2003.

In China, the Company will commence operations in 1998. In 1997, the Company contributed FF 75 million to this effort and plans to contribute an equivalent amount in 1998.

Between 1992 and 1996, the Company or its subsidiaries made capital contributions of approximately FF 582 million to AXA Global Risks UK. AXA Global Risks UK's obligations under its policies written in the London market are guaranteed by the Company. To the extent AXA Global Risks UK fails to make payments on amounts due and payable under such policies, the Company has agreed to pay such amounts. During 1997, English and Scottish Maritime and General Insurance Company Limited ("English and Scottish"), an indirect wholly-owned subsidiary of AXA, reinsured all the business written by AXA Global Risk UK prior to 1992. As part of this reinsurance transaction, the Company contributed

FF 202 million to the direct holding company of English and Scottish. Management believes additional losses, if any, will be funded with additional capital contributions (or possibly loans) from the Company or its subsidiaries.

Equitable Holding Company

At December 31, 1997 and 1996, Equitable Holding Company held cash and short-term investments and US Treasury securities of approximately FF 672 million and FF 763 million, respectively. Equitable Holding Company's primary sources of liquidity also include payments from its subsidiaries in respect of the Equitable Holding Company's SECT (Stock Trust to fund employee benefit and compensation programs) distributions, dividends on the DLJ common stock held by Equitable Holding Company and dividends, distributions or sales proceeds from less liquid investment assets. Other potential sources of liquidity for Equitable Holding Company include the issuance of additional securities by Equitable Holding Company and dividends from Equitable Life.

In February 1998, Equitable Holding Company and four special purpose trusts filed a shelf registration statement with the SEC, under which the registrant may issue up to US $1.0 billion of senior debt and subordinated debt of the Equitable Holding Company, and preferred securities of the trusts guaranteed by the Equitable Holding Company.

In April 1998, Equitable Holding Company issued US$ 250 million (FF 1,498 million) of 6 1/2% Senior Notes due 2008 and US$ 350 million (FF 2,098 million) of 7% Senior Debentures due 2008. Substantially all of the net proceeds are expected to be used for general corporate purposes.

In August 1997, Equitable Holding Company redeemed all of its outstanding Convertible Subordinated Debentures and all outstanding shares of its Series C and Series E Preferred Stock. Equitable Holding Company issued approximately 32.5 million shares of common stock for such redemptions, increasing shareholders' equity by approximately FF 2,036 million. AXA held approximately 95% of the converted Series E Preferred Stock.

In July 1997, the SECT released 8,040 shares of Series D Preferred Stock which were converted into 1.6 million shares of Equitable common stock. The net proceeds of the sales totaled FF 328 million. AXA purchased 960,000 shares of this stock while the remaining shares were sold to the public. The remaining assets of the SECT (the 51,960 remaining shares of Series D Convertible Preferred Stock) will be distributed over time (subject to periodic minimum and maximum requirements) to fund various employee compensation and benefit programs.

In October 1995, Equitable Holding Company received net proceeds of FF 938 million from the initial public offering of DLJ related to its 7,280,000 shares of DLJ which were sold as a part of this offering. Dividends paid by DLJ to Equitable Holding Company in 1997, 1996 and 1995 were FF 70 million, FF 61 million and FF 49 million, respectively.

Equitable Holding Company's cash requirements include debt service on its outstanding debt, operating expenses, taxes and dividends on its common stock. Management of Equitable Holding Company believes that the primary sources of liquidity described above will be sufficient to meet its cash flow requirements for several years.

During 1998, the management of Equitable Holding Company may from time to time explore selected acquisition opportunities in Equitable Life's core insurance and asset management businesses.

National Mutual Holdings

At December 31, 1997 and 1996, National Mutual Holdings held cash and short-term investments of approximately FF 100 million and 250 million, respectively. The A$375 million (FF 1,603 million) unsecured credit facility was fully drawn as of December 31, 1997. In addition to these amounts, National Mutual Holdings' primary source of liquidity is dividends from its subsidiaries. National Mutual Holdings' primary use of funds is dividend payments to its shareholders, interest expense on its debt and general operating expenses of the holding company.

In January 1998, National Mutual signed a memorandum of understanding with Lend Lease as the basis for merging the life insurance business and the asset management businesses of each company. The merged entities would be owned 51% by National Mutual and would require a cash payment of approximately A$ 130 million (FF 556 million) by National Mutual.

In 1996, National Mutual Holdings restructured its holding in NM Asia through a series of transactions with its subsidiaries. As a result of such transactions, National Mutual Life's direct and indirect holding in NM Asia was reduced by a contribution of A $113 million (FF 463 million) National Mutual Life received from National Mutual Holdings. In October 1997, during its 1998 fiscal year, National Mutual Holdings purchased the remaining interest in NM Asia held by National Mutual Life for A$ 286 million (FF 1,223 million).

In connection with National Mutual Life's 1995 demutualization and National Mutual Holdings' incorporation, National Mutual Holdings issued securities to the Company in exchange for A$1,080 million (FF 4,055 million), borrowed A$332 million (FF 1,231 million) from banks under its unsecured credit facility and received a dividend of A$170 million (FF 630 million) from one of its subsidiaries. National Mutual Holdings in turn contributed A$1,568 million (FF 5,816 million) to National Mutual Life in exchange for 100% of the shares of capital stock of National Mutual Life and three of National Mutual Life's primary subsidiaries and 74% of the shares of capital stock of its fourth primary subsidiary.

Insurance Subsidiaries

The principal sources of funds for AXA's insurance operations are premiums, investment income and proceeds from sales of invested assets and repayments or maturities of debt security principal. The major uses of these funds are to pay policyholder benefits, claims and claims expenses, policy surrenders and other operating expenses and to purchase investments.

The liquidity of insurance operations is affected by, among other things, the overall quality of AXA's investments and the ability of AXA to realize the carrying value of its investments in accordance with contractual maturities. For an analysis of AXA's General Account Insurance Portfolio see "Business-Insurance Investments".

The liquidity needs of the Life Insurance Segment also can be affected by fluctuations in the level of surrenders and withdrawals. See "Business-Life Insurance-Surrenders and Withdrawals". The liquidity needs of the Property and Casualty Insurance Segment and the Reinsurance Segment can be affected by the level of claims experienced. See "Business-Property and Casualty Insurance and Reinsurance Claims Reserves".

Life Insurance. *AXA's investment strategy is designed to match the yields and estimated duration of its investments with expected payments* on its policies. AXA regularly monitors the valuation and duration of its assets, market conditions which might affect the level of surrenders and withdrawals on its life insurance policies and changes in projected immediate and long-term cash needs and adjusts its investment portfolios to reflect such considerations.

In recent years, amounts payable with respect to ACAVI contracts have exceeded premiums and investment results relating to such contracts. The amount of maturities and benefits paid in 1997 relating to ACAVI contracts amounted to FF 1.1 billion, an increase largely attributable due to the acquisition of UAP. For the years ended December 31, 1996 and 1995, maturities and benefits paid relating to ACAVI contracts amounted to approximately FF 0.7 billion and FF 1.3 billion, respectively.

In 1995, the French Life Insurance Group invested FF 877 million from its general account investment portfolio to acquire certain real estate holdings of the ACAVI funds to provide these funds with liquidity to satisfy maturities and benefits paid relating to ACAVI contracts. The balance of maturities and benefits paid in 1995 and all maturities and benefits paid in 1997 and 1996 relating to ACAVI contracts were funded with cash held by the ACAVI funds. See Note 4.1 of Notes to the Consolidated Financial Statements.

In the future, the French Life Insurance Group may have to provide the ACAVI funds with additional cash to satisfy maturities and benefits paid relating to ACAVI contracts. After maturity or surrender of an ACAVI contract the real estate interests are held by the general account and, accordingly, market risk continues to be borne by AXA until such time as either a new ACAVI contract supported by such real estate assets is issued or AXA's interest in the underlying real estate assets is sold.

As of December 31, 1997, 1996 and 1995, separate account liabilities for ACAVI contracts in force amounted to approximately FF 4.6 billion, FF 2.4 billion and FF 2.9 billion, respectively. The amounts in 1997 are significantly impacted due to the addition of UAP companies. In 1997, 1996 and 1995, based on appraisals of the real estate assets supporting each ACAVI contract, AXA reduced its valuations of such assets by approximately 1.1%, 5.2% and 9.9%, respectively, in the aggregate.

The level of benefits paid on AXA Sun Life's with-profits contracts is determined based in part on unrealized investment gains. If benefit payments and operating expenses with respect to with-profits contracts and other general account products exceed cash flows from premiums and investment assets in the general account, AXA Sun Life would have to sell additional assets or otherwise fund the shortfall. Historically, cash flows from premiums and investment assets in the general account have exceeded benefit payments and operating expenses. Therefore, it has not been necessary to sell additional assets in order to meet obligations with respect to with-profits contracts. However, should the cash flow trends reverse, the majority of AXA Sun Life's investment assets are readily marketable.

One source of liquidity for Equitable Life is dividends from Alliance Capital. Such dividends amounted to FF 753 million, FF 536 million and FF 411 million for the years ended December 31, 1997, 1996 and 1995. In August 1997, The Taxpayer Relief Act of 1997 was signed into law. Alliance Capital elected the option provided under this law whereby it can maintain partnership tax status and pay a 3.5% tax on partnership gross income. Prior to the Taxpayer Relief Act of 1997, Alliance Capital was not subject to a corporate level tax for US Federal income tax purposes. As a result, 1998 distributions by Alliance Capital are expected to be lower by an estimated 10%.

Equitable Life announced in January 1998 a program by which it plans to dispose of approximately FF 12 billion of real estate properties by the end of first quarter 1999.

Property and Casualty Insurance and Reinsurance. AXA's property and casualty insurance and reinsurance operations have generated positive cash flows from operating activities in each of the past five years. These positive cash flows, along with that portion of the investment portfolio that is held in cash and highly liquid securities, have historically been sufficient to meet the liquidity requirements of AXA's property and casualty insurance and reinsurance operations. In the event of large catastrophic or other losses, AXA's property and casualty operations would be able to liquidate their investment portfolio, a large portion of which is invested in listed securities, if necessary to pay claims.

Solvency Margins and Risk Based Capital. EU regulations, French law and the laws in other Western European countries in which the Company's principal European insurance subsidiaries operate require life and property and casualty insurance companies to maintain a minimum solvency margin. See "Regulation-France-Investments and Reserves". The primary objective of the solvency margin is to protect policyholders. Each of AXA's French and other European insurance subsidiaries are in compliance with its applicable solvency requirements. Efforts have begun in France to define a consolidated solvency margin requirement for insurance companies. There is no formally established completion date for this project and results are not expected near term.

US Life insurers, including Equitable Life, are subject to certain risk based capital (" RBC ") guidelines. These guidelines provide a method to measure the adjusted statutory capital (as defined) a life insurance company should have for regulatory purposes. Equitable Life was above its target RBC ratios at December 31, 1997.

Australian Insurers, including National Mutual Life, are subject to capital adequacy and solvency margin requirements. Under the standards, the assets of the statutory fund are required at all times to exceed the aggregate of the fund's best estimate of policy liabilities, the solvency or capital adequacy margin and any liabilities other than policyholder liabilities attributable to the fund. The solvency and capital adequacy margins are calculated based on a formula which contains variables for (i) expenses, inflation, investment earnings, death, disability claims, surrenders, premium dormancy and policyholder options, (ii) distribution of assets among investment categories, and (iii) the matching of specific categories of assets and liabilities.

FINANCIAL SERVICES SUBSIDIARIES

US Financial Services Group. Alliance Capital's principal sources of liquidity are cash flows from operations, proceeds from the sale of newly issued Alliance Capital Units and borrowings from lending institutions. In 1996, Alliance Capital entered into a US $250.0 million (FF 1,498 million) five-year floating rate revolving credit facility with a group of banks. Alliance Capital also maintains a US $ 250.0 million commercial paper program. At December 31, 1997, Alliance Capital had US $ 72.0 million (FF 431 million) in commercial paper outstanding and there were no borrowings outstanding under the credit facility. As a result of the continued growth of it's business and the use of deferred sales charge options on its mutual funds, Alliance Capital may require additional capital from time to time.

DLJ's overall capital needs are continually reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses as well as the regulatory capital requirements. DLJ has historically satisfied its needs for funds primarily from capital (including long-term debt), internally generated funds, uncommitted lines of credit, free credit balances in customers' accounts, master notes and collateralized borrowings consisting primarily of bank loans, repurchase agreements and securities loaned. During 1997, DLJ replaced several individual credit facilities with a US $2.0 billion (FF 12.0 billion) revolving credit facility, of which US $1.0 billion may be unsecured. There were no borrowings outstanding under this agreement at December 31, 1997.

In 1997, DLJ commenced a program for the offering of up to US $300.0 million (FF 1,798 million) of medium-term notes under a shelf registration under which US $200.0 million (FF 1,199 million) was outstanding at December 31,1997.

In 1997, DLJ also filed a shelf registration statement which enables it to issue up to US $1.0 billion (FF 6.0 billion) aggregate principal amount senior or subordinated debt securities. Under this registration statement, US $150 million of 6.9% fixed rate notes, US $100.0 million of 6.28% LIBOR floating rate medium-term notes and US $350.0 million of LIBOR plus 25 basis points global floating rate notes were outstanding at December 31, 1997. Also, in January 1998, DLJ commenced a US $1.0 billion commercial paper program.

In 1996, DLJ completed a public offering of $250 million (FF 1,310 million) aggregate principal amount of 5 5/8% Medium Term Notes due 2016 and issued 4.0 million shares of Fixed/Adjustable Rate Cumulative Preferred Stock, Series A with a liquidation preference of $50 per share, redeemable at the option of DLJ on or after November 30, 2001.

In connection with DLJ's October 1995 initial public offering of 10,580,000 shares of its common stock, 3,300,000 of which were newly issued by DLJ, DLJ received aggregate net proceeds of $81 million (FF 424 million). In addition, shortly after the completion of its initial public offering, DLJ issued $500 million (FF 2,619 million) aggregate principal amount of senior notes. A primary purpose of DLJ's initial public offering was to increase DLJ's equity capital and facilitate its access to the public capital markets in the United States.

International Financial Services Group. AXA's French financial services subsidiaries must comply with various French and European regulations that require each to maintain, depending on its area of activity (bank, credit establishment or other), a minimum liquidity ratio or a minimum risk ratio. At December 31, 1997, each of AXA's French financial services subsidiaries was in compliance with its applicable ratio.

Consolidated Shareholders' Equity. Consolidated shareholders' equity was FF 78.7 billion at December 31, 1997, compared to FF 44.8 billion and FF 33.4 billion at December 31, 1996 and 1995, respectively. See Consolidated Statements of Shareholders' Equity included in the Consolidated Financial Statements.

The significant 1997 increase in consolidated shareholders' equity of FF 33.7 billion is principally related to the acquisition of UAP. The UAP acquisition added FF 33.1 billion for the issuance of new shares which was offset by a charge of FF 10.8 billion related to goodwill on the newly issued shares (see

Notes 2.2 and 5.1 of Notes to the Consolidated Financial Statements). Other changes included increases from conversion of the Company's 6.0 % Convertible Bonds (FF 3.5 billion), the year's net income after cash dividends (FF 5.4 billion) and the positive impact of currency fluctuations resulting from financial statement translation (FF 2.7 billion).

Consolidated shareholders' equity increased FF 11.4 million in 1996. The increase was mainly due to the February 1996 French Rights Offering (FF 5.8 billion), as well as to the net income for the year net of cash dividends (FF 3.5 billion) and to the positive effect of the currency fluctuations resulting from financial statement translation (FF 1.6 billion).

The decrease of FF 0.4 billion in 1995 arose because net income after cash dividend payments of FF 2.6 million was more than offset by a number of charges not affecting net income, principally the effect of currency fluctuations (FF 1.5 billion), the establishment of a transition allowance (FF 1.1 billion) relating to the valuation of real estate and equity security investments arising from a mandated change in accounting (see Note 2.1 of Notes to the Consolidated Financial Statements) and a FF 0.5 billion provision relating to a supplemental pension plan (see Note 9.1 of Notes to the Consolidated Financial Statements).

Consolidated Cash Flows

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Net cash provided by operating activities was FF 81,423 million for the year ended December 31, 1997 as compared to FF 25,284 million for the year ended December 31, 1996. The increase in net cash provided by operations was mainly attributable to the increase in insurance cash flows resulting from the higher volume of business arising from the UAP acquisition and from broker-dealer activities in the financial services operations. These increases were offset in part by the increase in cash used by the repurchase and resale agreements activity.

Net cash used by investing activities in 1997 was FF 67,905 million compared to net cash used of FF 46,486 million in 1996. The increase in cash used by investing activities primarily stems from the increase in the invested assets of the insurance activities partially offset by the higher volume of sales in 1997 compared to 1996 due to the alignment of the UAP investment portfolio with AXA's investment strategy.

Net cash used by financing activities amounted to FF 176 million in 1997 compared to net cash provided of FF 5,602 million in 1996. In 1997, there was a FF 1,862 million net addition to short-term financing, compared to FF 152 million net addition in 1996. Cash provided by additions to long-term debt increased to FF 11,417 million in 1997 from FF 6,997 million in 1996 and repayments of debt increased to FF 9,313 million in 1997 from FF 6,861 million in 1996.

In 1997, additions to the long-term debt included the FF 6,197 million Perpetual Note issued by the Company and approximately FF 3,644 million issued by DLJ. The new funds were used primarily to retire maturing debt and to finance business growth, notably at DLJ. Further, this increase in cash was offset by higher net dividend payments resulting from the increased number of shares outstanding after the UAP acquisition.

The net cash provided in 1996 related mainly to the issuance of ordinary shares for FF 7,095 million, principally the French Rights Offering completed by the Company in February 1996 and the stock dividends. The 1996 repayments of debt included the repayment of the FF 2,300 million Finaxa loan.

The net impact of foreign exchange was a FF 977 million increase in net cash in 1997 compared to FF 1,715 million in 1996. The net addition to cash due to change in scope of consolidation increased to FF 13,262 million in 1997 from FF 1,210 million in 1996. The significant 1997 net addition was due predominately to the acquisition of UAP.

The operating, investing and financing activities described above, as well as the impact of foreign exchange and change in scope of consolidation, resulted in an increase in cash and equivalents of FF 27,581 million in 1997 as compared to a decrease of FF 12,675 million in 1996.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

Net cash provided by operating activities was FF 25,284 million for the year ended December 31, 1996 as compared to FF 32,499 million for the year ended December 31, 1995. The decrease in net cash provided by operations was mainly attributable to the decrease in cash flows from trading and broker-dealer activities in the financial services operations. This decrease was offset in part by the increase in cash provided by the repurchase and resale agreements activity and by the increase in cash provided by insurance activities.

Net cash used in investing activities in 1996 was FF 46,486 million compared to FF 18,462 million in 1995. The increase in cash used for investing activities primarily stems from the increase in purchases of fixed maturities in relation with the increase in the invested assets of the insurance activities.

Financing activities provided a net cash amount of FF 5,602 million in 1996 compared to a net cash used of FF 1,248 million in 1995. The net cash provided in 1996 mainly relates to issuance of ordinary shares for FF 7,095 million, principally the French Rights Offering completed by the Company in February 1996 and the stock dividends. In 1996 there was a FF 152 million net addition to short term financing, compared to a FF 3,941 net reduction in 1995. Cash provided by additions to debt decreased to FF 6,997 million in 1996 from FF 9,949 million in 1995. Repayments of debt decreased to FF 6,861 million in 1996 from FF 7,422 million in 1995. The 1996 repayments of debt included the repayment of the FF 2,300 million Finaxa loan.

The net impact of foreign exchange was a FF 1,715 million increase in net cash in 1996 compared to a FF 698 million net decrease in 1995. The net addition to cash due to change in scope of consolidation decreased to FF 1,210 million in 1996 from FF 7,355 million in 1995. The 1995 larger net addition was mainly due to the acquisitions of National Mutual and Abeille Ré.

The operating, investing and financing activities described above, as well as the impact of foreign exchange and change in scope of consolidation, resulted in a decrease in cash and equivalents of FF 12,675 million in 1996 as compared to an increase of FF 19,446 million in 1995.

Reconciliation of French GAAP to US GAAP

There are several differences between French and US generally accepted accounting principles which can result in material adjustments for US GAAP purposes, although the net effect of such differences may not result in a material difference between French GAAP and US GAAP consolidated net income. For a discussion of the differences between French GAAP and US GAAP which materially affect the determination of AXA's net income and shareholders' equity, see Notes 24 and 25 of Notes to the Consolidated Financial Statements. Included therein is also a condensed balance sheet and income statement prepared in accordance with US GAAP. All the differences between French GAAP and US GAAP provided in this discussion are net of income tax expense.

Year Ended December 31, 1997

Consolidated net income determined under French GAAP was FF 7,920 million compared to FF 2,032 million under US GAAP for the year ended December 31, 1997. Consolidated net income under US GAAP was FF 5,888 million less than consolidated net income determined in accordance with French GAAP primarily due to the negative impact on consolidated net income under US GAAP from the difference between the two bases of accounting for assets allocated to UK with-profits contracts (approximately FF 6,254 million). Net income under US GAAP except for the adjustment related to UK with-profits contracts amounted to FF 8,286 million. This increase in adjusted US GAAP net income of FF 366 million when compared to French GAAP net income is due to the positive impacts arising from the differences in the scope of consolidation (FF 1,117 million) which principally correspond to the consolidation of mutual funds controlled by AXA and the elimination of catastrophe equalization reserves (FF 532 million). These positive impacts were partially offset by the difference in accounting for business combinations which resulted in an additional charge under US GAAP of FF 713 million (FF 448 million of which was related to the amortization of goodwill from the acquisition of UAP), the elimination of intercompany realized gains and gains realized on the sale of Treasury Shares amounting to FF 385 million and the use of average exchange rates instead of year-end exchange rates (FF 145 million).

For the year ended December 31, 1997, the Life Insurance Segment, the Property and Casualty Insurance Segment, the Reinsurance Segment, the Financial Services Segment and the Holding Companies Segment accounted for 49.6%, 29.8%, 10.3%, 30.5% and (20.2)%, respectively, of AXA's consolidated net income determined in accordance with French GAAP and 50.5%, 34.2%, 9.9%, 26.0% and (21.3)%, respectively, of AXA's consolidated net income determined in accordance with US GAAP except for adjustment for the impact of the difference between French and US GAAP accounting for assets allocated to with-profits contracts in the UK Life Insurance Group.

The Life Insurance Segment's net income is higher under US GAAP as adjusted, primarily due to the consolidation of mutual funds (FF 468 million). Net income of the Property and Casualty Insurance Segment determined in accordance with US GAAP is higher than under French GAAP principally due to the consolidation of Mutual Funds (FF 516 million) and the elimination of catastrophe equalization reserves of FF 494 million offset by additional goodwill amortization of FF 449 million. Under French GAAP, the large majority of goodwill from the UAP transaction was charged directly to retained earnings and reserves and is not periodically amortized in income each year. Net income of the Financial Services Segment is lower under US GAAP principally due to the differences in accounting for acquisitions which resulted in an additional charge under US GAAP of FF 212 million compared to French GAAP.

YEAR ENDED DECEMBER 31, 1996

Consolidated net income determined under French GAAP was FF 3,809 million compared to FF 2,154 million under US GAAP for the year ended December 31, 1996. Consolidated net income under US GAAP was FF 1,655 million less than consolidated net income determined in accordance with French GAAP primarily due to the negative impact on consolidated net income under US GAAP from differences between the two bases of accounting for assets allocated to UK with-profits contracts (FF 1,081 million). Other differences between the two bases of accounting include differences in the calculation of liabilities for future policy benefits of FF 2,047 million, principally from the United Kingdom, which was partially offset by the positive impact of deferred acquisition costs (FF 288 million), and catastrophe equalization reserves (FF 316 million), differences in the scope of consolidation (FF 295 million) which principally corresponds to the consolidation of mutual funds controlled by AXA and the elimination of intercompany transactions (FF 333 million).

For the year ended December 31, 1996, the Life Insurance Segment, the Property and Casualty Insurance Segment, the Reinsurance Segment, the Financial Services Segment and the Holding Companies Segment accounted for 42.3%, 13.8%, 15.2%, 24.9% and 3.8%, respectively, of AXA's consolidated net income determined in accordance with French GAAP and 15.7%, 28.8%, 26.6%, 29.6% and (0.7)%, respectively, of AXA's consolidated net income determined in accordance with US GAAP except for adjustment for the impact of the difference between French and US GAAP accounting for assets allocated to with-profits contracts in the UK Life Insurance Group. After this adjustment US GAAP net income is lower for The Life Insurance Segment principally because of the positive impact of adjustments to the liability for future policy benefits (approximately FF 2,047 million) under French GAAP resulting from changes in assumptions for certain contracts in the UK Life Insurance Group. These changes in assumptions did not affect the consolidated US GAAP net income resulting in lower net income when compared to French GAAP. The Property and Casualty Insurance Segment's net income determined in accordance with US GAAP is higher than under French GAAP primarily due to the 1996 change in French GAAP accounting policy whereby start-up cost are no longer deferred (FF 136 million), and the difference in the treatment of investments in AXA shares. Net income for the Reinsurance Segment determined in accordance with US GAAP is higher than under French GAAP principally due to the elimination of catastrophe equalization reserves (approximately FF 258 million).

Year Ended December 31, 1995

Consolidated net income determined under French GAAP was FF 2,730 million compared to FF 324 million under US GAAP for the year ended December 31, 1995. Consolidated net income under US GAAP was FF 2,406 million less than consolidated net income determined in accordance with French GAAP primarily due to the negative impact on consolidated net income under US GAAP from differences between the two bases of accounting for UK with-profits contracts (FF 2,157 million) and differences between the two bases of accounting for acquisitions (FF 579 million). These differences are partially offset by the positive impact of deferred acquisition costs (FF 311 million) and catastrophe equalization reserves (FF 276 million).

For the year ended December 31, 1995, the Life Insurance Segment, the Property and Casualty Insurance Segment, the Reinsurance Segment, the Financial Services Segment and the Holding Companies Segment accounted for 42.0%, 23.6%, 14.4%, 29.0% and (9.0)%, respectively, of AXA's consolidated net income determined in accordance with French GAAP and 53.7%, 31.6%, 15.5%, 24.5% and (25.3)%, respectively, of AXA's consolidated net income determined in accordance with US GAAP except for adjustment for the impact of the difference between French and US GAAP of accounting for assets allocated to UK with-profits contracts in the UK Life Insurance Group. The Life Insurance Segment's net income is higher under US GAAP after this adjustment primarily due to the positive impact of deferred acquisition costs (approximately FF 294 million). The Property and Casualty Insurance Segment's net income determined in accordance with US GAAP is higher than under French GAAP largely due to the elimination of catastrophe equalization reserves (approximately FF 163 million) and the elimination of losses on intercompany sales (approximately FF 243 million) offset in part by the negative impact of additional purchase accounting adjustments under US GAAP (approximately FF 125 million). Net income for the Financial Services Segment is lower under US GAAP than French GAAP due to the negative impact of additional purchase accounting adjustments under US GAAP (approximately FF 96 million) and differences between the two bases of accounting for French mutual funds (approximately FF 54 million).

Item 9A : Qualitative and Quantitative Disclosures About Market Risk

Risk Management

Insurance Operations

In an effort to protect and enhance shareholder value, AXA actively manages its exposures to market risks. Risk exposures are reduced through effective asset-liability management and prudent and diversified underwriting and investing. Primary responsibility for risk management rests with the local subsidiaries who know best their respective products, clients and risk profile. This approach allows subsidiaries to react in a timely manner to changes in financial markets, insurance cycles, and economic and political environments.

AXA's exposure to market risk is greatly minimized as a result of the nature of its operations. By virtue of AXA's geographic diversification, the impact of local economic and insurance cycles is lessened. In addition, a large proportion of AXA's insurance operations consist of products where the majority of the investment risk is borne by the policyholders. Such products provide AXA shareholders with predictable income and reduced risk. Risks attributable to policyholders are also actively managed to ensure that such risks are prudent and satisfy policyholder risk and reward objectives.

Life Insurance. Total life insurance liabilities for future policyholder benefits (including separate account and UK with-profits contracts) amounted to FF 1,484,114 million at December 31, 1997. Of this amount, approximately 35% were in respect of participating contracts whereby the insured participates in the earnings or surplus of the insurance company through the distribution of policyholder dividends. Under such contracts, the degree of risk and reward for AXA shareholder's is reduced as typically more than 85% of earnings are distributed to policyholders.

At December 31, 1997, UK with-profit contracts and separate account-type policies, whereby substantially all investment risk and reward is transferred to the policyholders, represented 8% and 30%, respectively, of the total liabilities for future policy benefits. Amounts due to policyholders are generally based on the fair value of the investments supporting such products.

At December 31, 1997, interest-sensitive products or policies with long-term fixed pay-out patterns represented 27% of the total liabilities for future policy benefits. Interest-sensitive products earn income primarily from the spread between investment income, largely earned on investment grade fixed-income securities, and interest credited to policyholder account values. AXA strives to maintain this spread by adjusting interest credited rates at contractually-specified intervals. AXA's ability to adjust interest crediting rates may be constrained by competitive forces and minimum guaranteed crediting rates, if any. Interest rate risk is further reduced by managing the duration and maturity structure of each investment portfolio in relation to the estimated duration of the liabilities it supports. Proceeds from policies with long-term fixed pay-out patterns, e.g., GIC's, annuities in the pay-out phase, and disability income *policies, are predominately invested in highly-rated fixed-income securities with the objective of matching their durations to the underlying liabilities.*

As a result of the diversity of insurance products and regulatory environments in which AXA operates, different methods of asset-liability management are utilized by different subsidiaries. Most of these methods fall into two major categories: duration analyses or sensitivity analyses. Duration analysis is primarily used for interest sensitive products and policies with long-term fixed payout patterns. AXA uses duration analysis to create a portfolio of predominately fixed income securities that immunizes the company to the risk of changes in interest rates. Sensitivity analyses are primarily used for participating products and simulate the impact of certain market fluctuation scenarios on future cash flows, fair values, or forecasted earnings. Many of these sensitivity analyses are performed for local regulatory purposes. The goal of such analyses is to ensure AXA is able to provide policyholders adequate returns while complying with regulatory requirements.

Property Casualty Insurance and Reinsurance. *Generally, management of market risk is less critical for property and casualty insurance and reinsurance as the amounts and timing of claims do not vary significantly with interest rates or other market changes that affect the underlying investments. In addition, premiums on new and renewal property and casualty business provide substantial liquidity for claims and operating expenses allowing certain funds to be invested in growth-oriented investments that are not constrained as to duration e.g., equity securities and real estate. Accordingly, AXA's property casualty and reinsurance operations generally have a higher proportion of their investment portfolios invested in equity securities and real estate than AXA's life insurance operations.*

Financial Services

AXA's financial services activities are conducted primarily by DLJ. DLJ monitors its market and counterparty risk on a daily basis through a number of control procedures designed to identify and evaluate the various risks to which DLJ is exposed. DLJ established a Risk Committee comprised of senior professionals from each of the three operating and key administrative groups. The Risk Committee's objective is to update risk policies as appropriate and improve monitoring capabilities throughout DLJ.

DLJ has established various committees to assist senior management in managing risk associated with investment banking and merchant banking transactions. The objectives of the committees are to review potential clients and engagements, utilize experience with similar clients and situations, perform credit analyses for certain commitments and to analyze DLJ's potential role as a principal investor. DLJ seeks to control the risks associated with its banking activities by a thorough review by the various committees of the details of all transactions prior to accepting an engagement.

From time to time, DLJ makes investments in certain merchant banking transactions or other long-term corporate development investments. DLJ's Merchant Banking Group has established several investment entities, each of which has formed its own investment committee. These committees make all investment and disposition decisions with respect to potential and existing portfolio companies.

DLJ often acts as principal in customer-related transactions in financial instruments which expose DLJ to market risk. DLJ also engages in proprietary trading and arbitrage activities and makes dealer markets in certain securities, mortgages, and deriva-

tives. In addition, DLJ's Emerging Markets Group trades a variety of securities and as such, DLJ may be required to maintain certain amounts of inventories in order to facilitate customer order flow. DLJ covers its exposure to market risk by limiting its net long or short position by selling or buying similar instruments and by utilizing various derivative financial instruments in exchange-traded and OTC markets.

Trading activities generally result in the creation of inventory positions. Position and exposure reports are prepared daily by each of the business groups engaged in trading activities. The corporate accounting group prepares a consolidated summarized position report indicating both long and short exposure, along with approved limits, which enables senior management to control inventory levels and monitor results of the trading groups.

In addition to position and exposure reports, DLJ produces a daily revenue report for each of the business groups. Daily revenue is reviewed for various risk factors and is independently verified by the corporate accounting group. The daily revenue reports, together with the position and exposure reports, enable senior management to monitor and control the overall activity of the trading groups.

Derivatives

AXA uses derivatives in its insurance and financial services operations to manage customer and shareholder exposures to interest rates, currency exchanges rates, security and other price risks. See Note 14 of the Notes to the Consolidated Financial Statements for information regarding AXA's use of derivatives, including a discussion of DLJ's primary market and credit risk exposures and their methods of managing such risks.

Sensitivity Analyses

Non-Trading Activities

AXA has performed sensitivity analyses to quantify the exposure of certain instruments to interest rate, equity market and foreign currency exchange risks for purposes of the French Commission des Opérations de Bourse (the "COB") (Bulletin 221 and Recommendation 8901) and the Securities Exchange Commission (Release No. 7386) disclosure requirements. Such sensitivity analyses quantify the potential loss in terms of estimated fair value or future earnings under certain scenarios of reasonably possible adverse changes in financial markets. The sensitivity analyses estimate risk exposure and, therefore, potential net gains are ignored. Instruments within the scope of the analyses include debt and equity securities, mortgage, policy and other loans, debt, on- and off-balance sheet derivatives, and life insurance, property casualty insurance, and reinsurance contracts. In accordance with SEC regulations, real estate is not included within the scope of the analyses.

Such analyses include AXA's material insurance, financial services (except DLJ which is discussed at Trading below) and holding operations in France, the US, the UK, Belgium, Germany, Australia, and Hong Kong. Such subsidiaries account for 86% of the total AXA investment assets within the scope of this analysis and 91% of AXA's total life, property and casualty, and reinsurance liabilities. For purposes of interest rate sensitivity analyses, yield curve shifts were made relative to the yield curves prevailing in the country in which the subsidiary operates.

For purposes of the sensitivity analyses, fair values were estimated in accordance with the valuation *methods described in Note 3.8 of the consolidated financial statements. However, financial statement disclosures include only insurance contracts defined as "investment" insurance contracts, i.e., those with insignificant mortality and morbidity risk, while the sensitivity analyses include all insurance contracts. For insurance contracts with mortality and morbidity provisions, the portion of estimated fair value attributed to such provisions is considered to be unaffected by changes in interest rates or equity markets.*

The fair values of property and casualty, reinsurance and non-participating life insurance contracts were estimated using a discounted cash flow approach. Such fair values, which vary with changes in the estimated discount rate, were considered to be sensitive to interest rate changes but unaffected by equity market changes. For property and casualty and reinsurance contracts, no changes were made in the estimates of claims' amounts and timing as a result of changes in interest rates or equity markets.

For participating life insurance contracts, the fair value was considered to be the greater of 1.) the fair value of the assets designated to support such policies or 2.) the future cash flows discounted using the guaranteed minimum interest rate, if any. For interest-sensitive life insurance contracts, a discounted cash flow approach was used. As is the case with most variable rate liabilities, their fair values were not significantly affected by market changes as future crediting rates can be adjusted, subject to guaranteed minimum interest rates, if any, to reflect market changes.

Interest Rate Risk. *The estimated potential exposure due to a 100 basis point parallel shift upward in the December 31, 1997 yield curves would result in an estimated net fair value loss for all items within the scope of the analyses of approximately FF 1,800 million before minority interest allocations and tax effects.*

Equity Market Risk. *The estimated potential exposure to a 10% decline in the value of December 31, 1997 equity markets would result in an estimated fair value loss for all items within the scope of the analyses of FF 7,800 million before minority interest allocations and tax effects. This potential exposure is much less than the equity security unrealized gain, gross of policyholder interests, at December 31, 1997 of approximately FF 33,900 million.*

It was anticipated that the potential loss from equity market fluctuations would be larger than the loss resulting from interest rate changes. The impact of interest rate fluctuations on interest-sensitive investments was accompanied by offsetting comparable fair value changes in the related insurance liabilities. On the other hand, the impact of equity market declines on equity securities was accompanied by smaller changes in the estimated fair value of insurance liabilities since the liabilities were generally estimated using a discounted cash flow approach and were mostly unaffected by equity market fluctuations. Only participating life insurance contracts and separate accounts reflected fair value changes related to equity market declines.

This impact was more evident in property casualty insurance. No change in property and casualty liability fair values was assumed as a result of equity market movements. However, as discussed above under Risk Management, equity securities comprise a relatively large proportion of such investment portfolios.

An item included in the above analysis was the CVG's, which are accounted for off-balance-sheet and provide a limited guarantee of a Company share price of FF 392.5 as of July 1, 1999. See Significant 1997 Events in Item 1 and Liquidity and Capital Resources for a description of the CVG's. At December 31, 1997, the fair value of the CVG's was FF 737 million based on a price of FF 590 per CVG.

Foreign Exchange Rate Risk. The potential exposure to a 10% adverse fluctuation of December 31, 1997 foreign exchange rates would be a 1998 French GAAP earnings loss of FF 580 million before minority interest allocations and tax effects.

In order to calculate the largest potential exposure to foreign currency fluctuations, all material combinations of foreign currency fluctuations were analyzed. In connection with such analyses, currencies that have committed to participate in the Euro (Euro Currencies) were segregated from all other currencies. As it relates to AXA's European subsidiaries which performed sensitivity analyses, France, Belgium, and Germany were assumed to be part of the Euro while the UK was assumed not to be a part of the Euro. No fluctuations among Euro Currencies were assumed since such currencies have demonstrated a high degree of historical correlation and, further, are expected to be subject to the Euro fixed exchange rate as of January 1, 1999.

The analyses revealed the adverse scenario for AXA in terms of French GAAP earnings would be a decline in all currencies relative to the Euro currencies. The potential 1998 French GAAP earnings impact includes both the potential transaction losses on all the balance sheet instruments within the scope of the analyses and potential impact of translating foreign subsidiary earnings into French Francs at a lower rate. For simplicity purposes, it was assumed that 1998 foreign subsidiary earnings were identical to 1997 earnings. The positive impacts of such currency fluctuations on foreign subsidiaries generating losses was not considered.

Limitations. The above analyses do not consider that assets and liabilities are actively managed and that there are strategies in place to minimize the exposure to market fluctuations. For example, as market indices fluctuate, management would take certain actions including selling investments, changing investment portfolio allocation, and adjusting bonuses credited to policyholders. In addition, such sensitivity analyses do not consider the effect of market changes on new business generated in the future, primarily insurance premiums, which are a critical and integral component of future profitability. AXA, and its competitors, would likely reflect adverse market changes in the pricing of new business. Therefore, management believes actual losses as a result of financial market fluctuations of the magnitudes analyzed would be less than these potential estimated losses.

Other limitations on the sensitivity analyses include: the use of hypothetical market movements which do not represent management's view of future market changes; the assumption that interest rates in all countries move identically; the assumption that all global currencies move in tandem against the Euro currencies; and the lack of consideration of the inter-relation of interest rates, equity markets and foreign currency exchange rates. In addition, the analyses do not include certain significant items such as real estate, DAC and VBI. These factors limit the ability of these analyses to accurately predict the impact of future market movements on fair values and future earnings.

Trading Activities

As a result of the SEC's new market risk disclosure rules, DLJ developed a company-wide Value at Risk ("VAR") model late in 1997. DLJ has estimated its VAR using a variance-covariance model with a confidence interval of 95% and a one day holding period, based on historical data for one year. The VAR number is the statistically expected maximum loss of the fair value of DLJ's market sensitive instruments for 19 out of every 20 trading days. In other words, on 1 out of every 20 trading days, the loss is statistically expected to be greater than the VAR number. The model, however, does not state how much greater.

VAR numbers should not be interpreted as a predictor of actual results. DLJ's VAR model, in common with all other VAR models, is limited by its assumptions and qualifications. These limitations include the following: (i) a daily VAR does not capture the risk inherent in trading positions that cannot be liquidated or hedged in one day, (ii) VAR is based on historical market data and assumes that past trading patterns will predict the future, (iii) it is not possible to perfectly model all inherent market risks, (iv) correlations between market movements can vary, particularly in times of market stress and (v) the model's assumption of a normal distribution may not reflect actual market movements.

DLJ is aware of the limitations inherent in any statistical analysis. A VAR model alone is not a sufficient tool to measure and monitor market risk and, as it has traditionally done, DLJ will continue to use other risk management measures, such as stress testing, independent review of position and trading limits and daily revenue reports.

Total company-wide VAR was approximately FF 65 million at December 31, 1997. The company-wide VAR is less than the sum of the individual components below due to the benefit of diversification among the risks presented below. The VAR for the three main components of market risk, expressed in terms of theoretical fair values at December 31, 1997, is as follows :

	(In FF million)
Interest rate risk	*46*
Equity risk	*47*
Foreign currency	*7*

Forward Looking Statements

AXA's management has made in this report, and from time to time may make in its public filings and press releases as well as in oral presentations and discussions, forward-looking statements concerning AXA's operations, economic performance and financial condition. Forward-looking statements include, among other things, discussions concerning AXA's potential exposure to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, as indicated by words such as "believes," "estimates," "intends," "anticipates," "expects," "projects," "should," "probably," "risks," "target," "goals," "objectives," or similar expressions. AXA claims the protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and assumes no duty to update any forward-looking statement. Forward-looking statements are subject to risk and uncertainties. Actual results could differ materially from those anticipated by forward-looking statements due to a number of important factors including those discussed elsewhere in this report and in AXA's other public *filings, press releases, oral presentations and discussions and the following: (i) the intensity of competition from other financial institutions, (ii) secular trends and AXA's experience with respect to mortality, morbidity, persistency and claims experience; (iii) AXA's ability to develop, distribute and administer competitive products and services in a timely, cost-effective manner; (iv) AXA's visibility in the market place and the financial and claims paying ratings of its insurance subsidiaries; (v) the effect of changes in laws and regulations affecting AXA's businesses, including changes in tax laws affecting insurance and annuity products; (vi) the volatile nature of the securities business, the future results of DLJ and Alliance and the potential losses that could result from DLJ's merchant banking activities as a result of its capital intensive nature; (vii) market risks related to interest rates, equity prices, derivatives, foreign currency exchange and credit; (viii) the volatility of returns from AXA's equity investments; (ix) AXA's ability to develop information technology and management information systems to support strategic goals while continuing to control costs and expenses; (x) the costs of defending litigation and the risk of unanticipated material adverse outcomes in such litigation; (xi) changes in accounting and reporting practices; (xii) the performance of others on whom AXA relies for distribution, investment management, reinsurance and other services; (xiii) AXA's access to adequate financing to support its future business and (xiv) the effect of any future acquisitions.*

Executive Board

The Company's business is managed by an Executive Board (Directoire) currently consisting of 3 members. The table below sets forth the names of the members of the Executive Board, the dates of their initial appointment as members, the expiration dates of their current terms and their current principal occupation or employment.

Name	Initially Appointed	Term Expires	Principal Occupation or Employment
Claude Bébéar	1997	2000	Chairman of the Executive Board of the Company
Gérard de La Martinière	1997	2000	Senior Executive Vice-President Chief Financial Officer
Michel Pinault	1997	2000	Senior Executive Vice-President Group Administration

The members of the Executive Board are appointed by the Supervisory Board for a period of three years. The members of the Executive Board need not be shareholders, however, they must be individuals.

The Supervisory Board must appoint one of the members of the Executive Board as Chairman.

Under French law, the Executive Board has management responsibility for the Company and broad authority to take actions in the name of the Company, within the scope of the corporate purpose, and subject to the authority expressly reserved by law to the shareholders and the Supervisory Board.

Supervisory Board

The Supervisory Board supervises management of the Company by the Executive Board and has the responsibility to make whatever ongoing checks and inspections it deems appropriate and to review such documents as it deems necessary or appropriate for the performance of its duties.

The Supervisory Board consists of the following 22 members:

Name	Initially Appointed	Term Expires	Principal Occupation or Employment
Jean-Louis Beffa	1997	2001	Chairman and Chief Executive Officer of Compagnie St-Gobain
Antoine Bernheim	1997	1999	Chairman of Assicurazioni Generali S.p.a.
Jacques Calvet	1997	2003	Former Chairman of the Executive Board of Peugeot SA
Henri de Clermont-Tonnerre	1997	1999	Chairman of the Supervisory Board of Qualis SCA
David Dautresme	1997	2003	General Partner of Lazard Frères & Cie
Guy Dejouany	1997	1999	Honorary Chairman of Compagnie Générale des Eaux
Paul Desmarais	1997	1999	Chairman and Chief Executive Officer of Power Corporation
Jean-René Fourtou	1997	2003	Chairman and Chief Executive Officer of Rhône-Poulenc
Michel François-Poncet	1997	2003	Chairman of the Supervisory Board of Compagnie Financière Paribas
Jacques Friedmann	1997	2003	Chairman of the Supervisory Board of the Company

Name	Initially Appointed	Term Expires	Principal Occupation or Employment
Patrice Garnier	1997	1999	Director of Finaxa
Anthony J. Hamilton	1997	2001	General Partner of Fox-Pitt Kelton
Henri Hottinguer	1997	2003	Vice-Chairman of Financière Hottinguer
Richard Jenrette	1997	2001	Senior advisor of Donaldson Lufkin and Jenrette
Henri Lachmann	1997	2001	Chairman and Chief Executive Officer of Strafor-Facom
Gérard Mestrallet	1997	2003	Chairman of the Executive Board of Suez Lyonnaise des Eaux
Friedel Neuber	1997	2001	Chairman of the Executive Board of Westdeutsche Landesbank
Alfred von Oppenheim	1997	2003	Chairman of Bank Oppenheim
Michel Pebereau	1997	2001	Chairman and Chief Executive Officer of Banque Nationale de Paris
Didier Pineau-Valencienne	1997	2001	Chairman and Chief Executive Officer of Schneider SA
Bruno Roger	1997	2001	General Partner of Lazard Frères & Cie
Simone Rozès	1997	1999	First honorary President of Cour de Cassation.

Executive Officers

The table below sets forth the names of the executive officers of the Company, their current principal position within AXA and the years of their initial designation as executive officers of the Company.

Name	Current positions	Executive officer since
Claude Bébéar	Chairman of the Executive Board	1989
Donald Brydon	Senior Executive Vice-President, Chief Executive Officer AXA Investment Managers	1997
Henri de Castries	Senior Executive Vice-President, Financial Services and Insurance Activities in the United States, Benelux and the United Kingdom	1991
John Chalsty	Senior Executive Vice-President, Chairman of Donaldson, Lufkin & Jenrette	1996
Françoise Colloc'h	Senior Executive Vice-President, Group Human Resources and Communications	1991
Jean-Pierre Gérard	Senior Executive Vice-President, Chief Executive Officer Royale Belge	1997
Denis Kessler	Senoir Executive Vice-President, Insurance Activities outside France, Benelux, the United Kingdom and the United States	1997
Claas Kleyboldt	Senior Executive Vice-President, Chairman of the Executive Board AXA Colonia Konzern AG	1997
Gérard de La Martinière	Senior Executive Vice-President, Chief Financial Officer	1991
Jean-Louis Meunier	Senior Executive Vice-President, Central Underwritting Office	1997
Edward Miller	Senior Executive Vice-President, Chief Executive Officer Equitable Companies	1997
Michel Pinault	Senior Executive Vice-President, Group Administration	1997
Claude Tendil	Senior Executive Vice-President, Chairman and Chief Executive Officer - French insurance activities, Transnational poperty and casualty insurance activities and information systems policy	1989
Geoff Tomlinson	Senior Executive Vice-President, Managing Director National Mutual Holdings	1997
Dave Williams	Senior Executive Vice-President, Chairman and Chief Executive Officer Alliance Capital Management	1997
Mark Wood	Senior Executive Vice-President, Managing Director Sun Life & Provincial Holdings	1997

Item 11 : Compensation of directors and officers

The aggregate compensation (including pension contributions) of the members of the Executive Board and the Supervisory Board (25 persons) and the executive officers of AXA (18 persons including 3 Board members and 2 persons who are not presently serving) who served during 1997 (totalling 40 persons including 2 persons who are not presently serving) paid or accrued in 1997 by the Company or its subsidiaries was FF 232,350,269, including FF 2,851,462 as director's fees for 1996.

As an incentive for management to improve profitability, AXA has increased the variable portion of management's compensation through linking a portion of such compensation to AXA's profitability. A significant portion of the compensation of the executive officers of the Company included above consists of bonuses paid pursuant to individualized employment arrangements. These bonuses are based on the financial performance of AXA and of the companies under the supervision of the executive officer, as well as individual performance. In addition, many of the Company's subsidiaries have bonus or profit-sharing plans or other arrangements under which certain of the Board members and executive officers of the Company received a portion of their compensation.

Item 12 : Options to purchase securities from registrant or subsidiaries

At March 1, 1998, options to purchase a total of 7,076,308 Shares from the Company were outstanding. The number of Shares subject to outstanding options together with the exercise prices and expiration dates of such options were as follows:

Numbers of Shares Subject to options	Exercise Price per Share	Expiration Date
123,216	FF 114.15	January 10, 1999
32,979	FF 141.21	June 28, 1999
7,724	FF 163.69	October 23, 2001
327,107	FF 149.36	January 28, 2002
389,468	FF 128.35	October 26, 2002
276,880	FF 262,50	May 13, 2003
86,520	FF 462,18	October 18, 2003
2,000,828	FF 235.34	April 12, 2004
420,262	FF 300.00	November 3, 2004
1,149,152	FF 219.90	March 28, 2005
917,172	FF 268.00	July 9, 2006
1,295,000	FF 322.00	January 21, 2007
50,000	FF 394.11	September 29, 2007

At March 1, 1998, outstanding options to purchase 2,018,109 Shares were held by the members of the Executive Board and of the Supervisory Board and the executive officers of the Company as a group (38 persons).

Item 13

Item 13 : Interest of management in certain transactions

For a description of certain transactions between AXA and the Mutuelles AXA, see "Relationships with the Mutuelles AXA" and Note 20 of Notes to the Consolidated Financial Statements.

The name "AXA" and the AXA trademark are owned by FINAXA, which in the second quarter of 1996 granted AXA a non exclusive license in all the countries in which AXA and its subsidiaries operate. The annual cost to AXA for this license is FF 5 million in 1997. At March 1, 1998, AXA granted three sublicenses.

Part II

Item 14 : Description of securities to be registered

Not applicable

Part III

Item 15 : Defaults upon senior securities

None

Item 16 : Changes in securities and changes in security for registered securities

None

Part IV

Part IV

Item 17 : Financial statements

See the financial statements on pages F1 through F 98

Item 18 : Financial statements

Not applicable

Item 19 : Financial statements and exhibits

(a) Financial statements

The following financial statements are filed as part of this Annual report, together with the report of the independent accountants.

AXA-UAP AND SUBSIDIAIRIES

(b) Exhibits

Report of independent accountants

To the Shareholders of AXA-UAP:

We have audited the accompanying consolidated balance sheets of AXA-UAP (“ the Company ”) and its subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of income, of shareholders’ equity, and of cash flows for each of the three years in the period ended December 31, 1997, all expressed in French francs. These financial statements have been reformatted and reclassified in a manner different from that presented under French financial statement presentation practices to reflect a reporting format for insurance companies more familiar to readers in the United States, but in all other respects follow accounting principles generally accepted in France. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in France, which are substantially similar to those in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of the Company and its subsidiaries at December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with accounting principles generally accepted in France.

As described in Note 2-1 of the Notes to the Consolidated Financial Statements, the Company changed its methods of accounting for certain items as discussed therein.

Accounting principles generally accepted in France vary in certain material respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income expressed in French francs for each of the three years in the period ended December 31, 1997 and the determination of consolidated shareholders’ equity and consolidated financial position also expressed in French francs at December 31, 1997 and 1996 to the extent summarized in Notes 24 and 25 of Notes to the Consolidated Financial Statements.

Paris, France
March 19, 1998

Befec - Price Waterhouse

Gérard Dantheny　　Catherine Pariset

AXA
Consolidated Balance Sheets

(in FF millions) December 31,	1997	1996
Assets		
Investments: (Note 3)		
Fixed maturities	690,434	257,753
Equity investments	184,619	43,652
Mortgage, policy and other loans	134,034	68,276
Real estate	100,056	50,736
Assets allocated to UK with-profits contracts	116,216	43,094
Trading account securities	129,009	109,490
Securities purchased under resale agreements	151,270	113,092
Investments in companies accounted for by the equity method	13,544	3,629
Total Investments	**1,519,182**	**689,722**
Cash and equivalents	47,718	20,137
Broker-dealer related receivables	168,922	87,274
Deferred acquisition costs (Note 5)	35,521	24,538
Value of purchased business inforce (Note 5)	18,682	6,832
Goodwill (Note 5)	5,702	4,667
Accrued investment income	17,648	6,788
Other assets	148,256	58,314
Separate Account assets	452,364	227,457
TOTAL ASSETS	**2,413,995**	**1,125,729**

See Notes to the Consolidated Statements

AXA
Consolidated Balance Sheets (continued)

(in FF millions) December 31,	1997	1996
Liabilities		
Future policy benefits and other policy liabilities	859,174	346,619
UK with-profits contract liabilities	116,502	43,094
Insurance claims and claims expenses	195,374	66,013
Unearned premium reserve	27,887	12,813
Securities sold under repurchase agreements	219,883	154,003
Broker-dealer related payables	156,198	103,438
Short-term and long-term debt:		
- Financing debt (Note 6)	28,569	23,146
- Operating debt (Note 7)	36,157	17,619
Accrued expenses and other liabilities	178,777	55,011
Separate Account liabilities	452,002	228,840
Total Liabilities	**2,270,523**	**1,050,596**
Commitments and contingencies (Notes 14 and 15)		
Minority interests (Note 13)	46,506	20,546
Subordinated debt (Note 8)	15,185	8,490
Mandatorily convertible bonds and notes (Note 8)	3,111	1,260
Shareholders' Equity		
Ordinary shares, FF 60 nominal value, 317.07 million shares authorized, 331.35 million and 193.13 million shares issued and outstanding	19,881	11,588
Capital in excess of nominal value	26,325	11,733
Retained earnings and reserves (Notes 2, 9 and 17)	32,464	21,516
Total Shareholders' Equity	**78,670**	**44,837**
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	**2,413,995**	**1,125,729**

See Notes to the Consolidated Statements

Consolidated Financial Statements

AXA Consolidated Statements of Income

(in FF millions) Years Ended December 31,	1997	1996	1995
Revenues			
Gross premiums	307,546	130,838	100,215
Investment banking and other financial services	57,082	36,368	30,361
Change in unearned premium reserve	(8)	(236)	(387)
Net investment results (Note 4)	84,044	35,407	27,963
Total Revenues	**448,664**	**202,377**	**158,152**
Benefits, claims and other deductions			
Insurance benefits and claims	316,300	134,291	103,224
Reinsurance ceded, net (Note 10)	3,519	1,489	1,069
Acquisition expenses (Note 21)	30,447	12,451	9,841
Other insurance company expenses (Note 21)	22,497	10,687	8,556
Financial and holding company expenses (Note 21)	54,166	34,756	29,760
Amortization of goodwill, net (Note 5)	1,051	(163)	(156)
Total Benefits, Claims and Other Deductions	**427,980**	**193 511**	**152,294**
Income before income tax expense	20,684	8,866	5,858
Income tax expense (Note 12)	(7,797)	(2,900)	(2,016)
Minority interests in income of consolidated subsidiaries	(5,264)	(2,098)	(1,017)
Equity in (loss) income of unconsolidated entities	297	(59)	(95)
NET INCOME	**7,920**	**3,809**	**2,730**
Net Income Per Ordinary Share (in FF):			
Basic	24.34	20.36	16.86
Diluted	22.84	18.31	15.50

See Notes to the Consolidated Statements

AXA Consolidated Statements of Shareholders' Equity

(in FF millions except number of shares)	Ordinary Shares		Capital in Excess of Nominal Value	Retained Earnings and Reserves	Total
	Number in millions	Nominal Value			
Balance at January 1, 1995	**160.65**	**9,639**	**5,772**	**18,347**	**33,758**
Stock dividends	3.20	192	543	(735)	-
Cash dividends	-	-	-	(149)	(149)
Exercise of stock options	0.26	16	22	-	38
Employee stock subscription	0.32	19	23	-	42
Transition allowance	-	-	-	(1,089)	(1,089)
Supplemental retirement plan	-	-	-	(488)	(488)
Impact of currency fluctuations	-	-	-	(1,451)	(1,451)
Net income	-	-	-	2,730	2,730
Balance at December 31, 1995	**164.43**	**9,866**	**6,360**	**17,165**	**33,391**
Rights offering	23.62	1,417	4,413	-	5,830
Stock dividends	3.10	186	648	(834)	-
Cash dividends	-	-	-	(323)	(323)
Exercise of stock options	0.78	47	75	-	122
Employee stock subscription	0.30	19	59	-	78
Conversion of bonds	0.90	53	178	-	231
Transition allowance	-	-	-	102	102
Impact of currency fluctuations	-	-	-	1,597	1,597
Net income	-	-	-	3,809	3,809
Balance at December 31, 1996	**193.13**	**11,588**	**11,733**	**21,516**	**44,837**
Issuance of Ordinary Shares for UAP acquisition	122.70	7,362	11,814	13,954	33,130
Cash dividends	-	-	-	(2,504)	(2,504)
Exercise of stock options	1.55	93	131	-	224
Conversion of bonds	13.97	838	2,647	-	3,485
Goodwill from UAP acquisition	-	-	-	(10,765)	(10,765)
Transition allowance	-	-	-	21	21
Effect of restructurings	-	-	-	(426)	(426)
Effect of intercompany sales of consolidated subsidiaries	-	-	-	54	54
Impact of currency fluctuations	-	-	-	2,694	2,694
Net income	-	-	-	7,920	7 920
BALANCE AT DECEMBER 31, 1997	**331.35**	**19,881**	**26,325**	**32,464**	**78,670**

See Notes to the Consolidated Statements

AXA Consolidated Statements of Cash Flows

(in FF millions) Years Ended December 31,	1997	1996	1995
Net income	**7,920**	**3,809**	**2,730**
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized investment gains	(16,095)	(5,768)	(4,052)
Minority interests in income	5,264	2,098	1,017
Depreciation and amortization expense	5,477	2,098	2,275
Change in insurance liabilities	64,379	27,385	24,724
Net change in trading activities and broker-dealer receivables and payables	(28,888)	(12,417)	53
Net change in repurchase agreements	27,702	1,043	(2,119)
Other	15,664	7,036	7,871
Net cash provided by operating activities	**81,423**	**25,284**	**32,499**
Cash flows from investing activities:			
Maturities and sales:			
Fixed maturities	307,426	115,160	98,974
Equity investments	150,144	107,633	21,449
Real estate	10,393	7,907	7,506
Loans and other	22,824	9,221	11,516
Purchases:			
Fixed maturities	(395,958)	(164,600)	(119,727)
Equity investments	(142,284)	(110,933)	(22,564)
Real estate	(4,700)	(4,119)	(6,310)
Loans and other	(13,103)	(5,494)	(7,935)
Net purchases of property and equipment	(2,647)	(1,261)	(1,371)
Net cash used in investing activities	**(67,905)**	**(46,486)**	**(18,462)**
Cash flows from financing activities:			
Net change in short-term debt	1,860	152	(3,941)
Additions to long-term debt	5,220	5,923	6,746
Repayments of long-term debt	(9,313)	(6,861)	(7,422)
Additions to mezzanine capital	6,197	1,074	3,203
Issuance of ordinary shares	350	7,095	1,285
Dividends	(4,490)	(1,781)	(1,119)
Net cash provided by (used in) financing activities	**(176)**	**5,602**	**(1,248)**
Net impact of foreign exchange fluctuations	977	1,715	(698)
Change in cash due to change in scope of consolidation	13,262	1,210	7,355
Change In Cash and Equivalents	27,581	(12,675)	19,446
Cash and equivalents beginning of year	20,137	32,812	13,366
Cash and Equivalents End of Year	**47,718**	**20,137**	**32,812**
Supplemental cash flow information :			
Interest Paid	28,977	17,951	15,531
Income Taxes Paid	8,199	2,310	564

See Notes to the Consolidated Statements

Notes to the Consolidated Financial Statements

1 - Financial statement presentation

AXA-UAP, a French société anonyme (the "Company" and, together with its consolidated subsidiaries, "AXA"), is the holding company for an international group of insurance and related financial services companies. In 1997, AXA acquired Compagnie UAP ("UAP") and changed its name from AXA to AXA-UAP. AXA's most significant non-French operations are conducted through The Equitable Companies Incorporated ("Equitable Holding Company" and, together with its consolidated subsidiaries, "Equitable") and its subsidiaries in the United States ("US"), National Mutual Holdings Limited ("National Mutual Holdings" and, together with its consolidated subsidiaries, "National Mutual") and its subsidiaries in Australia and other countries in the Asia/Pacific area, Sun Life and Provincial Holdings ("Sun Life Holding" and, together with its consolidated subsidiaries, "AXA Sun Life") and its subsidiaries in the United Kingdom ("UK"), AXA Colonia Konzern AG ("AXA Colonia Holdings" and, together with its consolidated subsidiaries, "AXA Colonia") and its subsidiaries principally in Germany and Austria, and the Royale Belge Group and its subsidiaries principally in Belgium. The principal companies included in the consolidated financial statements are identified in Note 22.

In June 1996, AXA listed American Depository Shares ("ADS") on the New York Stock Exchange. Each ADS represents one-half of an AXA ordinary share. In connection with this listing, 4.6 million AXA ordinary shares were sold by subsidiaries of the Company in a public offering in the US and internationally outside of France.

Four French mutual insurance companies, as a group, directly and indirectly controlled 24.6% of the Company's share capital, representing 34.8% of voting rights, as of December 31, 1997. These mutual insurance companies are collectively referred to herein as the "Mutuelles AXA".

The consolidated financial statements of AXA have been translated into English from those published in French and include additional disclosures required by the US Securities and Exchange Commission ("SEC"). In all other respects the consolidated financial statements follow French generally accepted accounting principles ("GAAP"). French GAAP is based on the French Law of January 3, 1985 and its Décret of application regarding consolidation; French insurance regulatory Décrets Nos. 94-481 and 94-482 of June 8, 1994, and the related Order (Arrêté) of June 20, 1994, implementing European Union Directive No. 91/674 (Third Insurance Directive) of December 19, 1991, (collectively, the "New Regulation"); Décret No. 95-153 of February 7, 1995 and its related Arrêté of April 19, 1995, modifying certain claims reserves calculations, and French Banking Regulation Rule 91-02. Note 24, summarizes the material differences between French and US GAAP affecting AXA's consolidated net income and shareholders' equity.

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

The financial statements of companies outside of France are translated into French francs using the foreign currency exchange rates at year end. The impact of exchange rate fluctuations on shareholders' equity is recorded directly to retained earnings and reserves included in consolidated shareholders' equity.

Certain reclassifications have been made in the amounts presented for prior periods to conform these periods with the current presentation.

2 - Significant accounting policies

2 - 1 Accounting changes

In 1996, AXA's US subsidiaries changed their method of accounting for long-duration participating life insurance contracts in accordance with the provisions prescribed by Statement of Financial Accounting Standards ("SFAS") No. 120, "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts" which prescribes the methods of accounting for annual and terminal dividends and specifies that amortization of deferred acquisition costs is a constant percentage of estimated gross profits from the contracts. The effect of this change was to increase 1996 net income by FF 634 million after income tax expense of FF 561 million and minority interests of FF 409 million.

As of January 1, 1996, AXA's non-European subsidiaries implemented SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", which requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. The adoption of this statement by Equitable, AXA's only non-European subsidiary for which there is a cumulative effect upon adoption, resulted in the release of existing valuation allowances of FF 1,099 million and recognition of impairment losses of FF 1,075 million on real estate held and used. Implementation of the impairment requirements relative to assets to be disposed of resulted in a charge for the cumulative effect of an accounting change of FF 113 million, net of an income tax benefit of FF 61 million, due to the writedown to fair value of building improvements relating to facilities being vacated by Equitable beginning in 1996.

Prior to January 1, 1996 pre-operating costs incurred in creating a company for the development of new insurance activities or commencement of new insurance activities within an existing subsidiary were capitalized and amortized over 5 years from the date when activities commenced. Such costs included primarily market research and the recruiting and training of new sales personnel. Effective January 1, 1996 such costs are charged to income as incurred in order to better distinguish the results of future operations. As a result, unamortized pre-operating costs at January 1, 1996 of FF 276 million, before income tax expense of FF 46 million, were charged to income in 1996. Amortization expense amounted to FF 87 million for the year ended December 31, 1995.

In 1996, AXA's subsidiary in the Netherlands changed its method of calculating liabilities for future policy benefits using assumptions which better reflect the experience of that subsidiary. This change resulted in an after-tax increase in net income of FF 180 million.

AXA adopted the accounting and presentation changes required by the New Regulation in its 1995 consolidated financial statements. The principal accounting change required by the New Regulation relates to recognition and measurement of investment valuation allowances for real estate and equity security investments. Effective January 1, 1995, valuation allowances for real estate and equity security investments are to be provided on a specific asset basis for declines in the estimated fair value of such assets deemed to be other than temporary. In accordance with the National Accounting Council (Conseil National de la Comptabilité or "CNC"), the accounting organization responsible for promulgating accounting standards in France, Opinion No. 95.07 dated September 12, 1995, AXA recorded a charge to retained earnings and reserves of FF 1,089 million, net of a deferred income tax benefit of FF 330 million and minority interests of FF 21 million, to establish the cumulative transition investment valuation allowance ("Transition Allowance") representing the cumulative impact of adopting this accounting change as of January 1, 1995.

Effective January 1, 1995, reinsurance subsidiaries which previously used the zero-balance method of accounting to estimate the liability for reinsurance claims for certain reinsurance assumed from ceding companies now estimate the amount of premiums earned through the balance sheet date and establish a liability for insurance claims and claims expenses based on an estimate of the ultimate costs incurred related to such premiums. This change in accounting method was applied to all existing contracts at January 1, 1995, which, together with the activity of 1995, resulted in additional gross premiums of FF 379 million and additional net income of FF 56 million, net of income tax expense of FF 28 million, for the year ended December 31, 1995.

Effective January 1, 1995, AXA's non-European subsidiaries adopted SFAS No. 114, "Accounting by Creditors for Impairment of a Loan". This statement applies to all loans and addresses the accounting for impairment of a loan by specifying how allowances for credit losses should be determined. The value of impaired loans within the scope of this statement is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. The adoption of this statement did not have a significant effect on the level of allowances for possible losses maintained or on AXA's consolidated statements of income or shareholders' equity.

2 - 1.1 Application of Accounting Methods

Effective January 1, 1997, deferred acquisition costs for new business written by European (other than UK) life insurance subsidiaries include all costs which vary with and are primarily related to the production of new business. In addition, such deferred acquisition costs for universal life and investment type products are amortized over the expected average life of the contracts as a constant percentage of estimated gross profits from the contracts. Previously, these deferred acquisition costs were subject to regulatory limitations and amortized in proportion to anticipated premiums. The new methods provide a better matching of revenue and expense. The effect of this change was to increase 1997 net income after tax by FF 101 million.

Effective January 1, 1995, in accordance with Article A 331.21 of the French Insurance Code, the method of calculating the liability for claims and claims expenses for construction insurance has been modified. The new method requires an additional liability for claims and claims expenses using regulatorily determined factors applied to company experience, unless prior approval is obtained to use only company experience. Such change has been applied to all existing contracts resulting in an additional charge of FF 187 million, net of an income tax benefit of FF 108 million, for the year ended December 31, 1995.

2 - 2 Acquisitions

2 - 2.1 UAP

On January 24, 1997, pursuant to a public exchange offer, AXA acquired 91.37% of the outstanding shares of UAP, a French holding company for a group of insurance and related financial services companies. Under the terms of the offer, AXA exchanged two of its ordinary shares and two certificates of guaranteed value ("Certificates") for five UAP shares. For 91.37% of the outstanding UAP shares, AXA exchanged 123.9 million Certificates and ordinary shares of which 111.1 million ordinary shares were newly issued and 12.8 million ordinary shares were held by AXA subsidiaries. In addition, AXA issued 2,057 6.0% notes with an aggregate principal amount of FF 1,851 million and 4.1 million Certificates in exchange for 2,057 UAP notes with an aggregate principal amount of FF 1,851 million (see Notes 5, 8 and 14-2).

On May 12, 1997, the merger of UAP with and into the Company, with the Company surviving, was approved by the respective shareholders of UAP and the Company. Pursuant to the terms of the offer, AXA acquired the remaining 8.63% of UAP by issuing two AXA ordinary shares for five UAP shares. AXA issued approximately 11.6 million new ordinary shares in connection with this transaction.

The UAP acquisition was accounted for using the purchase method of accounting. The UAP purchase price, which did not include an amount for the Certificates, was determined based on UAP's statutory net equity per share (FF 270) on December 31, 1996 for the newly issued shares and AXA's carrying value (FF 295) for the treasury shares held by AXA subsidiaries. The total purchase price of approximately FF 36,897 million was FF 12,219 million greater than the value of UAP's acquired identifiable net assets, as adjusted in purchase accounting (see note 2-4), all of which is attributed to goodwill. In accordance with article D 248-3 of the February 17, 1986 French law and the recommendation of the Commission des Opérations de Bourse ("COB", the French stock exchange authority) Bulletin No. 210 of January 1988, goodwill resulting from an acquisition which is associated with the issuance of new shares can be charged directly to retained earnings and reserves. Accordingly, FF 10,765 million of goodwill has been charged directly to retained earnings and reserves (see notes 2-4.2 and 24-2). The consolidated financial statements include the accounts of UAP and the results of UAP's operations since January 1, 1997.

In connection with the acquisition of UAP, AXA began a series of restructurings in order to achieve efficiencies in countries where duplicate operations existed. Pursuant to such restructurings, on July 2, 1997, Sun Life Holding acquired AXA Equity & Law Life Assurance ("AEL") and AXA Equity and Law Investment Managers, previously wholy-owned subsidiaries of AXA, in exchange for newly issued Sun Life Holding shares with a fair value of FF 6,838 million. Sun Life Holding also acquired AXA Insurance in exchange for newly issued Sun Life Holding shares with a fair value of FF 694 million. These transactions were among consolidated companies, therefore the net assets were transfered at historical cost and AXA recorded a charge of FF 426 million to retained earnings and reserves representing an additional allocation to minority interests of AXA's investment in the companies. Upon completion of these transactions, AXA's interest in Sun Life Holding increased from 60.2% to 72.4%. As a part of these transactions, AXA committed to reduce its ownership interest in Sun Life Holding to a percentage not greater than 65% by June 30, 2000. However, under certain circumstances such date can be extended or accelerated and is subject to change should the Sun Life Holding's board of directors choose. In December 1997, AXA reduced its interest in Sun Life Holding to 71.6%, by selling 6.0 million of its Sun Life Holding shares. No significant gains or losses were recognized on these transactions.

In October 1997, Sun Life Holding agreed to sell to Bank of Ireland its 83% shareholding in New Ireland Holdings, for IR £ 123 million (approximately FF 1.05 billion). This sale was effective in December, 1997 and no gain or loss was recognized on this transaction.

2 - 2.2 Cursitor

In February 1996, Alliance Capital Management L.P. ("Alliance") acquired the operations of Cursitor-Eaton Asset Management Company and Cursitor Holding Limited (collectively, "Cursitor") in exchange for approximately FF 833 million consisting of FF 494 million in cash, 1.76 million of Alliance publicly traded units with an aggregate value of FF 211 and US $ 22 million (FF 113 million) in notes which are payable ratably over the next four years and substantial additional consideration to be determined at a later date. A gain of approximately FF 108 million was recognized in 1996 as a result of the issuance of Alliance Units in this transaction.

In June 1997, Alliance reduced the recorded value of goodwill and contracts associated with the acquisition of Cursitor by FF 725 million before reduction of FF 449 million attributable to minority interests and FF 60 million attributable to income tax. This charge reflects Alliance's view that its investment in Curistor is impaired as a result of Curistor's continuing decline in assets under management and its reduced profitability.

2 - 2.3 National Mutual Holdings

In September 1995, AXA invested A$ 1,080 million (FF 4,055 million) in National Mutual Holdings, a holding company newly formed to acquire The National Mutual Life Association of Australasia Limited ("National Mutual Life") in connection with National Mutual Life's demutualization. AXA obtained a 51% equity interest in National Mutual Holdings initially representing a 40% voting interest. On October 8, 1996, National Mutual Holdings completed an initial public offering of its shares which are listed on the Australian and New Zealand Stock Exchange. Upon completion of the offering, AXA's voting interest increased to 51%. National Mutual uses a fiscal year ending September 30 and is consolidated as of that date in AXA's consolidated Financial Statements for the year ended December 31, 1995 and each year thereafter. Accordingly, National Mutual's results of operations only for the month of September 1995 is consolidated in AXA's consolidated statement of income for the year ended December 31, 1995.

2 - 2.4 Abeille Ré

AXA acquired Abeille Réassurances ("Abeille Ré"), a Paris based reinsurance company, from Compagnie de Suez ("Suez") in August 1995 for FF 2,516 million, of which FF 416 million was paid in cash and FF 2,100 million was paid through the issuance to Suez of FF 2,100 million aggregate principal amount of AXA's 4.5% bonds which are mandatorily convertible into ordinary shares ("Mandatorily Convertible Bonds"). In December 1996, AXA repurchased a portion of the Mandatorily Convertible Bonds (see Note 8). In November 1997, AXA and Suez entered into an agreement whereby all guarantees related to the claims reserves of Abeille Ré given by Suez under the original sales agreement were cancelled for a FF 30 million payment from Suez to AXA.

2 - 3 Consolidation

AXA's principles of consolidation are as follows:

Companies in which AXA exercises controlling influence are fully consolidated. Controlling influence is generally presumed when AXA directly or indirectly holds at least 40% of the voting rights and no other shareholder directly or indirectly holds a percentage greater than AXA.

Companies in which AXA directly or indirectly holds at least 20% of the voting rights and for which AXA and other shareholders have agreed to exercise joint controlling influence are proportionately consolidated.

Companies in which AXA exercises significant influence are accounted for by the equity method. Significant influence is presumed when AXA directly or indirectly holds at least 20% of the voting rights or when significant influence is exercised through an agreement with other shareholders.

Companies in which AXA's controlling or significant influence is likely to be temporary are not consolidated or accounted for by the equity method. The investment in such companies is accounted for at estimated fair value, less costs to sell.

French real estate investment joint venture funds and controlled mutual funds are not consolidated and are carried at cost. Shares of any such funds transferred to life insurance Separate Accounts are accounted for as described in Note 4-1.

In preparing the consolidated financial statements, the effect of transactions among consolidated companies generally is eliminated. In accordance with French insurance regulations, realized gains or losses on sales of assets, other than shares of subsidiaries, from or to a consolidated European insurance company are not eliminated if the assets were supporting or are intended to support future policy benefits and other policy liabilities. Further, a loss on sale resulting from a reduction in the value of the asset which is deemed to be permanent is not eliminated. The portion of intercompany gains or losses realized on the sale of a subsidiary's shares which are included in the calculation of policyholder dividends is not eliminated.

2 - 4 Purchase accounting and goodwill

Business combinations generally are accounted for as purchases. For Insurance company acquisitions after December 31, 1992, assets other than certain fixed maturities and non-insurance liabilities of the acquired company are generally recorded at their estimated fair value. Insurance liabilities are maintained at historical value if the basis for measuring such value is consistent with French accounting principles. Fixed maturities for which the acquired company has the positive intent and ability to hold until maturity are maintained at historical amortized cost and amortized over their remaining life. For non-insurance company acquisitions, assets and liabilities are maintained at their historical cost, except for real estate which is recorded at estimated fair value. Adjustments to the value of purchased assets or liabilities can be made before the end of the first year following an acquisition should information be identified necessitating an adjustment. Such adjustments to purchase accounting values are made through increasing or decreasing goodwill.

2 - 4.1 Value of Purchased Insurance Business Inforce

In conjunction with purchase accounting an identifiable intangible asset is recorded, in certain cases, for the present value of future profits of purchased insurance business inforce. The value of business inforce represents the value of the right to receive future profits from insurance contracts existing at the date of acquisition. The future profits are estimated using actuarial assumptions based on anticipated experience determined as of the purchase date, discounted at rates which range from 12% to 15%. The value of purchased business inforce is amortized over the remaining lives of the underlying contracts in proportion to the earnings on the contracts, generally not in excess of 25 years. The value of purchased business inforce is subject to recoverability testing at the end of each accounting period.

2 - 4.2 Goodwill

Goodwill is measured as the difference between the purchase price and the net carrying value of the acquired company, as adjusted. If the adjusted net carrying value of the acquired company is greater than the purchase price, the estimated fair value adjustment for real estate is decreased to the extent necessary to eliminate such excess. Any excess remaining after full elimination of the adjustment is recorded as a negative goodwill liability. Currently, negative goodwill is amortized over a maximum of five years.

The acquisition of UAP gave rise to FF 12,219 million goodwill of which FF 10,765 million was related to net assets acquired through newly issued AXA ordinary shares and has been charged directly to retained earnings and reserves. Such goodwill is subject to notional amortization over a period of 30 years. The remaining UAP goodwill balance of FF 1,454 million corresponding to the net assets acquired through treasury shares has been recorded as an asset and will be amortized over 30 years. The UAP goodwill asset is subject to future increases resulting from payments, if any, for the Certificates (see note 14-2).

The total UAP goodwill of FF 12,219 million has been notionally allocated to the UAP subsidiaries acquired based on the difference between their net assets as adjusted through purchase accounting and the value attributed to each subsidiary at the date of acquisition. Upon subsequent sale of a subsidiary, all non-amortized goodwill attributed to such subsidiary will be eliminated through a charge to net income.

Goodwill related to other insurance company acquisitions is amortized over a period generally not greater than 30 years. In determining the period of amortization, AXA considers the estimated period to be benefited as well as the size of the local market share held by the acquired company.

The purchase accounting described in this note has been in place for years beginning after December 31, 1992. Prior to that date, the assets (other than real estate which was adjusted to fair value) and liabilities of purchased companies was generally maintained at historical costs. Thereafter, the application of purchase accounting progressed toward the policy currently in place. The most significant acquisition prior to this period was Equitable Holding Company.

The difference between the value of the Company's share of Equitable Holding Company's common stockholders' equity and its acquisition price, translated into French francs at the acquisition date for accounting purposes of June 30, 1992, constituted negative goodwill of FF 1,884 million. This negative goodwill was amortized over a five-year period which started July 1, 1992. On December 16, 1994, the Company increased its ownership of Equitable Holding Company common stock by converting certain preferred stock obtained at the original acquisition date giving rise to FF 165 million of additional negative goodwill. This negative goodwill, after an accumulated amortization adjustment in 1995, was amortized over the remainder of the five-year period which ended June 30, 1997.

2 - 5 VALUATION OF INVESTMENTS

2 - 5.1 INSURANCE COMPANY INVESTMENTS

Policies regarding investment assets of AXA Sun Life are described in Note 2-5.2 and policies regarding Separate Account assets are described in Note 2-5.3. Policies regarding use of derivative financial instruments are described in Note 2-5.5.

Fixed maturity securities are stated at amortized cost, less valuation allowances. Purchase premium or discount is amortized over the life of the security. Generally, valuation allowances are recorded for declines in the value of a specific fixed maturity security that are deemed to be permanent. In the case of AXA's non-European subsidiaries, the amortized cost of fixed maturity securities is written down for impairments in value deemed to be other than temporary.

Equity investments are stated at cost. For a decline in the estimated fair value of a specific equity investment that is deemed to be other than temporary, AXA's European subsidiaries record a valuation allowance and AXA's non-European subsidiaries directly write down the equity investment.

Policy loans are stated at unpaid principal balances.

Mortgage loans on real estate are stated at principal balances, net of unamortized discounts and valuation allowances. Impairment measurement is based on the present value of expected future cash flow, discounted at the loan's effective interest rate, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent.

Real estate, including real estate acquired in satisfaction of debt, is stated at depreciated cost, less valuation allowances. Real estate acquired in satisfaction of debt is valued at estimated fair value at the date of foreclosure. For AXA's European subsidiaries, valuation allowances on all classifications of real estate are recorded for a decline in the value of a property that is deemed to be other than temporary. In determining whether or not a decline in the estimated fair value is other than temporary, AXA considers the length of time and extent to which the estimated fair value has declined, the market conditions and the ability of AXA to retain the asset for a period sufficient to recover any such decline. For AXA's non-European subsidiaries, valuation allowances are recorded only for real estate held for sale and are computed using the lower of current estimated fair value, net of disposition costs, or depreciated cost. AXA considers current fair value to be equal to the anticipated sales price for those cases where a sale is in negotiation. Impaired real estate held and used by AXA's non-European subsidiaries is written down to fair value with the impairment loss included in net investment gains or losses. Prior to January 1, 1996, for AXA's non-European subsidiaries valuation allowances were recorded using the forecasted cash flows of the respective properties discounted at a rate equal to the cost of funds of the subsidiary owning the real estate.

In the case of AXA's European subsidiaries, an additional valuation allowance is recorded for equity or real estate investments if, and to the extent that, the combined estimated fair value of the equity investment and real estate portfolios is lower than their combined cost, less any specific valuation allowances. No such additional valuation allowance was required at December 31, 1997 or 1996.

Trading account securities are stated at estimated fair value based principally on quoted market prices or on quoted market prices of comparable securities. Unrealized investment gains and losses are included in investment results. For AXA's European insurance subsidiaries, in accordance with the European Directive, specific designation as a trading portofolio is not available.

Cash and equivalents include cash on hand, amounts due from banks and highly liquid debt instruments with an original maturity of less than one year

2 - 5.2 AXA Sun Life

The investment assets of AXA Sun Life (excluding Separate Account assets) are reported proportionately at either estimated fair value or historical cost. The proportion of investment assets allocated to UK with-profits contracts is reported at estimated fair value, with the change in estimated fair value of such assets netted with the corresponding change in liability for UK with-profits contracts included in insurance benefits and claims (see Note 2-8.3). The remaining proportion of investment assets is valued using the accounting policies described in Note 2-5.1.

2 - 5.3 Separate Account Assets

Certain life insurance contracts when issued are linked with specific pools of assets (France: assurance à capital variable ("ACAV") and assurance à capital variable immobilier ("ACAVI"), US: Separate Accounts and UK and Australia: unit-linked funds) and the contractholder assumes substantially all of the investment risks and rewards of the associated assets. The assets supporting these contracts are generally segregated and not subject to claims of creditors which may arise out of the companies' other business. For these contracts, the future policy benefits are based on the estimated fair value of the associated assets, and the Company reports such assets at their estimated fair value. Investment results of these assets are netted with the change in future policy benefits included in insurance benefits and claims.

2 - 5.4 Financial Services Investments

Trading account securities are stated at estimated fair value based principally on quoted market prices or on quoted market prices of comparable securities. Unrealized investment gains and losses are included in investment banking and other financial services revenue.

Fixed maturities and equity investments not considered trading account securities and real estate generally are stated at the lower of cost or fair value, determined on an individual security and property basis, except in France. In France such investments are stated using the accounting policies described in Note 2-5.1.

Long-term corporate development investments, principally private equity investments, of AXA's US brokerage subsidiary held through Donaldson Lufkin & Jenrette Inc. ("DLJ"), are carried at estimated fair value. Changes in valuation are reflected in net investment results.

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (resale agreements) are treated as financing arrangements and are carried at the contract amounts reflective of the amounts at which the securities will be subsequently reacquired or resold as specified in the respective agreements. Interest is accrued on such contract amounts and is included in broker-dealer related receivables or payables in the consolidated balance sheets. AXA generally takes possession of the underlying assets purchased under agreements to resell and obtains additional collateral when the estimated fair value falls below the contract value. Repurchase and resale agreements with the same counterparty and same maturity date that settle through the US Federal reserve system and which are subject to master netting agreements are presented net in the consolidated financial statements. The weighted average interest rates on securities sold under repurchase agreements were 6.04% and 6.08% at December 31, 1997 and 1996, respectively.

For AXA's European subsidiaries, real estate loans are considered impaired if it is probable or certain the loan is not fully or partially collectible, the interest or principal is past due more than six months, the estimated fair value of the collateral is less than the outstanding loan balance or the loan amount is in dispute. The valuation allowance for risk of loss, after consideration of all guarantees and collateral, is calculated on a loan by loan basis as the difference between the unpaid principal and interest amounts and the estimated fair value of the collateral.

2 - 5.5 Derivative Financial Instruments

Derivative financial instruments designated to hedge a specific asset, liability or net investment and deemed highly effective in offsetting the hedged item's changes in estimated fair value or cash flows are recorded on the accrual basis. Gains and losses of effective hedges are deferred and recognized in net investment results generally over the life of the hedged asset or liability with amounts recorded in the category corresponding to the hedged item.

Gains and losses, realized and unrealized, on hedges of foreign currency risk of net investments in certain foreign subsidiaries are recorded in shareholders' equity along with the related foreign currency translation adjustments.

Derivative financial instruments used for trading activities and derivatives not effective as or not designated as a hedge are generally presented as receivables or payables from broker-dealers in the consolidated balance sheets and stated at estimated fair value with the changes in fair value recorded currently in net investment results.

The estimated fair value is determined based on quoted market prices, dealer quotes, pricing models or others methods determined by management based on amounts estimated to be realized on settlement, assuming current market conditions and an orderly and reasonable disposition. Fair value of option contracts includes unamortized premiums which are deferred and amortized over the life of the option contracts on a straight-line basis or are recognized through the change in the fair value of the option in net investment income. The notional amount of equity swap contracts, and forward and futures contracts are treated as off-balance sheet items.

2 - 6 Recognition of revenue and related expenses

2 - 6.1 Life Insurance

Gross premiums from all types of life insurance contracts, including Separate Account contracts and contracts with insignificant mortality or morbidity risk, are generally recognized as revenue when due. When premiums are recognized, liabilities for future policy benefits are recorded, with the result that benefits and expenses are matched with such revenue and profits are recognized over the life of the contracts.

2 - 6.2 Property and Casualty Insurance and Reinsurance

Property and casualty insurance and reinsurance premiums, including estimates of premiums written but not reported, are generally recognized as revenue over the terms of the related contracts. An unearned premium reserve is established to cover the unexpired portion of written premiums. The unearned premium reserve generally is calculated by pro rata methods, based on the proportion of insurance still inforce at year end.

2 - 6.3 Financial Services Gross Revenue

Investment banking and other financial services revenue principally includes gross revenue from banking activities, including investment banking and brokerage income; fees earned from asset management; real estate companies gross rental income and gains or losses from real estate development companies' sales activities.

2 - 6.4 Net investment results

Net investment results are comprised of net investment income and realized investment gains and losses. Real Estate depreciation expense is recorded as a reduction of related investment income for all insurance operations. For non-insurance operations, real estate depreciation expense is recorded in financial and holding company expenses. Net investment results exclude net investment results of Separate Account assets and net investment results related to certain US participating group annuity contracts. Current period income or loss of unconsolidated partnership or real estate joint venture interests is included in net investment results. Realized investment gains and losses are determined principally on a specific identification basis. Intercompany investment results eliminated in consolidation are reallocated in the presentation of segment investment results. The intercompany transactions relate primarily to intercompany loans and commissions paid and received for asset management.

Valuation allowances are netted against the asset categories to which they apply. Changes in valuation allowances are included in realized investment gains or losses except those related to the operational activity of certain European financial services subsidiaries which are included in financial and holding company expenses and those related to the Transition Allowance. Amounts recorded in the Transition Allowance are released from retained earnings and reserves upon full or partial sale of the asset, recoveries in value of the asset or periodic depreciation of the asset. If releases of the Transition Allowance result in a gain, such gain is excluded from the income and credited directly to retained earnings and reserves. Any gain or loss in excess of the Transition Allowance is immediately recognized in net income.

2 - 7 Deferred acquisition costs

2 - 7.1 Life Insurance

The costs of acquiring new business that vary with and are primarily related to the production of new business are specifically identified and deferred by establishing an asset which is amortized in subsequent years. The acquisition costs are subject to recoverability testing at the time of policy issue and loss recognition testing at the end of each accounting period. For traditional life and annuity policies with life contingencies (except for certain participating policies of Equitable beginning January 1, 1996), deferred acquisition costs are amortized in proportion to anticipated premiums. For universal life and investment-type contracts, and beginning January 1, 1996 certain participating policies of Equitable, deferred acquisition costs are amortized over the expected average life of the contracts as a constant percentage of estimated gross profits from the contracts. Estimates of gross profits are reviewed at the end of each accounting period and the cumulative effect of any changes in estimated gross profits impacting the amortization of deferred acquisition costs is immediately recognized in income.

Fees charged to contractholders for future services that are not fully earned in the period assessed *are reported as a reduction of deferred acquisition costs. These unearned revenue amounts are recognized in net income over the periods benefited using the same assumptions and methods as are used for amortizing deferred acquisition costs.*

Prior to January 1, 1997, costs of acquiring new business in AXA's European (other than in the UK) life insurance subsidiaries were subject to regulatory limitations and amortized in proportion to anticipated premiums in a manner consistent with the establishment of the liability for future policy benefits. For business written in the UK before January 1, 1996, deferred acquisition costs were amortized over two years, which approximated the average period during which front-end loads were deducted from premiums received.

2 - 7.2 Property and Casualty Insurance and Reinsurance

The costs of acquiring new business are generally specifically identified and an asset is recorded for such amounts and amortized over the life of the related contracts (generally one year). In cases where acquisition costs are not specifically identified, the asset is calculated based on various percentages established by regulation in the countries in which AXA operates to reflect the costs incurred to acquire the business, principally commissions. The amount of deferred acquisition costs estimated not to be recoverable is charged to expense and the asset is reduced. AXA does not anticipate future investment results in determining whether deferred acquisition costs are recoverable.

2 - 8 Liability for insurance benefits

2 - 8.1 Participating Business

A portion of life insurance issued by AXA is in the form of participating insurance. A participating contract gives the contractholder a right to a share of the profits earned on the group of contracts in which the contract is included. Participation rights of participating contracts issued by AXA vary by contract and by the country in which the contract is issued. Liabilities are established for participation rights whether or not such amounts have been credited to the policyholders. Approximately 55% of AXA's life insurance gross premiums for the year ended December 31, 1997 were received for participating contracts. Of AXA's liabilities at December 31, 1997 for future life insurance policy benefits, including UK with-profits contract liabilities and Separate Account liabilities, approximately 73% were for participating contracts.

French life insurers are required by regulation to allocate for the benefit of participating policyholders at least 85% of annual investment results on assets attributable to such policyholders plus at least 90% of other profits. Many contracts specify higher percentages. Amounts allocated must be credited to such policyholders within eight years but otherwise can be credited at the insurer's discretion.

The business of Equitable includes a Closed Block of participating policies established in connection with the demutualization of The Equitable Life Assurance Society of the United States ("Equitable Life"). Under the terms of the demutualization, liabilities for certain participating policies inforce at the date of demutualization together with an amount of assets were segregated into the Closed Block for the purpose of determining policyholder dividends. The maximum contribution from the Closed Block which may inure to the benefit of Equitable Life's shareholders was determined at the time the Closed Block was established. For most individual participating policies issued by Equitable Life after its demutualization, Equitable Life is subject to regulations which require it to pay policyholder dividends equal to at least 90% of statutory profits (measured before policyholder dividends) attributable to participating products. The liability for annual policyholder dividends is recorded as earned and terminal dividends are accrued in proportion to gross margins over the life of the contract.

National Mutual Life is generally required to allocate for the benefit of participating policyholders at least 80% of the profit attributable to such policyholders; for the benefit of investment account policyholders, it is required to allocate 100% of investment results to such policyholders.

In accordance with AXA Sun Life's Laws and Regulations and AXA Equity & Law's ("AEL") Articles of Association, transfers from the insurance business fund to the shareholders' fund may not exceed one-ninth of the bonuses credited to with-profits contracts and other participating policies. There is no required minimum or maximum level of bonuses.

Certain subsidiaries of AXA Colonia are required by regulation to allocate to their policyholders at least 90% of the profit of the respective subsidiaries.

2 - 8.2 Future policy benefits and other policy liabilities

For traditional life insurance contracts, the liability for future policy benefits is calculated in accordance with the applicable regulatory and accounting rules on the basis of actuarial assumptions as to investment yields, mortality, morbidity and expenses. In general, for AXA's European subsidiaries, except the UK, the actuarial assumption for mortality is specified by legislation, the assumption for interest is the rate guaranteed in the contract, and contracts are assumed to remain inforce until their contractual maturity date or the death of the insured. The actuarial assumptions used by Equitable for certain participating policies beginning as of January 1, 1996 include guaranteed mortality and dividend fund interest rates. The actuarial assumptions for AXA's remaining business are established at date of policy issue based on the subsidiaries' experience, with a margin for adverse deviation. Interest rates used in establishing the liabilities for future policy benefits range from 2.25% to 13.5%.

The liability for universal life and investment-type contracts is the balance that accrues to the benefit of the contractholders, which balance represents an accumulation of gross premium payments plus credited interest less expense and mortality charges and withdrawals.

2 - 8.3 UK With-profits Contract Liabilities

UK with-profits contracts are participating life insurance contracts which provide for the sharing of investment performance and other company experience with contractholders. Benefit amounts paid for UK with-profits contracts reflect, in part, the estimated fair value of assets allocated to the contracts. Accordingly, the liability for these contracts (including terminal bonuses) fluctuates with the estimated fair value of assets, as well as management's assessment of the future level of benefits to be paid. Terminal bonuses are the principal way UK with-profits contracts fulfill the objective of providing for the policyholders' reasonable expectations.

The UK statutory "fund for future appropriation" is an account required by regulation representative of the solvency margin. This fund, which absorbs the market value fluctuations of the insurance company's assets, is available to support the statutory liabilities for future policyholder benefits, including terminal bonuses related to with-profits contracts. AXA records a portion of the statutory fund for future appropriations as part of the with-profits contracts liability for future policyholder benefits in its consolidated financial statements. The balance of the statutory fund for future appropriations is transferred to retained earnings and reserves. In this regard, retained earnings and reserves includes an additional amount compared to the UK statutory accounting.

2 - 8.4 Insurance Claims and Claims Expenses

The liability for insurance claims and claims expenses is based upon estimates of the expected losses and unexpired risks for all lines of business and takes into consideration management's judgment on the anticipated level of inflation, regulatory risks and the trends in claims.

The liability includes reported claims, claims incurred but not reported and claims expenses. Estimates of expected losses are developed using past experience and the trends of claims reported to date and consider the different settlement patterns of each line of business. The liability is undiscounted, except for disability claims under liability policies for which a final settlement has been agreed upon which are discounted at rates specified by regulation ranging from 3.35% to 4.75%.

As permitted by regulation in certain of the countries in which AXA operates (principally France and Germany), AXA establishes "catastrophe equalization reserves" in its property and casualty insurance and reinsurance operations. Catastrophe equalization reserves are established by line of business in accordance with the local regulation and defer a portion of income to future periods to be earned when future catastrophic losses, such as hail, nuclear incidents, storms, floods and pollution liability occur. Subject to regulatory limitations, amounts added to or subtracted from the catastrophe equalization reserves are determined by management.

2 - 9 Property and equipment

Real estate owned and occupied by AXA is included in other assets at cost, less valuation allowances, if any, except for French and German (after January 1, 1997) subsidiaries' owned and occupied real estate of FF 6,257 million and FF 2,150 million at December 31, 1997 and 1996 respectively, which is included with investment real estate. Depreciation generally is provided on a straight-line basis over the estimated useful life of the buildings, ranging from 20 to 50 years. Real estate included in other assets amounted to FF 5,329 million and FF 2,722 million, net of accumulated depreciation of FF 1,755 million and FF 624 million, at December 31, 1997 and 1996, respectively. Depreciation expense on such real estate was FF 52 million, FF 70 million and FF 66 million for the years ended December 31, 1997, 1996 and 1995, respectively.

Property and equipment, also included in other assets at cost, amounted to FF 5,864 million and FF 3,218 million, net of accumulated depreciation of FF 6,333 million and FF 2,972 million, at December 31, 1997 and 1996, respectively. Related depreciation expense was FF 1,435 million, FF 882 million and FF 630 million for the years ended December 31, 1997, 1996 and 1995. Depreciation generally is provided on a straight-line basis over the estimated useful life of the related assets.

2 - 10 Income taxes

AXA's French insurance subsidiaries, Equitable and, where permitted, other subsidiaries each file individually consolidated income tax returns; other companies file separate income tax returns. Current income tax expense is charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income tax assets and liabilities are recorded based on the differences between financial statement carrying amounts and income tax bases of assets and liabilities and for net operating loss carryforwards, if any, using enacted income tax rates and laws expected to be applicable when such differences reverse. Valuation allowances are recorded for deferred tax assets that are not expected to be realized.

2 - 11 Other costs and expenses

2 - 11.1 Restructuring Costs

Pursuant to a defined plan, liabilities for restructuring operations are established for qualifying costs such as severance payments and other staff reduction expenses, costs associated with closing a branch office and other costs of restructuring which do not provide future economic benefits.

Liabilities are established in purchase accounting for acquired operations which are planned to be restructured as a result of the acquisition. Subsequent to the restructuring period, any excess liability is eliminated through a credit to retained earnings and reserves.

Liabilities for restructuring costs not related to an acquired company are established through a charge to net income in the period the restructuring plan is defined and approved. Subsequent to the restructuring period, any excess liability is eliminated through a credit to net income.

2 - 11.2 Euro Expenses

In accordance with the CNC emerging issues committee Opinion No. 97-01, assets acquired or developed in conjunction with implementing the Euro which result in additional functionality are recorded at cost and depreciated over their useful life. Costs associated with future revenue are capitalized and amortized as the future revenue is earned. A liability can be established for costs which are probable to be incurred and clearly identified. All other costs are recorded as expense when incurred.

2 - 12 Treasury shares

The holding of a parent company's shares by the Company or its subsidiaries ("treasury shares") is accounted for as an investment in equity securities if the treasury shares are considered held for sale. However, if the treasury shares are considered as held for investment purposes, they are accounted for as a reduction of shareholders' equity. At December 31, 1997 and 1996, AXA held for sale 6.4 million and 13.9 million, respectively, of ordinary shares of the Company which had a cost basis of FF 2,098 million and FF 3,995 million, respectively, and a fair value of FF 2,984 million and FF 4,574 million, respectively. For the year ended December 31, 1997, the Company recognized a gain of FF 243 million net of tax and for the year ended December 31, 1996, the Company recognized a loss of FF 89 million net of income tax benefit of FF 51 million upon the sale of treasury shares held for sale.

2 - 13 Stock-based compensation

AXA uses the intrinsic value-based method of accounting for compensatory stock option incentive plans. Under such plans, compensation expense is recorded only if the current market price of the underlying stock exceeds the exercise price of the options on the date of grant. The compensation expense is recognized over the vesting period of the options.

For AXA's variable stock option incentive plans where an employee may receive cash in lieu of stock, compensation expense is recorded over the vesting *period based on the excess of net book value per share over the exercise price of the options when the granted shares are held and the excess of the estimate of future amounts expected to be settled in cash over the exercise price of the options when the granted shares are not held. Estimates are revised each period taking into consideration market value changes in the underlying stock, where applicable.*

2 - 14 NEW ACCOUNTING PRONOUNCEMENTS

In January 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits", which revises current note disclosure requirements for employer's pension and other retiree benefits. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. Management plans to adopt the provisions of this statement for its 1998 French GAAP consolidated financial statements.

In June 1997, FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". This statement establishes standards for the way public business enterprises report information about operating segments in financial statements issued to shareholders. It also establishes standards for disclosures about products and services, geographic areas and major customers. Generally, financial information will be required to be reported on the basis used by management for evaluating segment performance and deciding how to allocate resources to segments. This statement is effective for fiscal years beginning after December 15, 1997. Restatement of comparative information for earlier periods is required. Management has not yet determined the effect of implementing SFAS No. 131 on the segment information provided in a US GAAP format in its consolidated financial statements.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and displaying comprehensive income and its components in a full set of general purpose financial statements. This statement requires that an enterprise classify items of other comprehensive income (i.e. other than net income) by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and reserves in the equity section of a balance sheet. This statement is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The disclosure required by this SFAS generally are only required for companies when they are selling shares in the US. Management has not yet determined if it will provide such information in its consolidated French GAAP financial statements.

In June 1996, the FASB issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 125 specifies the accounting and reporting requirements for transfers of financial assets, the recognition and measurement of servicing assets and liabilities and extinguishments of liabilities. SFAS No. 125 is effective for transactions occurring after December 31, 1996 and is to be applied prospectively. In December 1996, the FASB issued SFAS No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125", which deferred for one year the effective date of provisions relating to secured borrowings and collateral and transfers of financial assets that are part of repurchase agreements, dollar-roll, securities lending and similar transactions. SFAS No. 125 did not have nor is SFAS No. 127 expected to have a material impact on AXA's US reporting subsidiaries or on its US GAAP results as reported in Note 25.

3. Investments

3 - 1 Fixed maturities and equity securities

The following tables provide additional information relating to fixed maturities and equity investments:

1997 (in FF millions) As of December 31,	Carrying Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturities:					
French government	188,929	188,844	11,531	237	200,223
Foreign governments	68,772	68,501	2,981	149	71,604
Local governments	18,812	18,818	1,023	35	19,800
Corporations	410,335	408,377	22,412	1,613	431,134
Mortgage-backed securities	13,793	13,798	308	16	14,085
Other	7,547	7,524	176	131	7,592
Assets allocated to UK with-profits contracts	(17,754)	(16,534)	-	-	(17,754)
Total Fixed Maturities	**690,434**	**689,328**	**38,431**	**2,181**	**726,684**
Equity Securities and Mutual Funds:					
Equity securities	194,192	162,450	22,347	2,427	214,112
Mutual funds	58,204	58,776	7,742	102	65,844
Assets allocated to UK with-profits contracts	(85,575)	(57,137)	-	-	(85,575)
Total Equity Securities and Mutual Funds	**166,821**	**164,089**	**30,089**	**2,529**	**194,381**
Other unconsolidated affiliates	17,798				
TOTAL EQUITY INVESTMENTS	**184,619**				

1996 (in FF millions) As of December 31,	Carrying Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturities:					
French government	54,799	54,799	4,428	13	59,214
Foreign governments	20,212	20,206	649	144	20,717
Local governments	28,191	28,141	2,284	84	30,391
Corporations	142,954	143,192	6,901	1,041	148,814
Mortgage-backed securities	10,752	10,752	60	107	10,705
Other	2,232	2,233	237	2	2,467
Assets allocated to UK with-profits contracts	(1,387)	(1,299)	-	-	(1,387)
Total Fixed Maturities	**257,753**	**258,024**	**14,559**	**1,391**	**270,921**
Equity securities and mutual funds:					
Equity securities	55,314	41,151	6,227	699	60,842
Mutual funds	17,073	16,977	1,048	168	17,953
Assets allocated to UK with-profits contracts	(35,117)	(18,888)	-	-	(35,117)
Total Equity Securities and Mutual Funds	**37,270**	**39,240**	**7,275**	**867**	**43,678**
Other unconsolidated affiliates	6,382				
TOTAL EQUITY INVESTMENTS	**43,652**				

The difference between estimated fair value and carrying value of investments constitutes unrealized investment gains or losses. If realized, certain of these gains or losses would be subject to minority interests, taxes and participation by policyholders.

The contractual maturity of fixed maturities is shown below:

1997 (in FF millions) *As of December 31,*	**Amortized Cost**	**Estimated Fair Value**
Due in one year or less	31,181	31,427
Due after one year through five years	187,674	192,224
Due after five years through ten years	273,488	288,146
Due after ten years	196,416	214,841
Mortgage-backed securities	13,799	14,084
Other	3,304	3,716
Assets allocated to UK with-profits contracts	(16,534)	(17,754)
TOTAL	**689,328**	**726,684**

Fixed maturities not due at a single maturity date have been included in the above table in the year of final maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Approximately 39% of fixed maturities are due from French borrowers, 20% from US borrowers, 8% from borrowers in the UK and 6% from German borrowers, with no other country representing more than 5% of the borrowings.

3 - 2 Mortgage, policy and other loans

Mortgage, policy and other loans includes mortgage loans on real estate, policy loans and other loans. The carrying value of such loans was FF 70,095 million, FF 31,378 million and FF 32,561 million, respectively, at December 31, 1997 and FF 33,726 million, FF 24,511 million and FF 10,039 million, respectively, at December 31, 1996. Approximately 39%, 25% and 24% of AXA's mortgage loans, at December 31, 1997, are secured by real estate located in the United States, Germany and Belgium, respectively.

At December 31, 1997 and 1996, Equitable's impaired mortgage loans (as defined under SFAS No.114) with provisions for losses had an amortized cost of FF 2,443 million and FF 2,889 million, respectively, and provisions for losses of FF 578 million and FF 357 million, respectively, and impaired mortgage loans with no provisions for losses had an amortized cost of FF 26 million and FF 723 million, respectively. Impaired mortgage loans with no provision for losses are loans where the fair value of the collateral or the net present value of the loan equals or exceeds the recorded investment. Interest income earned on impaired loans where the colateral value is used to measure impairment is recorded on a cash basis. Interest income on impaired loans where the present value method is used to measure impairment is accrued on the net carrying value of the loan at the interest rate used to discount the cash flows. Changes in the present value attributable to changes in the amount or timing of expected cash flows are reported as investment gains or losses. During the years ended December 31, 1997, 1996 and 1995, Equitable's average recorded investment in impaired mortgage loans was FF 2,675 million, FF 4,408 million and FF 3,692 million, respectively. Interest income recognized on these impaired mortgage loans totaled FF 187 million, FF 314 million and FF 188 million, for the years ended December 31, 1997, 1996 and 1995, respectively, including FF 70 million, FF 158 million and FF 74 million, respectively, recognized on a cash basis.

3 - 3 Real estate

AXA's investment in real estate is through both direct ownership and through investments in real estate joint ventures. Depreciation on real estate is computed using the straight-line method over the estimated useful lives of the properties, which generally range from 20 to 50 years. Accumulated depreciation on investment real estate was FF 8,539 million and FF 6,074 million at December 31, 1997 and 1996, respectively. Depreciation expense on such real estate totaled FF 1,836 million, FF 1,149 million and FF 808 million for the years ended December 31, 1997, 1996 and 1995, respectively.

At December 31, 1997 and 1996, Equitable owned FF 5,902 million and FF 6,476 million, respectively, of real estate acquired in satisfaction of debt. For the years ended December 31, 1997, 1996 and 1995, real estate of FF 912 million, FF 498 million and FF 460 million, respectively, was acquired in satisfaction of debt.

As of December 31, 1997 and 1996, the carrying value of real estate held for sale amounted to FF 18,077 million and FF 3,666 million, respectively.

3 - 4 Trading account securities

The cost of trading account securities held by financial services companies at December 31, 1997 and 1996 was FF 100,003 million and FF 83,299 million, respectively. The increase in net unrealized gains (losses) on trading securities held by financial service companies included in earnings was FF 264 million, FF 360 million and FF 1,549 million during 1997, 1996 and 1995, respectively. At December 31, 1997 and 1996, the cost of trading account securities held by the insurance companies was FF 26,938 and FF 23,369 million, respectively. The increase in net unrealized gains on trading securities held by insurance companies included in earnings was FF 1,369 million and FF 409 million during 1997 and 1996, respectively.

3 - 5 INVESTMENT VALUATION ALLOWANCE

Investment valuation allowances, which have been deducted in arriving at investment carrying values as presented in the consolidated balance sheets, and changes thereto are shown below (amounts included in other changes relate principally to changes in the scope of consolidation and the impact of changes in foreign currency exchange rates on opening balances):

1997 (in FF millions)	Balance at January 1,	Transition Allowance Deductions	Additions	Deductions	Other Changes	Balance at December 31,
Fixed maturities	82	-	-	(32)	5	55
Mortgage loans	878	-	671	(931)	745	1,363
Real estate	1,745	-	3,054	(598)	392	4,593
Equity investments	811	(21)	882	(487)	124	1,309
TOTAL	**3,516**	**(21)**	**4,607**	**(2,048)**	**1,266**	**7,320**

1996 (in FF millions)	Balance at January 1,	Transition Allowance Deductions	Additions	Deductions	Other Changes	Balance at December 31,
Fixed maturities	62	-	4	-	16	82
Mortgage loans	1,105	-	393	(658)	38	878
Real estate	2,808	(3)	746	(2,014)	208	1,745
Equity investments	1,316	(107)	612	(508)	(502)	811
TOTAL	**5,291**	**(110)**	**1,755**	**(3,180)**	**(240)**	**3,516**

1995 (in FF millions)	Balance at January 1,	Transition Allowance Deductions	Additions	Deductions	Other Changes	Balance at December 31,
Fixed maturities	103	-	32	(67)	(6)	62
Mortgage loans	1,641	-	524	(885)	(175)	1 105
Real estate	2,218	901	727	(690)	(347)	2 808
Equity investments	763	539	249	(430)	195	1 316
TOTAL	**4,725**	**1,440**	**1,532**	**(2,072)**	**(333)**	**5,291**

Effective January 1, 1995, AXA established a Transition Allowance of FF 1,440 million related to the implementation of the New Regulation through a direct charge to retained earnings and reserves of FF 1,089 million net of a deferred income tax benefit of FF 330 million and minority interests of FF 21 million. There were no reductions in this Transition Allowance for the year ended December 31, 1995.

For the years ended December 31, 1997, 1996 and 1995, net reductions to valuation allowances of FF 316 million, FF 123 million and FF 83 million respectively, were included in financial and holding company expenses.

At December 31, 1997, the carrying values of investments held for the production of income which were non-income producing for the twelve months preceding the consolidated balance sheet date were FF 280 million of fixed maturities, FF 28 million of mortgage loans on real estate and FF 651 million of real estate.

Equitable has restructured or modified the terms of certain fixed maturity and mortgage loan investments. The investment portfolio, based on amortized cost, includes FF 2,275 million and FF 3,874 million at December 31, 1997 and 1996, respectively, of restructured fixed maturities and mortgage loans. Gross interest income that would have been recorded in accordance with the original terms of these restructured fixed maturities and mortgage loans amounted to FF 224 million, FF 396 million and FF 542 million for the years ended December 31, 1997, 1996 and 1995, respectively. Gross interest income on these fixed maturities and mortgage loans included in net investment results aggregated FF 171 million, FF 307 million and FF 378 million for the years ended December 31, 1997, 1996 and 1995, respectively.

3 - 6 Companies accounted for by the equity method

An analysis of carrying value and contribution to net income of equity method investments is shown below:

1997 (in FF millions)	Carrying Value at January 1,	Additions	Deductions	Other Changes	Carrying Value at December 31	Contribution to Net Income
SIMCO	-	2,292	-	1,421	3,713	64
UIF	-	1,363	-	(10)	1,353	30
CKAG subsidiaries:						
General Ré-CKAG	-	4,274	-	-	4,274	-
Colonia Baltica	-	237	-	-	237	11
NMLA Subsidiaries:						
Enemelay Investments	479	-	-	(479)	-	-
National Commercial Union	368	-	-	85	453	87
NM Home Loans Trust	484	-	-	21	505	-
NM Property Trust	528	25	-	29	582	48
Ticor	629	-	-	(306)	323	-
Other NMLA subsidiaries	863	259	-	536	1,658	39
Other subsidiaries:						
under FF 200 million each	278	155	-	13	446	18
TOTAL	**3,629**	**8,605**	**-**	**1,310**	**13,544**	**297**

1996 (in FF millions)	Carrying Value at January 1,	Additions	Deductions	Other Changes	Carrying Value at December 31	Contribution to Net Income
Fidéi Group	319	19	-	(204)	134	(187)
NMLA Subsidiaries:						
Enemelay Investments	-	-	-	479	479	(2)
National Commercial Union	320	-	-	48	368	74
NM Home Loans Trust	-	263	-	221	484	-
NM Property Trust	466	-	-	62	528	43
Ticor	289	-	-	340	629	(10)
Other National Mutual subsidiaries	14	-	(28)	877	863	8
Other subsidiaries						
under FF 200 million each	267	-	(135)	12	144	15
TOTAL	**1,675**	**282**	**(163)**	**1,835**	**3,629**	**(59)**

During the years ended December 31, 1997, 1996 and 1995, AXA received FF 155 million, FF 6 million and FF 20 million, respectively, of cash dividends and in 1995 AXA received FF 84 million of publicly-traded stock dividends from companies accounted for by the equity method.

3 - 7 Investments in unconsolidated affiliates

The following table sets forth an analysis of entities accounted for using the cost method:

1997 (in FF millions)	Historical Cost Less Valuation Allowance	Shareholders' Equity	Last Fiscal Year Net Income	Fiscal Year End	Percent Ownership
BNP	4,597	59,308	6,219	12/31/97	8,80%
Banque Worms	1,144	1,542	74	12/31/97	100,00%
Paribas	3,325	61,946	8,832	12/31/97	5,27%
Schneider	1,447	24,387	2,243	12/31/97	4,05%
Banco Bilbao Vizcaya	545	68,173	7,125	12/31/97	1,29%
SCI Pichon Longueville	434	176	10	12/31/97	100,00%
Cantenac Brown	223	63	3	12/31/97	100,00%
Suduiraut	214	81	10	12/31/97	100,00%
Sté Nationale d'Investissement	258	972	N.A.	12/31/97	N.A.
Schmidt Bank	215	1,488	114	12/31/97	5,39%
RB Patrimonium	533	530	3	12/31/97	100,00%
Total	**12,935**				
Shareholdings under FF 200 million each	4,863				
TOTAL	**17,798**				

NA: information not available.

3 - 8 Disclosures about fair value of financial instruments

Financial instruments that are subject to fair value disclosure requirements, unless otherwise noted herein, are carried in the consolidated financial statements at amounts that approximate fair value based on quoted market prices, if available, estimated discounted cash flow, or quoted market prices of comparable instruments. The fair value information for AXA's significant derivative activity is included in Note 14. Estimates of fair value do not reflect any premium or discount that could result from offering for sale at one time AXA's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the disclosed fair value estimates cannot necessarily be realized in immediate settlement of the instruments and therefore do not necessarily represent values for which these instruments could have been sold at the date of the consolidated balance sheet.

3 - 8.1 Fixed maturities and equity investments

For publicly-traded fixed maturities and equity investments, estimated fair value is determined using quoted market prices. For fixed maturities without a readily ascertainable market value, AXA has generally estimated fair value using a discounted cash flow approach, including provisions for credit risk, generally based upon the assumption such securities will be held to maturity. Fair value for equity investments which do not have a readily ascertainable market value has been estimated by AXA generally based on financial and other information, including reference to quoted prices for similar securities. At December 31, 1997 and 1996, fixed maturities and equity investments without a readily ascertainable market value having an amortized cost of FF 105,558 million and FF 39,600 million, respectively, had an estimated fair value of FF 108,868 million and FF 40,306 million, respectively.

3 - 8.2 Mortgage, policy and other loans

Fair values of mortgage, policy and other loans are estimated by discounting future contractual cash flows using interest rates at which loans with similar characteristics and credit quality would be originated. Fair values of mortgage loans on real estate in the process of foreclosure and problem mortgage and other loans are limited to the estimated fair value of the underlying collateral, if lower than the estimated discounted cash flows.

3 - 8.3 Insurance investment contracts

The estimated fair value of insurance investment contracts having contract values determined by the value of underlying assets is measured at the estimated fair value of such assets. The estimated fair value of other insurance investment contracts is determined by discounting estimated contractual cash flows at current market interest rates.

3 - 8.4 Short-term and long-term debt

The carrying amount of short-term borrowings approximates its fair value. The fair value of long-term debt is determined using published market values, where available, or contractual cash flows discounted at market interest rates reflecting the credit worthiness of the Company or subsidiary issuing the debt. The estimated fair value for non-recourse mortgage debt is determined by discounting contractual cash flows at a rate which takes into account the level of current market interest rates and collateral risk. The estimated fair values for recourse mortgage debt are determined by discounting contractual cash flows at a rate based upon current interest rates of other companies with credit ratings similar to those of the Company or the subsidiary issuing the debt.

The estimated fair values of financial instruments for which carrying value differs from estimated fair value are as follows:

(in FF millions)	1997		1996	
As of December 31,	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Fixed maturities	690,434	726,684	257,753	270,921
Equity investments	184,619	218,543	43,652	50,049
Mortgage, policy and other loans	134,034	138,757	68,276	71,024
Financial Liabilities:				
Insurance investment contracts	1,014,649	1,019,432	189,440	191,385
Short-term and long-term debt	64,726	67,123	40,765	40,473
Mezzanine Capital	18,296	19,341	9,750	10,103

4 - Net investment results

The sources of net investment results are summarized as follows:

(in FF millions)	Insurance			Financial Services (a)			Holding Companies			Total		
As of December 31,	1997	1996	1995	1997	1996	1995	1997	1996	1995	1997	1996	1995
Net investment income:												
Fixed maturities	43,701	17,841	15,327	32	-	-	200	106	23	43,933	17,947	15,350
Equity investments	11,034	3,202	2,384	135	33	62	290	81	75	11,459	3,316	2,521
Mortgage, policy and other loans	8,545	5,296	4,767	1	-	-	12	-	-	8,558	5,296	4,767
Real estate	5,678	3,075	3,355	4	-	-	17	-	-	5,699	3,075	3,355
Other investment income	5,273	3,891	1,957	109	101	139	732	631	341	6,114	4,623	2,437
Investment expenses (b)	(5,693)	(3,101)	(3,214)	(123)	(136)	(254)	(1,998)	(1,381)	(1,051)	(7,814)	(4,618)	(4,519)
Net Investment Income	**68,538**	**30,204**	**24,576**	**158**	**(2)**	**(53)**	**(747)**	**(563)**	**(612)**	**67,949**	**29,639**	**23,911**
Realized investment gains (losses):												
Fixed maturities	2,210	1,163	1,519	-	-	-	8	-	-	2,218	1,163	1,519
Equity investments	10,331	2,436	1,189	2,888	842	849	621	42	218	13,840	3,320	2,256
Mortgage, policy and other loans	(317)	(161)	(255)	-	(26)	-	(3)	(1)	-	(320)	(188)	(255)
Real estate	(2,807)	(332)	99	(135)	350	427	77	29	17	(2,865)	47	543
Other	3,245	1,265	26	(39)	(50)	14	16	211	(51)	3,222	1,426	(11)
Net Realized Investment Gains	**12,662**	**4,371**	**2,578**	**2,714**	**1,116**	**1,290**	**719**	**281**	**184**	**16,095**	**5,768**	**4,052**
Net Investment Results Before Intersegment Eliminations	**81,200**	**34,575**	**27,154**	**2,872**	**1,114**	**1,237**	**(28)**	**(282)**	**(428)**	**84,044**	**35,407**	**27,963**
Interest credited to policyholders	(52,307)	(23,655)	(19,351)	-	-	-	-	-	-	(52,307)	(23,655)	(19,351)
Investment Spread Before Intersegment Elimination	**28,893**	**10,920**	**7,803**	**2,872**	**1,114**	**1,237**	**(28)**	**(282)**	**(428)**	**31,737**	**11,752**	**8,612**
Intersegment eliminations	(297)	(711)	(448)	668	670	418	(371)	41	30	-	-	-
INVESTMENT SPREAD (b)	**28,596**	**10,209**	**7,355**	**3,540**	**1,784**	**1,655**	**(399)**	**(241)**	**(398)**	**31,737**	**11,752**	**8,612**

(a) Amounts do not include the investment income of financial services which is included in the investment banking and other financial services revenues line in the consolidated income statements. Also, depreciation expense related to real estate held by AXA's real estate companies is included in financial and holding company expenses, not in investment expenses.

(b) Includes interest expense incurred by AXA's three insurance segments and its holding company segment of FF 3,394 million, FF 2,279 million and FF 1,956 million for the years ended December 31, 1997, 1996 and 1995, respectively. Interest expense incurred by AXA's financial services segment relating to financing short-term trading and other operational activity is included in financial and holding company expenses and is not included in the calculation of "investment spread" for the financial services or holding company segments.

Writedowns of fixed maturities at Equitable amounted to FF 100 million, FF 232 million and FF 424 million for the years ended December 31, 1997, 1996 and 1995, respectively, and write-downs of real estate amounted to FF 1,564 million and FF 189 million for the years ended December 31, 1997 and 1996, respectively.

In November 1997, Royale Belge exchanged its interest in Banque Bruxelles Lambert ("BBL"), a bank holding company, for a direct interest in ING, an insurance holding company which purchased BBL. AXA recognized a gain, which was not taxable, of FF 540 million as a result of this exchange.

In August 1997, AXA sold a portion of its interest in CIPM (owned 92.5% by AXA and 5.0% by Mutuelles AXA) to SIMCO, a real estate company owned 33.4% by AXA, for cash amounting to FF 3.9 billion. The portion of CIPM sold by SIMCO represents 61% of CIPM. Concurrently, SIMCO made a public offer to purchase the remaining 2.5% of CIPM. Subsequently, in November 1997, CIPM was merged into SIMCO and AXA's interest in SIMCO increased to approximately 45%. There was no significant gain or loss recognized as a result of this transaction.

In August 1997, Equitable Holding Company redeemed in full its 6.125% subordinated debentures (see Note 6) and all outstanding shares of its series C and E preferred stock in exchange for approximately 32.5 million shares of newly issued common stock. AXA received approximately 15.9 million shares in exchange for its ownership of Series E preferred stock. As a result of this transaction, AXA recognized a gain of FF 356 million. In addition, this transaction reduced AXA's ownership interest in Equitable Holding Company from 60.5% at June 30, 1997 to 57.5% when considered together with the reduction in AXA's ownership interest of AEL.

In June 1997, AXA sold its 34.81% interest in FINEXTEL for FF 458 million. There was no significant gain or loss recognized as a result of this transaction.

In 1997, AEL sold its Isle of Man subsidiary and recognized an after tax gain of FF 103 million.

In June, 1997, Equitable Life sold its subsidiary Equitable Real Estate (excluding two subsidiaries) for FF 2,397 million consisting of FF 1,798 million in cash and a US $ 100.0 million (FF 599 million) 7.4% note maturing in eight years. A gain of FF 973 million, net of tax of FF 524 million, was recognized on this transaction. Equitable Life entered into long-term advisory agreements whereby Equitable Real Estate will continue to provide Equitable Life substantially the same investment and real estate management services for substantially the same fees as provided prior to the sale.

In May 1996, Midi Participations, of which the only asset was AXA ordinary shares, was merged into AXA. Simultaneous with the merger, Assicurazioni Generali SPA ("Generali") exchanged approximately 10 million ordinary shares of AXA for AXA's 40% indirect interest in Generali-Midi Expansion, a holding company controlled by Generali. A pretax gain of FF 357 million was recognized as a result of this transaction.

In 1996, the Bolloré Technologies Group launched a tender offer for the minority interest of its subsidiary SCAC Delmas Vieljeux (SDV). AXA, which held a 17.67% stake in SDV, tendered its shares in the offer. In connection with this transaction, AXA released FF 115 million in valuation allowances previously held on SDV securities and, in addition, realized an after-tax capital gain of FF 35 million.

Effective January 1, 1995, AXA sold Banque d'Orsay, a wholly-owned subsidiary, for FF 453 million and realized an investment gain of FF 144 million, net of related expenses.

In 1995, DLJ completed a public offering of 10.58 million shares of its common stock, including 7.28 million shares held by Equitable Holding Company, priced at US $ 27.00 per share. Upon completion of the offering, Equitable owned 80.2% of DLJ. AXA recognized an investment gain of FF 170 million, net of related expenses, on this transaction.

4 - 1 French savings contracts

French Savings Contracts (ACAV and ACAVI) are supported by investments in the form of mutual funds or real estate funds (collectively referred to as funds) generally established by AXA. Real estate funds consist of non-listed real estate companies or real estate joint ventures. The funds issue shares at fair value, which form the underlying investments of French Savings Contracts.

When AXA establishes a fund, the insurance company's General Account contributes cash or other assets, generally in the form of securities or real estate, to the fund and receives all of the shares of the fund in return. When securities or real estate assets are contributed to the funds, a gain or loss is recognized corresponding to the difference between the estimated fair value of the securities or real estate transferred and AXA's historical carrying value of such assets at the date of transfer.

When French Savings Contracts are issued, shares of the funds supporting such French Savings Contracts are transferred from the General Account to the corresponding Separate Account on a first-in, first-out basis and a gain or loss is recognized by AXA through its General Account for the difference between the fair value of the fund shares and their carrying value. Annual fund income is credited to the contractholders and additional fund shares are transferred from the General Account to the Separate Account for such income. At contract maturity or redemption, fund shares are transferred back to the General Account, for cash, at fair value and a new cost basis in such shares held in the General Account is established. Such shares are generally held in the General Account as equity investments or real estate, as appropriate, pending issuance of new French Savings Contracts or increases in balances for existing French Savings Contracts; such shares can also be held for investment, be sold or be redeemed at fair value by the issuing fund. Fair value of fund shares is determined annually or more frequently for real estate funds and daily for mutual funds.

The carrying value of investments by the General Account in real estate funds at December 31, 1997 and 1996 was FF 10,289 million and FF 973 million, respectively. At December 31, 1997 and 1996, Separate Account assets and liabilities supporting French Savings Contracts invested in real estate funds amounted to FF 4,559 million and FF 2,351 million, respectively, and Separate Account assets and liabilities supporting French Savings Contracts invested in mutual funds amounted to FF 43,000 million and FF 15,670 million, respectively.

During the years ended December 31, 1997, 1996 and 1995, real estate fund shares having an estimated fair value of FF 1,068 million, FF 345 million and FF 1,302 million, respectively, were transferred to the General Account from Separate Accounts for net maturities and redemptions of French Savings Contracts and maturities and benefits paid relating to French Savings Contracts invested in real estate funds amounted to FF 1.1 billion, FF 0.7 billion and FF 1.3 billion, respectively.

During 1995, real estate funds supporting French Savings Contracts sold real estate with an estimated fair value of FF 877 million, to the General Account and recognized a loss of FF 58 million. There were no sales of real estate by real estate funds supporting French Savings Contracts to the General Account in 1997 or 1996. There were no sales or transfers of securities to or from the mutual funds supporting French Savings Contracts by the General Account during 1997, 1996, or 1995.

5 - Intangible assets

5 - 1 GOODWILL

Analysis of Goodwill by company

(in FF millions)	1995	1996				1997				
Years ended December 31,	Carrying Value	Structural Changes [a]	Currency Changes	Amorti-zation	Carrying Value	Structural Changes [a]	Currency Changes	Amorti-zation	Carrying Value	Years Remaining
Acquired Companies										
Shields	329	-	24	(10)	343	-	50	(11)	382	27
Alliance Capital Management	166	(34)	11	(42)	101	-	14	(5)	110	27
Cursitor [b]	-	844	-	(35)	809	(55)	117	(753)	118	19
D.L.J.	274	10	20	(22)	282	368	40	(47)	643	27
Axa Assurances Iard SA	734	-	-	(37)	697	-	-	(37)	660	18
Boréal	173	-	13	(13)	173	-	15	(22)	166	7
Axa Belgium	198	97	(2)	(14)	279	-	(3)	(14)	262	20
Victoire Belgium	158	-	(2)	(18)	138	-	(2)	(17)	119	7
Axa Equity & Law	286	-	-	(14)	272	-	-	(14)	258	19
National Mutual Holdings	211	459	-	(33)	637	-	-	(34)	603	18
Abeille Réassurance	275	-	-	(28)	247	-	-	(28)	219	8
Lor Finance	-	-	-	-	-	186	-	(9)	177	19
AXA Sime Investment Holding	45	-	-	-	45	99	-	(22)	122	5
UAP	-	-	-	-	-	1 454	-	(48)	1,406	29
Goodwill under FF 100 million each	718	34	9	(117)	644	-	15	(202)	,457	
TOTAL	**3,567**	**1,410**	**73**	**(383)**	**4,667**	**2,052**	**246**	**(1,263)**	**5,702**	

[a] Structural changes includes additional acquisitions, sales of acquired companies and other revisions to goodwill.

[b] Includes a writte-off of goodwill amounting to FF 725 million for the year ended December 31, 1997.

Amortization of goodwill, net charged to income is summarized as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Goodwill from fully consolidated subsidiaries	(1 263)	(383)	(318)
Goodwill from companies accounted for by the equity method	(5)	(5)	(26)
Negative goodwill (Equitable)	205	410	493
Other negative goodwill	12	141	7
TOTAL AMORTIZATION OF GOODWILL, NET	**(1 051)**	**163**	**156**

5 - 2 DEFERRED ACQUISITION COSTS

Deferred acquisition costs related to property and casualty insurance and reinsurance amounted to FF 4,830 million, FF 2,426 million and FF 1,741 million at December 31, 1997, 1996 and 1995, respectively. Deferred acquisition costs related to life insurance and the changes thereto are as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Deferred acquisition costs	23,692	20,678	22,304
Unearned revenue reserve	(1,580)	(1,169)	(1,095)
Balance beginning of year :	**22,112**	**19,509**	**21,209**
Costs capitalized	11,342	4,007	2,492
Interest accrued	1,326	779	690
Amortization expense	(4,199)	(3,397)	(3,063)
Net change in unearned revenue reserve	(2,922)	(331)	(166)
Other	3,032	1,545	(1,653)
BALANCE END OF YEAR	**30,691**	**22,112**	**19,509**
Comprised of :			
Deferred acquisition cost	35,412	23,692	20,678
Unearned revenue reserve	(4,721)	(1,580)	(1,169)

5 - 3 VALUE OF PURCHASED BUSINESS INFORCE

The value of purchased business inforce for AXA's life insurance companies and changes thereto is as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Balance beginning of year	6,832	8,056	-
Additions from acquisitions	12,382	34	8,057
Interest accrued	1,459	495	17
Amortization expense	(2,420)	(904)	(39)
Other	429	(849)	21
BALANCE END OF YEAR	**18,682**	**6,832**	**8,056**

Amortization of the value of purchased business inforce, net of accrued interest, expected to be recorded in each of the next five years is FF 764 million, FF 729 million, FF 664 million, FF 735 million and FF 695 million. Such amounts are best estimates based on assumptions regarding anticipated future experience of the purchased business. Accordingly, such amounts are subject to adjustment each year to reflect actual experience.

6 - Financing debt

Long-term and short-term financing debt consist of the following:

(in FF millions) As of December 31,	**1997**	**1996**
Short-term Financing Debt (A)	**4,911**	**1,076**
Long-Term Financing Debt:		
The Company:		
Convertible Bonds, 6.0% due 2001 (B)	-	3,699
Convertible Notes, 4.5% due 1999 (C)	2,714	2,714
Medium Term Bonds, 6.5% due 1998 (D)	1,384	-
Medium Term Notes, 3.3% to 8.2%, due 1999 through 2005	1,164	714
Finaxa Belgium :		
Loan, 6.62%, due through 2000	389	508
The Equitable Companies Incorporated :		
Senior Notes, 9.0% due 2004 (E)	1,798	1,571
Senior Exchange Notes, 6.75% to 7.30% due 2000 through 2003 (F)	1,462	1,409
National Mutual Holdings :		
Bilateral Loan Facility, 5.40% due 2000 (G)	1,090	1,443
Sun Life Holdings :		
Syndicated loan, variable due 2001 (H)	3,031	-
Equitable Life :		
Zero Coupon Note, 11.25%, due 1997	-	703
Wholly-owned and Joint venture Real Estate (Equitable):		
Mortgage Notes, 5.87% to 12.00% due through 2006	6,789	5,819
National Mutual Life :		
Deferrable Loan Agreement, 5.78%, due 2001 (I)	1,211	1,162
Other financial services subsidiaries:		
Real estate Mortgage Notes, variable, due through 2003	594	-
Other financing debt (under FF 500 million each)	2,032	2,328
Total Long-Term Financing Debt	**23,658**	**22,070**
TOTAL LONG-TERM AND SHORT-TERM FINANCING DEBT	**28,569**	**23,146**

6 - 1 Short-term financing debt

(A) -- The Company maintains standby committed credit facilities at December 31, 1997 with an average expiration period of approximately three years in an aggregate amount of FF 13.5 billion of which FF 80 million was outstanding as of December 31, 1997. These committed credit facilities consist of several different credit lines with interest rates based on the Paris Interbank Offered Rate ("PIBOR"). At December 31, 1997, three month PIBOR was 3.7%. In addition, a quarterly or semiannual commitment fee is paid on the average daily unused amounts. The Company also maintains a FF 8.0 billion French commercial paper program. As of December 31, 1997, FF 970 million of commercial paper was outstanding under the program with an average maturity of 24 days. The committed credit facilities and the commercial paper program are available for general corporate purposes and support the liquidity of the Company.

6 - 2 LONG-TERM FINANCING DEBT

Several of the long-term debt agreements of AXA's subsidiaries have restrictive covenants related to their total amount of debt, net tangible assets and other matters. Management believes that the subsidiaries are in compliance with all material debt covenants.

(B) -- In March 1993, the Company issued FF 3,653 million principal amount of 6.0% convertible bonds (the "Bonds") at FF 1,285 per Bond. Each Bond was convertible at the holder's option into 5.15 ordinary shares (subject to certain antidilution adjustments). In May 1997 AXA exercised its early redemption option and issued 13.969 million new ordinary shares in redemption of the Bonds. The remaining Bonds were redeemed in cash at FF 1,285 plus FF 9.29 accrued interest per bond.

(C) -- In April 1995, the Company issued FF 2,665 million principal amount of 4.5% convertible notes (the "Notes") at FF 270 per Note. Each Note is convertible at the holder's option into 1.03 ordinary shares (subject to certain antidilution adjustments). Unless previously converted or purchased by the Company, the Notes are required to be redeemed by the Company on January 1, 1999 at 110.19% of their principal amount.

(D) -- In 1994, UAP issued to Konsortium Oppenheim 6.5% fixed interest Deutsche Mark Bonds with an aggregate principal amount of DM 407 million (FF 1,362 million) due September 1998.

(E) -- In December, 1994, Equitable Holding Company completed a public offering of US $ 300 million (FF 1,798 million) principle amount of senior notes having a fixed interest rate of 9.0% and maturing in 2004.

(F) -- In 1993, Equitable Holding Company issued notes which include US $ 125 million (FF 749 million) principal amount of 6.75% Series I Senior Notes due 2000 and US $ 179 million (FF 1073 million) principal amount of 7.30% Series II Senior Notes due 2003.

(G) -- In June 1995, National Mutual Holdings entered into a five year unsecured bilateral Australian dollar bank loan facility agreement with a number of banks (the "Agreement") for a total amount available of AUS $ 375 million (FF 1,603 million). The interest rates on amounts outstanding under the Agreement are based on the average buying rates quoted on Reuters page BBSY for nominated interest periods plus an average margin of 0.311% and approximated 5.40% at December 31, 1997. An annual commitment fee of 0.13% is paid on the unused balance.

(H) -- In December 1996, Sun Life Holdings entered into a five year, floating rate, syndicated loan agreement in the amount of UK £ 300.0 million (FF 2,973 million). The interest rate on the outstanding balance is based on LIBOR plus 15 basis points. At December 31, 1997, LIBOR interest rate was 7.688%. Sun Life Holdings has arranged interest rate swaps on the full amount of the borrowing, fixing the interest rate at an average rate of 7.48% through November 2001.

(I) -- In October 1996, National Mutual Life renegotiated its deferrable facilities agreement for a five-year period with an option for a further five years. Interest on the facility is based on the average buying rates quoted on Reuters page BBSY for nominated interest periods plus an average margin of

0.53 %. The interest rate for amounts outstanding at December 31, 1997 was 5.78%.

At December 31, 1997, aggregate maturities of long-term debt, including long-term financing debt, operating debt (see Note 7), and subordinated debt (see Note 8-1) based on required principal payments at maturity for 1998 and the succeeding four years are FF 7,468 million, FF 5,753 million, FF 5,547 million, FF 6,532 million and FF 2,609 million, respectively, and FF 25,966 million thereafter.

7 - Operating debt

Long-term and short-term operating debt consist of the following:

(in FF millions) As of December 31,	**1997**	**1996**
Short-Term Operating Debt (A)	21,125	9,944
Long-Term Operating Debt:		
DLJ :		
Senior Notes, 6.875% due 2005 (B)	2,982	2,604
Medium Term Notes, 5.625%, due 2016 (C)	1,496	1,307
Senior Subordinated Revolving Credit, 6.688 % due 2000 (D)	1,948	1,082
Global floating rate Notes, 5.905% due 2002 (E)	2,085	-
Medium Term Notes, 6.28%-6.90%, due 2007 (E)	1,485	-
Medium Term Notes, 6.01%-6.85%, due through 2002 (F)	1,198	-
Structured Notes, various, due through 2012 (G)	741	1,133
Compagnie Financière de Paris : variable, due 2003	749	710
AXA Banque: variables, due through 2001	1,240	340
Other operating debt (under FF 500 million each)	1,108	499
Total Long-Term Operating Debt	15,032	7,675
TOTAL LONG-TERM AND SHORT-TERM OPERATING DEBT	**36,157**	**17,619**

7 - 1 Short-term operating debt

(A) -- AXA's US subsidiaries maintain bank credit facilities aggregating US $ 2.6 billion (FF 15.6 billion) with interest rates based on external indices and commercial paper programs aggregating US $ 750 million (FF 4,495 million) to fund short-term working capital needs and facilitate the securities settlement process. At December 31, 1997 there were no amounts outstanding under these bank credit facilities and FF 731 million outstanding under the commercial paper programs. In January 1998, DLJ commenced a US $ 1.0 billion commercial paper program.

At December 31, 1997 and 1996, DLJ had short-term borrowings from banks and other financial institutions of US $ 1,418 million (FF 8,499 million) and US $ 1,163 million (FF 6,092 million), respectively. Such borrowings are generally demand obligations at interest rates approximating US Federal funds rates and are generally used to finance securities inventories, to facilitate the securities settlement process and to finance securities purchases by customers on margin. In addition, such borrowings include structured notes with maturities of less than one year.

7 - 2 Long-term operating debt

(B) -- In October 1995, DLJ completed an offering of US $ 500 million (FF 2,997 million) aggregate principal amount of 6.875% senior notes due November 1, 2005. Interest is payable semi-annually. The senior notes are not redeemable by DLJ prior to maturity and are not entitled to any sinking fund.

(C) -- On December 22, 1995, DLJ filed a shelf registration statement with the SEC relating to the proposed offerings, either together or separately, of up to US $ 500 million (FF 2,997 million) of senior debt securities and/or shares of preferred stock. In February 1996, DLJ completed a public offering of US $ 250 million (FF 1,498 million) aggregate principal amount of 5.625% Medium Term Notes due 2016. The notes are payable by DLJ, in whole or in part, at the option of the holder on February 15, 2001.

(D) -- In 1997, DLJ borrowed the remaining US $ 119 million (FF 713 million) under its US $ 325 million senior subordinated revolving credit agreement and extended the maturity date thereon to January 30, 2000. Interest on the senior subordinated revolving credit agreement was 6.688% at December 31, 1997 and is calculated based on the London Interbank Offered Rate ("LIBOR").

(E) -- In August 1997, DLJ filed a shelf registration statement which enables DLJ to issue up to US $ 1.0 billion (FF 5,994 million) aggregate principal amount senior or subordinated debt securities. DLJ commenced a program for an offering of up to US $ 500.0 million (FF 2,997 million) medium term notes due nine months or more from the date of issuance. At December 31, there was US $ 150.0 million (FF 899 million) Medium Term Notes outstanding under this program at a fixed rate of 6.90%. In accordance with this registration statement, DLJ also issued US $ 350.0 million (FF 2,097 million) Global Floating Rate Notes due in September 2002. Such notes bear interest at LIBOR plus 25 basis points and are redeemable by DLJ in whole or in part on or after September 2000. DLJ issued an additional US $ 100.0 million (FF 599 million) medium term notes under this program in October 1997. These notes mature on October 29, 2007 and bear interest at a floating rate, based on LIBOR, of 6.28% at December 31, 1997. DLJ has entered into an interest rate swap transaction to convert such note to a 6.94% fixed rate note.

(F) -- In April 1997, DLJ commenced a program for the offering of up to US $300.0 million (FF 1,798 million) of medium-term notes under a previously filed shelf registration statement. At December 31, 1997, US $ 200 million (FF 1,199 million) notes were outstanding under this program with fixed interest rates ranging from 6.01% to 6.85% and a weighted average interest rate of 6.48 %. DLJ has entered into interest rate swap transactions to convert US $ 190 million of such fixed rate notes into floating rate notes based on LIBOR. At December 31, 1997, the weighted average effective interest rates on these notes was 6.08%.

(G) -- Structured notes are customized financing instruments in which the amount of interest or principal paid on the debt obligation is linked to the return on specific cash instruments. The notes, most of which carry a zero coupon, mature at various dates through 2012.

8 - Mezzanine capital

8 - 1 Subordinated debt

In accordance with the French insurance code, debt for which reimbursement is subordinated to other creditors in the event of a company's liquidation, insolvency or bankruptcy and which has an original maturity date of at least five years (notice period of at least five years in the case of perpetual debt) is considered mezzanine capital.

Subordinated debt consists of the following :

(in FF millions) As of December 31,	**1997**	**1996**
The Company:		
Perpetual Note, variable (A)	6,197	-
Equitable Holding Company:		
Convertible Subordinated Debentures, 6.125% due 2024 (B)	-	1,776
Equitable Life:		
Surplus Notes, 6.95% scheduled to mature 2005 (C)	2,394	2,092
Surplus Notes, 7.70% scheduled to mature 2015 (C)	1,197	1,046
DLJ:		
Subordinated Exchange Notes, 9.58% due 2003 (D)	1,229	1,074
Redeemable Preferred Stock, through 2001 (E)	2,397	2,095
Banque IPPA:		
Subordinated Notes (F)	904	-
Other subordinated debt (under FF 500 million each)	867	407
TOTAL	**15,185**	**8,490**

(A) -- In December 1997, the Company issued approximately FF 6,197 million aggregate principal amount of subordinated perpetual step-up notes ("Perpetual Notes"). The Perpetual Notes have no stated maturity date and are redeemable after December 2007 only at the Company's option. The Perpetual Notes were issued in two tranches, one in US dollars for US $ 400 million (FF 2,397 million) and one in French Francs for FF 3,800 million.

Annual interest for the first 10 years includes a 60 basis points margin over a floating index and is payable quarterly. Such margin increases to 210 basis points thereafter. The floating index is the three-month LIBOR for the US dollar tranche and the three-month PIBOR for the French Franc tranche. Annual interest payments can be deferred if no dividends are declared on ordinary shares or to comply with regulatory solvency margins.

(B) -- On December 16, 1994, Equitable Holding Company issued US $ 364 million (FF 2,182 million) principal amount of convertible subordinated debentures due 2024. On August 4, 1997, Equitable Holding Company redeemed in full the convertible subordinated debentures through the issuance of 14.7 million shares of its common stock at a conversion price of US $ 24.75 per share. Concurrently, Equitable Holding Company redeemed its series C and E preferred stock (see Note 4).

(C) -- In December 1995, Equitable Life issued US $ 400 million (FF 2,397 million) of surplus notes having an interest rate of 6.95% scheduled to mature in 2005 and US $ 200 million (FF 1,199 million) of surplus notes having an interest rate of 7.7% scheduled to mature in 2015. Payments of interest on or principal of the surplus notes are subject to prior approval by the New York Insurance Department.

(D) -- In October 1996, DLJ exercised its option under the terms of its US $ 8.83 Cumulative Exchangeable Preferred Stock agreement issued in October 1993 to exchange 2.05 million shares outstanding (of the 2.25 million shares originally issued) for US $ 205.0 million (FF 1,229 million) in aggregate principal amount of 9.58% Subordinated Exchange Notes due 2003. The notes are redeemable, in whole or in part, at the option of DLJ at any time.

(E) -- During the third quarter of 1996, DLJ and its wholly-owned trust, DLJ Capital Trust I (the "Trust"), completed an offering from a shelf registration of US $ 200 million (FF 1,199 million) of the Trust's 8.42% mandatorily redeemable preferred securities. The only assets of the Trust at December 31, 1996 were US $ 200 million of 8.42% Junior Subordinated Debentures of DLJ due 2046. The Junior Subordinated Debentures are redeemable by DLJ, in whole or in part, on or after August 31, 2001.

On November 19, 1996, DLJ issued 4.0 million shares of Fixed/Adjustable Rate Cumulative Preferred Stock, Series A, with a liquidation preference of US $ 50 per share. Dividends on the preferred stock are cumulative and payable quarterly at a rate of 5.94% per annum through November 30, 2001. Thereafter, the dividend rate will be adjusted based on various indices, not to be less than 6.44% nor higher than 12.44%. The preferred stock is redeemable, in whole or in part, at the option of DLJ, on or after November 30, 2001.

(F) -- Bank IPPA, a subsidiary of the Royale Belge Group, issued BF 6.6 billion (FF 1.1 billion) aggregate principal amount renewable subordinated debt. The renewable subordinated debt has scheduled maturity dates between 1997 and 2004 and is renewed automatically unless the credit worthiness of the bank deteriorates. Interest is payable annually at interest rates which vary between 5.420% and 9.875%.

DLJ established a program in 1997 for the offering from time to time of up to US $ 300.0 million (FF 1,798 million) of senior subordinated debt securities or preferred stock. There were no securities issued pursuant to this program at December 31, 1997.

8 - 2 MANDATORILY CONVERTIBLE BONDS AND NOTES

In October 1995, in connection with its acquisition of Abeille Ré, the Company issued FF 2,100 million aggregate principal amount of 4.5% Mandatorily Convertible Bonds. In December 1996, the Company and certain of its subsidiaries repurchased for cash FF 840 million of aggregate principal amount of the Mandatorily Convertible Bonds. The Mandatorily Convertible Bonds outstanding at December 31, 1997 are mandatorily convertible into an aggregate of 7.08 million ordinary shares (subject to certain antidilution adjustments) on December 31, 2000, of which 2.83 million ordinary shares will be owned by subsidiaries of the Company which repurchased the Mandatorily Convertible Bonds.

In January 1997, in conjunction with the acquisition of UAP, AXA issued FF 1,851 million aggregate principal amount of 6.0% Notes ("AXA Notes"). The AXA Notes are mandatorily convertible into 4.1 million ordinary shares on January 1, 2000 unless earlier conversion is requested by the holders.

9 - Employee benefit plans

9 - 1 Pension plans

AXA sponsors a variety of pension benefit and retirement indemnity plans covering the majority of AXA employees and, at Equitable, certain life insurance agents. The specific features of these plans vary in accordance with the regulations of the country in which employees are located, although they are, in general, based on a cash balance formula or years of service and salary earned in the last year or years of employment and are non-contributory. At December 31, 1997 and 1996, other liabilities include FF 13,006 million and FF 4,434 million, respectively, for employee benefit plans (including postretirement benefit plans described in Note 9.2).

In connection with the UAP acquisition, the major pension plans of former UAP companies were revalued. An additional liability of FF 454 million was recognized in the opening balance sheet representing the projected benefit obligation (FF 12,511 million) in excess of the estimated fair value of the assets supporting the pension plans (FF 12,057 million) and the liability existing at the date of acquisition.

Pension costs for AXA's benefit plans, other than Equitable and AEL, are actuarially determined based on assumed discount rates (generally between 6.0% and 7.0%) and are calculated, in general, using the projected unit credit method. AEL determines pension costs using the attained age actuarial cost method and a discount rate of 9%. Equitable determines pension costs using the years of service actuarial benefit method and a discount rate of 7.25% and 7.5% at December 31, 1997 and 1996, respectively. Equitable also recorded, as a reduction of its shareholders' equity, an additional minimum pension liability of FF 104 million and FF 68 million, net of income tax, at December 31, 1997 and 1996, respectively, under US GAAP. This liability which represents the excess of the accumulated benefit obligation over the fair value of plan assets and accrued pension liability is not recorded under French GAAP.

In accordance with a French Law dated August 8, 1994, a supplementary French national retirement plan (the "Supplemental Retirement Plan") was curtailed effective December 31, 1995. The insurance sector reached an accord on February 2, 1995 for its portion of the underfunded obligation, and AXA established a provision of FF 487 million net of deferred income taxes of FF 243 million for its estimated liability through a charge to retained earnings and reserves in 1995.

The following information for AXA's significant pension plans is provided for purposes of disclosure in accordance with the requirements of SFAS No. 87, "Employers' Accounting for Pensions."

Components of net periodic pension cost for AXA's major pension plans are as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Service cost	*744*	*363*	*241*
Interest cost on projected benefit obligations	*1,938*	*854*	*755*
Actual return on assets	*(3,292)*	*(1,255)*	*(1,806)*
Net amortization and deferrals	*1,389*	*216*	*865*
NET PERIODIC PENSION COST	***779***	***178***	***55***

The funded status of AXA's major pension plans is as follows:

(in FF millions)	1997		1996	
As of December 31,	Underfunded Plans	Overfunded Plans	Underfunded Plans	Overfunded Plans
Actuarial present value of obligations:				
Vested	*(6,634)*	*(18,086)*	*(9,279)*	*(2,054)*
Non-vested	*(1,061)*	*(92)*	*(279)*	*(16)*
Accumulated Benefit Obligation	***(7,695)***	***(18,178)***	***(9,558)***	***(2,070)***
Plan assets at fair value	*2,556*	*22,212*	*9,110*	*3 623*
Projected benefit obligation	*(8,867)*	*(19,695)*	*(10,184)*	*(2,557)*
Plan assets (less than) in excess of projected benefit obligation	*(6,311)*	*2,517*	*(1,074)*	*1,066*
Unrecognized prior service cost	*16*	*(36)*	*(71)*	*3*
Unrecognized net (gain) loss from past experience different from that assumed	*123*	*554*	*1,615*	*(4)*
Unrecognized net obligation (asset) at transition	*41*	*(89)*	*75*	*(113)*
Additional minimum liability	*(56)*	*-*	*(128)*	*-*
(ACCRUED) PREPAID PENSION COST	***(6,187)***	***2,946***	***417***	***952***

Plan assets in the amount of FF 2,572 million and FF 355 million at December 31, 1997 and 1996, respectively, for pension plans sponsored by the Company and its French and certain other European subsidiaries are represented by investment contracts issued by consolidated life insurance subsidiaries for which AXA carries an equal amount as a liability for future policy benefits. Other plan assets consist primarily of investments in corporate and government debt and equity securities, equity real estate, and shares of mutual funds managed by a subsidiary of Equitable.

Assumed discount rates and rates of increase in remuneration used in calculating the projected benefit obligations together with long term rates of return on plan assets vary according to the economic conditions of the country in which the pension plans are situated. At December 31, 1997 and 1996, the discount rates ranged from 4.0% to 10.0% and from 4.0% to 11%, respectively, and the long-term rates of increase in remuneration ranged from 3.0% to 5.5% and 3.0% to 7.5%, respectively. The expected long-term rate of return on assets was generally between 6.0% and 10.25% in 1997 and generally between 6.5% and 10.25% in 1996.

9 - 2 Postretirement benefits other than pensions

Effective January 1, 1994, AXA made available a partial early retirement plan for eligible employees in France which has been extended to December 31, 1998. Eligibility is based on attained age, years of service and management approval. Once approved, the employee receives 70% of their current salary, for a period not exceeding five years, and AXA retains the right to call back the employee, if necessary. A provision for the total payment anticipated under this plan is made when an employee is approved as a participant. For the years ended December 31, 1997, 1996 and 1995, AXA recorded expense of FF 75 million, FF 45 million and FF 55 million, respectively, for benefits under this plan.

AXA provides, principally at Equitable, certain medical and life insurance benefits ("postretirement benefits") to qualifying employees, managers and agents who retire after having met certain age and service requirements. The life insurance benefits are related to age and salary at retirement.

The expected costs of providing postretirement benefits are accrued during the years employees earn such benefits. AXA funds postretirement benefits costs as the benefits are utilized, and made postretirement benefits payments of FF 120 million, FF 105 million and FF 158 million for the years ended December 31, 1997, 1996 and 1995, respectively.

Net periodic postretirement benefits costs include the following components:

(in FF millions) Years ended December 31,	1997	1996	1995
Service cost	29	28	21
Interest cost on accumulated postretirement benefits obligation	209	184	175
Net amortization and deferrals	11	12	(12)
NET PERIODIC POSTRETIREMENT BENEFITS COSTS	**249**	**224**	**184**

The following table sets forth the postretirement benefits plans' status, reconciled to amounts recognized in AXA's consolidated balance sheet. At January 1, 1997 the accrued postretirement benefits costs was increased FF 213 million due to the inclusion of UAP companies.

(in FF millions) As of December 31,	1997	1996
Accumulated postretirement benefits obligation:		
Retirees	(2,397)	(2,090)
Fully eligible active plan participants	(302)	(278)
Other active plan participants	(339)	(322)
TOTAL ACCUMULATED POSTRETIREMENT BENEFITS OBLIGATION	**(3,038)**	**(2,690)**
Unrecognized prior service cost	(244)	(276)
Unrecognized net loss from past experience different from that assumed and from changes in assumptions	845	809
ACCRUED POSTRETIREMENT BENEFITS COSTS	**(2,437)**	**(2,157)**

The assumed health care cost trend rate used in measuring the accumulated postretirement benefits obligation in 1997 was 8.75%, gradually declining to 2.75% in the year 2009, and in 1996 was 9.5%, gradually declining to 3.5% in the year 2009. The discount rate used in determining the accumulated postretirement benefits obligation was 7.25% and 7.5% at December 31, 1997 and 1996, respectively.

If the health care cost trend rate assumptions were increased by 1%, the accumulated postretirement benefits obligation as of December 31, 1997 would be increased by 7%. The effect of this change on the sum of the service cost and interest cost would be an increase of 8%.

10 - Reinsurance agreements

In the normal course of business, AXA seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results through reinsurance. AXA limits the effect of catastrophic events and certain other risks on the results of its property and casualty insurance subsidiaries by reinsuring against such events and risks on a non-proportional excess of loss basis. AXA also reinsures its non-French property and casualty insurance business against aggregate losses by line of business, primarily using non-proportional excess of loss contracts. AXA's life insurance subsidiaries reinsure individual mortality risks in excess of amounts which vary by subsidiary, based on the subsidiaries' financial position. AXA also assumes certain levels of risk in various areas of exposure from other insurance companies or reinsurers. Reinsurance assumed activity is included with direct insurance activity.

The components of reinsurance ceded, net, as presented in the consolidated statements of income, are summarized as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Gross premiums	(18,985)	(4,881)	(4,747)
Change in unearned premium reserve	2,655	269	458
Insurance benefits and claims	12,019	2,401	2,619
Other operating costs and expenses	792	722	601
REINSURANCE CEDED, NET	**(3,519)**	**(1,489)**	**(1,069)**

The effect of reinsurance is summarized as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Life insurance :			
Direct premiums	179,910	92,899	64,056
Reinsurance assumed	25,757	2,151	2,508
Reinsurance ceded	(4,519)	(1,230)	(1,256)
Net Life Insurance Premiums	**201,148**	**93,820**	**65,308**
Property and casualty insurance :			
Direct premiums written	89,876	27,414	24,720
Reinsurance assumed	12,003	8,374	8,931
Reinsurance ceded	(14,466)	(3,651)	(3,489)
Net Property and Casualty Premiums Written	**87,413**	**32,137**	**30,162**
Direct premiums earned	90,034	27,184	26,564
Reinsurance assumed	11,801	8,365	9,553
Reinsurance ceded	(14,614)	(3,661)	(3,681)
Net Property and Casualty Premiums Earned	**87,221**	**31,888**	**32,436**
Life policy benefits ceded	2,550	742	420
Property and casualty losses ceded	9,469	1,659	2,199

AXA evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Significant reinsurance amounts recoverable on paid and unpaid losses are secured by letters of credit or assets deposited with AXA or in trusts on behalf of AXA. A contingent liability exists with respect to reinsurance ceded should the reinsurers be unable to meet their obligations.

Equitable cedes 100% of its discontinued group life and health business to an unrelated insurer. This operation is considered to have been sold and consequently the related ceded amounts have been deducted from direct amounts in the consolidated financial statements and the preceeding analysis. Pursuant to this arrangement, premiums ceded totaled FF 10 million, FF 13 million and FF 1,277 million for the years ended December 31, 1997, 1996 and 1995, respectively. Policyholders' benefits ceded totaled FF 26 million, FF 111 million and FF 922 million for the years ended December 31, 1997, 1996 and 1995, respectively. Insurance liabilities ceded totaled FF 3,559 million and FF 3,417 million as of December 31, 1997 and 1996, respectively.

At December 31, 1997 and 1996, accounts receivable from reinsurers totaled FF 6,074 million and FF 1,749 million, respectively; accounts payable to reinsurers totaled FF 8,457 million and FF 3,770 million, respectively; and cash deposits from reinsurers totaled FF 11,759 million and FF 4,449 million, respectively.

11 - Insurance liabilities

The property and casualty reserves for insurance claims and claims expenses and changes thereto are as follows:

(in FF millions) As of December 31,	1997	1996	1995
Reserve for Claims and Claims Expenses, Before Reinsurance Beginning of Year	56,854	53,858	49,958
Changes in scope of consolidation and claims reserve portfolio transfers[(a)]	90,041	(1,106)	5,743
Effect of changes in foreign currency exchange rates	2,702	1,357	(1,061)
Life and other reinsurance	748	581	238
	150,345	**54,690**	**54,878**
Claims and Claims Expenses:			
Provision attributable to the current year	72,688	22,530	24,113
Increase (decrease) in provision attributable to prior years[(b)]	(5,077)	559	(60)
Total Claims and Claims Expenses	**67,611**	**23,089**	**24,053**
Payments:			
Claims and claims expenses attributable to current year	(28,971)	(8,584)	(9,672)
Claims and claims expenses attributable to prior years[(c)]	(34,698)	(12,512)	(11,764)
Total Payments	**(63,669)**	**(21,096)**	**(21,436)**
Deconsolidation of Scor	-	-	(3,822)
Other	-	171	185
Total Reserve for Claims and Claims Expenses, Before Reinsurance End of the Year	**154,287**	**56,854**	**53,858**
Catastrophe equalization reserves[(d)]	6,571	1,655	1,175
Other claims reserves	15,397	2,333	1,933
Reinsurance ceded	(24,744)	(6,191)	(6,169)
NET RESERVE FOR CLAIMS AND CLAIMS EXPENSES, END OF YEAR	**151,511**	**54,651**	**50,797**

(a) Reserve for claims and claims expenses of subsidiaries purchased or sold, as of the date of the transaction, reserve for claims and claims expenses acquired or disposed of on a portfolio basis, as of the date of transfer, and other items affecting the reserve balance which have no effect on net income.

(b) Includes an increase in provision of FF 3,133 million for the year ended December 31, 1997 related to the subsidiaries purchased in the UAP acquisition.

(c) Includes claims payments of FF 21,556 million for the year ended December 31, 1997 related to the subsidiaries purchased in the UAP acquisition.

(d) The increase in catastrophe equalization reserves was FF 1,156 million, FF 480 million and FF 407 million for the years ended December 31, 1997, 1996 and 1995, respectively.

(e) Includes reserves for disability annuities and future claims for construction insurance of FF 8,047 million and FF 5,430 million, respectively, at December 31, 1997 and FF 114 million and FF 1,918 million, respectively, at December 31, 1996.

During the fourth quarter 1996, Equitable completed loss recognition studies and certain cash flow projections related to its life insurance future policyholder benefits and other policyholder liabilities. These analysis included revisions in prior actuarial assumptions, including investment returns. As a result, a premium deficiency reserve was established for participating group annuity contracts and *conversion annuities which decreased post-tax income before minority interest FF 248 million; the reserves for disability income business were strengthened and related deferred acquisition costs were eliminated which, together, decreased post-tax income before minority interests FF 1,090 million and the allowance for expected future losses related to the business operations of guaranteed interest contracts and group non-participating wind-up annuities (collectively, GIC business) was increased which reduced post-tax income before minority interests FF 439 million. Management believes that such provisions and reserves are adequate as adjusted, however, their determination requires numerous estimates and involves subjective judgments. Accordingly, there can be no assurances that the loss provisions and reserves will be sufficient to provide for future liabilities. The GIC business allowance for future losses was increased again for the year ended December 31, 1997 resulting in a reduction of post-tax income before minority interest of FF 523 million.*

12 - Income taxes

A summary of the income tax (expense) benefit in the consolidated income statements is shown below:

(in FF millions) Years ended December 31,	1997	1996	1995
French income tax (expense) benefit:			
Current	(407)	(555)	(72)
Deferred	(1,559)	194	(249)
Total	**(1,966)**	**(361)**	**(321)**
Foreign income tax (expense) benefit:			
Current	(7,451)	(3,116)	(1,126)
Deferred	1,620	577	(569)
Total	**(5,831)**	**(2,539)**	**(1,695)**
GRAND TOTAL	**(7,797)**	**(2,900)**	**(2,016)**

In December, 1997 the French finance law No. 97-1026 was adopted, effective January 1, 1997. This new French finance law increased the base tax rate to 36 2/3% from 33 1/3% and imposed a surtax (calculated on the historical base tax rate of 33 1/3%) of 15% for 1997 and 1998, 10% for 1999 and none thereafter. Deferred taxes related to the new surtax have been provided for temporary differences which are expected to reverse prior to December 31, 1999 at the rate in effect (based on enacted rates) when the temporary difference is expected to reverse.

The provisions for income taxes are different from the amounts determined by multiplying income before income tax expense by the French statutory income tax rate (41 2/3% in 1997 and 36 2/3% in 1995 and 1996). The sources of differences from the statutory rate and the tax effect of each are as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Income tax (expense) at statutory rate	(8,619)	(3,251)	(2,148)
Investments	2,652	951	118
Operating expenses and other	(2,471)	(248)	(448)
Utilization of losses carried forward	(434)	19	48
Tax rate differentials	1,075	(371)	414
INCOME TAX (EXPENSE)	**(7,797)**	**(2,900)**	**(2,016)**

The French finance law for 1995 enacted a 10% surtax effective January 1, 1995 resulting in an effective tax rate of 36 2/3% in 1996 and 1995. As indicated during the Parliamentary debates, this surtax was deemed to be exceptional and temporary and subject to repeal as early as 1998. The CNC in its Opinion No. 95-10 dated November 24, 1995 determined that deferred taxes recorded relating to the 1995 Finance law 10% surtax should be limited to the temporary differences which will reverse prior to December 31, 1997 and required disclosure in the notes to the consolidated financial statements of the estimated amount of deferred taxes relating to this surtax which will reverse after this date. Due to the 1997 change in legislation, the deferred tax liability of FF 116 million relating to temporary differences which were scheduled to reverse on or after January 1, 1998 (as calculated at December 31, 1996) was recorded during 1997 and is included above as part of the change in enacted tax rates.

The components of the net deferred income tax asset and net deferred income tax liability are as follows:

1997 (in FF millions) As of December 31,	Net Deferred Income Tax Asset		Net Deferred Income Tax Liability	
	Deductible	Taxable	Deductible	Taxable
Investments	4,113	(2,535)	1,120	(16,244)
Insurance operations[a]	716	(741)	132	(4,113)
Compensation and related benefits	6,703	(537)	1,445	(1,066)
Other	2,260	(504)	2 986	(1,936)
TOTAL	**13,792**	**(4,317)**	**5,683**	**(23,359)**

1996 (in FF millions) As of December 31,	Net Deferred Income Tax Asset		Net Deferred Income Tax Liability	
	Deductible	Taxable	Deductible	Taxable
Investments	1,075	(180)	1,134	(5,254)
Insurance operations[a]	360	(168)	14	(1,934)
Compensation and related benefits	2,042	(40)	4	(55)
Other	762	(163)	1,490	(521)
TOTAL	**4,239**	**(551)**	**2,642**	**(7,764)**

[a] Policy acquisition costs, policy reserves and reinsurance

Deferred income tax expense results from changes in temporary differences in the basis of assets and liabilities for financial reporting and income tax purposes. The sources of these differences and the tax effects of each are as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Investments	32	429	(550)
Insurance operations [a]	(917)	9	(765)
Compensation and related benefits	540	75	14
Operating expenses	(1)	1	346
Other	407	257	137
TOTAL	**61**	**771**	**(818)**

[a] Policy acquisition costs, policy reserves and reinsurance

At December 31, 1997 there were net operating loss carryforwards for tax purposes approximating FF 6,730 million of which FF 5,950 million will expire by 2007 and the remainder will be available indefinitely. At December 31, 1997 the UK and Italy comprise 53% and 17% of the loss carryforwards, respectively. These net operating loss carryforwards are included in income tax returns that are subject to examination by various tax authorities.

The tax authorities in various jurisdictions have examined income tax returns and have proposed certain adjustments which are being contested. Management believes settlement of the contested amounts will have no material adverse effect on the consolidated financial position or results of operations of AXA, taken as a whole.

13 - Minority interests

Changes in minority shareholders' interests are summarized as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Minority interests at January 1,	20 ,546	18,385	11,955
Additions from UAP acquisition	19,110	-	-
Minority interests in income of consolidated subsidiaries	5,264	2,098	1,017
Dividends paid by consolidated subsidiaries	(1,995)	(652)	(224)
Internal Restructurings	426	-	-
Impact of foreign currency fluctuations on minority interests	2,552	1,071	(557)
Minority interests in National Mutual	-	-	6,224
Other changes	603	(356)	(30)
MINORITY INTERESTS AT DECEMBER 31,	**46,506**	**20,546**	**18,385**

14 - Commitments and contingent liabilities

14 - 1 Derivative financial instruments

14 - 1.1 Trading activities.

AXA's financial services segment, principally through DLJ, is party to a variety of option, forward, futures and interest rate contracts in its derivative activities. All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. Exposure to market risk is managed in accordance with risk limits set by management by buying or selling instruments or entering into offsetting positions.

Option writing. As part of customer accommodations, AXA's financial services segment writes options contracts specifically designed to meet customer needs. Substantially all of these contracts are written by DLJ. As a writer of OTC option contracts, DLJ receives a cash premium at the beginning of the contract period and bears the risk of unfavorable changes in the value of the financial instruments underlying the option. Options written do not expose DLJ to credit risk since they obligate DLJ (not its counterparty) to perform. DLJ generally covers its market risk associated with its options business by purchasing or selling cash or other derivative financial instruments on a proprietary basis to cover the options written. Such purchases and sales may include debt and equity securities, futures and forward contracts and options. DLJ reviews the creditworthiness of the counterparties of such covering transactions.

With respect to the financial instruments underlying these options, DLJ makes a determination that credit exposures are appropriate for the particular counterparty with whom business is conducted. Future cash requirements for options written are equal to the fair value of the options. Option contracts are typically written for a duration of less than thirteen months and are included in the consolidated balance sheets at fair value.

The notional (contract) value of the written options for these activities was FF 32,365 million and FF 45,047 million at December 31, 1997 and 1996, respectively. Such options contracts are substantially covered by the following financial instruments which DLJ has purchased or sold on a proprietary basis and are reflected in the table below at either the underlying notional (contract) amounts for derivative instruments or at market value for cash instruments:

(in FF millions) As of December 31,	1997	1996
US government, mortgage-backed securities and options thereon	22,613	24,509
Foreign sovereign debt securities	438	12,885
Future contracts	1,313	1,603
Equities and other	8,031	6,113
TOTAL	**32,395**	**45,110**

The trading revenues from option writing activity (net of related interest expense) were approximately FF 509 million, FF 373 million and FF 470 million for the years ended December 31, 1997, 1996 and 1995, respectively.

The fair value of options is measured by the unamortized premiums and the intrinsic value determined from various pricing sources. The average monthly fair value of the options was approximately FF 1,338 million and FF 905 million for the years ended December 31, 1997 and 1996, respectively. The fair values of options were approximately FF 1,177 million and FF 1,267 million at

December 31, 1997 and 1996, respectively, and were included as liabilities in the consolidated balance sheets.

Forward and futures trading. AXA's Financial Services Segment, principally through DLJ, also enters into forward purchase and sale contracts for mortgage-backed securities and foreign currencies, futures contracts on equity-based indices, foreign currencies and other financial instruments, as well as options on futures contracts. Such activities are classified as trading, however, certain transactions are for the purpose of risk management. Forward contracts generally call for the purchase or sale, on a delayed settlement basis, of debt securities or currencies or other financial instruments. Futures contracts are exchange traded contracts which settle daily and generally call for the purchase or sale of a financial instrument at a specified future date at a specified price. Market risk for a forward or futures contract is the movement of price on the notional value of the contract. Cash requirements at inception equal the original margin on futures contracts. Generally, no cash is required at inception for forward contracts. The cash requirement at settlement is equal to the notional value of the contract for a forward contract and the daily changes in market value for a futures contract. The performance of forward contracts is dependent on the financial reliability of the counterparty and exposes AXA to credit risk. AXA monitors credit exposure of forward contracts by limiting transactions with specific counterparties, reviewing credit limits and adhering to internally established credit extension policies. Futures contracts and options on futures contracts are exchange-traded financial instruments that generally do not represent exposure to credit risk due to daily cash settlements of the change in market value with the exchanges. The credit risk with the futures exchange is limited to the net positive change in the market value for a single day.

The notional or market value of these contracts are as follows:

(in FF millions)	1997		1996	
As of December 31,	Purchased	Sold	Purchased	Sold
Forward contracts at notional value	118,991	170,907	73,699	93,849
Futures contracts and options on futures contracts at market value	5,922	16,584	7,438	14,530

Average fair values during the period were computed using month-end averages. The fair values of futures contracts are measured by reference to quoted market prices. Fair values of forward contracts are estimated on the basis of dealer quotes, pricing models or quoted prices for financial instruments with similar characteristics. Generally, futures and forward contracts are entered into for periods of 90 days or less. The remaining maturities for all options, forwards and futures are less than 13 months.

The following is a summary of the value of these contracts included in the consolidated financial statements as of and for the years ended December 31, 1996 and 1995.

(in FF millions)	*1997*	*1996*
Forward contracts:		
Average fair value of asset (liability) during the period	*12*	*(52)*
Unrealized gains included in assets at end of period	*336*	*230*
Unrealized losses included in liabilities at end of period	*300*	*241*
Futures contracts:		
Average fair value of asset (liability) during the period	*6*	*10*
Unrealized gains included in assets at end of period	*-*	*31*
Unrealized losses included in liabilities at end of period	*14*	*-*

Net trading gains (losses) on forward contracts were FF (31) million, FF 204 million and FF 730 million and net trading gains (losses) on futures contracts were FF (144) million, FF 41 million and FF 284 million for the years ended December 31, 1997, 1996 and 1995, respectively.

Currency swaps. *The Company enters into foreign currency swaps which involve exchanging with a counterparty amounts denominated in different currencies with the agreement to reverse the exchange at a specified future date. While the swap is outstanding, AXA is exposed to credit risk to the extent of any unrealized gain on the swap. AXA recognizes unrealized losses on outstanding swaps in its income statement but defers any unrealized gains until realized. During the year ended December 31, 1996, the average fair value of currency swaps outstanding was FF 153 million and FF 188 million of gains were realized. No currency swaps held for trading activities were outstanding at December 31, 1997 or 1996.*

Financial instruments with off-balance sheet risk. *In the normal course of business, DLJ's customer, trading and correspondent clearance activities involve the execution, settlement and financing of various securities and financial instrument transactions. These activities may expose DLJ to off-balance-sheet risk in the event the other party to the transaction is unable to fulfill its contractual obligations. DLJ limits this risk by requiring customers and counterparties to maintain margin collateral that is in compliance with regulatory and internal guidelines.*

DLJ's financing and securities settlement activities involve DLJ using securities as collateral in support of various secured financing sources. In the event the counterparty does not meet its contracted obligation to return securities used as collateral, DLJ may be exposed to the risk of reacquiring the securities at the prevailing market prices to satisfy its obligations. DLJ controls this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure.

Concentration of credit risk. *As a securities broker and dealer, DLJ is engaged in various securities trading and brokerage activities servicing a diverse group of US and non-US corporations, governments, institutional and individual investors. A substantial portion of these transactions are collateralized. DLJ's exposure to credit risk associated* with the nonperformance of these counterparties in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile securities markets, credit markets and regulatory changes. All counterparties are reviewed on a regular basis to establish appropriate exposure limits for a variety of transactions. In certain cases, specific transactions are analyzed to determine the amount of potential exposure that could arise, and the counterparty's credit is reviewed to determine whether it supports such exposure. In addition to the counterparty's credit status, DLJ analyzes market movements that could affect exposure levels. DLJ considers four main factors that may affect trades in determining trading limits: the settlement method; the time it will take for a trade to settle (i.e., the maturity of the trade); the volatility that could affect the value of the securities involved in the trade; and the size of the trade. In addition to determining trading limits, DLJ actively manages the credit exposure relating to its trading activities by entering into master netting agreements when feasible; monitoring the creditworthiness of counterparties and the related trading limits on an ongoing basis; requesting additional collateral when deemed necessary; diversifying and limiting exposure to individual counterparties and geographic locations; and limiting the duration of exposure. In certain cases, DLJ also may close out transactions or assign them to other counterparties when deemed necessary or appropriate to mitigate credit risks.

DLJ's customer securities activities are transacted on either a cash or margin basis. In margin transactions, DLJ extends credit to the customer, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. DLJ seeks to control risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. DLJ monitors required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral, or reduce positions, when necessary.

14 - 1.2 Risk management activities

AXA uses interest rate swap contracts to manage its exposure to interest rate fluctuations. Interest rate swap contracts allow AXA to raise long term borrowings at floating rates and swap them into fixed rates that are lower than those available to AXA if fixed-rate borrowings were obtained directly. Under interest rate swap contracts, AXA agrees with other parties to exchange, at specified intervals, fixed-rate and floating-rate interest amounts calculated by reference to an agreed-upon notional principal amount. AXA is exposed to the credit risk of the counterparty to the extent that amounts are due AXA if the swap contract was terminated currently, but has no credit risk related to notional principal amounts. The notional amounts do not represent the amounts actually exchanged by the parties and thus are not a measure of AXA's exposure under these interest rate swap contracts. Gains and losses related to interest rate swap transactions are amortized as yield adjustments over the remaining life of the underlying hedged security and are reflected in net investment income.

The notional amount of interest rate swaps outstanding at December 31, 1997 and 1996 was FF 92,821 million and FF 23,718 million, respectively. The unexpired terms at December 31, 1996 and 1995 range from less than one year to five years. At

December 31, 1997, the cost of terminating outstanding interest rate swaps in a loss position was FF 573 million, and the unrealized gain on outstanding swaps in a gain position was FF 1,039 million. AXA currently has no intention of terminating these contracts prior to maturity. During 1997, 1996 and 1995, net gains (losses) of FF (101) million, FF 57 million and FF (3) million, respectively, were recorded in connection with interest rate swap activity.

Equitable Life has an interest rate cap program designed to hedge crediting rates for interest sensitive individual annuity contracts. Interest rate caps are option-like agreements where the seller agrees to pay to the counterparty an amount equal to the differential, based on a notional amount, between the interest rate of the specified index and the interest rate cap. The outstanding notional amounts at December 31, 1997 and 1996 of contracts purchased were FF 43,453 million and FF 26,452 million, respectively, and of contracts sold were FF 5,244 million and FF 2,619 million, respectively. The net premium paid by Equitable Life on these contracts was FF 291 million and is being amortized ratably over the contract periods ranging from 1 to 5 years. Income and expense resulting from this program are reflected as an adjustment to interest credited to policyholders' account balances. In addition, the insurance companies use interest rate caps to hedge interest rate fluctuations. At December 31, 1997, the notional amount of purchased interest rate caps was FF 42,765 million. The related net annual premium was FF 114 million with a weighted average duration of between 7 and 10 years. In conjunction with the issuance of the Perpetual Notes described in Note 8.2, the Company entered into interest rate caps designed to hedge the exposure to rising interest rates. The annual premium amount of FF 27 million will be amortized on a straight line basis over the life of the contracts, approximately 10 years. The outstanding notional amount of the contracts is FF 3,800 million.

AXA also purchases interest rate options to hedge interest rate fluctuations. The notional value of options purchased by insurance companies and financial services companies was FF 10,816 million and FF 3,479 million in 1997 and 1996, respec tively. The net premiums paid for options were FF (172) million and FF (9) million in 1997 and 1996, respectively. Premiums paid are amortized on a straight line basis over the life of the contract.

The notional value of options written by insurance companies was FF 8,301 million and FF 3,473 million in 1997 and 1996, respectively. The net premiums received related to these written options were FF 201 million and FF 8 million in 1997 and 1996, respectively. Although generally used in connection with AXA's investment operations and considered part of risk management activities, written options are accounted for as a trading activity and thus are stated at estimated fair value with changes in fair value recorded currently in net investment results.

National Mutual uses foreign currency forward contracts to hedge its translation exposure of investments in certain foreign subsidiaries. Such forward contracts are commitments to buy or sell currency at a specified rate on a future date. The notional amount of such contracts was FF 3,116 million and FF 1,197 million at December 31, 1997 and 1996, respectively.

14 - 2 OTHER COMMITMENTS

In the normal course of business, AXA through its financial services subsidiaries, enters into letters of credit for the purpose of facilitating certain financing transactions and for securing various margin requirements. Additionally, financial guarantees are provided to customers and other financial institutions. Such commitments are noted in the following table:

1977 (in FF millions) As of December 31,	Received	Given
Commitments to finance :		
Financial institutions	10,918	2,697
Customers	313	5,881
Guarantees :		
Financial institutions	1,374	1,180
Customers	4,872	2,375
Other :		
Pledged assets	1,083	13,778
Collaterized commitments	11,761	9
Letters of credit	466	5,571
Commitments for future construction	-	9
Commitments related to construction	21	1,283
Other	316	6,021
Certificates of Guaranteed Value	-	9,602
TOTAL	**31,124**	**48,406**

In connection with the UAP acquisition (see Note 2-2.1), AXA issued 121.6 million Certificates to third parties. Holders of the Certificates will receive, for each Certificate held as of July 1, 1999 an amount in French francs (not to exceed FF 80 per Certificate) equal to the difference, if positive, between FF 392.50 and the reference price for one ordinary share. The reference price will be equal to the average of the opening stock market prices for ordinary shares on the Paris stock exchange for the 30 trading days immediately preceding July 1, 1999 during which ordinary shares of the Company will have been quoted on such exchange.

Cash payments at maturity, if any, to the Certificate holders and any amounts paid to purchase and retire Certificates prior to their maturity will increase the existing goodwill asset, net of accumulated amortization as if such goodwill was recorded at the date of acquisition. The accumulated amortization is recorded through an immediate charge to earnings. At December 31, 1997, the outstanding Certificates had no intrinsic value as the Company ordinary share price quoted on the Paris stock exchange was in excess of FF 392.50. The aggregate market value of outstanding Certificates held by outside investors was FF 737 million at December 31, 1997 based on the Certificate's trading price of FF 5.90 on that date.

In addition to the amounts provided in the tables above, Equitable has provided, from time to time, certain guarantees or commitments to affiliates, investors and others. These arrangements include commitments, under certain conditions: to make capital contributions of up to FF 1,214 million to affiliated real estate joint ventures; to provide equity financing to certain limited partnerships of FF 2,170 million under existing loan or loan commitment agreements; to provide secured financing loans up to FF 1,199 million; to extend credit in connection with the origination and syndication of senior debt of non-investment grade borrowers for which unfunded senior loan commitments outstanding amounted to FF 3,236 million at December 31, 1997; and to invest with merchant banking partners up to FF 5,308 million. Management believes Equitable will not incur any material losses as a result of these commitments.

Equitable is the obligor under certain structured settlement agreements which it has entered into with unaffiliated insurance companies and beneficiaries. To satisfy its obligations under these agreements, Equitable owns single premium annuities issued by previously wholly owned life insurance subsidiaries. Equitable has directed payment under these annuities to be made directly to the beneficiaries under the structured settlement agreements. A contingent liability exists with respect to these agreements should the previously wholly owned subsidiaries be unable to meet their obligations. Management believes the risk that Equitable will be required to satisfy those obligations is remote.

14 - 3 Environmental pollution and asbestos exposures

AXA has issued insurance policies and assumed reinsurance for coverages related to environmental pollution and asbestos exposure. The insurance companies have been and continue to be involved in disputes regarding policy coverage and judicial interpretation of legal liability for potential environmental and asbestos claims, principally in the US. AXA has received and continues to receive notices of potential insurance and reinsurance claims asserting environmental and asbestos losses under insurance policies issued or reinsured by AXA. Such claim notices are frequently merely precautionary in nature. There are significant uncertainties that affect the insurance companies' ability to estimate future losses for these types of claims and there are a number of issues now being litigated which may ultimately determine whether and to what extent insurance coverage exists. Additionally, possible changes in the US Comprehensive Environmental Response, Compensation and Liability Act of 1980 (commonly referred to as "Superfund") could affect the liabilities of policyholders and insurers relating to environmentally impaired sites covered by Superfund. Resolution of these uncertainties may ultimately result in additional claim losses.

AXA has made cumulative payments under insurance and reinsurance contracts related to environmental and asbestos claims of approximately FF 487 million, FF 227 million and FF 215 million as of December 31, 1997, 1996 and 1995, respectively, relating to claims expenses. Such amounts include payments made by former UAP subsidiaries only subsequent to the acquisition of UAP. As of December 31, 1997 and 1996, AXA has claim liabilities of FF 927 million and FF 294 million, respectively, for reported insurance and reinsurance claims and additional incurred but not reported (IBNR) claim liabilities of FF 1,880 million and FF 871 million, respectively related to environmental pollution and asbestos claims. The IBNR liabilities are estimated and regularly evaluated based on information received by management. AXA carefully monitors potential claims for which it has received notice. When estimates are revised, AXA increases or decreases claims liabilities attributable to prior years for such claims. These increases or decreases are reflected in the results of operations for the period in which the estimates are changed.

15 - Litigation

A number of lawsuits have been filed against life and health insurers in the US involving insurers' sales practices, alleged agent misconduct, failure to properly supervise agents and other matters. Some of the lawsuits have resulted in the award of substantial judgments against other insurers (including material amounts of punitive damages) or in substantial settlements. Equitable Life and its subsidiaries in the past have been involved in such lawsuits, and continue to be periodically named as a defendant in such lawsuits, including lawsuits which are currently pending. Life insurers in the United Kingdom, including AXA Sun Life, are also subject to governmental scrutiny regarding their sales practices. In some jurisdictions, juries have substantial discretion in awarding punitive damages. To date no such lawsuit has resulted in an award or settlement of any material amount against AXA.

In addition, a number of lawsuits have also been filed against DLJ and its subsidiaries involving alleged violations of various US securities laws in connection with DLJ's and its subsidiaries' conduct of its investment banking, securities trading and brokerage activities. Some of these lawsuits have been brought on behalf of various alleged classes of claimants, and certain of these claimants seek significant or unspecified amounts of damages. Although the outcome of any lawsuit cannot be predicted with certainty, particularly in the early stages of an action, management believes that the ultimate resolution of the ongoing lawsuits referred to in this and the preceding paragraph should not have a material adverse effect on the consolidated financial position of AXA, taken as a whole. Due to the nature of such lawsuits, particularly when in their early stages, management cannot make an estimate of loss, if any, or predict whether or not such lawsuits will have a material adverse effect on the consolidated results of operations of AXA, taken as a whole, in any particular period. In addition, the Company and certain of its subsidiaries are defendants in various legal actions and proceedings of a character normally incident to their business, including actions arising from insurance activities, such as disputes with respect to claims and coverages, and actions arising from investment activities, particularly actions arising from the ownership or management of real estate investments. Some of the actions and proceedings seek specific amounts of damages that are significant while others seek damages of unspecified amounts. While the ultimate outcome of such litigation cannot be predicted with certainty, management believes the resolution of these actions and proceedings will not result in losses that would have a material adverse effect on the consolidated financial position or results of operations of AXA, taken as a whole.

16 - Leases

AXA has entered into operating leases for office space and certain other assets, principally data processing equipment and office furniture and equipment. Future minimum payments under non cancelable leases for 1998 and the succeeding four years are FF 2,026 million, FF 1,781 million, FF 1,603 million, FF 1,489 million and FF 761 million, respectively, and FF 8,969 million thereafter. Future minimum sublease rental income on nonconcelable leases for 1998 and the succeeding four years are FF 50 million, FF 38 million, FF 29 million, FF 19 million and FF 14 million, respectively.

At December 31, 1997, future minimum rental income on noncancelable operating leases for wholly owned real estate investments for 1998 and the succeeding four years are FF 2,414 million, FF 2,080 million, FF 1,826 million, FF 1,612 million and FF 1,381 million, respectively, and FF 3,586 million thereafter.

17 - Dividend restrictions and minimum capital requirements

The Company is not subject to legal restrictions on the amount of dividends it may pay to its shareholders provided that earnings and accumulated earnings available for distribution are sufficient. However, certain of the Company's subsidiaries, principally insurance companies, are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to the Company.

In most cases, the amounts available for dividends from the Company's insurance subsidiaries are limited to the accumulated earnings calculated using the subsidiaries' historical statutory basis of accounting. These amounts can be further limited based on the discretion of the insurance regulators in each country in which AXA operates. In some cases, amounts available for dividends are also subject to regulatory capital adequacy tests, individual subsidiary restrictions contained in company by-laws or approval of the company chief actuary.

In accordance with European Union directives, insurance companies organized in European Union member countries are required to maintain minimum solvency margins which must be supported by capital, retained earnings and reserves, including unrealized appreciation or depreciation on securities and, in France or as approved by local regulators for certain other countries, unrealized capital gains on real estate as reported in regulatory filings. AXA's insurance business in other countries, most notably the United States and Australia, and DLJ are also subject to capital adequacy and solvency margin regulations. At December 31, 1997, management believes AXA's subsidiaries are in compliance with all applicable solvency and capital adequacy margin requirements.

18 - Earnings per share

The calculation of basic earnings per share ("EPS") assumes no dilution and is based on the weighted average ordinary shares outstanding for the period. The calculation of diluted EPS reflects the dilution that would have occurred if potential ordinary shares had been issued and shared in the net income of the Company, if the effect of the potential ordinary shares would have been dilutive.

Following is a reconciliation of net income and weighted average ordinary shares outstanding from that used in the calculation of basic EPS to that used in the calculation of diluted EPS:

(in FF millions except ordinary shares in millions) Years ended December 31,	1997		1996		1995	
	Ordinary Shares	Net Income	Ordinary Shares	Net Income	Ordinary Shares	Net Income
Net Income	**325.35**	**7,920**	**187.10**	**3,809**	**161.91**	**2,730**
Effect of dilutive securities:						
Dilutive securities issued by subsidiaries	-	(138)	-	(40)	-	(35)
Stock options	2.53	-	2.37	-	2.64	-
Convertible Notes	9.91	68	9.91	74	6.99	54
Redeemable bonds	4.11	65	-	-	-	-
Mandatorily Convertible Bonds	7.08	55	7.08	60	1.43	13
Convertible Bonds	-	-	13.98	133	14.21	139
Net income attributable to ordinary shares and potentially dilutive securities	**348.98**	**7,970**	**220.44**	**4,036**	**187.18**	**2,901**

In February 1996, the Company completed a priority subscription rights offering (the "French Rights Offering") in which each existing shareholder could subscribe to one new ordinary share of the Company at a price of FF 250 for each seven ordinary shares held at that time. The Mutuelles AXA fully subscribed to their direct and indirect rights of this issue. Pursuant to anti-dilution provisions, the number of contingently issuable shares was increased by 3.0% as a result of this offering. The total number of new ordinary shares issued in the French Rights Offering was 23.6 million with net proceeds totaling approximately FF 5,830 million.

19 - Stock options

Executive officers and other key employees may be granted options to purchase ordinary shares of the Company at a price generally between 90% and 100% of the market price of the ordinary shares at the date of grant. Options have a maximum term of ten years and generally become exercisable in installments of 25% per year on each of the second through fourth anniversaries of the grant date with the final 25% on either the fifth or ninth anniversary.

A summary of the status of the Company's stock options for 1997, 1996, and 1995 is presented below:

(in FF millions)	1997		1996		1995	
	Shares	Price [(a)]	Shares	Price [(a)]	Shares	Price [(a)]
Outstanding January 1,	6,628,628	202.47	6,352,012	193.01	5,407,294	183.18
UAP Stock Option Plans	857,072	304.70	-	-	-	-
Granted	1,350,000	324.67	975,672	268.00	1,231,440	226.50
Exercised	(1,583,762)	147.27	(779,822)	157.13	(261,722)	145.30
Cancelled	(144,241)	248.10	(109,136)	209.52	(25,000)	214.76
Adjustment[(b)]	-	-	189,902	187.55	-	-
Outstanding December 31,	**7,107,697**	**249.38**	**6,628,628**	**202.47**	**6,352,012**	**193.01**
Options exercisable at year end	1,739,020	244.17	2,087,298	159.52	2,267,537	144.96
Options available for future grants	1,237,732		2,587,732		3,563,404	

[(a)] Price refers to weighted average exercisable price in French Francs

[(b)] Anti-dilution adjustment arising from the Company's priority subscription rights offering in February 1996 (see Note 18)

Stock options issued to AXA employees outstanding at December 31, 1997 and exercisable at such date are as follows:

Exercisable Until As of December 31, 1997	Exercise Price	Number Outstanding	Number Exercisable
October 18, 1998	462,18	87,360	87,360
January 10, 1999	114,15	123,216	6,376
June 28, 1999	141,21	32,979	14,918
October 23, 2001	163,69	7,724	1,932
November 3, 2001	300,00	435,112	248,120
January 28, 2002	149,36	327,750	162,138
October 26, 2002	128,35	389,468	-
May 13, 2003	262,50	277,280	-
April 12, 2004	235,34	2,007,265	942,544
March 28, 2005	219,90	1,152,371	275,632
July 9, 2006	268,00	917,172	-
January 21, 2007	322,00	1,300,000	-
September 29, 2007	394,11	50,000	-
	-	**7,107,697**	**1,739,020**

Under a separate variable option plan, in 1996 AXA granted key managers options which vest over five years to acquire 2,152,310 shares of a wholly-owned subsidiary which has as its principal asset bonds which are exchangeable into 21,523,125 National Mutual Holdings shares. The shares under option would represent 25% of the shares issued by the subsidiary, if and when such options are exercised. Any shares acquired by exercising options are nontransferable and the holders have certain rights to put the shares to AXA for a price based on the equivalent market price of National Mutual Holdings common stock at the date when put.

Under a separate variable option plan, in 1992 AXA granted key managers options to acquire 3,500,000 shares of a substantially wholly-owned subsidiary which has as its principal asset shares of common stock of Equitable Holding Company. Options vest over time and are exercisable at FF 43.84 per share generally commencing in 1996. Options for 1.7 million shares were exercised in 1997 and were all put to the subsidiary for cash payment. The original number of shares under option would represent 25% of the shares issued by the subsidiary, if and when such options were exercised. Any shares acquired by exercising options are nontransferable and the holders have certain rights to put the shares to AXA for a price based on the equivalent market price of Equitable Holding Company common stock at the date when put.

Total employee stock based compensation cost charged to earnings was FF 210 million, FF 14 million and FF 0 million for the years ended December 31, 1997, 1996 and 1995, respectively.

20 - Related party transactions

The Company and its subsidiaries are parties to cost sharing arrangements with the Mutuelles AXA through intercompany partnerships ("GIEs"). The GIEs accumulate costs, such as salaries and benefits, training, information systems, product development and marketing, and allocate the costs among the respective companies on the basis of actual use of the specific service, to the extent practicable, and, to the extent not practicable, in proportion to such factors as the relative gross premiums or general expenses of the companies participating in the specific GIE. Management believes the allocation methods are reasonable. Costs allocated to AXA under these arrangements were FF 3,617 million, FF 3,441 million and FF 3,246 million for the years ended December 31, 1997, 1996 and 1995, respectively.

In addition to the cost sharing agreements between AXA and the Mutuelles AXA, cash management functions of the Company and its French subsidiaries and of the Mutuelles AXA are performed through a GIE. At December 31, 1997 and 1996, FF 22,844 million and FF 10,079 million, respectively, of cash and cash equivalents were deposited with this GIE.

The underwriting results of the property and casualty business generated in France by insurance brokers are allocated between one of the Company's subsidiaries and one of the Mutuelles AXA, through a GIE, under a coinsurance agreement. The agreement allocates underwriting results based on a premiums written and is subject to modification to reflect changes in business activity. Total premiums subject to this agreement were FF 2,031 million, FF 2,161 million and FF 6,070 million for the years ended December 31, 1997, 1996 and 1995, respectively, of which FF 1,219 million, FF 1,297 million and FF 3,642 million, respectively, were allocated to AXA.

On May 22, 1996, AXA and Finaxa, owner of the AXA trademark, entered into a Licensing Agreement pursuant to which Finaxa granted the Company a non-exclusive license (the "AXA License") to use the AXA trademark in the jurisdictions in which AXA currently operates and in any additional jurisdictions in which the AXA trademark is registered. AXA is obligated to pay Finaxa pursuant to the AXA License an annual fee of FF 5 million as well as 50% of any net royalties the Company receives from sublicenses.

Effective January 1, 1996, AXA purchased bodily injury and certain property casualty lines of business from the Mutuelles AXA for consideration of FF 26 million, the estimated fair value of the net assets acquired. The fair value of assets received was approximately FF 2,000 million. During the year ended December 31, 1995 AXA purchased assets from the Mutuelles AXA and subsidiaries for FF 175 million. During 1997 AXA did not purchase any assets from the Mutuelles AXA.

In 1996, Finaxa entered into an agreement with Generali, an indirect shareholder of the Company, whereby Midi Participations, a then direct holding company of the Company, was merged with the Company resulting in Generali obtaining a direct interest in the Company. Simultaneously with the merger, Generali exchanged approximately 10 million ordinary shares of the Company for the Company's indirect interest in one of Generali's holding companies.

In 1995, the Company transferred beneficial ownership of 8,930,617 shares of the Equitable Holding Company's common stock through the transfer of voting trust certificates from one of its subsidiaries to AEL in return for cash consideration of approximately FF 1,018 million. Until December 1998, AEL has the right to require AXA to repurchase such voting trust certificates at the then prevailing market price on the NYSE of the underlying shares. Prior to December 1998, AEL cannot transfer beneficial ownership of any of its Equitable Holding Company shares except to the Company or one of the Company's subsidiaries. Beginning in December 1998, if AEL desires to transfer beneficial ownership of any of its Equitable Holding Company shares, it must first offer to sell them to the Company at the then prevailing market price on the NYSE of such shares.

In December 1995, the Company transferred to AEL for cash consideration of FF 689 million ownership of securities of National Mutual Holdings representing approximately 8.9% of National Mutual's share capital on a fully diluted basis. If AEL desires to transfer beneficial ownership of any of its National Mutual securities, it must first offer to sell them to the Company, which has the option of repurchasing these securities at their fair value as determined pursuant to the Share purchase agreement between AEL and the Company.

21 - Business segment information

AXA has four operating business segments: life insurance, property and casualty insurance, reinsurance and financial services. Segment information is also provided for its holding segment which consists of its non-operating holding companies. Note 22-2 identifies subsidiaries and investees included in the insurance, financial services and holding segments.

21 - 1 Segment presentation under French GAAP

Certain key financial information for AXA's business segments presented on a basis consistent with the consolidated financial statements presented herein, in accordance with French GAAP, is shown below:

(in FF millions) As of December 31,	1997	1996
Assets:		
Life Insurance	1,605,698	697,640
Property and Casualty Insurance	214,371	61,115
Reinsurance	39,724	31,243
Financial Services	530,270	325,227
Holding	23 932	10,504
TOTAL	**2,413,995**	**1,125,729**

Results of Operations (in FF millions) Year Ended December 31, 1997	Life Insurance	Property and Casualty Insurance	Reinsurance	Financial Services	Holding	Total
Revenues:						
Gross premiums	205,667	92,035	9,844	-	-	307,546
Investment banking and other financial services	-	-	-	57,063	19	57,082
Change in unearned premium reserve	35	174	(217)	-	-	(8)
Net investment results	67,345	11,303	2,255	3,540	(399)	84,044
Total Revenues	**273,047**	**103,512**	**11,882**	**60,603**	**(380)**	**448,664**
Benefits, claims and other deductions:						
Insurance benefits and claims	237,805	71,465	7,030	-	-	316,300
Reinsurance ceded, net	1,030	1,758	731	-	-	3,519
Acquisition expenses	14,154	13,947	2,346	-	-	30,447
Other insurance company expenses	10,584	11,471	442	-	-	22,497
Financial and holding company expenses	-	-	-	52,675	1,491	54,166
Amortization of goodwill, net	55	29	59	823	85	1,051
Total Benefits, Claims and Other Deductions	**263,628**	**98,670**	**10,608**	**53,498**	**1,576**	**427,980**
Income (loss) before income tax expense	9,419	4,842	1,274	7,105	(1,956)	20,684
Income tax (expense) benefit	(3,446)	(1,679)	(419)	(2,304)	51	(7,797)
Minority interests in income (loss) of consolidated subsidiaries	(2,224)	(846)	(42)	(2,461)	309	(5,264)
Equity in income (loss) of unconsolidated entities	179	42	-	75	1	297
NET INCOME	**3,928**	**2,359**	**813**	**2,415**	**(1,595)**	**7,920**

Results of Operations (in FF millions) Year Ended December 31, 1996	Life Insurance	Property and Casualty Insurance	Reinsurance	Financial Services	Holding	Total
Revenues:						
Gross premiums	95,050	27,710	8,078	-	-	130,838
Investment banking and other financial services	-	-	-	36,351	17	36,368
Change in unearned premium reserve	1	(209)	(28)	-	-	(236)
Net investment results	29,252	3,031	1,581	1,784	(241)	35,407
Total Revenues	**124,303**	**30,532**	**9,631**	**38,135**	**(224)**	**202,377**
Benefits, claims and other deductions:						
Insurance benefits and claims	107,739	20,490	6,062	-	-	134,291
Reinsurance ceded, net	40	875	574	-	-	1,489
Acquisition expenses	6,741	3,871	1,839	-	-	12,451
Other insurance company expenses	6,158	4,238	291	-	-	10,687
Financial and holding company expenses	-	-	-	34,230	526	34,756
Amortization of goodwill, net	5	26	29	135	(358)	(163)
Total Benefits, Claims and Other Deductions	**120,683**	**29,500**	**8,795**	**34,365**	**168**	**193,511**
Income (loss) before income tax expense	3,620	1,032	836	3,770	(392)	8,866
Income tax (expense) benefit	(1,370)	(465)	(238)	(1,147)	320	(2,900)
Minority interests in income (loss) of consolidated subsidiaries	(750)	(56)	(19)	(1,488)	215	(2,098)
Equity in income (loss) of unconsolidated entities	112	14	-	(185)	-	(59)
NET INCOME	**1,612**	**525**	**579**	**950**	**143**	**3,809**

Results of Operations (in FF millions) Year ended December 31, 1995	Life Insurance	Property and Casualty Insurance	Reinsurance	Financial Services	Holding	Total
Revenues:						
Gross premiums	66,564	25,528	8,123	-	-	100,215
Investment banking and other financial services	-	-	-	30,340	21	30,361
Change in unearned premium reserve	30	(383)	(34)	-	-	(387)
Net investment results	23,566	2,407	733	1,655	(398)	27,963
Total Revenues	**90,160**	**27,552**	**8,822**	**31,995**	**(377)**	**158,152**
Benefits, claims and other deductions:						
Insurance benefits and claims	78,416	19,137	5,671	-	-	103,224
Reinsurance ceded, net	16	297	756	-	-	1,069
Acquisition expenses	5,538	2,706	1,597	-	-	9,841
Other insurance company expenses	3,846	4,484	226	-	-	8,556
Financial and holding company expenses	-	-	-	29,372	388	29,760
Amortization of goodwill, net	3	25	11	109	(304)	(156)
Total Benefits, Claims and Other Deductions	**87,819**	**26,649**	**8,261**	**29,481**	**84**	**152,294**
Income (loss) before income tax expense	2,341	903	561	2 514	(461)	5,858
Income tax (expense) benefit	(859)	(210)	(167)	(883)	103	(2,016)
Minority interests in income (loss) of consolidated subsidiaries	(343)	(59)	-	(725)	110	(1,017)
Equity in income (loss) of unconsolidated entities	8	10	-	(113)	-	(95)
NET INCOME	**1,147**	**644**	**394**	**793**	**(248)**	**2,730**

21 - 2 US SEGMENT DISCLOSURE FORMAT

The tables below reflect AXA's French GAAP segment data conformed to the US required presentation format. Certain reclassifications are required in the conforming of the data. Under the French presentation, transactions with reinsurers are combined and presented net, whereas under the US format such transactions are presented gross; under the French presentation intersegment transactions are eliminated whereas under the US format intersegment transactions are presented gross; certain investment expenses under the French format are included in other operating costs and expenses rather than the US presentation which includes all investment expenses in revenue as a reduction of net investment results; and under the French format goodwill amortization generally is not reflected in the operating segment as under the US requirement but rather it is included in the holding segment.

The presentation of the segment information below has been conformed to the US format; however, the amounts are measured in accordance with French GAAP. See Notes 24 and 25 for a summary of the material differences between French GAAP and US GAAP.

(in FF millions) As of December 31,	1997	1996
Assets:		
Life Insurance	1,605,476	697,239
Property and Casualty Insurance	213,437	60,303
Reinsurance	39,715	31,234
Financial Services	530,075	325,040
Holding	25,292	11 913
TOTAL	**2,413,995**	**1,125,729**

(in FF millions) Years ended December 31,	1997	1996	1995
Income (loss) before income tax expense, minority interests in income of consolidated subsidiaries and equity in income (loss) of unconsolidated entities:			
Life Insurance	9,596	4,003	2,801
Property and Casualty Insurance	4,675	965	765
Reinsurance	1,285	835	560
Financial Services	7,104	3,747	2,505
Holding	(1,978)	(684)	(773)
TOTAL	**20,682**	**8,866**	**5,858**

(in FF millions) Years ended December 31,	1997	1996	1995
Revenues:			
Life Insurance	269,835	123,213	86,705
Property and Casualty Insurance	91,452	27,862	27,952
Reinsurance	9,890	8,710	8,018
Financial Services	43,552	27,784	22,547
Holding	1,988	1,157	610
TOTAL	**416,717**	**188,726**	**145,832**

The following table reconciles total revenues in accordance with the French GAAP presentation to total revenues in accordance with the US GAAP format.

(in FF millions) Years ended December 31,	1997	1996	1995
TOTAL REVENUES IN ACCORDANCE WITH FRENCH GAAP PRESENTATION :	**448,665**	**202,377**	**158,152**
Interest expense	(13,698)	(8,893)	(7,706)
Investments	316	123	133
Premiums ceded	(18,566)	(4,881)	(4,747)
TOTAL REVENUES IN ACCORDANCE WITH US GAAP FORMAT	**416,717**	**188,726**	**145,832**

21 - 3 Additional segment information

The following presentations of segment information are required by French GAAP and have been prepared in accordance with such principles. Information described as "Insurance" represents the life insurance, property and casualty insurance and reinsurance segments combined.

21 - 3.1 Analysis of consolidated invested assets

1997 (in FF millions) As of December 31,	**Insurance**		**Financial Services**		**Holding**		**Total**	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed maturities	664,771	699,616	22,813	24,154	2,850	2,914	690,434	726,684
Equity investments	171,114	200,431	6,447	6,707	7,058	11,405	184,619	218,543
Mortgage, policy and other loans	103,528	108,251	29,874	29,874	632	632	134,034	138,757
Real estate [(a)]	82 998	84,578	16,485	14,743	573	424	100,056	99,745
Assets allocated to UK with-profits contracts	116,216	116,216	-	-	-	-	116,216	116,216
Trading account securities	28,923	28,923	100,086	100,086	-	-	129,009	129,009
Securities purchased under resale agreements	-	-	151,270	151,270	-	-	151,270	151,270
Investments in companies accounted for by the equity method	5 058	5,058	5,239	4,852	3,247	3,247	13,544	13,157
Subtotal Investments	**1,172,,608**	**1,243,073**	**332,214**	**331,686**	**14,360**	**18,622**	**1,519,182**	**1 593,381**
Cash and equivalents	38,131	38,131	6,672	6,672	2,915	2,915	47,718	47,718
Separate Account assets	452,364	452,364	-	-	-	-	452,364	452,364
TOTAL CASH AND INVESTED ASSETS	**1,663,103**	**1,733,568**	**338,886**	**338,358**	**17,275**	**21,537**	**2,019,264**	**2,093,463**

(a) Real estate assets are subject to periodic expert valuation based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for Equitable have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

1996 (in FF millions) As of December 31,	**Insurance**		**Financial Services**		**Holding**		**Total**	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed maturities	254,597	267,739	806	832	2,350	2,350	257,753	270,921
Equity investments	35,093	40,822	3,223	3,227	5,336	6,000	43,652	50,049
Mortgage, policy and other loans	60,988	63,736	7,033	7,033	255	255	68,276	71,024
Real estate [(a)]	36,332	37,862	13,940	14,225	464	448	50,736	52,535
Assets allocated to UK with-profits contracts	43,094	43,094	-	-	-	-	43,094	43,094
Trading account securities	26,349	26,349	83,141	83,141	-	-	109,490	109,490
Securities purchased under resale agreements	-	-	113,092	113,092	-	-	113,092	113,092
Investments in companies accounted for by the equity method	3,435	3,435	194	194	-	-	3,629	3,629
Subtotal Investments	**459,888**	**483,037**	**221,429**	**221,744**	**8,405**	**9,053**	**689,722**	**713,834**
Cash and equivalents	16,128	16,128	2,526	2,526	1,483	1,483	20,137	20,137
Separate Account assets	227,457	227,457	-	-	-	-	227,457	227,457
TOTAL CASH AND INVESTED ASSETS	**703 473**	**726 622**	**223 955**	**224 270**	**9 888**	**10 536**	**937 316**	**961 428**

(a) Real estate assets are subject to periodic expert valuation based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for Equitable have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

1997 (in FF millions) *As of December 31,*	Life Insurance		Property and Casualty Insurance		Reinsurance		Total	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed maturities	554,891	583,740	89,159	94,256	20,721	21,620	664,771	699,616
Equity investments	121,895	142,126	46,029	54,646	3,190	3,659	171,114	200,431
Mortgage, policy and other loans	97,254	101,681	6,200	6,496	74	74	103,528	108,251
Real estate[(a)]	69,684	69,653	13,151	14,703	163	222	82,998	84,578
Assets allocated to UK with-profits contracts	116,216	116,216	-	-	-	-	116,216	116,216
Trading account securities	28,923	28,923	-		-	-	28,923	28,923
Investments in companies accounted for by the equity method	3,567	3,567	1,491	1,491	-	-	5,058	5,058
Subtotal Investments	**992,430**	**1,045,906**	**156,030**	**171,592**	**24,148**	**25,575**	**1,172,608**	**1,243,073**
Cash and equivalents	23,496	23,496	12,164	12,164	2,471	2,471	38,131	38,131
Separate Account assets	452,364	452,364	-	-	-	-	452,364	452,364
TOTAL CASH AND INVESTED ASSETS	**1,468,290**	**1,521,766**	**168,194**	**183,756**	**26,619**	**28,046**	**1,663,103**	**1,733,568**

(a) Real estate assets are subject to periodic expert valuation based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for Equitable have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

1996 (in FF millions) *As of December 31,*	Life Insurance		Property and Casualty Insurance		Reinsurance		Total	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed maturities	213,290	224,299	25,106	26,888	16,201	16,552	254,597	267,739
Equity investments	20,820	24,707	11,464	13,000	2,809	3,115	35,093	40,822
Mortgage, policy and other loans	59,989	62,578	910	1,069	89	89	60,988	63,736
Real estate[(a)]	32,590	32,932	3,648	4,818	94	112	36,332	37,862
Assets allocated to UK with-profits contracts	43,094	43,094	-	-	-	-	43,094	43,094
Trading account securities	26,349	26,349	-		-	-	26,349	26,349
Investments in companies accounted for by the equity method	3,350	3,350	85	85	-	-	3,435	3,435
Subtotal Investments	**399,482**	**417,309**	**41,213**	**45,860**	**19,193**	**19,868**	**459,888**	**483,037**
Cash and equivalents	10,709	10,709	3,930	3,930	1,489	1,489	16,128	16,128
Separate Account assets	227,457	227,457	-	-	-	-	227,457	227,457
TOTAL CASH AND INVESTED ASSETS	**637,648**	**655,475**	**45,143**	**49,790**	**20,682**	**21,357**	**703,473**	**726,622**

(a) Real estate assets are subject to periodic expert valuation based on local legal requirements. Such expert valuations are based on a number of techniques including comparative studies and capitalization of income. Fair value of real estate amounts for Equitable have been set equal to the carrying value of real estate as there are no local legal requirements to disclose fair values.

21 - 3.2 ANALYSIS OF CONSOLIDATED INSURANCE RESERVES:

(in FF millions) As of December 31,	Life Insurance 1997	Life Insurance 1996
Accumulated premium reserves	871,283	351, 251
Less reinsurance ceded	(12,109)	(4,632)
Accumulated premium reserves, net of reinsurance ceded[a]	**859,174**	**346,619**
Claim reserves	44,327	11,711
Less reinsurance ceded	(1,799)	(349)
Claim reserves, net of reinsurance ceded	**42,528**	**11,362**
UK with-profits contract liabilities	116,502	43,094
Separate Account liabilities	452,002	228,840
TOTAL INSURANCE RESERVES, NET OF REINSURANCE CEDED	**1,470,206**	**629,915**

[a] Accumulated premium reserves, net of reinsurance ceded, of the life insurance segment are presented in the consolidated balance sheet as future policy benefits. Accumulated premium reserves, net of reinsurance ceded of the property and casualty and the reinsurance segments are presented in the consolidated balance sheet as unearned premium reserves.

The life consolidated insurance reserves are as follows:

(in FF millions) As of December 31,	France 1997	France 1996	US 1997	US 1996
Accumulated premium reserves	328,408	79,243	212,277	188,133
Less reinsurance cedexd	(1,429)	(457)	(4,623)	(3,773)
Accumulated premium reserves, net of reinsurance ceded	**326,979**	**78,786**	**207,654**	**184,360**
Claim reserves	32,616	6,843	4,214	3,314
Less reinsurance ceded	(1,693)	(311)	(43)	(22)
Claim reserves, net of reinsurance ceded	**30,923**	**6,532**	**4 171**	**3,292**
UK with-profits contract liabilities	-	-	-	-
Separate Account liabilities	48,604	18,459	217,602	155,036
TOTAL LIFE INSURANCE RESERVES, NET OF REINSURANCE CEDED	**406,506**	**103,777**	**429,427**	**342,688**

The property and casualty consolidated insurance reserves are as follows:

(in FF millions) As of December 31,	France 1997	France 1996
Accumulated premium reserves	7 371	3 539
Less reinsurance ceded	(177)	(95)
Accumulated Premium Reserves, Net of Reinsurance Ceded	**7 194**	**3 444**
Claim reserves	40 664	15 457
Less reinsurance ceded	(2 029)	(400)
Claim Reserves, Net of Reinsurance Ceded	**38 635**	**15 057**
TOTAL PROPERTY AND CASUALTY INSURANCE RESERVES, NET OF REINSURANCE CEDED	**45 829**	**18 501**

Property and Casualty Insurance		Reinsurance		Total	
1997	1996	1997	1996	1997	1996
25,489	9,155	5,549	4,639	902,321	365,045
(2,248)	(557)	(903)	(424)	(15,260)	(5,613)
23,241	**8,598**	**4,646**	**4,215**	**887,061**	**359,432**
154,208	41,673	23,381	19,169	221,916	72,553
(22,223)	(4,792)	(2,520)	(1,399)	(26,542)	(6,540)
131,985	**36,881**	**20,861**	**17,770**	**195,374**	**66,013**
-	-	-	-	116,502	43,094
-	-	-	-	452,002	228,840
155,226	**45,479**	**25,507**	**21,985**	**1,650,939**	**697,379**

UK		Asia/Pacific		Germany		Other Countries		Total	
1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
50,070	9,260	55,297	49,236	113,863	1,852	111,368	23,527	871,283	351,251
(388)	(37)	(3)	-	(4,251)	(32)	(1,415)	(333)	(12,109)	(4,632)
49,682	**9,223**	**55,294**	**49 236**	**109,612**	**1,820**	**109,953**	**23,194**	**859,174**	**346,619**
484	344	786	732	4,743	25	1,484	453	44,327	11,711
-	-	-	-	(26)	-	(37)	(16)	(1,799)	(349)
484	**344**	**786**	**732**	**4,717**	**25**	**1,447**	**437**	**42,528**	**11,362**
116,502	43,094	-	-	-	-	-	-	116,502	43,094
147,222	27,572	23,231	20,150	1,048	690	14,295	6,933	452,002	228,840
313,890	**80,233**	**79,311**	**70,118**	**115,377**	**2,535**	**125,695**	**30,564**	**1,470,206**	**629,915**

Germany		Belgium		Other Countries		Transnational activities		Total	
1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
2,856	-	2,407	813	10,337	4,349	2,518	454	25,489	9,155
(298)	-	(66)	(3)	(704)	(335)	(1,003)	(124)	(2,248)	(557)
2,558	**-**	**2,341**	**810**	**9,633**	**4,014**	**1,515**	**330**	**23,241**	**8,598**
29,108	-	26,498	7,808	30,557	8,150	27,381	10,258	154,208	41,673
(6,042)	-	(1,247)	(719)	(3,984)	(1,225)	(8,921)	(2,448)	(22,223)	(4,792)
23,066	**-**	**25,251**	**7,089**	**26,573**	**6,925**	**18,460**	**7,810**	**131,985**	**36,881**
25,624	**-**	**27,592**	**7,899**	**36,206**	**10,939**	**19,975**	**8,140**	**155,226**	**45,479**

21 - 3.3 Analysis of Consolidated Insurance Net Investment Results

(in FF millions) Years ended December 31,	Life Insurance		
	1997	1996	1995
Net Investment Income:			
Fixed maturities	36,409	15,440	13,462
Equity investments	9,127	2,780	2,092
Mortgage, policy and other loans	8,004	5,216	4,665
Real estate	5,315	3,135	3,369
Other	4,682	3,252	1,330
Investment expenses	(4,872)	(2,893)	(2,956)
Net Investment Income	**58,665**	**26,930**	**21,962**
Net realized investment gains (losses):			
Fixed maturities	1,659	1,048	1,215
Equity investments	7,529	1,335	1,050
Mortgage, policy and other loans	(273)	(159)	(255)
Real estate	(2,787)	(409)	(64)
Other	3,130	1,236	97
Net Realized Investment Gains	**9,258**	**3,051**	**2,043**
Net Investment Result Before Intersegment Eliminations	**67,923**	**29,981**	**24,005**
Interest credited to policyholders	(52,307)	(23,655)	(19,351)
Investment Spread Before Intersegment Elimination	**15,616**	**6,326**	**4,654**
Intersegment eliminations	(578)	(729)	(439)
INVESTMENT SPREAD	**15,038**	**5,597**	**4,215**

21 - 3.4 Life Insurance Deferred Acquisition Costs by Country

(in FF millions) As of December 31,	France	US	UK	Asia/Pacific	Germany	Other	Total
Deferred acquisition costs	101	21,290	840	1,014	217	230	23,692
Unearned revenue reserve	-	(1,439)	(53)	(49)	-	(39)	(1,580)
Balance beginning of year:	**101**	**19,851**	**787**	**965**	**217**	**191**	**22,112**
Expenses capitalized	2,159	3,045	2,556	1,289	1,350	943	11,342
Interest accrued	128	873	150	100	44	31	1,326
Amortization expense	(124)	(2,849)	(634)	(369)	(174)	(49)	(4,199)
Net change in unearned revenue reserve	(1,587)	(262)	(890)	4	-	(187)	(2,922)
Other	7	2,863	90	76	(2)	(2)	3,032
Balance end of the year	**684**	**23,521**	**2,059**	**2,065**	**1,435**	**927**	**30,691**
Comprised of:							
Deferred acquisition costs	2,271	25,431	3,010	2,112	1,435	1,153	35,412
Unearned revenue reserve	(1,587)	(1,910)	(951)	(47)	-	(226)	(4,721)

Property and Casualty Insurance			Reinsurance			Total		
1997	1996	1995	1997	1996	1995	1997	1996	1995
5,951	1,645	1,360	1,341	756	505	43,701	17,841	15,327
1,811	357	259	96	65	33	11,304	3,202	2,384
534	74	97	7	6	5	8,545	5,296	4,767
353	(66)	(24)	10	6	10	5,678	3,075	3,355
418	295	439	173	344	188	5,273	3,891	1,957
(720)	(167)	(223)	(101)	(41)	(35)	(5,693)	(3,101)	(3,214)
8,347	**2,138**	**1,908**	**1,526**	**1,136**	**706**	**68,808**	**30,204**	**24,576**
256	107	238	295	8	66	2,210	1,163	1,519
2,642	685	57	160	416	82	10,331	2,436	1,189
(43)	-	-	(1)	(2)	-	(317)	(161)	(255)
(79)	77	163	59	-	-	(2,807)	(332)	99
87	(10)	29	28	39	(100)	3,245	1,265	26
2,863	**859**	**487**	**541**	**461**	**48**	**12,662**	**4,371**	**2,578**
11,210	**2,997**	**2,395**	**2,067**	**1,597**	**754**	**81,470**	**34,575**	**27,154**
-	-	-	-	-	-	(52,307)	(23,655)	(19,351)
11,210	**2,997**	**2,395**	**2,067**	**1,597**	**754**	**29,163**	**10,920**	**7,803**
93	34	12	188	(16)	(21)	(297)	(711)	(448)
11,303	**3,031**	**2,407**	**2,255**	**1,581**	**733**	**28,866**	**10,209**	**7,355**

21 - 3.5 Value of Purchased Business Inforce

(in FF millions) As of December 31,	France	UK	Asia/Pacific	Germany	Other	Total
Balance beginning of year	**-**	**-**	**6,817**	**-**	**15**	**6,832**
Additions from acquisitions[(a)]	3,011	5,571	-	1,446	2,354	12,382
Interest accrued	177	546	511	78	147	1,459
Amortization expense	(288)	(828)	(949)	(138)	(217)	(2,420)
Other	-	-	425	-	4	429
BALANCE END OF YEAR	**2,900**	**5,289**	**6,804**	**1,386**	**2,303**	**18,682**

[(a)] Other includes FF 1,144 million for Belgium and FF 559 million for the Netherlands with no other country contributing an amount greater than FF 500 million.

The sources of the life insurance net investment results are summarized as follows:

1997 (in FF millions) Year ended	**France**	**US**	**UK**	**Asia/Pacific**	**Germany**	**Other Countries**	**Total**
Net investment income:							
Fixed maturities	12,681	10,913	4,004	510	3,086	5,215	36,409
Equity investments	1,932	1,510	3,333	144	1 697	511	9,127
Mortgage, policy and other loans	324	4 557	76	578	1,228	1,241	8,004
Real estate	1,207	2,302	1,035	278	331	162	5,315
Other	1,495	366	201	2,540	(75)	155	4,682
Investment expenses	(1,223)	(2,751)	(147)	(270)	(314)	(167)	(4,872)
Net Investment Income	**16,416**	**16,897**	**8,502**	**3,780**	**5,953**	**7,117**	**58,665**
Net realized investment gains (losses):							
Fixed maturities	350	567	625	119	-	(2)	1,659
Equity investments	4,313	95	1,838	233	(96)	1,146	7,529
Mortgage, policy and other loans	-	(236)	8	11	(7)	(49)	(273)
Real estate	(67)	(3,498)	775	15	(3)	(9)	(2,787)
Other	(47)	-	(52)	3,046	1	182	3,130
Net Realized Investment Gains	**4,549**	**(3,072)**	**3,194**	**3,424**	**(105)**	**1,268**	**9,258**
Net investment results before intersegment eliminations	**20,965**	**13,825**	**11,696**	**7,204**	**5,848**	**8,385**	**67,923**
Interest credited to policyholders	(15,853)	(12,938)	(9,647)	(3,847)	(4,571)	(5,451)	(52,307)
Investment spread before intersegment	**5,112**	**887**	**2,049**	**3,357**	**1,277**	**2,934**	**15,616**
Intersegment eliminations	291	(414)	(218)	(224)	78	(91)	(578)
INVESTMENT SPREAD	**5,403**	**473**	**1,831**	**3,133**	**1,355**	**2,843**	**15,038**

1996 (in FF millions) **Year ended**	**France**	**US**	**UK**	**Asia/Pacific**	**Germany**	**Other Countries**	**Total**
Net investment income:							
Fixed maturities	*4,005*	*8,578*	*751*	*362*	*108*	*1,636*	*15,440*
Equity investments	*219*	*1,033*	*1,426*	*39*	*17*	*46*	*2,780*
Mortgage, policy and other loans	*203*	*4,299*	*40*	*562*	-	*112*	*5,216*
Real estate	*51*	*2,299*	*393*	*358*	-	*34*	*3,135*
Other	*315*	*361*	*74*	*2,432*	-	*70*	*3,252*
Investment expenses	*(110)*	*(2,332)*	*(101)*	*(327)*	-	*(23)*	*(2,893)*
Net Investment Income	***4,683***	***14,238***	***2,583***	***3,426***	***125***	***1,875***	***26,930***
Net realized investment gains (losses):							
Fixed maturities	*395*	*369*	*270*	*(70)*	-	*84*	*1,048*
Equity investments	*459*	*125*	*581*	*108*	*3*	*59*	*1,335*
Mortgage, policy and other loans	*1*	*(169)*	*10*	*(2)*	-	*1*	*(159)*
Real estate	*(41)*	*(550)*	*229*	*(40)*	-	*(7)*	*(409)*
Other	*7*		*(35)*	*1,266*	-	*(2)*	*1,236*
Net Realized Investment Gains	***821***	***(225)***	***1,055***	***1,262***	***3***	***135***	***3,051***
Net investment results before intersegment eliminations	***5,504***	***14,013***	***3,638***	***4,688***	***128***	***2,010***	***29,981***
Interest credited to policyholders	*(4,663)*	*(11,222)*	*(3,061)*	*(2,927)*	*(117)*	*(1,665)*	*(23,655)*
Investment spread before intersegment elimination	***841***	***2,791***	***577***	***1,761***	***11***	***345***	***6,326***
Intersegment eliminations	*53*	*(571)*	*16*	*(202)*	-	*(25)*	*(729)*
INVESTMENT SPREAD	***894***	***2,220***	***593***	***1,559***	***11***	***320***	***5,597***

1995 (in FF millions) Year ended December 31,	France	US	UK	Asia/Pacific	Germany	Other Countries	Total
Net investment income:							
Fixed maturities	3,668	7,288	948	160	13	1,385	13,462
Equity investments	267	712	878	118	87	30	2,092
Mortgage, policy and other loans	207	4,225	31	101	-	101	4,665
Real estate	(29)	2,994	329	32	-	43	3,369
Other	271	768	86	106	2	97	1,330
Investment expenses	(130)	(2,665)	(97)	(30)	-	(34)	(2,956)
Net Investment Income	**4,254**	**13,322**	**2,175**	**487**	**102**	**1,622**	**21,962**
Net realized investment gains (losses):							
Fixed maturities	532	384	158	69	2	70	1,215
Equity investments	140	64	796	20	3	27	1,050
Mortgage, policy and other loans	(2)	(252)	1	-	-	(2)	(255)
Real estate	(53)	(458)	275	172	-	-	(64)
Other	(2)	1	67	7	28	(4)	97
Net Realized Investment Gains	**615**	**(261)**	**1,297**	**268**	**33**	**91**	**2,043**
Net investment results before intersegment eliminations	**4,869**	**13,061**	**3,472**	**755**	**135**	**1,713**	**24,005**
Interest credited to policyholders	(4,085)	(10,923)	(2,780)	(238)	(129)	(1,196)	(19,351)
Investment spread before intersegment elimination	**784**	**2,138**	**692**	**517**	**6**	**517**	**4,654**
Intersegment eliminations	46	(474)	8	(15)	-	(4)	(439)
INVESTMENT SPREAD	**830**	**1 664**	**700**	**502**	**6**	**513**	**4,215**

The sources of the property and casualty net investment results are summarized as follows:

1997 (in FF millions) Year ended December 31,	**France**	**Germany**	**Belgium**	**Other Countries**	**Transnational Activities**	**Total**
Net investment income:						
Fixed maturities	1,606	827	1,406	1,692	420	5,951
Equity investments	284	810	248	314	155	1,811
Mortgage, policy and other loans	164	121	170	63	16	534
Real estate	(219)	181	173	173	45	353
Other investment income	160	7	(2)	126	127	418
Investment expenses	(284)	(80)	(50)	(166)	(140)	(720)
Net Investment Income	**1,711**	**1,866**	**1,945**	**2,202**	**623**	**8,347**
Net realized investment gains (losses):						
Fixed maturities	83	35	42	31	65	256
Equity investments	1,257	(13)	721	230	447	2,642
Mortgage and other loane	(12)	-	-	2	(33)	(43)
Real estate	34	14	(54)	31	(104)	(79)
Other	(25)	(21)	112	(23)	44	87
Net Realized Investment Gains	**1,337**	**15**	**821**	**271**	**419**	**2,863**
Net investment results before segment elimination	**3,048**	**1,881**	**2,766**	**2,473**	**1,042**	**11,210**
Intersegment eliminations	17	76	22	(92)	70	93
INVESTMENT SPREAD	**3,065**	**1,957**	**2,788**	**2,381**	**1,112**	**11,303**

1996 (in FF millions) As of December 31,	France	Belgium	Other Countries	Transnationales Activities	Total
Net investment income:					
Fixed maturities	382	450	636	177	1,645
Equity investments	176	44	71	66	357
Mortgage, policy and other loans	25	27	22	-	74
Real estate	(184)	19	90	9	(66)
Other investment income	91	9	84	111	295
Investment expenses	(78)	(21)	(48)	(20)	(167)
Net Investment Income	**412**	**528**	**855**	**343**	**2,138**
Net realized investment gains (losses):					
Fixed maturities	9	30	83	(15)	107
Equity investments	470	27	156	32	685
Real estate	94	(39)	23	(1)	77
Other	2	20	(14)	(18)	(10)
Net Realized Investment Gains	**575**	**38**	**248**	**(2)**	**859**
Net investment results before intersegment elimination	**987**	**566**	**1,103**	**341**	**2,997**
Intersegment eliminations	22	5	4	3	34
INVESTMENT SPREAD	**1,009**	**571**	**1,107**	**344**	**3,031**

1995 (in FF millions) As of December 31,	France	Belgium	Other Countries	Transnationales Activities	Total
Net investment income:					
Fixed maturities	200	450	552	158	1 360
Equity investments	141	43	46	29	259
Mortgage, policy and other loans	22	50	25	-	97
Real estate	(160)	51	82	3	(24)
Other investment income	262	35	100	42	439
Investment expenses	(90)	(61)	(60)	(12)	(223)
Net Investment Income	**375**	**568**	**745**	**220**	**1,908**
Net realized investment gains (losses):					
Fixed maturities	150	13	74	2	239
Equity investments	(6)	(3)	60	6	57
Real estate	157	20	(14)	-	163
Other	33	(1)	(4)	-	28
Net Realized Investment Gains	**334**	**29**	**116**	**8**	**487**
Net investment results before intersegment elimination	**709**	**597**	**861**	**228**	**2,395**
Intersegment eliminations	29	1	9	(27)	12
INVESTMENT SPREAD	**738**	**598**	**870**	**201**	**2,407**

21 - 3.6 Miscellaneous Reserves (included in Accrued Expenses and Other Liabilities) :

(in FF millions) As of December 31,	1997	1996
Deferred taxes	17,676	5,122
Retirement Liabilities	13,006	4,434
Provisions for restructuring costs (Equitable)	624	584
Provisions for restructuring costs (UAP)	2,055	-
Negative goodwill (Equitable)	-	205
Accrued expenses	1,466	1,552
SCI and other related liabilities	1,251	949
Other liabilities	3,732	959
TOTAL	**39,810**	**13,805**

Following is an analysis of provisions for restructuring costs by country.

1997 (in FF millions)	Balance at January 1,	Additions	Payments	Balance at December 31,
France	510	108	-	618
UK	-	200	-	200
Belgium	195	37	-	232
Germany	509	-	11	498
Italy	341	-	96	245
Other	282	-	20	262
TOTAL	**1,837**	**345**	**127**	**2,055**

21 - 3.7 Analysis of Operating Costs and Expenses:

(in FF millions) Years ended December 31,	Insurance 1997	1996	1995
Expenses attributable to investment banking and other financial services activities[a]	-	-	-
Expenses attributable to real estate activities	-	-	-
Commissions	30,797	12,299	10,416
Changes in deferred acquisition cost	(5,995)	(1,176)	(426)
Amortization of purchased business inforce	961	520	-
Other purchases of goods and services	12,164	6,888	4,794
Taxes, other than on income	1,438	665	750
Salaries and benefits	21,199	6,830	5,461
Depreciation and amortization	1,115	710	370
Net change in general reserves	236	(32)	(64)
Miscellaneous operating revenues	(866)	(795)	(451)
TOTAL	**61,049**	**25,909**	**20,850**

[a] Includes interest expense related to financing short-term trading and other operational activity of FF 26,526 million, FF 15,614 million and FF 14,171 million for the years ended December 31, 1997, 1996 and 1995, respectively.

21 - 3.8 Analysis of Insurance Company Expenses:

(in FF millions) Years ended December 31,	Life Insurance 1997	1996	1995
Acquisition costs	14,154	6,741	5,538
Other insurance company expenses	10,584	6,158	3,846
Insurance claims expenses[a]	1,684	615	496
Investments management costs[b]	433	60	54
TOTAL	**26,855**	**13,574**	**9,934**

[a] Included in insurance benefits and claims in the consolidated statements of income.

[b] Included in net investment results in the consolidated statements of income.

Financial Services			Holding Companies			Total		
1997	1996	1995	1997	1996	1995	1997	1996	1995
28,639	16,726	15,962	-	-	-	28,639	16,726	15,962
227	173	345	-	-	-	227	173	345
-	-	-	-	-	-	30,797	12,299	10,416
-	-	-	-	-	-	(5,995)	(1,176)	(426)
-	-	-	-	-	-	961	520	-
9,204	6,262	4,663	703	350	262	22,071	13,500	9,719
664	476	347	4	5	13	2,106	1,146	1,110
14,169	10,058	7,809	38	64	25	35,406	16,952	13,295
813	709	450	66	54	29	1,994	1,473	849
(1,232)	(133)	(132)	(40)	147	(4)	(1,036)	(18)	(200)
191	(41)	(72)	720	(94)	63	45	(930)	(460)
52,675	**34,230**	**29,372**	**1,491**	**526**	**388**	**115,215**	**60,665**	**50,610**

Property and Casualty Insurance			Reinsurance			Total		
1997	1996	1995	1997	1996	1995	1997	1996	1995
13,947	3,871	2,706	2,346	1,839	1,597	30,447	12,451	9,841
11,471	4,238	4,484	442	291	226	22,497	10,687	8,556
5,650	1,956	1,803	107	95	75	7,441	2,666	2,374
205	39	12	26	6	13	664	105	79
31,273	**10,104**	**9,005**	**2,921**	**2,231**	**1,911**	**61,049**	**25,909**	**20,850**

21 - 3.9 Employee Data

The following table presents employees data for AXA at December 31, 1997. As discussed in Note 20, the Company and its French insurance subsidiaries are parties to cost sharing arrangements with the Mutuelles AXA through GIEs. These GIEs employ most employees of AXA and the Mutuelles AXA in France. The number of employees and amount of salaries and benefits in France includes employees of the GIE's.

(in FF millions, except number of employees)	Number of Employees	Salaries and Benefits
Insurance:		
France	22,334	11,517
North America	4,628	2,625
UK	7,268	1,922
Asia/Pacific	6,119	969
Rest of World	23,839	7,947
Transnational activities	3,639	920
Reinsurance	598	314
Financial Services and Holdings :		
Financial Services in US	8,723	13,304
Others	3,465	1,233
TOTAL	**80,613**	**40,751**

22 - Consolidated Companies

22 - 1 List of principal consolidated companies

The following table lists the companies consolidated or included by the equity method of accounting as well as the Company's share of the subsidiary's voting rights and direct and indirect ownership interest, at December 31, 1997.

Consolidated Companies

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
PARENT AND HOLDING COMPANIES		
France		
AXA	Parent	100.00
Axa Direct	100.00	100.00
Société Beaujon	99.99	99.99
Colisée Excellence	100.00	100.00
Financière 45	99.76	99.76
Financière Mermoz	100.00	100.00
La Holding Vendome*	100.00	98.37
Jour Finance	100.00	100.00
Lor Finance	96.56	99.16
Mofipar	100.00	100.00
Nouvelle Uap Internationale*	100.00	99.19
Axa France Assurance*	100.00	100.00
Asia/Pacific		
Axa Insurance Investment Holding (Singapore)	100.00	100.00
Detura (Hong Kong)	75.00	36.35
National Mutual Holdings (Australia)	51.00	48.47
National Mutual International (Australia) (4 companies)	100.00	48.47
Germany		
Colonia Konzern*	70.85	68.89
Gelderland*	100.00	100.00
Kolnische Verwaltungs*	99.54	92.37
United Kingdom		
Axa UK*	100.00	100.00
AXA Equity & Law Plc	99.92	99.92
AXA Sun Life Holding*	100.00	71.60
SLP Holding* (4 companies)	71.62	71.60
Belgium		
Finaxa Belgium	100.00	100.00
Parcolvi*	100.00	99.45
Royale Vendôme*	74.90	74.57
Vinci Belgium*	99.48	99.45

(*) New companies included for 1997

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
The Netherlands		
Vinci BV*	100.00	99.97
Spain		
Axa Aurora	100.00	69.67
Italia		
Centurion Holding*	100.00	99.21
Grupo Uap Italia*	100.00	99.21
United States		
Equitable Companies Incorporated	58.68	57.54
INSURANCE AND REINSURANCE		
France		
Alpha Assurances vie SA	100.00	100.00
Argovie	94.83	93.85
Axa Assurances Iard SA	100.00	100.00
Axa Assurances vie SA	100.00	99.69
Axa Cessions	100.00	100.00
Axa Courtage Iard SA	100.00	100.00
Axa Courtage vie SA	98.11	98.11
Axa Global Risks	98.37	98.37
Axa Réassurance	100.00	99.89
Axa Ré Finance	79.00	78.92
Axiva	100.00	99.81
C.G.R.M. (Monté-Carlo)	100.00	99.89
Juridica	99.36	99.36
Direct Assurance Iard	100.00	100.00
Direct Assurance vie	100.00	100.00
AXA Assistance (14 companies)	99.78	99.78
La Réunion Française*	100.00	99.17
SPS Ré*	99.92	99.81
Théma Vie*	99.61	99.55
Axa Conseil Assurance*	100.00	100.00
Uap Collectives*	100.00	100.00
Uap Incendie Accident*	100.00	100.00
Uap Vie*	100.00	100.00

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
North America		
Canada		
Axa Canada (10 companies)	100.00	100.00
United States		
Axa América	100.00	99.89
Axa Global Risks US*	99.00	82.94
Axa Reinsurance Company	100.00	99.89
Axa Ré Life	100.00	99.89
Equitable (24 companies)	100.00	57.54
Asia/Pacific		
Axa Life Insurance Co Ltd (Japan)	100.00	100.00
Axa Life Insurance Co Ltd (Singapore)	100.00	100.00
Axa Reinsurance Asia Pte Ltd (Singapore)	100.00	99.89
Axa Insurance Pte Ltd (Singapore)	100.00	100.00
Axa Insurance (Hong Kong)	100.00	100.00
National Mutual (55 companies)	51.00	48.47
Africa		
Morocco		
Al Amane Assurance *	67.40	61.09
Epargne Croissance *	99.31	60.66
Others European countries		
Germany		
Axa Direkt Versicherung	100.00	84.44
Axa Leben (branch)	100.00	71.60
Colonia Konzern (43 companies)*	100.00	68.89
Belgium		
De Kortriskse Verzekering	99.84	99.60
Axa Belgium	99.75	99.75
G.B. Lex*	100.00	58.00
Juris	100.00	100.00
Royale Belge (5 companies)*	60.65	47.58
Spain		
Aurora Polar	99.40	69.26
Aurora Vida	94.83	67.21
Axa Direct Seguros	71.43	49.77

(*) New companies included for 1997

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
Axa Seguros	100.00	69.03
Ayuda Legal*	100.00	68.95
Uap Iberica*	99.98	69.66
Italy		
UAP Italiana*	99.94	99.91
Allsecures Assicurazioni*	100.00	99.28
Axa Assicurazioni	100.00	99.99
Centurion Assicurazioni*	100.00	99.21
Uap Vita*	100.00	99.51
Luxembourg		
Axa Assurances Luxembourg SA	99.86	99.86
Axa Assurances vie Luxembourg SA	99.86	99.86
Futur Re*	100.00	98.37
Paneurolife*	82.31	67.61
Paneurore*	91.00	68.84
Royale Uap Luxembourg*	100.00	47.58
The Netherlands		
Axa Leven	100.00	71.60
Group Uap Niew Rotterdam (6 companies) *	100.00	67.31
United Kingdom		
Axa Insurance	100.00	71.60
Axa Global Risks UK	100.00	99.17
Axa Reinsurance UK Plc	100.00	99.89
Group Sun Life (34 companies)*	100.00	71.60
Group AXA Equity & Law (10 companies)	100.00	71.60
AXA Provincial (6 companies)	100.00	71.60
English & Scottish*	100.00	100.00
Switzerland		
Axa Assurance Suisse*	99.95	99.14
Axa Assurance Suisse Vie*	94.99	94.21
Portugal		
Axa Portugal Companhia de Seguros*	43.09	42.56
Axa Portugal Companhia de Seguros de Videa*	95.09	95.03

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
FINANCIAL COMPANIES		
France		
Group Axa Investment Managers (4 companies)	100.00	100.00
Assurinvest*	100.00	99.74
Axa Banque	98.70	95.91
Axa Crédit	65.00	63.16
Compagnie Financière de Paris	97.17	97.17
Société de Placements Séléctionnés (S.P.S.)	66.66	66.42
Belgium		
Banque IPPA*	99.94	47.55
Germany		
Colonia Bausparkasse*	97.81	67.38
United Kingdom		
Sun Life Asset Management*	100.00	79.52
United States		
The Equitable (4 companies)(a)	100.00	57.54
Asia / Pacific		
National Mutual Funds Management (22 companies)	100.00	48.47
REAL ESTATE COMPANIES		
France		
Axa Millésimes	55.11	55.09
Axamur	96.33	94.89
Carnot Laforge	100.00	85.56
Colisée Alpha*	100.00	85.64
Colisée Bureaux	86.00	85.64
Colisée Delcassé	100.00	94.90
Colisée Fédération	100.00	99.27
Colisée Jeûneurs	100.00	94.90
Colisée Première	85.92	85.56
Colisée Lafitte	100.00	85.64
Colisée Opéra	100.00	85.63

FULLY CONSOLIDATED COMPANIES

	% Voting Rights	% Ownership Interest
Colisée Seine	100.00	99.62
Colisée Saint Georges	100.00	99.27
Colisée Silly*	100.00	85.64
Colisée Vauban	99.67	99.65
Colisée Victoire*	100.00	99.27
Compagnie Foncière Matignon	79.99	79.98
Cie Parisienne de Participations	100.00	99.27
Delta Point du Jour	100.00	99.98
Falival	100.00	99.89
Finapel	100.00	85.64
Foncière Saint Sebastien*	100.00	100.00
Foncière Vendome*	91.02	90.33
Foncière Wagram	99.96	85.61
10 bd Haussmann*	100.00	93.32
37-39 Le Pelletier*	100.00	100.00
Matipierre	100.00	99.98
Monté-Scopéto	100.00	99.27
Parimmo	100.00	11.44
Paroi Nord de l'Arche	100.00	99.98
Sofapi*	100.00	97.17
Soffim*	100.00	97.17
Sofinad*	100.00	100.00
Securimo	24.08	24.08
Ste de Gestion Civile Immobilière	99.39	99.27
Transaxim SNC	100.00	99.27
Ugicomi*	50.74	49.48
Ugif*	54.09	53.62
Ugil*	95.12	92.15
Ugipar*	100.00	99.58
Spain		
Ahorro Familiar	45.84	45.28

(a) Interest in DLJ: 41.4% - Interest in Alliance: 33.4%

(*) New companies included for 1997

COMPANIES PROPORTIONATELY CONSOLIDATED

	% Voting Rights	% Ownership Interest
INSURANCE		
France		
NSM Vie	40.12	40.12
Italy		
Eurovita	30.00	30.00
Asia / Pacific		
Dongbu Axa Life Assurance Co Ltd	50.00	50.00

COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

	% Voting Rights	% Ownership Interest
INSURANCE		
Asia / Pacific		
National Commercial Union (Australia)	20.40	9.90
NM Assets Management (Australia)	100.00	48.47
NM Home Loans Trust (Australia)	100.00	48.47
NM Property Trust (Australia)	28.50	13.80
Sime Axa Behad (Malaisia)	30.00	30.00
Ticor (Australia)	28.60	13.90
Financial Services		
France		
Banque de Marchés & d'Arbitrages	27.71	27.71
Real Estate Companies		
France		
Group Fidéi (23 companies)	31.47	30.33
Parigest	44.90	44.76
Simco*	44.90	44.76
Uif*	34.65	34.64

(*) New companies included for 1997

22 - 2 CHANGES IN SCOPE OF CONSOLIDATION

As of January 1, 1997, the former subsidiaries of UAP are included in AXA's consolidated financial statements. In the above list of companies, all new subsidiaries are identified with an asterisk.

In 1997, AXA Equity and Law International (since January 1, 1997) and Equitable Real Estate (since June 1, 1997) are not included in the financial statements as they were sold.

The following new companies were consolidated for the first time in 1996: AXA Direct Seguros, AXA Ré Life, AXA Global Risks, Colisée Delcassé, Colisée Garantie et Colisée Victoire and Mofipar.

In 1996, Meeschaert Rousselle and Haussman 54, previously consolidated, were sold.

The following new companies were consolidated for the first time in 1995: National Mutual, Abeille Ré, AXA Life, and Financière Mermoz; and Dongbu AXA was proportionately consolidated.

As a result of sales in early 1996, Anjou Courtage and ODB which were previously consolidated were accounted for on the cost method for the year ended December 31, 1995.

Due to a restructuring of AXA's interest in SCOR during 1995, SCOR, previously proportionately consolidated, was accounted for on the cost method and, due to a change in control during 1995 Paribas and GME, previously accounted for on the equity method, were accounted for on the cost method.

22 - 3 Company held for sale

Banque Worms and its subsidiaries acquired in the UAP acquisition are included in the Consolidated Financial Statements at original cost (fair value at date of acquisition) less costs to sell.

23 - Subsequent events - unaudited

In January 1998, National Mutual signed a memorandum of understanding with Lend Lease Corporation Ltd., an Australian financial services company which will serve as the basis for merging the asset management business and the life insurance business of each company. The merger, subject to regulatory approval, will be accomplished through two new entities in which National Mutual will have a 51% equity interest.

24 - Summary of material differences between accounting principles generally accepted in france and in the united states

AXA's consolidated financial statements are prepared in accordance with accounting principles generally accepted in France. These accounting principles differ in certain material respects from accounting principles generally accepted in the United States. Described below are the material differences between French GAAP and US GAAP affecting AXA's consolidated net income and shareholders' equity which are set forth in the tables that follow.

24 - 1 Scope of consolidation

The principles covering the scope of consolidation under French GAAP are set forth in Note 2.3. For US GAAP purposes, majority-owned companies, based on voting rights directly or indirectly held, are fully consolidated and less than majority-owned companies over which AXA exercises significant influence (generally 20% or more owned), including those companies proportionately consolidated under French GAAP, are included in the consolidated financial statements using the equity method.

In consolidating mutual funds for US GAAP purposes, investment securities held by the funds are carried at estimated fair value and changes in estimated fair value are included in net income. Prior to 1996, investment securities of mutual funds that had insignificant outside ownership were carried on the same basis as if AXA held the investment securities directly. The impact of this change in 1996 for US GAAP accounting was immaterial.

24 - 2 Purchase accounting and goodwill

Under US GAAP, business combinations, including the acquisition of equity interests, generally are accounted for as purchases and all assets and liabilities of the acquired company are recorded at fair value at the purchase date. The accounting method applied under French GAAP for insurance business combinations subsequent to December 31, 1992 is generally the same except for insurance liabilities and certain fixed maturities (see Note 2-4). Under French GAAP, the assets and liabilities of non-insurance company acquisitions are maintained at their historical cost except for real estate which is recorded at estimated fair value.

For French and US GAAP, the purchase price of acquisitions is generally measured as the fair value of assets distributed as consideration. However, for French GAAP the UAP purchase price was based primarily on UAP's statutory net equity per share which differs from the fair value of assets distributed as consideration. The different methods of determining the UAP purchase price as well as the differences in the underlying accounting principles used for determining the fair value of assets acquired between French GAAP and US GAAP resulted in additional goodwill of FF 2,653 million for US GAAP. The following table summarizes such differences as of January 1, 1997.

For French GAAP, substantially all the goodwill arising from the UAP acquisition was charged directly to retained earnings and reserves (see Note 2-4.2). Under US GAAP, the goodwill was recorded as an asset in the consolidated balance sheet.

For US GAAP and French GAAP, AXA is amortizing goodwill over a period generally not greater than 30 years. Under French GAAP, negative goodwill is amortized over a maximum of five years.

(in FF million)	French GAAP	US GAAP
Purchase Price :		
New Ordinary Shares	33,129	38,160
AXA Treasury Shares	3,768	3,972
Total	**36,897**	**42,132**
Net asset value acquired	(24,678)	(23,894)
UAP Treasury Shares	-	(3,366)
Excess Purchase Price	**12,219**	**14,872**
Charged to Retained Earnings and Reserves	10,765	-
Goodwill asset	1,454	14,872

24 - 3 Fixed maturities and equity investments accounting and valuation

Under French GAAP for insurance companies, fixed maturities and equity investments are carried at amortized cost, less valuation allowances. Such valuation allowances are eliminated for US GAAP and fixed maturity and equity securities are written down directly for declines in value deemed to be other than temporary.

Under US GAAP, securities classified as "held to maturity" are reported at amortized cost, securities classified as "trading" are reported at fair value, with unrealized gains and losses included in the statements of income, and securities classified as "available for sale" are reported at fair value, with unrealized gains and losses reported as a separate component of shareholders' equity.

24 - 4 Real estate accounting and valuation

Under French GAAP, AXA recognizes gains or losses realized on the exchange of real estate with third-parties based on the appraised value of the properties exchanged. Under US GAAP, if the real estate exchanged is similar, such gains or losses are deferred until the acquired real estate is disposed.

Under French GAAP beginning January 1, 1995, valuation allowances are recorded for declines in the value of real estate deemed to be other than temporary (deemed to be permanent prior to January 1, 1995) for AXA's European subsidiaries. Under US GAAP beginning January 1, 1996, impairments in the value of real estate investments are determined and measured in accordance with SFAS No. 121 as described in Note 2-1. The effect of adopting SFAS No. 121 for US GAAP purposes for AXA's European subsidiaries was not material.

Under French GAAP gains realized in a sale lease-back transaction are recognized while under US GAAP such gains are deferred and recognized over the term of the lease.

24 - 5 Deferred acquisition costs

The French GAAP policy regarding deferred acquisition costs is substantially the same as US GAAP for business written after December 31, 1996. Previously there were differences for AXA's European subsidiaries (see Note 2-7).

24 - 6 Catastrophe equalization reserve

Under French GAAP, in certain jurisdictions, AXA provides a catastrophe equalization reserve for future catastrophe and other unusual losses. US GAAP does not permit recording reserves for losses not yet incurred.

24 - 7 Future policy benefits

Under French GAAP, future policy benefits for AXA's European subsidiaries, other than AXA Sun Life (see Note 24-1.1), generally are calculated in accordance with the actuarial principles and assumptions issued by insurance regulatory authorities. For AXA's non-European subsidiaries the calculation of future policy benefits is substantially the same as US GAAP, except beginning in 1996 for certain participating policies issued by Equitable (see below).

Under US GAAP, future policy benefits for traditional life policies are computed using a net level premium method on the basis of actuarial assumptions as to mortality, persistency and interest based on the insurance company's experience, with a margin for adverse deviation; such actuarial assumptions are established as of the date of policy issue. When the liabilities for future policy benefits plus the present value of expected future gross premiums are insufficient to provide for expected future policy benefits and expenses, a deficiency reserve is established by a charge to earnings.

The principal assumptions for future policy benefits that differ between French GAAP used for AXA's European subsidiaries, other than AXA Sun Life and beginning in 1996 for certain participating policies issued by Equitable, and US GAAP relate to policyholder persistency and interest rates. Under French GAAP, policies are assumed to remain inforce until their contractual maturity date or the death of the insured; under US GAAP, policies are assumed to lapse based on the insurance company's estimate of rates of surrender. For those life insurance subsidiaries for which different US GAAP interest rate assumptions have a more material effect, the assumptions used for US GAAP generally range from 4% to 9%. These interest rate assumptions contrast with the rates used for French GAAP for these subsidiaries which generally range from 4.0% to 6.75%.

For French GAAP purposes, in 1996 Equitable changed its method of accounting for certain long-duration participating life insurance contracts in accordance with the provisions prescribed by SFAS No. 120, "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts" (see note 2-1). Management has elected not to implement SFAS No. 120 for AXA's consolidated accounts under US GAAP and accordingly is maintaining its previous US GAAP methodology for all long-duration participating life insurance contracts.

24 - 8 Deferred taxes

The French finance law for 1995 enacted a 10% surtax effective January 1, 1995 which was expected to be repealed prior to December 31, 1997 based upon the statements made by the French government officials when this surtax was adopted. Under French GAAP the surtax was considered to be temporary and deferred taxes recorded relating to the 10% surtax were limited to those arising from temporary differences that are expected to reverse prior to December 31, 1997. Under US GAAP, deferred taxes are recorded based on enacted tax rates without considering future changes in tax rates not yet enacted, regardless of the likelihood of the future changes.

The effect of the 1995 French finance law 10% surtax on temporary differences determined under US GAAP at December 31, 1996 and 1995, that were expected to reverse after December 31, 1997, was estimated to be approximately FF 136 million and FF 113 million, respectively, of additional deferred tax liability. AXA did not establish this additional deferred tax liability in 1995 under US GAAP as the amount was not considered material in relation to AXA's financial statements taken as a whole. In 1996, AXA established the deferred tax liability related to the surtax for periods after December 31, 1997 for US GAAP purposes.

In accordance with the 1997 French finance law, the French base tax rate has been increased to 36 2/3% from 33 1/3% and a new graduated surtax has been imposed (see Note 12). Under both French GAAP and US GAAP all deferred taxes have been recorded and or adjusted based on these enacted rates at December 31, 1997.

24 - 9 Intercompany transactions

Under French GAAP, realized gains or losses on intercompany sales of assets to or from a consolidated French insurance company are not eliminated, if the assets were supporting or are intended to support the liabilities for future policy benefits or insurance claims and claims expenses or if the loss is a result of permanent impairment. Under US GAAP, all *gains or losses on intercompany sales of assets are eliminated with appropriate recognition given for asset impairment.*

Under French GAAP, capital gains are recognized when appreciated securities or real estate are contributed to mutual funds or real estate funds established for the purpose of supporting French Savings Contracts (see Note 4-1). Under US GAAP, such gains are proportionately recognized when the French Savings Contracts are issued or the fund shares are sold to entities not included in the consolidated financial statements.

24 - 10 TREASURY SHARES

Under US GAAP, the cost of treasury shares is reported as a deduction from shareholders' equity. If such shares are then reissued, the proceeds received are correspondingly reported as an increase to shareholders' equity. Therefore, any gains or losses from holding such shares are recorded as adjustments to shareholders' equity. Under French GAAP, treasury shares are reported as an asset if they are held for sale and gains or losses realized on sale of such shares is included in income.

24 - 11 UNREALIZED INVESTMENT GAINS ON ASSETS ALLOCATED TO UK WITH-PROFITS CONTRACTS

Under French GAAP, assets allocated to UK with-profits contracts are carried at fair value and changes in the unrealized investment gains on assets are recognized in net income. Under US GAAP, real estate assets allocated to UK with-profits contracts are carried at cost, less accumulated depreciation and valuation allowances, and fixed maturities and equity investments so allocated (which are considered available-for-sale for US GAAP purposes) are carried at fair value. Under US GAAP, the entire change in net unrealized investment gains is excluded from net income.

Accounting for with-profits contracts under French GAAP matches revenue and expense in net income. Changes in the estimated fair value of assets allocated to with-profits contracts are included in net income as such changes are taken into account in determining the related liability for with-profits contractholder benefits. Therefore, fluctuations in the estimated fair value of assets allocated to with-profits contracts have no direct impact on net income. However, other factors, such as expense charges, income taxes and management's exercise of judgment in setting the level of bonuses, impact net income. Management, in the exercise of its judgment, considers the overall profitability and financial and competitive position of Sun Life, profit on other business and its objectives of meeting contractholders' reasonable expectations and minimizing sharp fluctuations in the level of bonus payments to contractholders from year to year.

Other than for assets held in Separate Accounts (with the exception of separate accounts with guaranteed investment returns) and trading account securities, US GAAP prohibits the recognition in net income of changes in the estimated fair value of assets, even when such assets are allocated to support insurance contracts. Accordingly, AXA's consolidated net income (loss) in accordance with US GAAP excludes the change in unrealized investment gains or losses on assets allocated to with-profits contracts, while recognizing in full the related increase or decrease in the liability for with-profits contractholder benefits associated with such gains or losses. As a result, in AXA's view, revenues and expenses are no longer appropriately matched.

Under US GAAP, when the estimated fair value of assets increases, the liability for contractholder benefits increases to reflect the higher expected terminal bonuses, without recognizing the corresponding unrealized investment gains in net income. Consequently, the impact of a rise in fair value of assets is to reduce US GAAP consolidated net income. Decreases in the estimated fair value of assets reduce the liability for contractholder benefits, resulting in a positive impact on net income.

Accordingly, AXA believes that not including the change in estimated fair value of assets allocated to with-profits contracts results in amounts that do not fully reflect the economic effect of the UK with-profits contracts. The reconciliation of the effects on consolidated net income of differences between French GAAP and US GAAP also shows consolidated net income in accordance with US GAAP, except for adjustment for the change in unrealized investment gains on assets allocated to UK with-profits contracts, resulting in a presentation AXA believes is more meaningful under the circumstances.

24 - 12 Reinsurance zero-balance accounting

Effective January 1, 1995, certain of AXA's subsidiaries which under French GAAP previously used the zero-balance method of accounting to estimate the liability for reinsurance claims for certain reinsurance contracts assumed prior to the closing of the applicable contracts underwriting year adopted US GAAP which requires that when premiums earned through the balance sheet date for such contracts can be reasonably estimated, the liability for reinsurance claims be recorded based on an estimate of the ultimate cost of claims and claims expenses incurred through the balance sheet date. AXA is able to reasonably estimate premiums earned through the balance sheet date under such contracts.

24 - 13 Stock-based compensation

For US GAAP purposes, AXA uses the intrinsic value-based method of accounting for its stock option incentive plans whereby compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price except for variable plans where compensation expense is recorded based on market value changes in the underlying stock. Under French GAAP, compensation cost is recognized for variable stock option incentive plans where an employee may receive cash in lieu of stock over the vesting period of the plan in accordance with Note 2-13.

24 - 14 Other items

Under French GAAP after January 1, 1996 and for US GAAP, pre-operating costs are expensed as incurred. Prior to that date, pre-operating costs incurred in creating a new company for the development of new insurance activities or commencement of new insurance activities within an existing subsidiary were capitalized and amortized over 5 years from the date when activities commence under French GAAP. The balance of FF 230 million of deferred start-up costs at January 1, 1996 was charged to operations in 1996.

For US GAAP purposes, AXA has adopted SFAS No. 87, Employer's Accounting for Pensions, as of January 1, 1989. At the date of adoption a transition asset, reflecting the overfunded status of AEL's pension plan, was recorded and is being amortized over the remaining fifteen year average service life of employees.

24 - 15 MATERIAL DIFFERENCES BETWEEN FRENCH GAAP AND US GAAP

The approximate effects on consolidated net income of material differences between French GAAP and US GAAP are as follows:

(in FF millions) Years ended December 31,	1997	1996	1995
Consolidated Net Income in Accordance with French GAAP	**7,920**	**3,809**	**2,730**
Differences in scope of consolidation	1,834	472	(247)
Purchase accounting and goodwill	(618)	(363)	(811)
Investment accounting and valuation	144	179	(155)
Deferred acquisition costs	37	756	839
Catastrophe equalization reserves	946	432	428
Future policy benefits	56	(3,041)	291
Deferred taxes	(7)	218	(256)
Elimination of inter-company transactions	(183)	329	334
Treasury shares	(243)	140	-
Change in unrealized investment gains on assets allocated to UK with-profits contracts	(9,064)	(1,587)	(3,221)
Reinsurance zero-balance accounting	-	-	(163)
Pre-operating costs	-	278	(95)
Other items	(596)	(82)	(20)
Tax effect of US GAAP reconciling adjustments	1,806	614	670
Consolidated Net Income In Accordance with US GAAP	**2,032**	**2,154**	**324**

Under French GAAP, in accounting for UK with-profits contracts, revenue and expense are matched in net income by including both changes in the estimated fair values of assets allocated to UK with-profits contacts and corresponding increases or reductions in the liability for UK with-profits contactholder benefits. US GAAP, which was developed in an environment that differs from the one in which the UK with-profits contract was developed, requires the change in unrealized investment gains on assets allocated to UK with-profits contracts be exluded from net income, while requiring recognition of the corresponding change in the liability for with-profits contractholder benefits in net income. Accordingly, AXA Believes this exclusion results in amounts that do not fully reflect the economic effect of the UK with-profits contracts. A rise in the fair value of these assets results in an increase in the liability for contractholder benefits and a reduction in AXA's consolidated US GAAP net income. The adjustment below reverses the exclusion of the change in unrealized investment gains on assets allocated to UK with-profits contracts and sets forth the net income in accordance with US GAAP, except for such adjustment, resulting in a presentation AXA believes is more meaningful under the circumstances.

Consolidated Net Income In Accordance with US GAAP	**2,032**	**2,154**	**324**
Change in unrealized investment gains on assets allocated to UK with-profits contracts, net of deferred income tax	6,254	1,081	2,157
CONSOLIDATED NET INCOME IN ACCORDANCE WITH US GAAP, EXCEPT FOR ADJUSTMENT FOR THE CHANGE IN UNREALIZED INVESTMENT GAINS ON ASSETS ALLOCATED TO UK WITH-PROFIT CONTRACTS	**8,286**	**3,235**	**2,481**

(in FF millions) As of December 31,	1997	1996
Consolidated Shareholders' Equity in Accordance with French GAAP	**78,670**	**44,837**
Differences in scope of consolidation	1,237	(234)
Purchase accounting and goodwill	12,195	(2,756)
Investment accounting and valuation	18,902	6,474
Deferred acquisition costs	2,963	3,481
Catastrophe equalization reserves	1,627	1,043
Future policy benefits	(136)	(1)
Deferred taxes	(411)	(484)
Elimination of inter company transactions	(1,773)	(1,966)
Treasury shares	(2,135)	(4,077)
Other items	(135)	287
Subtotal	**111,004**	**46,604**
Unrealized investment gains on real estate allocated to UK with-profits contracts	(1,148)	(1,128)
CONSOLIDATED SHAREHOLDERS' EQUITY IN ACCORDANCE WITH US GAAP	**109,856**	**45,476**

25 - Condensed us gaap financial statements

The following condensed US GAAP financial statements reflect the effects of the material differences between French GAAP and US GAAP on consolidated net income and shareholders' equity identified in Note 24-15 as well as material scope of consolidation differences between French GAAP and US GAAP. Accounting for the investment in National Mutual under the equity method as required by US GAAP, rather than full consolidation of National Mutual as required under French GAAP, is the principal difference in the scope of consolidation in 1995 and 1996. Additionally, under US GAAP, revenues do not include premiums received for life insurance contracts that have either flexible premiums or insignificant mortality or morbidity risk. Instead, these premiums are directly credited to the liability for future policy benefits, other policy liabilities or insurance claims and claims expense. In a corresponding manner, benefit payments are directly charged to such liability, rather than being included in benefits, claims and other deductions. Revenues on such contracts consist of policy fees and charges, as well as investment results from investing premiums, and expenses consist of amounts credited to the policyholder and benefit payments in excess of the related policy liability. Unearned revenue amounts are classified as part of the liability for future benefits under US GAAP and as a reduction of deferred acquisition costs under French GAAP. In accordance with French GAAP, AXA records its ownership in ordinary shares of the Company as an investment in equity securities whereas under US GAAP, the cost of acquiring a company's own shares is reported as a deduction from shareholders' equity. Certain subordinated debt and mandatorily convertible bonds and notes which are presented as mezzanine capital under French GAAP are classified as debt under US GAAP.

25 - 1 Condensed consolidated balance sheets

1997 (in FF millions) As of December 31,	US GAAP	Adjusted [a]	French GAAP
Assets:			
Total investments	1,502,341	1,504,664	1,519,182
Cash and equivalents	46,881	46,881	47,718
Deferred acquisition costs	37,556	37,556	35,521
Value of purchased business inforce	19,095	19,095	18,682
Reinsurance receivables	41,177	41,177	-
Broker-dealer related receivables	168,922	168,922	168,922
Other assets	182,530	182,530	171,606
Closed block assets	51,311	51,311	-
Separate Account assets	448,108	448,108	452,364
Total Assets	**2,497,921**	**2,500,244**	**2,413,995**
Liabilities:			
Future policy benefits, other policy liabilities, insurance claims and claims expenses	1,178,094	1,178,094	1,198,937
Short-term and long-term debt	83,621	83,621	64,726
Securities sold under repurchase agreements	219,883	219,883	219,883
Broker-dealer related payables	156,198	156,198	156,198
Accrued expenses and other liabilities	189,480	190,200	178,777
Closed block liabilities	55,599	55,599	-
Separate Account liabilities	448,033	448,033	452,002
Total Liabilities	**2,330,908**	**2,331,628**	**2,270,523**
Minority interests	57,157	57,612	46,506
Mandatorily convertible bonds and notes	-	-	3,111
Subordinated debt	-	-	15,185
Shareholders' Equity:			
Ordinary shares	19,960	19,960	19,881
Additional paid in capital	26,450	26,450	26,325
Treasury shares	(2,135)	(2,135)	-
Unrealized investment gains and losses, net	33,044	18,955	-
Minimum pension liability	(48)	(48)	-
Retained earnings	32,585	47,822	32,464
Total shareholders' equity	**109,856**	**111,004**	**78,670**
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT, MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	**2,497,921**	**2,500,244**	**2,413,995**

[a] US GAAP, except for adjustment for the unrealized investment gains on real estate allocated to UK with-profits contracts

1996 (in FF millions) As of December 31,	US GAAP	Adjusted [a]	French GAAP
Assets:			
Total investments	603,403	605,088	689,722
Cash and equivalents	17,103	17,103	20,137
Deferred acquisition costs	28,262	28,262	24,538
Value of purchased business inforce	684	684	6,832
Reinsurance receivables	11,220	11,220	-
Broker-dealer related receivables	87,274	87,274	87,274
Other assets	55,076	55,076	69,769
Closed block assets	45,010	45,010	-
Separate Account assets	205,317	205,317	227,457
Total Assets	**1,053,349**	**1,055,034**	**1,125,729**
Liabilities:			
Future policy benefits, other policy liabilities, insurance claims and claims expenses	377,891	377,891	468,539
Short-term and long-term debt	46,769	46,769	40,765
Securities sold under repurchase agreements	154,003	154,003	154,003
Broker-dealer related payables	103,438	103,438	103,438
Accrued expenses and other liabilities	53,779	54,336	55,011
Closed block liabilities	49,083	49,083	-
Separate Account liabilities	206,461	206,461	228,840
Total Liabilities	**991,424**	**991,981**	**1,050,596**
Minority interests	16,449	16,449	20,546
Mandatorily convertible bonds and notes	-	-	1,260
Subordinated debt	-	-	8,490
Shareholders' Equity:			
Ordinary shares	11,588	11,588	11,588
Additional paid in capital	11,939	11,939	11,733
Treasury shares	(4,077)	(4,077)	-
Unrealized investment gains and losses, net	14,998	5,981	-
Minimum pension liability	(40)	(40)	-
Retained earnings	11,068	21,213	21,516
Total shareholders' equity	**45,476**	**46,604**	**44,837**
TOTAL LIABILITIES, MINORITY INTERESTS, SUBORDINATED DEBT, MANDATORILY CONVERTIBLE BONDS AND NOTES, AND SHAREHOLDERS' EQUITY	**1,053,349**	**1,055,034**	**1,125,729**

[a] US GAAP, except for adjustment for the unrealized investment gains on real estate allocated to UK with-profits contracts

25 - 2 Condensed consolidated statements of income

1997 (in FF millions) Year Ended December 31,	**US GAAP**	**Adjusted** [(a)]	**French GAAP**
Revenues	260,540	273,220	448,664
Benefits, claims and other deductions	(250,311)	(250,330)	(427,980)
Income Before Income Tax Expense	**10,229**	**22,890**	**20,684**
Income tax expense	(5,439)	(9,364)	(7,797)
Minority interests in income of consolidated subsidiaries	(2,988)	(5,470)	(5,264)
Equity in income of unconsolidated entities	230	230	297
Net Income	**2,032**	**8,286**	**7,920**
NET INCOME PER ORDINARY SHARE:			
Basic	6.42	26.19	24.34
Diluted	5.91	24.51	22.84

[(a)] US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profits contracts of FF 6,254 million.

1996 (in FF millions) Year Ended December 31,	**US GAAP**	**Adjusted** [(a)]	**French GAAP**
Revenues	99,313	100,901	202,377
Benefits, claims and other deductions	(94,864)	(94,864)	(193,511)
Income Before Income Tax Expense	**4,449**	**6,037**	**8,866**
Income tax expense	(1,443)	(1,949)	(2,900)
Minority interests in income of consolidated subsidiaries	(1,064)	(1,065)	(2,098)
Equity in income of unconsolidated entities	212	212	(59)
Net Income	**2,154**	**3,235**	**3,809**
NET INCOME PER ORDINARY SHARE:			
Basic	11.99	18.01	20.36
Diluted	11.32	16.41	18.31

[(a)] US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profits contracts of FF 1,080 million.

1995 (in FF millions) Year Ended December 31,	**US GAAP**	**Adjusted** [(a)]	**French GAAP**
Revenues	92,892	96,115	158,152
Benefits, claims and other deductions	(89,425)	(89,425)	(152,294)
Income Before Income Tax Expense	**3,467**	**6,690**	**5,858**
Income tax expense	(2,030)	(3,094)	(2,016)
Minority interests in income of consolidated subsidiaries	(1,050)	(1,052)	(1,017)
Equity in income of unconsolidated entities	(63)	(63)	(95)
Net Income	**324**	**2,481**	**2,730**
NET INCOME PER ORDINARY SHARE:			
Basic	1.95	14.95	16.86
Diluted	1.70	14.59	15.50

[(a)] US GAAP, except for adjustment for the increase in net unrealized investment gains on assets allocated to UK with-profits contracts of FF 2,157 million.

25 - 3 Earnings per share (EPS)

The calculation of basic and diluted EPS under US GAAP is based on the same methodology as for French GAAP (see Note 18) except that the number of ordinary shares used in computing basic and diluted EPS for 1995 was adjusted for the approximately three percent bonus element of the French Rights Offering. Differences also arise, however, due to the underlying differences in accounting principles. For the years ended December 31, 1997, 1996 and 1995, the negative impact of dilutive securities issued on a US GAAP basis by subsidiaries was FF 151 million, FF 40 million and FF 20 million, respectively.

25 - 4 Fixed maturities and equity investments

For purposes of US GAAP, at December 31, 1997 and 1996, AXA has classified fixed maturities and equity investments having an amortized cost of FF 898,964 million and FF 297,963 million, respectively, and estimated fair value of FF 975,301 million and FF 323,007 million, respectively, as available for sale and fixed maturities having an amortized cost of FF 5,488 million and FF 5,402 million, respectively, and estimated fair value of FF 5,004 million, FF 5,571 million, respectively, as held to maturity.

At December 31, 1997 and 1996, net unrealized gains from available for sale securities included in shareholders' equity in accordance with the US GAAP was FF 33,044 million and FF 14,998 million, respectively. Such net unrealized gains were net of FF 18,549 million and FF 8,043 million of deferred income taxes and FF 29,176 million and FF 5,429 million of amounts allocated for policyholders and minority interests, which included amounts attributable to assets allocated to UK with-profits contracts of FF 14,088 million and FF 9,017 million (net of income taxes of FF 8,692 million and FF 4,607 million), at December 31, 1997 and 1996, respectively.

The FASB published a SFAS No. 115 implementation guide in 1995 allowing a one-time opportunity to reclassify certain securities. As a result of this guide, National Mutual reassessed the appropriateness of its classification of certain securities, and effective October 1, 1995, transferred FF 13,201 million of securities classified as available for sale to the trading portfolio. Since such securities were recorded at their fair value as of the purchase date, September 1, 1995, no material gross unrealized gains or losses were recognized as a result of the transfer. Also as a result of the implementation guide, on December 1, 1995, Equitable transferred FF 32,073 million of securities classified as held to maturity to the available for sale portfolio. Unrealized gains on fixed maturities which are included in the 1995 shareholders' equity under US GAAP, increased FF 1,938 million, offset by deferred acquisition costs of FF 361 million, amounts attributable to closed block policyholders and participating group annuity contracts of FF 626 million and deferred income tax of FF 333 million. There have been no other significant reclassifications or sales of securities classified as held to maturity for the years ended December 31, 1997, 1996 and 1995.

25 - 5 Deferred income tax

Differences between the French GAAP and US GAAP components of the net deferred income tax asset and liability are as follows:

1997 (in FF millions) *As of December 31,*	**Net Deferred Income Tax Asset**			**Net Deferred Income Tax liability**		
	French GAAP	**Adjustment**	**US GAAP**	**French GAAP**	**Adjustment**	**US GAAP**
Investments	1,578	1,051	2,629	(15,124)	(13,761)	(28,885)
Insurance operations	(25)	220	195	(3,981)	(3,821)	(7,802)
Compensation and related benefits	6,166	(88)	6,078	379	971	1,350
Other	1,756	(579)	1,177	1 050	(520)	530
TOTAL	**9,475**	**604**	**10,079**	**(17,676)**	**(17,131)**	**(34,807)**

1996 (in FF millions) *As of December 31,*	**Net Deferred Income Tax Asset**			**Net Deferred Income Tax liability**		
	French GAAP	**Adjustment**	**US GAAP**	**French GAAP**	**Adjustment**	**US GAAP**
Investments	895	194	1,089	(4,120)	(3,168)	(7,288)
Insurance operations	192	60	252	(1,920)	(1,408)	(3,328)
Compensation and related benefits	2,002	26	2,028	(51)	(27)	(78)
Other	599	(15)	584	969	42	1,011
TOTAL	**3,688**	**265**	**3,953**	**(5,122)**	**(4,561)**	**(9,683)**

25 - 6 Supplemental cash flow information

Cash and cash equivalents on a US GAAP basis include highly liquid debt instruments with an original maturity of three months or less. At December 31, 1997 and 1996, French GAAP included investments with an original maturity greater than three months amounting to FF 1,514 million and FF 1,646 million, respectively, as cash and cash equivalents.

For the years ended December 31, 1997, 1996, and 1995, deposits related to investment contracts amounted to FF 77,984 million, FF 49,612 million and FF 38,790 million, respectively, and withdrawals related to investment contracts amounted to FF 60,445 million, FF 40,033 million and FF 30,028 million, respectively, and are part of operating cash flow under French GAAP. Such deposits and withdrawals would be reflected as financing activities in a statement of cash flows prepared in accordance with US GAAP.

25 - 7 Stock-based compensation

Total compensation cost recognized in income for stock-based employee compensation in 1997, 1996 and 1995 was FF 619 million, FF 30 million, and FF 19 million, respectively, under US GAAP. Had compensation expense for the Company's stock option incentive plans and its subsidiaries' plans been determined based on the estimated fair value at grant dates for awards made in 1995, and subsequently AXA's US GAAP pro forma net income and EPS would have been as follows:

(in FF millions except per share amounts) Years ended December 31,	1997	1996	1995
US GAAP:			
Net Income -- as reported	2,032	2,154	324
Net Income -- pro forma	1,923	2,092	307
Basic EPS -- as reported	6.42	11.99	1.95
Basic EPS -- pro forma	6.08	11.65	1.85
Diluted EPS -- as reported	5.91	11.32	1.70
Diluted EPS -- pro forma	5.57	11.02	1.60

Such pro forma effects are not necessarily indicative of the effect on future years' net income as they do not take into consideration fair values related to grants made prior to 1995.

The weighted average estimated fair value per option granted by the Company during 1997 was FF 90.82 and during 1996 was FF 54.7. Fair values for the Company's stock option plans were estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Years ended December 31,	1997	1996	1995
Dividend yield	2.61%	4.08%	3.61%
Volatility	25%	22%	22%
Risk-free interest rate	4.96%	4.92%	5.09%
Expected life, in years	6	6	6 to 7

The estimated fair value of options granted by AXA subsidiaries during 1997 and 1996 was FF 744 million and FF 149 million, respectively.

Glossary

ACAV (Assurance à Capital Variable) Contracts	*Separate account products sold by the French Life Insurance Group. The separate accounts are invested in equity and/or debt securities (other than securities of real estate companies) or mutual funds (including funds of mutual funds).*
ACAVI (Assurance à Capital Variable Immobilier) Contracts	*Separate account products sold by the French Life Insurance Group invested in real estate companies or real estate partnerships.*
Actuarial reserves	*Liability established under French GAAP to provide for future benefits to policyholders net of liability ceded to reinsurers. Such liability is gross of liability ceded to reinsurers under US GAAP.*
Annualized new business premiums	*For a specified period, the sum of premiums on regular premium products written during such period and one-tenth of premiums on single premium products written during such period. This measure is used in the UK to compare the size of life insurance companies.*
Annuity	*A contract that pays a periodic income benefit for the life of a person (the annuitant) or persons or for a specified number of years, or a combination of the two.*
Asset valuation reserve ("AVR")	*The asset valuation reserve is a liability on a life insurance company's statutory balance sheet under US statutory accounting practices. AVR establishes statutory reserves related to the market risk of the insurance company's portfolio, including mortgage loans, equity real estate, joint ventures, fixed maturities and common and preferred stock. AVR has no effect on financial statements prepared in conformity with French or US GAAP.*
Capacity	*The amount of insurance or reinsurance available from a company based on its internal policies, financial strength and the market in general.*
Cash surrender value	*The amount of cash available to a policyholder on the surrender of a contract for a life insurance product.*
Catastrophe equalization reserves	*Premium revenue deferred to future periods to provide against future catastrophes.*

Glossary

Cede; ceding insurer; cession	*When an insurer reinsures its risk with another insurer (a "cession"), it "cedes" business and is referred to as the "ceding insurer".*
Claim	*An occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Claims may be covered, limited or excluded from coverage, depending on the terms of the policy.*
Claims and claims expenses	*The sum of incurred claims and claims expenses. This term is used interchangeably with "loss and loss adjustment expenses".*
Claims ratio	*The ratio of a property and casualty insurance or reinsurance company's incurred claims and claims expenses to gross premiums earned net of reinsurance ceded. For 1995, 1996 and 1997, the change in catastrope equalization reserves is included in incurred claims and claims expenses; for prior years, such change is included in premiums earned.*
Claims expenses	*The expenses of investigating and settling claims, including certain legal and other fees, and the expenses of administering the claims adjustment process. This term is used interchangeably with "loss adjustment expenses".*
Claims reserves	*Reserves established by an insurer or reinsurer and reflected on its balance sheet to reflect the estimated cost of payments for claims for which the insurer or reinsurer ultimately will be required to indemnify insureds or reinsureds in the future in respect of losses occurring on or prior to the balance sheet date on insurance or reinsurance it has written. Claims reserves are composed of case reserves and IBNR reserves and, unless otherwise indicated, catastrophe equalization reserves. Unless otherwise indicated, for French GAAP purposes claims reserves are presented net of reserves established with respect to claims ceded to reinsurers. Such liability is gross of liability ceded to reinsurers under US GAAP. This term is used interchangeably with "loss reserves."*
Combined ratio	*The sum of the claims ratio and the expense ratio for a property and casualty insurance company or a reinsurance company. A combined ratio below 100 generally indicates profitable underwriting. A combined ratio over 100 generally indicates unprofitable underwriting. An insurance company with a combined ratio over 100 may be profitable to the extent net investment results exceed underwriting losses.*

Declared interest account

The notional account into which premiums from policyholders choosing the minimum guaranteed interest option offered under interest sensitive and variable products are deposited. The premiums earn a minimum guaranteed return for the life of the product, plus additional interest credited at a rate that is declared periodically.

Deferred annuity

An annuity which begins benefit payments after a determined period of time (at maturity) or possibly upon earlier surrender. Lump sum benefits are available for some contracts.

Deferred policy acquisition costs ("DAC")

Commissions and certain other underwriting, policy issuance and selling expenses that are directly related to the production of business. These expenses are deferred and later amortized to achieve a matching of revenues and expenses.

Direct insurance

Insurance coverage sold to individuals and commercial enterprises, as opposed to reinsurance, which is the ceding of all or a portion of risks to a reinsurer by the insurer who has sold such coverage.

Disability income insurance

Health insurance that provides income payments to the insured wage earner when income is interrupted or terminated because of illness, sickness or accident.

Distribution fund

A separate account investment option which distributes a portion of the investment income each year to the policyholder in cash rather than having it reinvested in the account.

Earned premiums

See "Premiums earned".

Endowment insurance

Life insurance under which an insured receives the face value of a policy if the individual survives the endowment period. If the insured does not survive, a beneficiary receives the face value of the policy.

Excess of loss insurance

Insurance which applies excess of specific underlying insurance and/or a specified attachment point.

Expense ratio

The ratio of property and casualty insurance operating expenses (acquisition expenses and other insurance company expenses) to earned premiums net of reinsurance.

Glossary

Exposure	*This term in the insurance field may have several meanings: possibility of a loss; the potential value of a loss; or a unit of measure of the amount of risk a company assumes (for example, one car insured for one year).*
Facultative reinsurance	*The reinsurance of part or all of the insurance provided by a single policy negotiated on a contract-by-contract basis.*
Flexible premium products	*Insurance products where the policyholder may choose the amount and frequency of the premiums paid (often within certain limitations).*
Frequency	*The number of claims occurring under a given coverage divided by the number of exposures for the given coverage.*
General account	*The assets of an insurance company which support its insurance and other obligations (other than separate account obligations).*
General account insurance portfolio	*The investment assets in the general accounts of the AXA insurance subsidiaries. These assets support general account life insurance, property casualty insurance and reinsurance liabilities.*
Gross premiums	*Total premiums (whether or not earned) for insurance contracts written or assumed (including deposits for contracts with an insignificant amount of mortality or morbidity risk) during a specific period, without deduction for premiums ceded.*
Group products	*Insurance products under which individual employees or individuals related to other organizations generally created for purposes other than obtaining insurance are covered under a single policy. The employers or other groups often benefit from favorable tax treatment or contract terms.*
Guaranteed investment contract "GIC" Annuities	*Group deferred annuity contracts sold to pension and profit sharing plans and funding agreements that guarantee principal and a stated interest rate for a specified period of time. Equitable has a GIC Segment which was discontinued in September 1991. This reporting segment offered GIC annuities and wind-up annuities.*
Immediate annuity	*An annuity which begins benefit payments immediately, or usually not later than one year after issuance.*

Incurred but not yet reported ("IBNR") reserves

Reserves for estimated claims and claims expenses which have been incurred but not yet reported to the insurer or reinsurer, including future development of claims which have been reported to the insurer or reinsurer but where the established reserves may ultimately prove to be inadequate.

Individual insurance products

Life insurance products offered to individuals as opposed to groups or businesses.

Interest maintenance reserve ("IMR")

The interest maintenance reserve is a liability on a life insurance company's statutory balance sheet under US statutory accounting practices that applies to all types of fixed income investments (bonds, non-redeemable preferred stocks, commercial mortgage loans and mortgage-backed securities). In general, an insurance company must include in the IMR any gains or losses realized from the sale of fixed income investments that are due solely to changes in the prevailing level of interest rates.

These net realized gains are then amortized into income over the remaining life of each investment sold. IMR has no effect on financial statements prepared in conformity with French or US GAAP.

Interest-sensitive product

A life insurance policy or annuity that pays a minimum guaranteed interest rate plus a current rate of interest on policy or contract account values which is subject to being reset periodically by the insurer.

Investment products

Contracts issued by insurance companies that are vehicles for investment and offer no insurance guarantees.

Lapse

Termination of a policy because of surrender, failure to pay a premium or lack of sufficient cash value to maintain in-force status.

Life insurance products

Term which includes all the products offered by a life insurance company, such as group, individual, life, health and retirement.

Life products

Life insurance products that provide death benefits in excess of the benefits provided on surrender or maturity.

Glossary

Loss reserves	*See "claims reserves".*
National Association of Insurance Commissioners	*An association of the top insurance regulatory officials of all 50 states and the District of Columbia organized to promote consistency of regulatory practice and statutory accounting standards throughout the United States.*
Non-proportional reinsurance	*Arrangement in which a reinsurer makes payments to the ceding insurer for losses in excess of a specified amount.*
Open group	*Group or association, often created for the purpose of obtaining insurance, which may offer favorable tax treatment or contract terms to members. Membership in the group is usually unrestricted.*
Participating contracts	*Insurance in which the policyholder is entitled to participate in the earnings or surplus of the insurance enterprise. The participation occurs through the distribution of dividends to policyholders.*
Persistency	*Measurement of insurance policies remaining in force from year-to-year.*
Premiums	*Payments and considerations received for policies and contracts that are issued, renewed or reinsured by an insurance company.*
Premiums earned	*That portion of gross premiums written in current and past periods which applies to the expired portion of the policy period, calculated by subtracting changes in unearned premium reserves from gross premiums.*
Proportional reinsurance	*Arrangement whereby the insurer cedes to the reinsurer an agreed fixed percentage of premiums and losses and other liabilities for each policy covered on a pro rata basis.*
Regular bonuses	*Bonuses (or policyholder dividends) periodically credited to UK with-profits contractholders. Regular bonuses, once credited, are guaranteed on death or maturity.*
Regular premium products	*Life insurance products which provide for premiums to be paid*

periodically, typically either annually or monthly.

Reinsurance

The practice whereby one insurer, called the reinsurer, in consideration of premiums received, agrees to indemnify the ceding insurer for all or a portion of the risk under a policy or policies of insurance issued by the ceding insurer. However, the legal rights of the insured generally are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

Reserves

Liabilities established by insurers and reinsurers to reflect the estimated cost of claims and benefit payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in accordance with the insurance or reinsurance it has written.

Retention

The amount or portion of risk which a ceding insurer retains for its own account. Claims and claims expenses paid by the ceding insurer in excess of the retention level are then owed to the ceding insurer by the reinsurer. In proportional insurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention an amount of loss, a loss ratio or a percentage.

Retirement products

Life insurance products that are savings vehicles for retirement.

Segmented tariff

Insurance premiums that vary according to the insured's age, gender or other factors (e.g. past driving record) deemed likely to have an impact on future losses.

Separate account

Investment account established and maintained by an insurer to which funds have been allocated for certain insurance policies or contracts of the insurer. The income, gains and losses realized or not realized from assets allocated to the account are, in accordance with the insurance policies or contracts, credited to or charged against the account without regard to other income, gains or losses of the company or the company's other separate accounts. Separate accounts cannot generally be charged with the liabilities of the general account. Products meeting this definition are often referred to as "investment linked" or "unit linked" products.

Single premium products

Life insurance products which provide for only one premium to be paid at the issuance of the contract.

Glossary

Statutory fund

A fund into which Australian life insurance companies must segregate similar types of policies and in which all related premiums must be credited and which may be used only for the conduct of the business of those policies. The investment portfolio supporting that fund must be kept segregated from the other assets of the company and may be applied only for the benefit of those policyholders.

Surrender

The termination of a life or retirement contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, of the contract.

Tail

The period of time that elapses between the incurrence and settlement of losses under a policy. A "short-tail" insurance product is one where ultimate losses are known and settled comparatively quickly; ultimate losses under a "long-tail" insurance product are sometimes not known and settled for many years.

Terminal bonuses

Bonuses (or policyholder dividends) paid at the termination of UK with-profits contracts and of participating contracts written by National Mutual. Terminal bonuses are not guaranteed in advance of contract termination.

Term life insurance

Life insurance protection for a limited period which expires without value if the insured survives the period specified in the policy.

Treaty reinsurance

A type of reinsurance whereby the ceding company automatically will cede and the reinsurer automatically will assume a predetermined portion or category of risk underwritten by the ceding company.

Underwriting

The process of examining and accepting or rejecting insurance risks, and classifying those accepted, in order to charge the appropriate premium for each accepted risk.

Underwriting results

The pre-tax profit or loss experienced by a property-casualty insurance company or reinsurance company after deducting incurred claims and claims expenses and operating expenses from premiums earned. This profit and loss calculation includes reinsurance assumed and ceded but excludes investment income.

Unearned premium reserves

Pro rata unearned premium reserves established for premiums written and collected with respect to insurance coverage for future periods.

Universal life insurance

A life insurance product under which (1) premiums are generally flexible, (2) the level of death benefits may be adjusted and (3) expenses and other charges are specifically disclosed to a purchaser. This policy is sometimes referred to as unbundled life insurance because its three basic elements (investment earnings, cost of protection and expense charges) are separately identified both in the policy and in an annual statement to the policyholder.

Variable product

A life insurance product that provides a return linked to an underlying portfolio. The portfolio is usually a group of mutual funds established as one or more separate accounts with the policyholder given some discretion in choosing the mix of assets. Variable products often offer a general account guaranteed interest investment option.

Whole life insurance

A permanent life insurance product offering guaranteed death benefits and guaranteed cash values.

Wind-up annuities

Non-participating group annuities sold by The Equitable principally to satisfy liabilities under terminated pension plans.

Withdrawal

Surrender in part. Many life insurance products permit the insured to withdraw a portion of the cash surrender value of the contract. Future benefits are reduced accordingly.

With-profits contracts

A type of participating life insurance product offered in the UK.

Signatures

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorised.

AXA-UAP

By: *\/s/Gérard de La Martinière*

Name: *Gérard de La Martinière*
Title: *Senior Executive Vice-President*
Chief Financial Officer

Date: April 30, 1998