

CIRCULAR

CLEAN

Key Contact List:

John Redford	Mobile	07979 906352
Ian Barbour	Mobile	07979 906353
Mark Shennan	Mobile	07899 864483
Richard Nock	Mobile	07879 485640
Samantha Wood	Mobile	07979 906358
Andrew Stewart	Mobile	07979 906359
Matt Feely	Mobile	07867 801254
Andre Compton	Mobile	07957 424836
Andrew Holmes	Mobile	07879 485642
Nights		
David Field	Mobile	07979 906354
Paul Habben	Mobile	07899 864481
Jon Martin	Mobile	07881 551952

Job No:

Proof No:

Date:

Millnet Financial Limited

Stapleton House
29-33 Scrutton Street
London EC2A 4HU

Telephone: 020-7422 8800
Facsimile: 020-7422 8888
ISDN: 020-7739 5067
EMail: millnet@millnet.co.uk

Information on additional services available at Millnet

LEGAL PHOTOCOPYING
&
DIGITAL PRINTING

Overnight service incorporating all of the following:-

- Plans / Drawings
- Colour
- Glasswork
- Litigation work
- Disk or ISDN output
- Instant production
- Confidential security printer
- Pick up & delivery

WHY NOT INFORM YOUR LITIGATION DEPARTMENT!

Distribution offices:

UK
Cardiff • Edinburgh
Glasgow • Leeds
Manchester

USA
All Main cities
via
New York

WORLDWIDE
Amsterdam • Brussels
Dublin • Frankfurt
Hong Kong • Johannesburg
Milan



€175,000,000

UNDATED SUBORDINATED FIXED/FLOATING RATE NOTES

ISSUE PRICE: 99.153 PER CENT. OF THE PRINCIPAL AMOUNT OF THE NOTES.

The €175,000,000 Undated Subordinated Fixed/Floating Rate Notes (the “Notes”) of La Mondiale (the “Issuer”) will be issued on 14 October 2003.

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and, subject to certain exceptions, will rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future direct, unsecured, dated and undated subordinated obligations of the Issuer, as further described in “Terms and Conditions of the Notes – Status”.

The Notes will bear interest at the rate of 5.875 per cent. per annum from and including 14 October 2003 to but excluding 14 October 2013 and thereafter, at a rate of 2.70 per cent. above the European inter-bank offered rate for three month euro deposits (“Euribor”). Interest from the period from and including 14 October 2003 to but excluding 14 October 2013 will be payable annually in arrear on 14 October of each year, commencing on 14 October 2004 and, for the period thereafter, quarterly in arrear on the Interest Payment Dates (as defined herein) falling on, or nearest to, 14 January, 14 April, 14 July and 14 October, all as set out in “Terms and Conditions of the Notes – Interest”.

Payment of interest may, in certain circumstances, be deferred at the option of the Issuer, as set out in “Terms and Conditions of the Notes – Interest – Interest Deferral”.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Issuer may at its option, with the prior written consent of the *Commission de Contrôle des Assurances*, redeem all, but not some only, of the Notes at their principal amount (together with accrued interest) on the Interest Payment Date falling on or nearest to October 2013 or on any subsequent Interest Payment Date, as set out in “Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of the Issuer”. In addition, the Issuer may, with the prior written consent of the *Commission de Contrôle des Assurances* redeem all, but not some only, of the Notes at their principal amount (together with accrued interest) in the event that certain French taxes are imposed (see “Terms and Conditions of the Notes – Redemption and Purchase – Redemption for taxation reasons”).

The Notes will be issued in bearer form in the denomination of €10,000 each. Title to the Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with article L. 211-4 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes have been accepted for clearance through Euroclear France, Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and the depositary bank for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). The Notes will, upon issue, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in “Terms and Conditions of the Notes – Form, denomination and title”) including Euroclear and Clearstream, Luxembourg.

The Notes have received a rating A- from Standard & Poor’s Ratings Services and A- from Fitch France S.A. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other.

STRUCTURING ADVISOR – SOLE BOOKRUNNER

LEHMAN BROTHERS

CO-MANAGER

NATEXIS BANQUES POPULAIRES

The Issuer confirms that this Offering Circular contains or otherwise incorporates by reference all information with respect to the Issuer and its subsidiaries and affiliates taken as a whole (the “Group”) and the Notes which is material in the context of the issue and offering of the Notes, that the information and statements contained or otherwise incorporated therein relating to the Issuer, the Group and the Notes are true and accurate in all material respects and not misleading; that the opinions or intentions expressed in it with regard to the Issuer and the Group are honestly held or made, that there are no other facts in relation to the Issuer or the Group the omission of which would, in the context of the issue and the offering of the Notes, make any statement contained or otherwise incorporated by reference in this Offering Circular misleading in any material respect, and that all reasonable enquiries have been made to ascertain and verify the foregoing. The Issuer accepts responsibility accordingly.

In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions, including the United States, the United Kingdom and France, may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see “Subscription and Sale” below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to or for the account of U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”).

In this Offering Circular, unless otherwise specified or the context requires, references to “euro”, “EUR” and “€” are to the single currency of the participating member states of the European Union.

In connection with this issue Lehman Brothers International (Europe) may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and will be carried out in compliance with all applicable laws and regulations.

TABLE OF CONTENTS

	<i>Page</i>
Terms and Conditions of the Notes	4
Use of Proceeds	13
Business Description.....	14
Consolidated Capitalisation of the Issuer	20
Recent Developments	21
Subscription and Sale	22
General Information.....	24
Consolidated Financial Statements 2002.....	25

INCORPORATION BY REFERENCE

The Issuer's annual report which contains the audited non-consolidated and consolidated accounts of the Issuer for the year ending on 31 December 2002 is incorporated by reference herein.

Copies of this annual report are available without charge upon request at the principal office of the Issuer or at the specified office of each of the paying agents (Kredietbank S.A. Luxembourgeoise and Euro Emetteurs Finance).

TERMS AND CONDITIONS OF THE NOTES

The issue of the €175,000,000 Undated Subordinated Fixed/Floating Rate Notes (the “Notes”) outside the Republic of France by La Mondiale (the “Issuer”) has been authorised pursuant to a resolution of the *Assemblée Générale* of the Issuer adopted on 25 April 2003 (beforehand approved by the *Commission de Contrôle des Assurances* on 11 February 2003 in accordance with article R. 322-79 of the French *Code des Assurances*) and a resolution of the *Conseil d’administration* of the Issuer adopted on 18 September 2003. The Notes are issued with the benefit of an agency agreement dated 14 October 2003 as amended or supplemented from time to time (together the “Agency Agreement”) between the Issuer, Kredietbank S.A. Luxembourgeoise as fiscal agent and principal paying agent (together with any substitute fiscal agent and principal paying agent, the “Fiscal Agent”) and as agent bank (together with any substitute agent bank, the “Agent Bank”), Euro Emetteurs Finance as paying agent (the “Paris Paying Agent” and together with the Fiscal Agent and any substitute or additional paying agents which may be appointed from time to time under the Agency Agreement, the “Paying Agents”). Certain statements in these Terms and Conditions of the Notes (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents. Holders of the Notes (the “Noteholders”) are deemed to have notice of the provisions of the Agency Agreement, and are entitled to the benefit of, those provisions which relate to their rights under the Notes or are otherwise applicable to them. References in these Conditions to any provision of the French *Code des Assurances* or any other law or decree shall be construed as references to such provision as amended, re-enacted, or supplemented by any order made under, or deriving validity from, such provision. References below to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, denomination and title

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €10,000 each. No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. For the purpose of these Conditions, “Account Holders” shall mean any authorised financial intermediary institution entitled to hold directly or indirectly accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and the depositary bank for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

Title to the Notes will be evidenced in accordance with article L. 211-4 of the French *Code monétaire et financier* by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. Status

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unsecured and, to the extent referred to in the following paragraph, subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future direct, unsecured, dated and undated subordinated obligations of the Issuer with the exception of any *prêts participatifs* granted to, and any *titres participatifs* issued by, the Issuer.

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of *redressement judiciaire*, the sale of the whole business (*cession totale de l’entreprise*) of the Issuer, or if the Issuer is liquidated for any reason, the rights of payment of the Noteholders in respect of principal, interest and other amounts shall be subordinated to the payment in full of all other creditors of the Issuer (including, for the avoidance of doubt, insurance companies and entities referred to in article R. 322-132 of the French *Code des Assurances* reinsured by the Issuer and holders of insurance policies issued by such entities) whose claims are not for any reason subordinated in any manner and to the payment in full of the holders of any dated subordinated notes of the Issuer provided that, subject to such payment in full, the Noteholders will be paid in priority to lenders of any *prêts participatifs* granted to, and holders of *titres participatifs* issued by, the Issuer.

At the request of the *Commission de Contrôle des Assurances*, the proceeds of the Notes may be used for off-setting losses of the Issuer and thereafter, to allow it to continue its activities.

Pursuant to article L. 327-2 of the French Code des Assurances, a lien over the assets of the Issuer is granted for the benefit of the Issuer’s policyholders. Noteholders, even if they are policyholders of the Issuer, do not have the benefit of such lien in relation to amounts due under the Notes.

3. Interest

(a) Interest Payment Dates

The Notes bear interest from, and including, 14 October 2003 to, but excluding, 14 October 2013 (the “Fixed Rate Period”) at the rate of 5.875 per cent. per annum payable annually in arrear on 14 October of each year, commencing on 14 October 2004 (each a “Fixed Interest Payment Date”). The period from and including 14 October 2003 to, but excluding, the first Fixed Interest Payment Date and each successive period from, and including, a Fixed Interest Payment Date to, but excluding, the next successive Fixed Interest Payment Date is called a “Fixed Interest Period”. If interest is required to be calculated for a period within the Fixed Rate Period of less than one year, it will be calculated on the basis of the actual number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Fixed Interest Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resultant figure to the nearest €0.01 (0.005 being rounded upwards).

Thereafter (the “Floating Rate Period”), the Notes will bear interest at the Rate of Interest (as defined in Condition 3(d)) payable quarterly in arrear on 14 January, 14 April, 14 July and 14 October in each year (each a “Floating Interest Payment Date” and together with the Fixed Interest Payment Dates, an “Interest Payment Date”) commencing on 14 January 2014. If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in Condition 3(d)(iv)), it shall be postponed to the next day which is a Business Day. The period from, and including, 14 October 2013 to, but excluding, the first Floating Interest Payment Date and each successive period from, and including, a Floating Interest Payment Date to, but excluding, the next succeeding Floating Interest Payment Date is called a “Floating Interest Period” and, together with the Fixed Interest Periods, an “Interest Period”. Interest shall accrue on the Notes in respect of all Floating Interest Periods on the basis of the actual number of days elapsed in the relevant period divided by 360.

(b) Interest Payments

Interest payments will be made subject to, and in accordance with, the provisions of this Condition 3 and Condition 5. Each Note will cease to bear interest from the date on which it is due to be redeemed, unless payment of principal is improperly withheld or refused on such date. In such event, it shall continue to bear interest in accordance with this Condition (both before and, to the extent permitted by law, after judgement) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

(c) Interest Deferral

(1) Optional and Compulsory Interest Payment Dates

An “Optional Interest Payment Date” means any Interest Payment Date which is not a Compulsory Interest Payment Date or on which the Issuer does not make any payment due on other junior or *pari passu* ranking securities.

A “Compulsory Interest Payment Date” means each Interest Payment Date on which the Issuer is deemed to satisfy the Solvency Ratio (as defined below).

The Issuer is deemed to satisfy the solvency ratio (the “Solvency Ratio”) on a particular Interest Payment Date if the Issuer has, under the provisions of articles L 334-1, R 334-1 *et seq.* and A 334-1 *et seq.* of the French *Code des Assurances* and on the basis of its annual audited consolidated accounts for the financial year immediately preceding such Interest Payment Date for which such accounts have been approved by the *Conseil d’Administration* of the Issuer, a solvency margin (*marge de solvabilité*) (as determined by the Issuer’s auditors (*commissaires aux comptes*) and notified to the Agent Bank not earlier than 45 days and not later than 30 days prior to such Interest Payment Date) equal to or greater than 150 per cent. of the minimum prescribed solvency margin, and would continue to do so assuming that the interest due on such Interest Payment Date, together with any Arrears of Interest (as defined below) then outstanding, is paid on such Interest Payment Date.

On any Optional Interest Payment Date, the Issuer may, at its option, pay all (but not part only) of the interest in respect of the Notes accrued to that date in respect of the Interest Period ending on such Optional Interest Payment Date, but the Issuer shall have no obligation to make such payment and any

such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date in accordance with this Condition shall, so long as it remains outstanding, constitute “*Arrears of Interest*” and shall be due and payable as set out below.

(2) *Arrears of Interest*

Arrears of Interest may, at the option of the Issuer, be paid in whole or in part (but if in part, in an amount equal to the whole of the interest attributable to a particular Interest Period and so that Arrears of Interest attributable to any Interest Period shall not be paid prior to Arrears of Interest attributable to any earlier Interest Period) on any Optional Interest Payment Date, provided that the Issuer has elected to pay the interest due on such Optional Interest Payment Date in respect of the Interest Period ending on such Optional Interest Payment Date. All Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earlier of:

- (i) the next Interest Payment Date if such Interest Payment Date is a Compulsory Interest Payment Date or,
- (ii) the date on which the Notes are due to be redeemed pursuant to, and in accordance with, Condition 4, or,
- (iii) the date on which the Issuer makes any payment due on any other junior or *pari passu* ranking securities.

Arrears of Interest shall not themselves bear interest.

(3) *Notice of Deferral and Payment of Arrears of Interest*

The Issuer shall give not more than 45 days’ and not less than 25 days’ prior notice to the Noteholders in accordance with Condition 9 of its election in respect of any Optional Interest Payment Date (i) pursuant to Condition 3(c)(1), not to make the relevant payment of interest which would otherwise have been due on such date and (ii) pursuant to Condition 3(c)(2), to pay on such date all or part of any Arrears of Interest.

(d) *Rate of Interest*

The rate of interest (the “*Rate of Interest*”) for the Notes for each Floating Interest Period will be determined by the Agent Bank on the following basis:

- (i) On the second Business Day before the beginning of each Floating Interest Period (each an “*Interest Determination Date*”) the Agent Bank will determine the European interbank offered rate, expressed as a rate per annum, for three-month euro deposits commencing on the first day of the relevant Floating Interest Period (“*Euribor*”), which appears at or about 11.00 a.m. (Brussels time) on the display designated as page 248 on the Bridge/Telerate Monitor (or such other page or service as may replace it for the purpose of displaying Euribor). The Rate of Interest for such Floating Interest Period shall be the sum of the Margin and the rate which is so calculated and displayed, as determined by the Agent Bank.

In these Conditions, “*Margin*” means 2.70 per cent. per annum.

- (ii) If for any reason on any Interest Determination Date such offered rate does not so appear, or if the relevant page or service is unavailable, the Agent Bank shall, on such date, request the principal euro-zone office of each of four major banks in the euro-zone inter-bank market, selected by the Agent Bank (the “*Reference Banks*”) to provide the Agent Bank with its offered quotation, for three-month euro deposits commencing on the first day of the relevant Floating Interest Period to leading banks in the euro-zone inter-bank market, at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Rate of Interest for such Floating Interest Period shall be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of such quotations (or of such of them, being at least two, as are so provided), as determined by the Agent Bank.
- (iii) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the next Floating Interest Period shall be the rate per annum which the Agent Bank determines to be the sum of the Margin and the arithmetic mean (rounded, if necessary, up to the nearest fifth decimal place) of the euro lending rates quoted by

major banks in the euro-zone (selected by the Agent Bank and being at least two in number) at approximately 11.00 a.m. (Brussels time) on such Interest Determination Date for loans in euro to leading European banks for a period of three months commencing on the first day of the relevant Floating Interest Period, except that, if the banks so selected by the Agent Bank are not quoting on such Interest Determination Date as mentioned above, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Floating Interest Period to which one of the preceding paragraphs of this Condition 3(d) shall have applied.

- (iv) In these Conditions (other than in Condition 5), “*Business Day*” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (“*TARGET*”) is operating.

(e) *Determination of Rate of Interest and calculation of Interest Amount*

The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable on each Note (the “*Interest Amount*”) for the relevant Floating Interest Period.

The Interest Amount shall be calculated by applying the Rate of Interest to the principal amount of each Note, multiplying such product by the actual number of days in the Floating Interest Period concerned divided by 360 and rounding the resulting figure to the nearest €0.01 (0.005 being rounded upwards).

(f) *Publication of Rate of Interest, Interest Amount and Interest Payment Date*

The Agent Bank will cause (i) the Rate of Interest, the Interest Amount for each Floating Interest Period and the relevant Interest Payment Date and (ii) if interest has been previously deferred pursuant to Condition 3(c)(1), also the aggregate amount of the Arrears of Interest which would be payable on such Interest Payment Date if Arrears of Interest were to become due on such Interest Payment Date pursuant to Condition 3(c)(2) to be notified (a) to the Issuer, the Fiscal Agent (if different from the Agent Bank) and each other Paying Agent (if any) not later than 3.00 p.m. (Brussels time) on the Interest Determination Date and (b) to the Noteholders in accordance with Condition 9 as soon as possible after their determination but in no event later than the second Business Day thereafter. The Interest Amount, Interest Payment Date and, if applicable, Arrears of Interest so published may subsequently be amended by the Agent Bank (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 4(b)(1) or (2) or under Condition 4(d) other than on a Floating Interest Payment Date, the Rate of Interest and the Interest Amount shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 3 but no publication of the Rate of Interest, the Interest Amount or the Arrears of Interest so calculated need be made.

(g) *Agent Bank*

The Issuer reserves the right at any time to vary the appointment of the Agent Bank and to appoint a substitute Agent Bank provided that the Issuer will procure that, so long as any Note is outstanding, there shall at all times be an Agent Bank in respect of the Notes having a specified office in a major European city. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank, or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amount the Issuer shall appoint some other leading bank engaged in the euro-zone inter-bank market (having a specified office in a major European city) to act as such in its place in respect of the Notes. The Agent Bank may not resign its duties until a successor has been appointed.

The Agent Bank shall act as an independent expert and not as agent for the Issuer or the Noteholders.

(h) *Certificates etc. to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the Conditions whether by the Reference Banks (or any of them) or the Agent Bank shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, any stock exchange on which the Notes are for the time being listed, the Reference Banks, the Agent Bank, the Paying Agents, the Fiscal Agent and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Reference Banks or the Agent Bank or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

4. Redemption and Purchase

The Issuer shall not be at liberty to redeem the Notes except in accordance with the provisions of this Condition 4 and the Noteholders shall have only those rights as regards redemption that are set out in this Condition 4.

(a) *Redemption for taxation reasons*

- (1) If at any time, by reason of a change in any French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after 14 October 2003, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 6, the Issuer may, at any time during the Fixed Rate Period and on any Interest Payment Date during the Floating Rate Period, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A. 334-3 of the French *Code des Assurances*) or its successor or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (2) If the Issuer would on the next payment of principal or interest in respect of the Notes be obliged to pay additional amounts as specified under Condition 6 and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer may forthwith give notice of such fact to the Fiscal Agent and the Issuer may, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A.334-3 of the French *Code des Assurances*) or its successor or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter.

(b) *Redemption at the option of the Issuer*

- (1) On each Optional Redemption Date (as defined below), the Issuer may, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A.334-3 of the French *Code des Assurances*) or its successor or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest) accrued to such Optional Redemption Date. For this purpose, "Optional Redemption Date" shall mean the Interest Payment Date falling on, or nearest to, 14 October 2013 and each subsequent Interest Payment Date. The exercise of this option by the Issuer will be notified to the Luxembourg Stock Exchange.
- (2) If the Notes cease to be treated by the *Commission de Contrôle des Assurances* or its successor or any other relevant regulator (to the extent that such consent is required in accordance with applicable legislation) as supplementary capital for the purposes of calculating the solvency margin (*marge de solvabilité*) for any reason whatsoever (other than in accordance with the provisions of Articles R. 334-11 and A. 334-3 of the French *Code des Assurances*), the Issuer may, subject to the prior written consent of the *Commission de Contrôle des Assurances* (in accordance with Article A. 334-3 of the French *Code des Assurances*) or its successor or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation), and subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), redeem on any Interest Payment Date all, but not some only, of the Notes at their principal amount, together with all interest (including any Arrears of Interest) accrued to the date fixed for redemption. The exercise of this option by the Issuer will be notified to the Luxembourg Stock Exchange.

(c) *Redemption on liquidation or other similar events*

Each Note shall become immediately due and payable at its principal amount together with all interest accrued to the date of payment (including any Arrears of Interest) if any judgement is rendered by any competent court for the judicial liquidation (*liquidation judiciaire*) or, following an order of *redressement judiciaire*, the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or the Issuer is liquidated

for any reason provided that notice in writing declaring the Notes to be due and payable and identifying the relevant event is given to the Fiscal Agent by the representative of the *masse des obligataires* as referred to in Condition 8 and, in either such case, each Note shall become immediately due and payable together with the amounts referred to above upon receipt of such notice by the Fiscal Agent.

(d) *Notice of redemption*

All Notes in respect of which any notice of redemption is given by the Issuer under this Condition 4 shall be redeemed on the date specified in such notice in accordance with this Condition. Each notice of redemption will be given to the Noteholders in accordance with Condition 9 and the Issuer shall also immediately notify the Luxembourg Stock Exchange.

(e) *Purchase*

The Issuer or any of its affiliated entities may at any time, subject to the prior consent of the *Commission de Contrôle des Assurances* (in accordance with Article A. 334-3 of the French *Code des Assurances*) or its successor, purchase Notes in the open market or otherwise at any price agreed between the Issuer or such entity and the relevant Noteholder. Such purchase of Notes by the Issuer shall be effected only with a prior information of the *Commission de Contrôle des Assurances* or its successor if it relates, individually or when aggregated with previous purchases, to less than 5 per cent. of the Notes.

(f) *Cancellation*

All Notes redeemed or purchased by the Issuer will be cancelled and accordingly may not be re-issued or resold.

5. Payments

(a) *Method of Payment*

Payments of principal, interest (including, for the avoidance of doubt, Arrears of Interest) and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear and the depository bank for Clearstream, Luxembourg) and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments of principal, interest (including Arrears of Interest) and other amounts in respect of the Notes will be subject to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions described in Condition 6. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If any due date for payment of principal, interest or other amounts in respect of any Note is not a Business Day, then the holder of such Note shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums with respect to such postponed payment.

In this Condition, “*Business Day*” means a day on which Euroclear France is open for business and which is also a day on which the TARGET system is operating.

(c) *Fiscal Agent and Paying Agents*

The initial specified offices of the initial Fiscal Agent, Agent Bank and Paying Agents are as follows:

FISCAL AGENT, PRINCIPAL PAYING AGENT AND AGENT BANK

Kredietbank S.A. Luxembourgeoise

43, boulevard Royal
L-2955 Luxembourg
Luxembourg

PAYING AGENT

Euro Emetteurs Finance
48, boulevard des Batignolles
75850 Paris Cedex 17
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint another Fiscal Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times, be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, at least one Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent).

6. Taxation

- (a) The Notes being denominated in euro will be deemed to be issued outside the Republic of France. Accordingly, interest and other revenues in respect of the Notes benefit from the exemption from deduction of tax at source on account of French taxes provided by Article 131 *quater* of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.
- (b) If French law should require that any payment of principal or interest in respect of the Notes be subject to withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax (together, “*taxes*”), the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the net amounts receivable by Noteholders after such deduction or withholding, equal the amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)):
- (i) who is subject to such taxes, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note; or
 - (ii) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusion of the ECOFIN Council meeting of 26 – 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

7. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment.

8. Representation of the Noteholders

In accordance with article L. 228-46 of the French *Code de Commerce*, the Noteholders will be grouped together for the defence of their respective common interests in a collective group (the “*masse des obligataires*”), which shall have legal personality.

Pursuant to article L. 228-47 of the French *Code de Commerce*, the acting representative of the *masse des obligataires* will be:

Odile Albasser, Les Cavaliers, Quartier Cartlet, 84400 Saigon, France

The *masse des obligataires* will be governed by the provisions of the French *Code de Commerce* (with the exception of the provisions of article L. 228-47, L. 228-48 and L. 228-59 thereof), of French decree no. 67-236 of 23 March 1967 (with the exception of the provisions of articles 218, 222, 224 and 226 thereof) and the conditions set out below.

The acting representative will have the power, without restriction or reservation and acting together or individually, to take, on behalf of the *masse des obligataires*, all actions of management necessary in order to defend the common interests of the Noteholders.

The representative will exercise his duties until his death, resignation or termination of his duties by a general meeting of the Noteholders or until he becomes incapable of acting or unable to act. The appointment of the representative shall automatically cease on the date of final or total redemption, prior to maturity or otherwise, of the Notes. This appointment will be automatically extended until the final resolution of any proceedings in which the representative is involved and the enforcement of any judgements rendered or settlements made.

The substitute representative of the *masse des obligataires* will be:

Christian Auffret, 8 rue d'Aldeguier, 31500 Toulouse, France

The substitute representative will, if necessary, replace the acting representative if he is unable to act.

The date on which the appointment of the substitute representative takes effect shall be the date of receipt of the registered letter by which the Issuer or any other interested party, shall have notified such substitute representative of the inability to act (whether temporary or permanent) of the acting representative; such notification will also be made, if applicable, in the same way to the Issuer.

In the event of temporary or permanent replacement of the acting representative, the substitute representative shall have the same powers as the acting representative.

The Issuer will bear the costs of calling general meetings of the Noteholders, publishing their decisions and fees linked to the possible designation of the representative of the *masse des obligataires* according to article L. 228-50 of the French *Code de Commerce*, all the costs of administration and of management of the *masses des obligataires* of Noteholders and of general meetings.

Meetings of the Noteholders shall be held at the registered office of the Issuer or such other place as is specified in the notice of the meeting.

Each Noteholder shall have the right, during the period of 15 days prior to any meeting of the *masse des obligataires*, to examine and take copies of or to cause an agent to do so on its behalf, at the registered office or administrative headquarters of the Issuer or at such other place as is specified in the notice for such meeting, the text of the resolutions to be proposed and any reports to be presented to such general meeting.

In the event of the consolidation of the Notes with further issues of Notes giving identical rights to Noteholders and if the terms and conditions of such Notes so permit, the Noteholders of all such issues shall be grouped together in a single *masse des obligataires*.

Any amendment to the Condition shall be subject to the prior written of the *Commission de Contrôle des Assurances* (in accordance with article A. 334-3 of the French *Code des Assurances*) or its successor or any other relevant regulator (whose consent the Issuer is required to obtain in accordance with applicable legislation).

9. Notices

Any notice to the Noteholders shall be validly given by delivery of the relevant notice to Euroclear France, Euroclear and Clearstream, Luxembourg, except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, the relevant notice shall also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

10. Merger, partial transfer

In case of merger or partial transfer of the assets (*apport partiel d'actif*) of the Issuer resulting in the universal succession in favour of a distinct legal entity, the rights and obligations attached to the Notes will be automatically transferred to, and will henceforth be obligations of, that entity.

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the amount and date of the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will be grouped together, for the defence of their common interests, in a single *masse des obligataires* having legal personality.

12. Modification of the Agency Agreement

The Agency Agreement may be amended by the parties to it, without the consent of the Noteholders, for the purpose of curing any ambiguity, or correcting or supplementing any defective provision contained in it, or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable provided that, in either case, such amendment does not, in the opinion of the Agent Bank, adversely affect the interests of the Noteholders.

13. Governing Law and Jurisdiction

The Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the non-exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes are estimated to be approximately €172,130,250 and will be used to strengthen the Issuer's balance sheet with hybrid capital.

BUSINESS DESCRIPTION

LEGAL ENVIRONMENT OF LA MONDIALE

Title

La Mondiale
Mutual Life Insurance Company

Headquarters: 32 avenue Emile Zola Mons-en-Baroeul- 59896 LILLE Cedex

Registered: Registre de Commerce des Sociétés de Lille
number D 775 625 635

Legal Form

Mutual Life and Pension Insurance Company administrated by a board of directors under the French Insurance Code.

Creation and Length

La Mondiale was founded in 1905 in Lille by local industrial partners. Its statutes were registered on October 16, 1905 and approved by the first General Assembly on December 18, 1905.

Registered first as an “insurance company with a mutual form” approved by a public decree published on March 13, 1907, La Mondiale has become a *société d’assurance mutuelle sur la vie et de capitalisation* (Mutual Life and Pension Insurance Company) with the 1989 reform of the French Insurance Code enacted by the insurance law of December 31, 1989. La Mondiale is controlled by the French “Commission de Contrôle des Assurances” (soon to become the Commission de Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance).

The duration of La Mondiale, initially 99 years, has been extended until December 31, 2082.

Its fiscal year ends each year on December 31.

Activities permitted by the statutes

La Mondiale is allowed to engage in all life insurance and reinsurance operations: savings, capitalization, annuities, pension, single or regular premium.

Board Members and Executive Committee

Board of Directors.

Mr Patrick PEUGEOT, Chairman of the Executive Board

Mr Jean-François DUTILLEUL, Vice-Chairman

Mr Philippe CHALMIN

Mr Emmanuel d’ANDRE

Mr Jean-Louis de MOURGUES

Mr Pierre GEIRNAERT

Mr Alex HOW CHOONG

Mr Thierry JEANTET

Mr Raymond LEFEBVRE

Mr Robert MYARD

Mr Yves PETIT

Advisory Board

Mr Robert MYARD, Chairman

Mr Emmanuel d’ANDRE

Mr Raymond LEFEBVRE

Executive Committee

Mr Patrick PEUGEOT, Chairman
Mr André CAHAGNE, General manager in charge of insurance activities
Mr Alain GAJAN, General manager in charge of financial activities
Mr Patrice BONIN, Executive vice-president – Group pension
Mr Jean-Marc CRESTANI, Executive vice-president – Wealth insurance
Mr Antoine HENNEQUIN, Executive vice-president – Head of Investments
Mr Philippe DABAT, Executive vice-president – Sales force
Mr Pascal MANIEZ, Executive vice-president – Accounting
Mr Didier SERRAT, Managing director
Mrs Carole CATRY, Vice-president – Gie Computer Group IT
Mr Daniel BASSAN, Director of Human Resources

Auditors

Deloitte Touche Tohmatsu
185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

KPMG Audit
1, Cours Valmy
92923 Paris La Défense
France

DESCRIPTION OF LA MONDIALE

General Description of La Mondiale

In 2002, La Mondiale was the 12th largest insurance company in France with a 3.4 per cent. market share. Premiums paid have almost tripled in five years to €2.9 billion in 2002 and total assets have reached €22.3 billion. At December 31, 2002, La Mondiale had surplus (equivalent to shareholders' equity) of €609 million (excluding minority interests), consolidated net profit of €92 million and solvency capital (surplus + unrealised capital gains + subordinated debt) of €1.4 billion, representing 2.2 times the minimum required solvency ratio. La Mondiale had 2,537 employees at the end of 2002.

As of December 31, 2002, La Mondiale had 485,007 "sociétaires" (policyholders-owners).

La Mondiale specializes in three market segments:

- **Wealth insurance product management** (through La Mondiale Partenaire SA): savings products for high net worth individuals ("HNWI") mostly sold through private banking divisions of large European banks. This segment represented 54 per cent. of La Mondiale's 2002 premiums.
- **Individual pension and life** (through La Mondiale Experts, business unit of the mutual company): retirement and pension products for self-employed workers sold through a sales force of 1,100 people. This segment represented 30 per cent. of La Mondiale's 2002 premiums.
- **Group pension** (through Arial Assurance SA, previously La Mondiale Entreprises): pension and retirement products for large corporations sold directly and through insurance brokers. This segment represented 16 per cent. of La Mondiale's 2002 premiums.

La Mondiale is the market leader in two of the three areas in which it operates, namely retirement plans for the self-employed and savings products for HNWI. Its business is well diversified, with a product range that covers savings, retirement, traditional life insurance, and accident and health insurance (called "prévoyance"). La Mondiale is also a leading player in the sales of "Madelin" products, a range of retirement, disability and accident benefits for the self-employed. These products, introduced in 1994, offer significant tax advantages for the insured. La Mondiale captured 15 per cent. share of this fast growing market in 2001, ranking third behind AXA and Generali. La Mondiale also provides retirement products to a number of large corporate accounts.

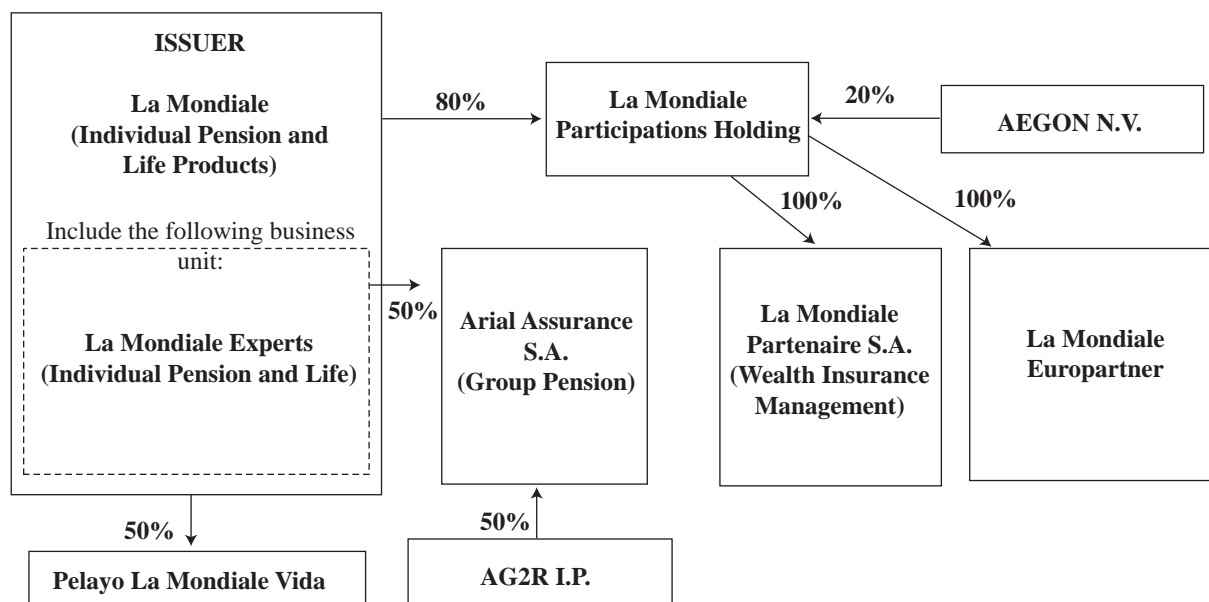
La Mondiale mainly conducts its business in France, with small operations in Spain and Luxembourg representing only 3 per cent. of premiums.

Historically sales were generated through a network of salaried agents, but in the last decade, the Issuer developed and expanded its sales strategy. La Mondiale now focuses on gearing specific products and sales teams to clearly defined market segments.

In July 1999, La Mondiale acquired a majority stake (68.3 per cent.) in La Hénin-Vie ("LHV"), from the Suez Group. LHV specialised in unit-linked business, distributed through financial partners (banks and stock brokers) and targeted HNWI. LHV has used this expertise to compete successfully against the "bancassurance" institutions (i.e. insurance companies which are subsidiaries of banks) that have carved a strong position in the French life insurance market. LHV's portfolio complements La Mondiale's traditional product range, and overall the LHV acquisition has substantially enhanced La Mondiale's competitive position in the French market.

In July 2003, the Issuer's financial strength rating was confirmed A+ (stable outlook) by Fitch and Standard & Poor's. La Mondiale was the first French insurance mutual to be rated, in 1995.

Group Structure (As of September 2003)



La Mondiale's business is organised in three business units, each addressing a distinct market segment: La Mondiale Partenaire (including La Mondiale Europartner), La Mondiale Experts, and Arial Assurance (formerly La Mondiale Entreprises, "LME").

The Issuer's 2002 premium income remained stable at €2.9 bn compared to 2001, and is broken down as follows: 54 per cent. from La Mondiale Partenaire, 30 per cent. from La Mondiale Experts, and 16 per cent. from Arial.

By the end of 2003, 50 per cent. of Arial Assurance S.A will be purchased by La Mondiale Participations Holding.

La Mondiale Partenaire (LMP) – 54 per cent. of 2002 Premiums

LMP is the market leader in sales of unit-linked products to HNWI through "partners" (non-affiliated intermediaries and institutions), such as private banking arms of large European banks, stock brokers and a network of independent advisors. LMP controls operationally La Mondiale's foreign Luxembourg operations, La Mondiale Europartner. La Mondiale Europartner's life products are distributed to HNWI through LMP's "partners". Premiums in 2002 totalled €80 million.

La Mondiale Experts – 30 per cent. of 2002 Premiums

This business unit, which comprises the original sales team of La Mondiale, has a highly skilled sales force (1,100) which serves 490,000 subscribers in France and abroad. It focuses on self-employed workers, such as freelance, traders or managers of small and midsize firms, and offers a range of products: retirement (52 per cent. of 2002 premium income), life insurance and accident and health (32 per cent.), and savings (16 per cent.).

La Mondiale ranks 3rd in the market of retirement products for self-employed workers. The "Loi Madelin", a law introduced in 1994, is a tax-efficient framework for self-employed workers. At this time, it has not been fully taken advantage of, and therefore represents a market with high potential for growth. La Mondiale had at the end of 2002 a market share of 15 per cent. in terms of new business. On the other hand, sales of "multisupport" savings products, i.e. life products that offer a choice non-linked or unit-linked funds, have followed the market trend and have decreased. La Mondiale has however outperformed in this market as well.

Although La Mondiale Experts is a relatively small player in the accident and health market, product innovation and improvement in services have boosted results, as shown by an 11 per cent. increase in premiums in 2001. La Mondiale Experts has also reduced costs by outsourcing the back-office function to a third party specialist, GPF.

As far as La Mondiale's foreign operations are concerned, La Mondiale Mutuelle also controls a 50 per cent. participation in La Mondiale Vida which has recently been turned into a 50/50 joint-venture with Pelayo, a Spanish mutual specialized in the motor sector. It is now called Pelayo Mondiale Vida. It is a small operation with life premiums of €26 million in 2002.

Arial Assurance (formerly LME) – 16 per cent. of 2002 Premiums

Arial Assurance, a new company which will be held jointly by La Mondiale and AG2R, operates in both La Mondiale Entreprises' and AG2R's markets (group retirement schemes, disability and health insurance schemes, and corporate group life benefits schemes).

Arial is currently 50 per cent. owned by La Mondiale Mutual and 50 per cent. by AG2R Prévoyance. The 50 per cent. owned by La Mondiale Mutual will be transferred to La Mondiale Participations Holding after the transfer of LME's activities, which has been approved by the French insurance regulator, the Commission de Contrôle des Assurances in July 2003. This transfer will be effective as of October 2003 to the new entity Arial Assurance, with retroactive implementation dated 1st January 2003. As part of the agreement La Mondiale/AG2R, La Mondiale also agreed that its group accident & health renewals will be directly dealt by Arial, ie La Mondiale will no longer be a carrier of health insurance. Arial has now become the vehicle for AG2R's life insurance business.

In 2002, Arial Assurance ranked 2nd with a market share of 15 per cent. in the retirement business. The unit sells mainly through brokers, consultancy firms, and direct marketing/sales channels, and sells to firms with more than 200 employees, smaller companies being the target of La Mondiale Experts. Since its creation in 1990, La Mondiale Entreprises (Arial) has shown constant growth in premium income, due to innovative products and a high standard of service. Premiums in 2002 declined by 32 per cent. to €462 million as a result of major contracts not being renewed in 2002 but renewed in 2003.

Strategic Objectives

La Mondiale has three main strategic objectives: clear market segmentation and product distribution, efficient operational management and distribution partnerships.

- **Segmentation / Distribution:** La Mondiale's first objective is to develop innovative products different from the traditional standard saving products of the "bancassurance" network (i.e. insurance companies which are subsidiaries of banks). La Mondiale owes part of its results to its ability to identify market segments with high growth potential and to develop these segments through the sale of innovative and quality products and services. La Mondiale's distribution strategy consists of focusing on three sectors through three distribution channels. This has proved to be successful, as demonstrated by the performance over the past few years in terms of growth and penetration of the markets.
- **Efficient operational management:** La Mondiale has built an efficient distribution network for the Experts operation, which succeeded in steadily increasing the average regular premium value to €2,800 in 2002 vs. €1,650 five years ago.

La Mondiale implemented a CRM (Customer Relationship Management) programme called Ulysse. Ulysse is an in-house system intended to improve the synergies call centers and the sales team. By organizing a more structured training for its sales network, La Mondiale aims to produce expert financial advisers.

La Mondiale is also improving its financial and operational control, with strict cost control policies, stringent accounting principles and the implementation of a sophisticated in-house asset/liability management methodology.

- **Partnerships:** In 2002, La Mondiale further developed its partnerships strategy, and signed agreements with MACIF, AG2R, and Aegon to broaden its distribution network in France and other European markets. These distribution partnerships have given La Mondiale access to complementary expertise and know-how.

Partnerships

La Mondiale has signed agreements with French mutual MACIF (number 1 motor insurer in France), AG2R (a French "institution de prévoyance", second pillar compulsory pension scheme, leader in its market with 2 million clients), and the Dutch insurer Aegon, one of the world's leading insurance groups.

- **MACIF:**

MACIF is the largest mutual insurance company in the French market and also the largest motor insurer in France, with 4.37 million members. La Mondiale and MACIF entered into a distribution agreement that initially covers two French regions and will, in the future, be extended nationwide. The purpose of this alliance is to exchange client data in order to cross-sell their products.

- **AG2RP:**

With over 5 million policyholders, the AG2RP Group is a leading diversified financial services firm specializing in group life insurance (life & disability) and pension benefits. AG2RP has developed a broad range of products and services in areas such as pensions, provident schemes, additional health benefits and services for companies and individuals.

The agreement with AG2RP covers group accident and health products and employees' savings and pensions, and has been implemented through the creation of two companies, Arial Assurance and Arial Epargne, jointly owned by La Mondiale and AG2RP.

- Arial Assurance specializes in group insurance, with La Mondiale contributing the pension products and AG2RP the health and accident products. Arial Assurance uses brokers and consultants as distribution channels. This partnership allows La Mondiale to extend its client base to midsize and small firms, and boosts La Mondiale Experts' presence in the accident and health segment for very small firms.
- Arial Epargne distributes savings products to employees through the agent network of the two parent companies. This agreement allows La Mondiale to market individual savings products to the employees of AG2RP's client base.

- **Aegon:**

Aegon is one of the world's ten largest life insurance groups, ranked by market capitalization and assets. Life insurance, pensions and related investment products are Aegon's core business.

Aegon has chosen La Mondiale to jointly build the first European corporate pension network, a market perceived by both partners as a major growth potential. The two companies will exploit the successful distribution model adopted by La Mondiale to provide retirement products for multinational companies. For countries in which neither La Mondiale nor Aegon is present, the two companies intend to establish their presence either with a green field operation or through acquisitions and joint ventures. Under the cooperation agreement, La Mondiale sold 20 per cent. of La Mondiale Participations' capital, the holding company of the group, to Aegon.

These alliances will enable La Mondiale to broaden its distribution network in France and other European markets, and give access to complementary expertise and know-how, which should help enhance revenues in the next few years.

Financial Results

2002 proved to be another tough year in the global markets, coupled with declining interest rates, volatile equity markets and slowed economic growth. Despite this challenging environment, La Mondiale's performance remained stable.

At December 31, 2002, La Mondiale had total of assets of €22.3 billion.

Despite turmoil in the financial markets, total assets under management in 2002 (69 per cent. in general funds and 31 per cent. in unit-linked accounts) grew 3.5 per cent. to €21.0 billion. La Mondiale's consolidated asset mix in general fund at year-end 2002 at book value was as follows: 9 per cent. invested in real estate, 79 per cent. in bonds and 12 per cent. in equities.

Consolidated equity capital at December 31, 2002, increased €108 million to €657 million (or €609 million excluding minority interests). The Issuer reported minimum solvency margin as required by the regulators, calculated from group financial statements of €617 million. Total consolidated Group equity capital and subordinated debt, adjusted for amortisation of goodwill and intangible assets, was €775 million. Including unrealized capital gains, La Mondiale's solvency capital totalled €1.4 billion, or 2.2 times the minimum solvency required ratio.

During the year, La Mondiale Partenaire's and La Mondiale Experts' premiums increased 9 per cent. to €1.6 billion and 10 per cent. to €878 million, respectively. Premiums from group pensions business declined 34 per cent. to €462 million for 2002, mainly due to exceptional contracts reflected in 2001.

La Mondiale's reported 2002 operating income of €89 million compared to €135 million the previous year. La Mondiale generated consolidated net income of €92 million in 2002, up 11.0 per cent. compared to 2001.

CONSOLIDATED CAPITALISATION OF THE ISSUER

La Mondiale Group
30 June 2003
Changes in Equity

	As of 31 December 2002	Allocation of 2002 net earnings	Changes	As of 30 June 2003	As Adjusted*
	(Euro in thousands)				
Capital social	—				
Subscription fees and Statutory Capital	18,138		2,553	20,691	20,691
Revaluation Reserve	656			656	656
Long Term Capital Gain Reserve	173,414			173,414	173,414
Retained Earnings	337,965	92,452	(1,143)	429,274	429,274
Reserve for Impairment Provision	(13,930)		—	(13,930)	(13,930)
Earnings	92,452	(92,452)	34,987	34,987	34,987
Group Equity Capital	608,695	—	36,397	645,092	645,092
Minorities Interest	48,785		5,144	53,929	53,929
Total Equity Capital	657,480	—	41,541	699,021	699,021
Subordinated Debt	348,567				468,567

There has been no material change in the capitalisation of La Mondiale since 30 June 2003.

The Issuer being a “mutual” does not have any share capital.

*adjusted to show the effect of this issue of EUR175,000,000 undated subordinated notes and of the recent repurchase of EUR 30,000,000 subordinated notes by the Issuer.

RECENT DEVELOPMENTS IN 2003

- **Financial results:** Premium growth accelerated substantially during the 1st half of 2003, as group premiums grew by 53 per cent. split individual pension and life (+12 per cent.), Group pension (+155 per cent.) and Wealth Management Insurance (+56 per cent.). This growth was fuelled by higher sales of guaranteed General Fund products than unit-linked products.
- **Technical Reserves:** The French regulatory agency “Commission de Contrôle des Assurances” approved the transfer of the large group pension mathematical provisions to Arial Assurance, the joint venture with AG2R.
- **Strategy:** In the group pension business (through Arial), La Mondiale has won new customers on pre-retirement products: Alcatel and HP. La Mondiale is also negotiating, along with Aegon, two partnerships in Germany and in Italy with large local specialists in group pension. In Wealth Management Insurance product, La Mondiale added two financial institutions to its partnership base: Caixa Bank and Fideuram Wargny, after HSBC and Caisse des Dépôts at the end of 2002. On May 30, 2003, La Mondiale sold its subsidiary S.A.V, which specialized in the outsourcing of creation and management of life insurance contracts to Accenture.
- **Litigation:** In June 2003, La Mondiale was ordered by a French Court (*Tribunal de Grande Instance de Paris*) to pay €689,000 to one of its clients for a claim in relation to a unit-linked life insurance contract. The ground for the ruling was that the client had not received enough information from La Mondiale in relation to the terms and conditions of the product at the time that it entered into the contract. La Mondiale has lodged an appeal against the court’s ruling. La Mondiale, based on legal advice received, believes that it will win the appeal.
- **Pension Reform:** In July 2003, a reform of the French pension system was voted by the Parliament. Retirement age will be progressively extended and a decline in pension benefits will occur in line with the actuarial evolution of French demographics. A tax-exempt capitalisation scheme has been created for salaried people. This scheme will be principally managed by life insurance companies. This scheme is complex and will need a highly specialised sales force. La Mondiale should benefit from this reform starting in 2004, particularly in individual pension and life.
- **Ratings:** In July 2003, Standard & Poor’s and Fitch confirmed La Mondiale’s financial strength rating of A+ (stable outlook).

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 10 October 2003 (the “*Subscription Agreement*”) entered into with the Issuer, Lehman Brothers International (Europe) and Natexis Banques Populaires (the “*Managers*”), the Managers have agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 99.153 per cent. of their principal amount less a selling concession of 0.45 per cent. and a combined management and underwriting commission of 0.30 per cent. in each case of such principal amount. In addition, the Issuer has agreed to reimburse the Managers in respect of certain of their legal and other expenses incurred in connection with the subscription of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the subscription of the Notes.

General

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Republic of France

Each Manager and the Issuer has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L. 411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October 1998. In addition, each Manager and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described as above.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “*Securities Act*”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of issue of the Notes or (iii) otherwise after the expiration of such 40-day period, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that (i) it has not offered or sold and, prior to the date six months after the date of issue of the Notes, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended), (ii) it has only communicated or caused to be

communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Germany

Each Manager has represented and agreed that it shall only offer Notes in the Federal Republic of Germany in compliance with the provisions of the German Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) on 13 December 1990 as amended, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of the Notes in the Federal Republic of Germany.

Netherlands

Each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than (i) to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, investment undertakings, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) or (ii) in circumstances where one of the exceptions to or exemptions from the prohibition contained in article 3(1) of the Securities Transactions Supervision Act 1995 (“*Wet toezicht effectenverkeer 1995*”) applies.

GENERAL INFORMATION

- 1 The Notes have been accepted for clearance through Euroclear France, and through Clearstream, Luxembourg and Euroclear with the Common Code number of 017813765. The International Securities Identification Number (ISIN) for the Notes will be FR0010021287.
- 2 Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange, the legal notice relating to the issue of the Notes and copies of the constitutional documents of the Issuer have been lodged with the *registre du commerce et des sociétés de Luxembourg* prior to the listing thereof, where such documents are available for inspection and where copies thereof can be obtained.
- 3 The issue of the Notes has been authorised pursuant to a resolution of the *Assemblée Générale* of the Issuer (beforehand approved by the *Commission de Contrôle des Assurances* on 11 February 2003 in accordance with article R. 322-79 of the French *Code des Assurances*) adopted on 25 April 2003 and a resolution of the *Conseil d'administration* of the Issuer adopted on 18 September 2003.
- 4 Save as disclosed in the Offering Circular, there has been no material adverse change in the condition, financial or otherwise, or general affairs of the Issuer since 31 December 2002.
- 5 Save as disclosed in the Offering Circular, there are no litigation or arbitration proceedings against or affecting the Issuer or any of its assets, nor is the Issuer aware of any pending or threatened proceedings, which are material in the context of the issue of the Notes.
- 6 For so long as any of the Notes are outstanding, copies of the following documents may be obtained free of charge during normal business hours at the specified office of each Paying Agent (both in Paris and in Luxembourg):
 - (a) the Agency Agreement;
 - (b) the most recently published annual, audited, consolidated and non-consolidated financial statements of the Issuer; and
 - (c) the most recently published unaudited semi-annual consolidated financial statements of the Issuer.The Issuer's consolidated financial statements as at 30th June, 2003 are expected to be published on or about 30 October 2003. The Issuer does not publish interim non-consolidated financial statements.
- 7 The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of the Notes.
- 8 Deloitte Touche Tohmatsu and KPMG Audit have audited and rendered unqualified audit reports on the non-consolidated and consolidated financial statements of the Issuer for each of the financial years ended 31 December 2001 and 2002.
- 9 Legal opinions in connection with the issue of the Notes will be given as to French law by Mrs Lise Carré, legal adviser to the Issuer and by Allen & Overy, legal advisers to the Manager.
- 10 On 3rd June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1st January, 2005.

Consolidated Financial Statements

2002

S u m m a r y

<i>Page</i> 2	Financial report
<i>Page</i> 4	Statutory auditors' report
<i>Page</i> 8	Consolidated financial statements
<i>Page</i> 26	Data on subsidiaries and affiliates

Financial report

■ ACTIVITY

Group La Mondiale generated 2,912 million Euros in gross annual premiums, principally through life insurance products in France (99%). Healthcare activities representing 32 million Euros.

Group La Mondiale consolidated accounts have been prepared as from 31 December 2001 in conformity with the new legal and regulatory principles emanating from the 2000-05 Committee of the Accountancy Reglementation directive delivered December 7, 2000 and its application decree n° 2001-51 of January 17, 2001.

The accounts as at December 31, 2002 show a turnover of € 2,912 million) compared to 2,917 million Euros in 2001.

Breakdown by segment of activities :

- The Professional segment (independents – small and medium sizes companies) grew by 10% to a total 878 M€.
- - The Partnership segment (savings) with a 1,572 billion Euros turnover is up to 9%.
- The Corporate segment (pensions and social liabilities for large companies) decreased by 32% to 462 M€

Total assets under management increased by 3% to 20.9 billion Euros. Assets in the form of unit accounts represent € 6.5 billion or 31% of the Group's total assets.

The Luxembourg activities, represented by La Mondiale Europartner, accounted for 80 million Euros in written premiums, the quasi totality of which were unit linked contracts.

■ INVESTMENTS

Group La Mondiale's investment strategy is to seek an optimal match of asset and liability duration through the purchase of long-term assets or use of financial instruments.

The Group's consolidated investments reached 21 billion Euros in book value, a 3.5% growth compared

to December 31, 2001 accounts of which 31% or 6.5 billion Euros represent unit-linked contracts. The main part of the assets are invested through a general fund of 14.5 billion Euros were invested for 79% in fixed income securities, 12% in equities, and 9% in real estate.

As at December, 31 2002 total Group non-realized capital gains were valued at 797 million Euros compared to 847 million Euros as at December 31, 2001. These capital gains consist of

- 684 million Euros in fixed income
- 270 million Euros in stocks
- 383 million Euros in real estate.

■ PROFITABILITY

Consolidated net profit amounted to 92.5 million Euros, in Group share, growing 5.9% compared to the 2001 accounts.

The operating income was 89 million Euros compared to 135 million Euros for 2001. After taking into account non technical and exceptional items and taxes, the net income for integrated subsidiaries was 93.5 million Euros, an increase of 5.5%

Goodwill amortisation had a minor impact on year 2002 result with 1 million Euros contribution.

Consolidated equity capital as at December 2002, was 657 million Euros up 108 million Euros on proforma 2001.

The Group's solvency margin or adjusted solvency margin, calculated from group financial statements in conformity with the articles (2002-360 decree) stood at 617 million Euros.

Total Group equity capital and subordinated debts, adjusted for amortisation of goodwill and intangible assets, was 775 million Euros, more than 1.3 times the minimum regulatory solvency ratio. With the inclusion of non-realized capital gains, the components of the solvency ratio total 1.387 million Euros, near 2.2 times the minimum solvency required ratio.

In summary, the main items of Group Profit & Loss account and Balance Sheet over the last 5 years are illustrated below.

Financial key figures

PROFIT AND LOSS ACCOUNT

<i>(In Euro million)</i>	1998	1999 <i>Proforma (1)</i>	2000	2000 <i>Proforma(2)</i>	2001	2002
Gross premiums	1,094	2,645	3,308	3,308	2,917	2,912
Investment income net of expenses	403	703	766	743	739	728
Claims and benefits paid	1,086	3,772	2,706	2,696	1,764	1,496
Life policy holder benefits	293	515	576	555	589	539
Unit linked asset adjustment ("Acav")	30	1,248	-428	-428	-941	-1,272
Acquisition and management expenses	130	238	263	225	226	235
Consolidated net profit (Group share)	30	37	47	73	83	92

BALANCE SHEET

<i>(In Euro million)</i>	1998	1999 <i>Proforma (1)</i>	2000	2000 <i>Proforma (2)</i>	2001	2002
Share capital after result (including minority interests)	378	527	575	440	549	657
Technical reserves	7,485	16,605	18,762	19,197	20,324	20,937
Assets under management and cash	7,757	16,884	19,199	19,198	20,342	21,049

(1) Including the Group La Mondiale Partenaire (ex La Hénin Vie) as from 1 January to 31 December 1999

(2) 2001 accounts established according to the new consolidation rule (Nouvelles Normes de Consolidation)

Statutory Auditors' Report

Year ending December 31, 2002

Mutualists,

In carrying out the assignment entrusted to us at your Shareholders' Meeting, we have audited the consolidated financial statements of La Mondiale – Mutual Life Insurance Company- established in Euros at December 31, 2002 copy of which is attached to this report.

The consolidated financial statements were approved by the Board of Directors. We have to express an opinion on these financial statements based on our audit.

We performed our audit according to the French professional standards ; these standards require the implementation of procedures whereby reasonable assurance that the consolidated financial statements do not include any significant irregularities is obtained. An audit consists in examining, by testing, the evidence justifying the information contained in these financial statements. It also consists in appraising the accounting principles applied and the significant estimations used to prepare the financial statements and to appraise their presentation as a whole. We consider that our audit provides a reasonable basis for the opinion expressed below.

We hereby certify that the consolidated accounts made in accordance with French accounting principles and rules, give a true and fair view of the assets and financial position and the results of the operations of the group achieved by the companies included in the consolidation.

We have also checked the information given in the management report of the Group, according to the French professional standards.

We have no particular comment to make with regard to their fairness and to their concordance with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine April 7, 2003
Auditors

KPMG Audit
KPMG Ltd Department

Deloitte Touche Tohmatsu

Régis TRIBOUT
Associate

José-Luis GARCIA
Associate

Profit and loss account

<i>(In Euro thousands)</i>	<i>Notes</i>	<i>Activity Life</i>	<i>Activity Non Life</i>	<i>Total 2002</i>	<i>2001 Published</i>
Premiums acquired	5-1	2,880,058	32,029	2,912,087	2,917,474
Other income	5-2	24,629		24,629	21,594
Net financial income	5-3	725,200	2,958	728,158	739,463
Unit linked asset adjustment (Acav)	5-3	-1,272,127		-1,272,127	-940,878
Operating income		2,357,760	34,987	2,392,747	2,737,653
Cost of Insurance provisions and services	5-4	2,010,198	25,074	2,035,272	2,351,796
Reinsurance concession income and expense	5-5	8,838	545	9,383	3,597
Management costs	5-6; 5-7	255,570	3,689	259,259	247,407
Operating costs		2,274,606	29,308	2,303,914	2,602,800
Total Operating income				88,833	134,853
Other net income	5-8			-569	-2,528
Extraordinary result	5-9			27,965	-1,823
Tax on results	5-10			-22,690	-41,865
Consolidated net profit		0	0	93,539	88,637
Associate income / expense	5-11			0	0
Goodwill amortization				-1,079	-1,315
Total Consolidated net profit				92,460	87,322
Minority interests				8	4,034
Net profit (group contribution)				92,452	83,288

Balance Sheet

ASSETS

<i>(In Euro thousands)</i>	<i>Notes</i>	<i>31/12/2002</i>	<i>31/12/2001</i>
Goodwill	3-1	9,800	15,962
Intangible assets		1,897	87
Investments "General assets"	3-2	14,520,487	12,756,140
Land and real estate under construction		1,260,232	1,186,951
Investments in associated companies and cies in which a participating interest is held	3-3	8,844	7,995
Other investments		13,251,411	11,561,194
Claims on assignee cash deposits			0
Investments representing technical reserves for unit-linked assets	3-4	6,467,187	7,527,089
Securities accounted for under the equity method	3-5	0	0
Total Investments		20,987,674	20,283,229
Contribution of reinsurers to technical reserves	3-6	54,864	40,191
Accounts receivable in respect of direct insurance or reinsurance operations	3-7	178,230	165,274
Accounts receivable from banking institutions	3-8	61,197	58,945
Other receivables	3-9; 3-10	123,378	112,756
Other assets	3-11	38,397	33,740
Accruals and deferrals	3-12	821,103	718,101
Interest and rents accrued but not due		329,584	287,855
Acquisition costs brought forward		473,901	420,058
Other accruals and deferrals		17,618	10,188
Conversion differentials	3-23	0	0
Total assets		22,276,540	21,428,285

LIABILITIES

<i>(In Euro thousands)</i>	<i>Notes</i>	<i>31/12/2002</i>	<i>31/12/2001</i>
Equity capital	3-13		
Statutory capital		16,447	11,688
Other reserves		513,726	431,532
Change in methodology differentials		-13,930	-16,562
Net profit		92,452	83,288
Total Equity capital		608,695	509,946
Minority interests	3-14	48,784	39,271
Subordinated liabilities	3-15	348,567	262,288
Total Fixed capital		1,006,046	811,505
Gross technical reserves	3-16; 3-17	14,469,478	12,796,826
Technical reserves for unit-linked assets		6,467,585	7,526,993
Provisions for risks and expenses	3-18	25,514	33,310
Accounts payable in respect of direct insurance and reinsurance	3-19	116,387	91,004
Accounts payable to banking sector	3-20	22,429	23,616
Others debts	3-21	136,186	128,405
Accruals and deferrals accounts	3-22	32,470	11,740
Conversion differentials	3-23	445	4,886
Total Liabilities		22,276,540	21,428,285

Notes to the consolidated accounts

1. CONSOLIDATED SUBSIDIARIES

1.1. Consolidated subsidiaries as of December 31, 2002

<i>Consolidated company</i>	<i>% control</i>	<i>2002 % interest</i>	<i>Consolidated methodology</i>	<i>% control</i>	<i>2001 % interest</i>	<i>Consolidated methodology</i>	
INSURANCE ACTIVITIES							
LA MONDIALE	100.00	100.00	FC	100.00	100.00	FC	
LA MONDIALE ACCIDENTS	99.99	99.99	FC	99.99	99.99	FC	
ARIAL ASSURANCE	50.00	50.00	PC	100.00	100.00	FC	
LA MONDIALE EUROPARTNER	Luxemburg	100.00	80.00	FC	100.00	86.60	FC
LA MONDIALE PARTENAIRE	100.00	81.64	FC	79.30	79.30	FC	
PELAYO MONDIALE VIDA	Spain	50.00	50.00	PC	50.00	50.00	PC
PASIPHAE	100.00	0.00	FC	100.00	0.00	FC	
FINANCIAL ACTIVITIES							
GIE LA MONDIALE CASH	70.00	66.83	FC	78.00	76.11	FC	
GIE LA MONDIALE GESTION D'ACTIFS	100.00	99.99	FC	100.00	100.00	FC	
REAL ESTATE ACTIVITIES							
Commercial companies							
S.A. LA MONDIALE FONCIÈRE	100.00	100.00	FC	100.00	100.00	FC	
Closed companies							
MONDIALE PIERRE	100.00	100.00	FC	100.00	100.00	FC	
OTHER ACTIVITIES							
LA MONDIALE PARTICIPATIONS	80.00	80.00	FC	100.00	100.00	FC	
GIE LA MONDIALE IT	100.00	100.00	FC				
SOLUTIONS ASSURANCES VIE (SAV)	100.00	100.00	FC	99.99	89.85	FC	

Consolidating method : FC : Fully consolidated,
PC : Proportional consolidation
EM : Consolidated according to the equity method

1.2. Rules used to determine the scope of consolidation

Are consolidated :

Investments in which La Mondiale holds, directly or indirectly, at least 20% of the voting rights and for which a Group representative is a member of the board of directors or supervisory board.

In addition, companies must respect either one of the group thresholds for a significant interest, either 0.10% of total Group consolidated assets or 0.10% of total Group turnover.

The methods applicable are the following :

- Fully consolidated, if the subsidiary is held at over 40% and if no other single shareholder holds more than 40%;
- Proportionately consolidated, if there is community of interests;
- Consolidated according to the equity method if the ownership is equal to at least 20%, and if the other methods are not applicable.

Derogations :

Pasiphae a bubble company is fully integrated in accordance with decree R 345-1-1 of the Insurance Code.

1.3. Application to the 2002 financial year

The consolidated perimeter evolution has been as follow :

Names changes :

SA LA MONDIALE ENTREPRISES is named S.A. ARIAL ASSURANCE.

Entries

The Gie Pegase was renamed Gie La Mondiale IT as at July 1, 2002 (grouping all the group's EDS activities) ; and is now been included into the consolidated perimeter.

Exclusions

None

2. ACCOUNTING PRINCIPLES AND VALUATION METHODS

2.1. Principles and methods of consolidation

Group La Mondiale consolidated accounts have been prepared as at December 31, 2002 in conformity with the

new legal and regulatory principles emanating from the 2000-05 Committee of the Accountancy Reglementation delivered the December 7, 2000 and its application decree n° 2001-51 of January 17, 2001.

All companies are consolidated on the basis of their financial statements closed at December 31, 2002.

The consolidated statements are now reported in Euros.

2.2. Significant events

The group acquired, via its holding company La Mondiale Participations an additional 12.5% of La Mondiale Partenaire's capital bringing the pourcentage control to 91.8%.

At the end of 2002, Aegon acquired a 20% stake in the group holding company of La Mondiale Participations ; This one holds as at December 31 2002, 91.8% in La Mondiale Partenaire and 100% of La Mondiale Europartner.

In line with the partnership developed with AG2R, the latter acquired a 50% stake in ARIAL Assurance. Formelly La Mondiale Entreprises is dedicated to collective insurance activities. Following this restructuring, ARIAL Assurance is now proportionally integrated.

2.3. Accounting principles and methods of valuation

Synthesis statement

Subsidiaries real estate activities have been included under the Life item of the Profit & Loss account. These subsidiaries are essentially managing assets held by Life Insurance companies and are therefore considered to be managing assets backing Insurance commitments.

Harmonisation of financial statements

Financial statements of the various insurance companies included in the consolidation were prepared in conformity with the rules of the Insurance Code and local rules for foreign subsidiaries, notably with regard to the valuation of mathematical reserves, provisions for premiums and claims, the recording of regulated reserves, the valuation of investments and the calculation of amortization and depreciation.

Fully consolidated subsidiaries' income and expenses are reclassified by destination along the lines of the activity exercised within the Group.

Currency conversion

Foreign subsidiaries' balance sheet and income statement not being closed in euros, are converted at the official exchange rate prevailing upon the closing date of the accounts.

Transactions between consolidated companies

The reciprocal accounts of assets and liabilities, income and expenses and commitments between fully consolidated companies are eliminated, as is the case for dividends.

Valuation of investments

The assets for which a change in value impacts or directly influences the entitlements of the policyholders are marked to their market value. Are concerned the unit-linked and the bubble contracts.

The other assets are booked at their historical costs.

Investment securities held by French insurance companies or companies that extend their activities, are valued in conformity with the Insurance Code rules. Securities held by other companies are valued according to the appropriate local regulations.

Land, real estate and shares held in non listed real estate companies are valued at acquisition cost net of tax, acquisition costs and increased for construction and upgrading. Revaluation reported in individual company balance sheets have not been maintained.

Fixed income securities are accounted for at acquisition costs ex dividends. Differences between acquisition and reimbursement values are phased over the remaining life of the securities; in accordance with the new rules the balancing item is reported under the appropriate accruals or deferrals items.

Other securities are reported in the balance sheet at their acquisition cost.

Investments representing technical provisions for unit-linked contracts are valued at the end of the period for their market value under the terms of their respective contracts; resulting variations are posted in the profit and loss account and do not impact the technical result or the net income of the period.

Securities on loan or pawned are posted in the balance sheet in reduction of the Other Investments item.

Goodwill

Asset and liability goodwill is generally amortized over

a 15-year period, and over 40 years if of a real estate nature.

They are fully amortized during the year of the acquisition when their amount is non-significant

Financial instruments

Financial instruments are accounted for in accordance with the 1999 general accounting principles, in the absence of any specific Insurance principles.

The Group uses such instruments for hedging purposes and has purchased fixed income options with the aim of hedging downward interest rate risk.

The nominal value of such options is booked as off-balance sheet items.

Related premiums are booked in the Balance Sheet until the option extinguished and costs are phased over the life of the corresponding asset.

Deferred acquisition costs

Costs attributable to the acquisition of contracts are accounted for as an asset in the consolidated accounts. These costs essentially consist of commissions, policy subscription and issuance costs.

Acquisition costs are no longer limited to the zillmerisation gap but within the limits of both the net future and financial margins of eligible contracts; the latter takes into account a conservative forecast of expected rates of return for the assets.

Only acquisition costs offset by future income are deferred and activated. Costs offset by existing income or excess of future income are not deferred.

Homogeneous product groups determine amortization. Costs are amortized over the estimated life of the contracts in correlation with the realisation of future margins, which are revalued at the end of each financial year.

Consequent to the activation of the acquisition costs, the mathematical provisions stated in the Balance Sheet are stated non-zillmerised.

With regard to the restatement of historicals, deferred acquisition costs of contracts made on or before 1995 are deemed equal to the zillmerisation gap, considering that costs have only been allocated by destination since 1996.

Underwriting reserves

The reserves for life insurance activities include the mathematical provisions, which represent the difference between actual values of commitments made by the insurer and those taken by the insured.

In conformity with the New Regulations' preferred methodologies, technical provision computations are based on the discount rate nearest to the forecast rate of return on assets.

In France, they are calculated in accordance with homologated tables based on figures published by INSEE; the effect of these prospective tables on reserves for annuities are subject to an even spread over 15 years since the 1993 financial period. Pensions in service are provisioned on the basis of prospectives tables.

In compliance with the new regulations there is no longer any form of phasing of the impact of change in forecasts in setting up consolidated financial statements.

Provisions for claims include outstanding liabilities and claims as at December 31.

Reserves for profit share refer to policyholders' share of the technical and financial profits realised by the companies. They are to be credited to the insurers and increase their guarantees post contributions to the mathematical reserves.

The underwriting reserves for unit account contracts include technical reserves for contracts denominated in units; the technical reserves for contracts represented by total assets or on guaranteed rates are reclassified under the life insurance reserves item.

Application of preferential methods

Group La Mondiale applies the whole preferential methods withheld by the 2000-05 Regulation with exception to the one regarding the registration of conversion differences in profit and loss accounts. An adjustment would lead to an impact on the net position of +4,8 M€ at 1.01.2002 and on the result 2002 of -4,4 M€.

Capital gains and losses on intra-group disposals

In conformity with the special dispositions in the Insurance Code, capital gains and losses made by the Group insurance companies on intra-group disposals are eliminated; only the income (loss) recorded for intra-group disposals of consolidated companies' long-term investment securities are restated.

Deferred Profit Sharing

This principle was introduced by way of the New Regulation and can be unconditional - linked to consolidation adjustments - or conditional - dependant on a management or an event-related decision.

During 2002, deferred Profit Sharing was only recognised for financial income such as intra-group capital gains (there are no deferred benefits relating to participative securities arising from intra-group participations).

Deferred tax

The concept of variable reporting, previously used by the Group, to account for deferred taxes has been changed enlarged.

There are no deferred benefits relating to participative securities arising from intra-group participations.

Regarding deferred tax assets and liabilities:

- deferred tax liabilities continue to be accounted for (except the cas mentioned),
- deferred tax assets are only recognised if their realisation is probable.

2.4. Restatements for consolidation*Harmonisation of corporate financial statements*

The financial statements of fully consolidated subsidiaries, which do not apply the insurance chart of accounts, are transposed. The allocation of income and expenses by destination is made according to the activity of the subsidiary in the Group considered as being a life insurance group; the non-life activity is restricted to non-life companies only.

Real estate valuation

The revaluation of SCI Mondiale Pierre real estate portfolio at the end of 1997 was eliminated in the consolidated financial statements.

Reserves for long-term depreciation

The reserves made by La Mondiale for its consolidated long-term ownership interests were neutralised.

Reserves for risk on call-up of technical commitments

The reserves constituted for the risk of technical commitments being called-up are provisioned within

each consolidated company and maintained when the total value of its shares, real estate and securities posted in the balance sheet is superior to their realisation value.

Equalisation provisions

Equalisation provisions are no longer constituted. For information, they are defined in accordance with articles R 331-3 and 331-6 of the Insurance Code and are aimed at counter-balancing variations of insurance claims for death and corporal damage at a group level, relating exclusively to group insurance contracts.

Minority interests

The total result of the bubble company Pasiphae is reported in this item.

Capitalisation reserve

In conformity with the principles established in the year 2001, the capitalisation reserve, as at December 31, 1999 is considered part of shareholders equity; changes to the reserve occurring during the financial year are stated in the Profit & Loss account and are not eligible for Profit Sharing or deferred tax unless there is a significant probability for a short term realisation of the securities which would affect the reserve.

Principles issued from foreign regulatory environments do not lead to any form of adjustment.

Deferred tax

As from the year ending 1997, deferred tax has not been recorded in the corporate financial statements; they have been reported in the consolidated accounts in conformity with consolidation principles.

Deferred taxes are accounted for at the tax rate applicable when realisable. In the event that such a rate is known it shall be used, otherwise the rate applicable at the time of notification is used. Tax rates known to date are 35.43% for 2002 and also 35.43% thereafter.

Retirement commitments

La Mondiale's retirement commitments are estimated on an average actuarial datum basis; they are reported as off balance sheet commitments for La Mondiale La Mondiale Partenaire. They figure in a reserve for risk and expenses item in the consolidated financial statements, after taking into account a deferred tax.

Intra-Group Reinsurance

Variations resulting from intra-group reinsurance treaties are eliminated; the accounts established by the cedants are recorded without time gaps in the acceptants' accounts.

Changes of methodology leading to a restatement

Recall, financial accounts have been restated to reflect changes of regulatory rules in 2001. The effect of restating the accounts in conformity with the new regulatory rules directly impacted opening equity capital as at 1st January 2001 net of tax and potential deferred profit share.

2.5. Comparability of the financial statements

Financial Information in the Balance Sheet, Profit and Loss account and Appendix has been restated according to the new regulatory policies since 31/12/2001

Presentation of Segmental Breakdown

Segmental Profit & Loss accounts for Life and Non-Life activities are presented in chapter 4; most tables are presented with such a life/non-life breakdown.

The sector intituled "other activities" is marginal within the group context and have therefore been reported under the "other net income" item.

Elimination of intra-division operations are included within each item of the profit & loss account.

3. INFORMATION ON BALANCE SHEET ITEMS

The whole of the informations in this chapter is in euros thousands

3.1. Goodwill

<i>(In Euro thousands)</i>	<i>Gross</i>	<i>Amortization at 01.01.2002</i>	<i>Provision or recovery</i>	<i>Net</i>
GOODWILL ASSETS				
Goodwill at 1 January , 2002	19,548	3,585	1,079	14,884
Goodwill arising from acquisitions during the year	-5,084			-5,084
Goodwill arising from sale of shareholdings during the year	0	0	0	0
Total goodwill as of 31 December, 2002 : ASSETS	14,464	3,585	1,079	9,800

No badwill reported

They break down as follows:

<i>(In Euros thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
La Mondiale Partenaire	9,592	15,684
Pelayo Mondiale Vida	208	278
	9,800	15,962

3.2 Insurance company investments

<i>(In Euro thousands)</i>	<i>Value at 31.12. 2002</i>		<i>Market Value at 31.12.2002</i>	<i>Unrealized Capital gains</i>	
	<i>gross value</i>	<i>net value</i>		<i>31.12.2002</i>	<i>31.12.2001</i>
Real estate investments	1,499,900	1,260,232	1,643,389	383,157	357,893
Shares and variable income securities other than unit trusts	1,493,770	1,400,633	1,146,547	-254,086	247,919
Non consolidated participation interests	9,201	8,844	14,445	5,601	4,301
Shares in unit trusts	344,573	340,112	317,589	-22,523	18,395
Shares in unit trusts investing in fixed income securities	11,522,789	11,572,626	12,254,091	681,465	215,635
Bonds and other fixed income securities	117,447	117,447	120,486	3,039	2,467
Other investments	224,040	223,927	223,927	0	0
To be deducted : Equities loaned or in pension, other security repositionning	-403,334	-403,334	-403,334	0	0
Total investments	14,808,386	14,520,487	15,317,140	796,653	846,610
Total listed investments	12,030,697	11,997,779	12,442,439		
Total unquoted investments	2,777,689	2,522,708	2,874,701		
Non-life insurance investments	27,359	27,105	30,410		
Life insurance investments	14,781,027	14,493,382	15,286,730		

According to the 31.12.1989 law, La Mondiale as the Group principal company, proceeded to expertise its real estate properties : a quinquennial and annual rediscounting by Society Foncier Expertise for La Mondiale and La Mondiale Partenaire

Realisation of capital gains would give rise to rights in favour of insured persons and minority shareholders as well as to taxation.

3.3. Non consolidated participating interests

<i>Name</i>		<i>Equity before allocating the result</i>	<i>% control</i>	<i>Last year profit</i>	<i>Net book value at 31.12.2002</i>	<i>Market value</i>
<i>(In Euro thousands)</i>						
Acofi	Paris	nc	10.00		991	1,152
Grands Crus Investissements	Paris	nc	12.52		3,049	4,600
LM Opportunités	Paris	441	100.00	-167,00	278	257
Tradial	Mons-en-Baroeul	3,600	100.00	402,00	2,287	3,999
Other shareholdings					2,239	4,437
Book value of non consolidated participating interests					8,844	14,445

3.4 Investments representing unit account commitments

<i>(In Euro thousands)</i>	<i>31/12/2002</i>	<i>31/12/2001</i>
Real estate investment	37,415	33,640
Variable Income securities	519,771	822,882
Share in unit trusts assets	4,978,092	5,748,117
Amortisable securities	436,122	378,733
Share in fixed income unit trusts	495,787	543,717
Total Investments representing policies in unit link accounts	6,467,187	7,527,089

Assets representing unit account contracts are not inclusive of assets relative to contracts backed by group assets or with fixed rates, which are included under their respective items (Figure 3.2).

3.5. Securities consolidated according to the Equity method

None

3.6 Share of concession and retrocession in the technical reserves

<i>(In Euro thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
LIFE RESERVES	35,411	37,861
Premiums	23,372	26,814
Claims	11,279	10,255
Profitable profit-sharing	0	0
Other technical reserves	760	792
RESERVES FOR UNITS LINKED ASSETS	16,819	0
NON LIFE RESERVES	2,634	2,330
Unearned premiums and current risks	0	0
Claims	2,634	2,330
Other technical reserves	0	0
Total	54,864	40,191

3.7 Accounts receivable in respect of direct insurance or reinsurance

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Life premiums acquired and not issued	83,426	93,900
Non-life premiums acquired and not issued	3,092	2,201
Other accounts receivable in respect of direct insurance	15,566	12,764
Accounts receivable in respect of direct insurance	6,350	3,371
Active deferred profit-sharing	69,796	53,038
Total	178,230	165,274

With the exception of deferred profit-sharing, it is essentially composed of creditors under a one year duration. The active deferred participation results from the reclassification of intra-group real estate gains and is therefore of a conditional nature.

3.8 Financial Institution Credit Notes

They are short term notes.

The accounts receivable in foreign currency other than Euro are detailed in the note n°3-23

3.9 Other accounts receivable

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Government, Social Security Organisations, Official bodies	30,568	53,121
Staff	1,993	1,479
Other accounts receivable	94,505	62,246
Provision for depreciation	-3,688	-4,090
Total	123,378	112,756

These are essentially accounts receivable with maturity of less than 1 year

3.10 Deferred taxes

Impact on the Balance Sheet item as follows:

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Deferred taxes assets	180,280	176,387
Deferred taxes liabilities	184,549	151,240
Net value impact	-4,269	25,147
Reported under assets	1,539	25,147
Reported under liabilities	5,808	0

All deferred taxes have been accounted for and principally relate to the La Mondiale fiscal group; in the Balance sheet, tax assets are net of deferred tax liabilities from the same entity.

3.11. Other assets

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Gross value	85,436	83,505
Redemption	47,039	49,765
Net value	38,397	33,740

This item includes operating equipment and software.

3.12. Prepayments and deferred income

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Acquisition costs brought forward life	473,901	420,057
Other prepayment and deferred income	347,202	298,044
Interest due and rentals accrued and not falling due	329,584	287,855
Acquisition costs on real estate to be spread over several financial years	2,524	2,469
Differences in repayment charges collectable	0	0
Other prepayment and deferred income	15,094	7,720
Total prepayment and deferred income	821,103	718,101

Life deferred acquisition costs : in accordance with the principles stated in paragraph 2-3, they are no longer limited to the zillmerisation gap. The main assumptions, which consist of contractual life limited to 15 years and a discount rate of 3%, about 60% of TME, have been made in accordance with general principles of prudence.

Premium / discount reclassification: going forward, differences on expected reimbursement prices are realigned to the corresponding investments.

3.13. Change in shareholder's equity

<i>(In Euro thousands)</i>	<i>Start-up Capital</i>	<i>Other Reserves</i>	<i>Impact of methodology change</i>	<i>Group share of result</i>	<i>Total Equity Capital</i>
As at December 31, 2000	7,786	358,237	-33,150	73,002	405,875
Allocation of 2000 result		73,002		-73,002	
Subscription fees	3,902				
Consolidation perimeter variances		293	16,588		
2001 Result				83,288	
As at December 31, 2001	11,688	431,532	-16,562	83,288	509,946
Allocation of 2001 result		83,288		-83,288	
Subscription fees	4,759				
Consolidation perimeter variances		-1,094	2,632		
2002 Result				92,452	
As at December 31, 2002	16,447	513,726	-13,930	92,452	608,695

3.14 Minority interests

<i>(In Euro thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
Consolidated reserves	48,777	35,238
Result	8	4,034
Total	48,785	39,272

3.15 Subordinated liabilities

<i>(In Euro thousands)</i>	<i>Maturity</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
La Mondiale perpetual subordinated securities		30,490	30,490
La Mondiale redeemable subordinated securities	2006 with option 2002 or 2004	15,245	15,245
	2007 with option 2003 or 2005	15,245	15,245
	3 maturities 2002 to 2004	15,244	22,867
	2008	15,245	15,245
La Mondiale subordinated securities	5 maturities 1999 to 2003	6,098	18,294
	Maturities 2009 and 2019	66,000	66,000
	2010	69,848	69,848
	2010	15,152	9,054
	Swappé 2002	100,000	0
La Mondiale Partenaire perpetual subordinated securities		0	0
Total Subordinated Liabilities		348,567	262,288

La Mondiale Partenaire perpetual subordinated securities are detained by La Mondiale for € 68,831 thousands and have been eliminated. The same applies for Pasiphae participating shares which are entirely detained by La Mondiale Partenaire.

3.16 Gross Technical Reserves

<i>(In Euro thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
LIFE INSURANCE RESERVES	14,447,385	12,774,846
Premiums	13,941,956	12,275,696
Claims	235,564	224,567
Provision for bonuses payable	251,191	258,148
Other technical reserves	18,674	16,435
NON LIFE RESERVES	22,093	21,980
Non-acquired premiums	0	0
Claims	11,131	10,501
Other technical reserves	10,962	11,479
Total	14,469,478	12,796,826

The elimination of phasing of the impact of changes to the extension of life expectancy tables is realised in the consolidated accounts. A deferred tax is applicable to the restated figure.

3.17 Provision for policyholders' profit share

	31.12.2002	31.12.2001
Required provision	251,191	258,148
Conditional deferred provision	0	0
Unconditional deferred provision	0	0
Total	251,191	258,148

3.18 Reserves for risks and expenses

<i>(In Euro thousands)</i>	01.01.2002	Amortizing	Recoveries	31.12.2002
Regulated provisions	1,011		1,011	0
Reserves for risks	26,571	5,005	12,047	19,529
Reserve for retirement and commitments	5,728	279	22	5,985
Other reserves for expenses	0			0
Total reserves for risks and expenses	33,310	5,284	13,080	25,514

The provisions for risk include the provision for pension commitments of € 5.985 thousands. The column "recoveries" includes the reclassification of the provision for deferred tax on intragroup capital gain in La Mondiale's accounts. The latter has been reclassified under "deferred taxes"

3.19 Debts payable of direct assurance and reassurance operations

<i>(In Euro thousands)</i>	31.12.2002	31.12.2001
Debts from direct life assurance operations	112,014	78,287
Debts from direct non-life assurance operations	282	166
Debts from direct reassurance operations	4,091	12,551
Total	116,387	91,004

The debts are mostly under a year old.

3.20 Borrowings from financial institutions

These are short term credit accounts.

Non Euro-denominated borrowings are detailed in note n°3-23

3.21 Other debts

<i>(In Euro thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
Deposits and guarantees received	16,486	11,229
Debts in respect of cash received	19,170	19,057
Government, social Security Organisation, Official bodies	28,200	41,424
Staff	25,441	24,120
Other debts	46,889	32,575
Total	136,186	128,405

Excluding deposits received from tenants, these are mostly borrowings under 1 year duration

3.22 Prepayments and deferred liabilities

<i>(In Euro thousands)</i>	<i>31.12.2002</i>	<i>31.12.2001</i>
Income to be phased over several financial years	975	1,724
Amortisation of expected redemption price differentials	0	0
Other adjustment items	31,495	10,016
Total	32,470	11,740

Premium / discount reclassification: as for assets, differences on expected redemption prices are realigned to the corresponding investments.

3.23 Foreign currency assets and liabilities

<i>Euro Exchange Value of foreign currency assets and liabilities detained by integrated companies</i>	<i>General assets</i>		<i>Assets owned</i>		<i>Total</i>	<i>Liabilities</i>
	<i>Bonds</i>	<i>Equities</i>	<i>Unit of accounts</i>	<i>Other</i>		
<i>(In Euro thousands)</i>						
Dollar	7,024	318,662	57,608	507	383,801	
Swiss Franc	188	112,977	4,252		117,417	
British Pound (Sterling)	636	159,504	8,854	4	168,998	
Yen		58,642	3,415		60,057	
Krona		9,748	7,737		17,485	
Others			7,184		7,184	
	7,848	659,333	89,050	511	754,942	0

<i>Exchange conversion differential</i>	<i>Assets</i>	<i>Liabilities</i>
Dollar		445
Yen		0
	0	445

3.23 Off balance sheet commitments

	Total	31.12.2002		Others	31.12.2001
		Subsidiaries and non intergrated participating interests	Financial instruments		
<i>(In Euros thousands)</i>					
Commitments received	2,852,283		2,793,105	59,178	2,800,382
Commitments given	582,489	32	568,519	13,938	644,365
Sureties and credit guarantees	13,970	32		13,938	25,016
Securities and assets with re-sale commitment	0				0
Other commitments on securities, assets or income	568,519		568,519		619,349
Other commitments given	0			0	0
Securities received in return for guarantees and commitments given	20,754		0	20,754	20,007
Securities received from reinsured institutions with mutual commitments or joint guarantees	0			0	0
Securities owned by provident institutions	0			0	0
Other amounts held by third parties	0			0	0

The item "pledges and other commitments received" breaks down as follows:

short term swap	277,386
long term swap	291,133
interest hedging options	1,822,245
currency hedging	402,341
property commitments	52,933
commitments received	6,245
	2,852,283 thousands Euros

Guarantees between La Mondiale and the Group integrated are eliminated

The item "other commitments on securities, assets or income" breaks down as follows:

swaps	568,519
currencies	0
options	0
	568,519 thousands Euros

4. SEGMENTAL PROFIT AND LOSS ACCOUNTS

Life insurance technical accounts

<i>(In Euro thousands)</i>	<i>Gross transaction</i>	<i>31.12.2002 transfer and retrocession</i>	<i>Net transaction</i>	<i>2001 Net transaction</i>
Premiums	2,880,058	53,641	2,826,417	2,860,880
Technical account share of net investment income	688,305		688,305	691,827
ACAV adjustments (capital gains)	140,307		140,307	154,984
Other technical income	24,629		24,629	21,594
Claims expenses				
Services and expenses paid	-1,360,478	-15,786	-1,344,692	-1,196,636
Expense of claims provisions	-9,375	-1,024	-8,351	-6,323
Life Insurance and other technical provision expense				
Life insurance provisions	-863,953	-6,783	-857,170	-1,140,186
Unit account contract provisions	764,061	-6,562	770,623	614,264
Other technical provisions	-1,733		-1,733	12
Share of result	-538,722		-538,722	-588,575
Acquisition and Administrative expenses				
Acquisition expense	-136,743		-136,743	-130,349
Administrative expense	-87,626		-87,626	-83,747
Commissions received from reinsurers		-14,648	14,648	11,743
Acav adjustments (capital loss)	-1,412,434		-1,412,434	-1,095,862
Other technical claims	-27,206		-27,206	-25,781
Life technical result	59,090	8,838	50,252	87,845
Employee profit-share			-3,995	-3,928
Net investment income excluding share of technical account			36,896	46,010
Operating profit			83,153	129,927

The elimination of interdivisional operations are included within each profit and loss item

Non life insurance technical accounts

<i>(In Euro thousands)</i>	<i>Gross transaction</i>	<i>31.12.2002 transfer and retrocession</i>	<i>Net transaction</i>	<i>2001 Net transaction</i>
Premiums acquired				
Premiums	31,512	1,676	29,836	27,439
Variation for unearned premiums	517		517	60
Technical account share of net investment income	2,299		2,299	1,275
Other technical income	0		0	0
Claims expense				
Services and expenses paid	-24,444	-458	-23,986	-21,404
Expense of claims provisions	-630	-303	-327	506
Expenses of other technical income	0	0	0	0
Share of result	0		0	0
Acquisition and Administrative expenses				
Acquisition expense	-111		-111	-93
Administrative expense			0	0
Commissions received from reinsurers		-371	371	302
Other technical reserve	-3,578		-3,578	-3,509
Variation of the equalisation provision	0	0	0	0
Non life technical result	5,565	544	5,021	4,576
Employee profit-share			0	0
Net investment income excluding share of technical account			659	1,275
Operating profit			5,680	4,926

The elimination of interdivisional operations is included within each profit and loss item

5. INFORMATION ON THE PROFIT AND LOSS ACCOUNT**5.1 Gross premiums**

<i>(In Euro thousands)</i>	<i>France</i>	<i>2002 UE. (outside FranceE)</i>	<i>Total</i>	<i>2001</i>
LIFE INSURANCE				
Gross premiums earned	2,787,344	92,714	2,880,058	2,888,643
NON LIFE INSURANCE				
Premiums earned	31,512		31,512	28,771
Variation in reserve for unearned premiums	517		517	60
Total gross premiums	2,819,373	92,714	2,912,087	2,917,474

5.2 Other income

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Grant legal increase of annuities	15,573	0	15,573	15,311
Other income	9,056	0	9,056	6,283
Total of the other income	24,629	0	24,629	21,594

5.3 Net financial income

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Net real estate income	96,489	1,438	97,927	65,794
Income from property investments	96,800	167	96,967	89,554
Net real estate capital gains	21,216	1,491	22,707	5,502
Investment management costs	-12,538	-182	-12,720	-11,876
Net depreciation and amortisation	-8,989	-38	-9,027	-17,386
Net income from securities and loans	646,354	1,474	647,828	690,221
Investment income	642,399	1,536	643,935	576,032
Interest and other financial income	17,317	-54	17,263	17,835
Net investment capital gains and losses	22,602	-46	22,556	114,871
Investment management fees	-33,206	-10	-33,216	-31,050
Provisions net of capitalisation reserve contribution	0	0	0	0
Amortisation of reimbursement premium	-2,758	48	-2,710	12,533
Interest on loans	-17,860	0	-17,860	-16,537
Elimination of intra-group financial result	217	46	263	-15
Financial income net of expenses	725,200	2,958	728,158	739,463
Acav adjustment capital gain	140,307		140,307	154,984
Acav adjustment capital loss	-1,412,434		-1,412,434	-1,095,862
Net financial income	-546,927	2,958	-543,969	-201,415

Breakdown as follows:

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Technical reserve portion of net investment income	688,305	2,299	690,604	693,103
Net income excluding technical account portion	36,895	659	37,554	46,360
Acav adjustment (net)	-1,272,127		-1,272,127	-940,878

Capital gains and losses on intra group disposals (including real estate) are now restated to include deferred profit-share and tax.

5.4 Insurance services costs

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Claim costs	1,369,852	25,074	1,394,926	1,240,338
Insurance provision cost	101,625	0	101,625	522,886
Policyholder profit-share	538,721	0	538,721	588,572
Total insurance services cost	2,010,198	25,074	2,035,272	2,351,796

5.5 Costs or income net of reinsurance disposals

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Premium disposals	-53,641	-1,676	-55,317	-29,095
Claims expense disposals	16,810	761	17,571	16,477
Technical provisions disposals	13,345	0	13,345	-3,024
Reinsurance commissions received	14,648	370	15,018	12,045
Reinsurance technical result	-8,838	-545	-9,383	-3,597

5.6 Management costs

<i>(In Euro thousands)</i>	<i>Life</i>	<i>2002</i>		<i>2001</i>
		<i>Non life</i>	<i>Total</i>	
Acquisition costs	136,743	111	136,854	130,442
Administration costs	87,626	0	87,626	83,747
Other technical costs	27,206	3,578	30,784	29,290
Employees profit share	3,995	0	3,995	3,928
Total management fees	255,570	3,689	259,259	247,407

5.7 Expenditure breakdown

<i>(In Euro thousands)</i>	<i>2002</i>	<i>2001</i>
STAFFING COSTS BREAKDOWN		
Wages	103,553	94,261
Social security and other staffing costs	39,895	38,912
Profit-share	3,995	3,928
Total staffing costs	147,443	137,101
COMMISSIONS RELATED TO DIRECT INSURANCE ACCOUNTED DURING THE YEAR	they amount to	3,693
OTHER MANAGEMENT COSTS	they amount to	108,123
		105,555

5.8 Others net income

<i>(In Euro thousands)</i>	<i>2002</i>	<i>2001</i>
Turnover– non insurance activities	7,447	7,518
Operating expenses non insurance	-8,293	-7,175
Net income from non insurance activities	-846	343
Other net income :		
Other non technical income	353	305
Other non technical expenses	-76	-3,176
Total other net income	-569	-2,528

The non-insurance activities costs include the subsidiaries Solutions Assurance Vie. Insofar as they are not significant, they are included within "other net income"

5.9 Extraordinary income

<i>(In Euro thousands)</i>	<i>2002</i>	<i>2001</i>
Extraordinary income	34,116	2,896
Utilisation and release of reserves in respect of extraordinary expenditure	3,450	6,072
Extraordinary expenditure	-8,040	-10,791
Allocation to reserve for Extraordinary expenditure	-1,561	0
Extraordinary result	27,965	-1,823

The group has registered in 2002 an exceptional profit of 33.084 thousands Euros due to Aegon's entrance in La Mondiale Participations' capital share

5.10 Company Tax

<i>(In Euro thousands)</i>	<i>2002</i>	<i>2001</i>
La Mondiale and integrated company tax expenses	-752	1,122
Differed tax reclassification	23,442	40,743
Net tax expenses	22,690	41,865

A tax group has been set up between La Mondiale and its main subsidiaries detained at more than 95%. The tax Incorporation agreement enables the parent company to keep the benefit of any tax savings.

5.11 Share of result of companies accounted for under the equity method

<i>(In Euro thousands)</i>	<i>2002</i>	<i>2001</i>
	0	0
Result	0	0

There no companies accounted for under the equity method

5.12 Staff

The permanent staff of La Mondiale (fully consolidated companies) as of December 31, 2002 amounts to 2 507 persons.

For the consolidated companies, the Group's commitments relating to pensions and retirement indemnities are placed in reserves for risks and expenses; they amount to 5,985 thousands euros at the end of 2002.

DATA ON SUBSIDIARIES AND AFFILIATES (ART. L 233-I ET L 233-2)

	<i>Address</i>		<i>Share capital</i>
<i>(In Euro thousands)</i>			
SHAREHOLDING OF AFFILIATED COMPANIES			
INSURANCE ACTIVITIES			
Arial Assurance	32, avenue Emile Zola	59370 MONS EN BAROEUL	24,000
La Mondiale Accidents	32, avenue Emile Zola	59370 MONS EN BAROEUL	1,200
La Mondiale Europartner	22, rue Goethe	1637 LUXEMBOURG (G. Duché)	14,362
La Mondiale Partenaire	14, rue Roquépine	75008 PARIS	60,064
Pasiphae	14, rue Roquépine	75008 PARIS	0
Pelayo Mondiale Vida	Calle Rodriguez San Pedro	28015 MADRID (Spain)	13,530
SHAREHOLDINGS OF COMPANIES IN WHICH A PARTICIPATING INTEREST IS HELD (according to the accounting principles)			
GIE La Mondiale Cash	32, avenue Emile Zola	59370 MONS EN BAROEUL	38
La Mondiale Gestion d'Actifs SA	32, avenue Emile Zola	59370 MONS EN BAROEUL	900
La Mondiale Participations	32, avenue Emile Zola	59370 MONS EN BAROEUL	8,532
Solutions Assurance Vie	83, av. Maurice Berteaux	78304 POISSY	3,279
Other participations			
Acofi	9, rue Vignon	75008 PARIS	NC
AG2R Gestion d'Actifs	35, boulevard Brune	75014 PARIS	1,530
Eurcap	25, rue Faidherbe	59000 LILLE	190
Grands Crus Investissements	91-93, boulevard Pasteur	75015 PARIS	NC
La Mondiale Développement	32, avenue Emile Zola	59370 MONS EN BAROEUL	38
LM Opportunités	22, boulevard Malesherbes	75008 PARIS	389
Malesherbes Synergies	32, avenue Emile Zola	59370 MONS EN BAROEUL	40
Roquepine Courtage	32, avenue Emile Zola	59370 MONS EN BAROEUL	40
Tradial	32, avenue Emile Zola	59370 MONS EN BAROEUL	300
Ventadour Stratégie	22, boulevard Malesherbes	75008 PARIS	40
Versmée & Cie	44, avenue de Saint-Amand	59300 VALENCIENNES	40
OTHER SUBSIDIARIES AND PARTICIPATING INTEREST			
REAL ESTATE ACTIVITIES			
SA La Mondiale Foncière	22, boulevard Malesherbes	75008 PARIS	248,109
SCI Mondiale Pierre	32, avenue Emile Zola	59370 MONS EN BAROEUL	50,329
SCE du Château Larmande		33330 SAINT EMILION	15,550

DU CODE DU COMMERCE)

<i>Reserves and retained earnings before Allocation</i>	<i>% ownership</i>	<i>Net book value of shares held by the Group</i>	<i>Outstanding loans and advances not reimbursed</i>	<i>Guarantees and sureties provided by the company</i>	<i>Revenues net of vat</i>	<i>Profit or loss of last fiscal year</i>	<i>Dividend income during the financial year</i>	<i>Remarks</i>
2,218	50.00	12,000			11,319	818		
8,410	99.99	2,647			31,510	3,763		
10,993	100.00	13,384			79,698	421		
121,722	100.00	128,994			1,491,090	7,846	5,417	
171	100.00	0			1,127	8		
1,501	50.00	7,908			25,636	177		
0	70.00	29	512,540		13,352	0		
659	99.99	900			3,660	579		
186,300	80.00	120,125			2,507	-370		
211	100.00	3,489			7,425	-972		
	10.00	991					35	
	50.00	765						
	50,80	98					47	
	12,52	3,049					30	
	100.00	38						
	100.00	278						
	100.00	38						
	100.00	40						
	100.00	2,287						
	92.92	51						
	84.76	0						
22,426	100.00	309,266			22,563	16,608	30,104	
92,068	100.00	128,616			4,699	1,461		
	100.00	19,630						

Exercice 1/9/2001-31/10/2002

ISSUER

La Mondiale

32, avenue Emile Zola
59370 Mons en Baroeul
France

**FISCAL AGENT, PRINCIPAL PAYING AGENT, AGENT BANK AND
LUXEMBOURG LISTING AGENT**

Kredietbank S.A. Luxembourgeoise

43, boulevard Royal
L-2955 Luxembourg
Luxembourg

PAYING AGENT

Euro Emetteurs Finance

48, boulevard des Batignolles
75850 Paris Cedex 17
France

AUDITORS OF THE ISSUER

Deloitte Touche Tohmatsu

185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

KPMG Audit

1, cours Valmy
92923 Paris La Défense
France

LEGAL ADVISERS

to the Issuer

Lise Carré

Directeur juridique de La Mondiale
32, avenue Emile Zola
59370 Mons en Baroeul
France

To the Managers

Allen & Overy

26, boulevard des Capucines
75009 Paris
France