ASX Announcement

9 November 2009

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Wellington New Zealand

Announcement No: 61/09

AMP Limited (ASX/NZX: AMP)
(also for release to AMP Group Finance Services Limited (ASX: AQNHA & NZX: AQN010))

AMP proposed merger with AXA's Australian & New Zealand businesses

Part One: Investor information

AMP Limited
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AMP proposal to acquire AXA Australia & New Zealand

Craig Dunn
Chief Executive Officer

9 November 2009

AMP has made a compelling proposal to acquire AXA Asia Pacific Holdings

- AMP and AXA SA have made a joint proposal to acquire AXA Asia Pacific Holdings (AXA AP) at a 31% premium[1]
- Under the proposal:
  - AMP will acquire AXA AP and merge its Australian and New Zealand businesses into its own
  - AXA SA will acquire AXA AP's Asian business
- AXA SA has agreed to an exclusivity arrangement with AMP in relation to the acquisition of the AXA AP Asian business
- Independent directors of AXA AP have advised the proposal is inadequate

1. Based on closing share prices of both companies at 5 November 2009. Proposed offer represents a 28% premium based on the one-month volume weighted average price (VWAP) of AXA AP and AMP ordinary shares and a 31% premium based on the three-month VWAP of both shares

AMP's and AXA SA's joint proposal

- AMP proposes to acquire AXA Asia Pacific Holdings' (AXA AP) Australian and New Zealand businesses for A$4b, using scrip (A$3.8b[1]) and cash (A$215m)
- This represents a price to embedded value[2] of 1.2x and price to earnings multiple[3] of 16.6x
- AXA SA proposes to acquire AXA AP's Asian businesses for US$7.036b[4], which represents a price to embedded value[5] of 2.1x and price to earnings multiple[6] of 19.0x
- AXA AP minority shareholders would be offered A$5.34[1] per share, comprising 0.6896 AMP shares and A$1.38 in cash[7]
- Proposal[8] has only limited conditions, including reciprocal due diligence, court, regulatory and shareholder approvals. There are no financing or market based conditions
- Offer remains open but can be withdrawn by AXA SA and/or AMP at any time

1. Based on the closing price of AMP shares on 5 November 2009 of A$5.75
2. Based on AXA AP's disclosed traditional EV for A&NZ businesses @ 30 June 2009, using a 10% equity return rate and including estimated net worth to be assumed by AMP of A$635m before allocation of capitalised corporate expenses
3. Based on purchase price of A$4b and FY2010 analysts' consensus for operating earnings and investment income, with assumed A$24m in corporate office overlay relating to the Australian and New Zealand businesses
4. In addition to A$1.2b AXA AP debt to be retired by AXA SA. Based on AUD/USD of 0.9097 as at 5 November 2009
5. Based on AXA's disclosed traditional EV for Hong Kong and Asia businesses @ 30 June 2009 using a 10% equity return and including estimated net worth to be assumed by AXA SA of A$815m before allocation of capitalised corporate expenses and net of debt of US$459m
6. On a geared basis, based on FY2010 analysts' consensus for operating earnings and investment income
7. Subject to AUD/USD; see slide 13 for details
8. By way of scheme and shareholder approved acquisition

Value for AXA AP shareholders

- Proposed offer represents a premium of 31%[1]
- Proposal ensures AXA AP minority shareholders:
  - Retain exposure to the high growth wealth management market in Australia
  - Share in upside of the combined wealth management company, with substantial annual synergy benefits and enhanced earnings potential
  - Participate in AMP's historically higher franking capacity and dividend yield
  - Gain exposure to AMP's growing Asia-Pacific funds management footprint

1. Based on closing share prices of both companies at 5 November 2009. Proposed offer represents a 28% premium based on the one-month volume weighted average price (VWAP) of AXA AP and AMP ordinary shares and a 31% premium based on the three-month VWAP of both shares

Value for AMP shareholders

- Expected to be marginally cash EPS accretive by second full year after acquisition, assuming annual net synergy benefits of A$120m and integration costs of A$285m, both after tax
- Represents price to embedded value[1] of 1.2x and price to earnings multiple[2] of 16.6x
- Creates leading, independent high growth wealth management company, with enhanced earnings potential
- Accelerates AMP's growth strategy and meets clear M&A criteria

1. Based on AXA's disclosed traditional EV for A&NZ businesses @ 30 June 2009, using a 10% equity return rate and including estimated net worth to be assumed by AMP of A$635m before allocation of capitalised corporate expenses
2. Based on purchase price of A$4b and FY2010 analysts' consensus for operating earnings and investment income, with assumed A$24m in corporate office overlay relating to the Australian and New Zealand businesses

5

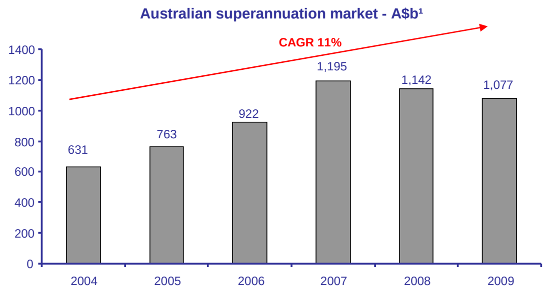
Proposal to acquire 100% of AXA AP's Australian & NZ businesses

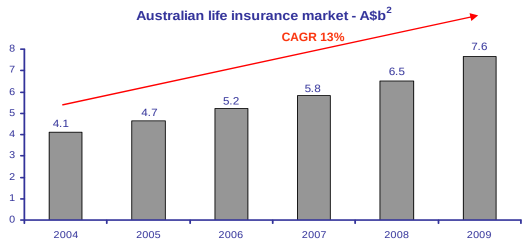
	AXA AP's Australian businesses	AXA AP's New Zealand businesses	AXA AP's Asian businesses
Business overview[1]	• Diversified risk insurance business – A$652m in-force premiums • Wealth management businesses with A$26b in AUM[2] • Mature book in run-off with A$11b in AUM[2] • Broad advice footprint, with 1,600+ aligned and owned planners & 6,500 non-aligned advisers supporting AXA product	• Risk insurance business – NZ$177m in-force premiums • Wealth management business – NZ$6b in AUM • Over 400 aligned planners	• Life insurance and wealth management businesses in Hong Kong, Singapore and other parts of Asia
Ownership Pre-acquisition	Australian businesses 100% owned by AXA[3]	NZ businesses 100% owned by AXA[3]	Asian businesses 100% owned by AXA[3]
Post-acquisition	100% AMP 24%[4] Former AXA AP minority shareholders 76%[4] Existing AMP shareholders		100% AXA SA

1. Source: 1H 09 AXA Investor Compendium and Morningstar Market Share – June 2009
2. Proposal is that at least A$15b of this total AUM will transfer to AMP Capital Investors, along with some multi-manager funds and assets under administration. See slide 8 for more details. Balance to remain with AllianceBernstein and other external fund managers
3. AXA currently owned 54% by AXA SA and 46% by AXA AP minority shareholders
4. Based on issuing 656.8m AMP shares to AXA AP minority shareholders

6

AMP would become leading player in world's fastest-growing wealth management market[3]





- Australia is world's 5th largest and fastest-growing pension market[3]
- Growth underpinned by government mandate, resilient economy, ageing demographics and growing population
- New Zealand superannuation assets NZ$57b[4] and growing with KiwiSaver

- Insurance market also growing strongly, reflecting significant under-insurance in Australia and New Zealand
- New Zealand in-force premiums NZ$1.4b[5]

1. APRA quarterly superannuation performance, June 2009
2. Plan for Life detailed risk statistics, June 2009
3. Watson Wyatt Global Pension Assets Study, January 2009
4. Reserve Bank of NZ, June 2009
5. ISI Statistics, June 2009

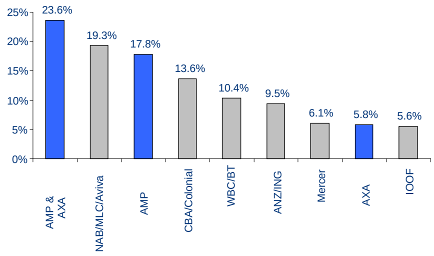
Transaction would create new wealth management force

As at 30 June 2009	AMP	AXA Australia/NZ	Combined
Financial planners			
Aligned &/or owned	2,090 1,710 in Australia	2,030 1,632 in Australia	4,120 3,342 in Australia
IFA access	< 1,000 in Australia	6,500 in Australia 1,000 in NZ	Access to at least 7,500 planners in Australia and NZ
Australian market share			
Risk insurance[1]	9.1% #5	8.4% #7	17.5% #1
Retail superannuation[2]	17.8% #2	5.8% #7	23.6% #1
Retirement income[2]	11.4% #3	6.2% #6	17.6% #1
Unit trusts (ex CMTs)[2]	3.6% #10	5.8% #5	9.4% #5
Inforce/AUM			
Individual/group risk in-force premiums	A$713m NZ$139m	A$652m NZ$177m	A$1,365m NZ$316m
Wealth management	A$44b NZ$5b	A$26b NZ$6b	A$70b NZ$11b
Mature book	A$18b	A$11b	A$29b
Assets under management[3]	A$104b #2	A$38b[5]	A$142b #2

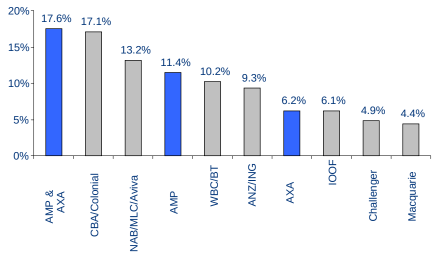
1. Plan for Life detailed risk statistics – June 2009
2. Plan for Life retail and wholesale QDS – June 2009
3. Source for market ranking: Rainmaker Roundup March 2009
4. Source for all other information: AMP Investor Report and AXA Investor Compendium June 2009
5. Of AXA AP's total A$59b AUM in Australia and New Zealand, A$15b is expected to transfer directly to AMP Capital Investors; around A$12b in multi-manager funds will complement AMPCI's multi-manager funds; a further A$4b will be added to AMP platforms in external manager options and around A$7b is expected to move across in other structures. The balance will remain with AllianceBernstein and other external fund managers

Combined AMP and AXA would hold leading market share positions

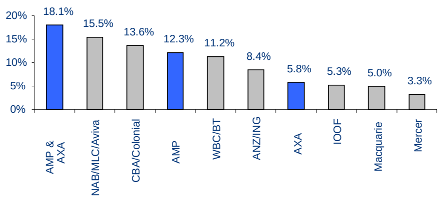
Market share - Australian retail superannuation market
Source: Plan for Life Retail & Wholesale QDS, June 2009



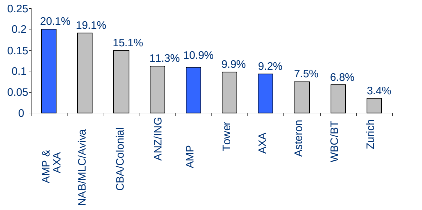
Market share - Australian retirement income market
Source: Plan for Life Retail & Wholesale QDS, June 2009



Market share - retail managed funds (excluding CMTs)
Source: Plan for Life Retail & Wholesale QDS, June 2009

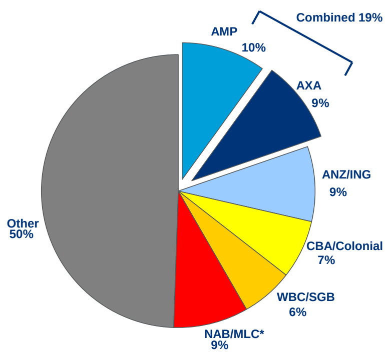


Individual risk market share - June 2009
Source: Plan for Life Detailed Risk Statistics (in-force premiums), June 2009



Would create leading financial advice footprint

Total number of Australian financial planners*



- Combined group will have more than 3,000 aligned and owned planners in Australia – 19% of total planner market
- In addition, 6,500 IFA planners offer AXA products
- This gives the combined group access to almost 10,000 planners in Australia

*Money Management Top 100 Dealer Survey, June 2009; AMP 1H 09 Investor Report; AXA 1H 09 Investor Compendium.
Based on total planner numbers of 16,900

Proposed acquisition meets AMP's clear M&A criteria

Strategic

- Becomes leading independent wealth management company
- Adds significant scale and strengthens competitiveness of AMP's core business
- Enhances capacity to respond to changing consumer and regulatory environment
- Balances AMP's leading position in superannuation with equally strong position in risk insurance
- Strengthens aligned advice footprint in Australia and NZ, increasing platform scale and flexibility
- Accelerates AMP's drive to broaden distribution in IFA market
- Provides multi-brand advice options to better service market segments, including enhanced offering in HNW and SMSF segments
- Enhances scale of asset management business

Economic

- Attractive financial metrics
- Marginally cash EPS accretive in second full year after acquisition
- Substantial synergy benefits

Well understood risks

- Well understood core businesses in local markets
- Clear integration path would use strength of both businesses to build a new market force

Attractive financial metrics

Synergies

- Estimated annual net synergy benefits of A$120m with estimated integration costs of A$285m, both after tax
- Creates other growth opportunities not reflected in these synergies (eg wrap platform options, HNW & SMSF opportunities)

Financials

- Expected to be marginally cash EPS accretive in second full year after acquisition
- AXA SA would fully subscribe to Tier 2 A$500m subordinated debt issued by AMP:
  - -integration costs of A$285m
  - -cash payment by AMP to AXA AP shareholders of A$215m
- Scrip offer involves issuing 656.8m AMP shares
- AXA SA would retire AXA AP's corporate debt A$1,182m[1]
- AMP group would remain soundly capitalised post acquisition
  - - Gearing and interest cover remain within S&P credit guidelines for an A rated company
  - - AMP would maintain dividend payout ratio of 75%-85% of underlying profit on expanded capital base
  - - AXA AP shareholders will receive the final 2009 dividend, if declared, from AXA AP, capped at 9.25 cents per share

1. Combination of AUD and USD debt at 30 June 2009

Summary of proposed financial transactions

Summary of proposed transaction (as at 5 November 2009)	A$ per share	A$m
AMP acquires 100% of AXA AP shares	$5.34 [1]	11,048 [2]
Plus AXA AP corporate debt on issue to AXA SA		1,182
Total enterprise value of AXA AP		12,230
AXA AP sale of Asian business to AXA SA (including Asian debt)		(8,239) [3]
Total acquisition price for AXA A&NZ businesses		**3,991** [4]

Payment to AXA AP minority shareholders comprises:	A$ per share
AMP scrip – 0.6896 AMP shares for each AXA share	3.9652 [5]
Cash component	1.3796 [6]
Total	**$5.3448**

1. This price will vary with AMP's share price and AUD/USD currency movements
2. AXA SA share is A$5.958b (based on 53.92% of issued capital)
3. Based on US$7,036m equity value and US$459m debt at AUD/USD of 0.9097 as at 5 November.
4. Representing 656.8m AMP shares at closing price of A$5.75 on 5 November 2009, plus A$215m in cash
5. Based on AMP closing share price of A$5.75 on 5 November 2009
6. The cash component is subject to movements in the AUD/USD exchange rate. The A$1.38 cash amount is based on an AUD/USD exchange rate of 0.9097, equivalent to a USD/AUD exchange rate of 1.0993 (ie one US dollar acquires 1.0993 Australian dollars). For every 0.01 appreciation in the USD/AUD from 1.0933, AXA AP minority shareholders will receive additional cash per share of A$0.03 per share. For every 0.01 depreciation in the USD/AUD exchange rate from 1.0993, the cash payment will reduce by A$0.03 per share. The cash payment will be subject to a guaranteed minimum, set on the announcement of a definitive transaction and calculated to protect AXA AP minority shareholders from any adverse movement in FX from announcement beyond 5%. An AUD/USD exchange rate of 0.9097 at announcement would equate to a minimum cash payment of A$1.21 per share

Appendix

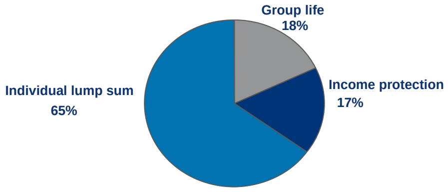
Overview of proposal calculations

	A$ per share	A$m
Proposal		
0.6896 AMP shares per AXA AP share[1]	3.97	
$1.3796 cash per AXA AP share	1.3796	
Total consideration per AXA AP share	5.34	
Implied value of AXA AP equity under proposal[2]		11,048
Implied EV		
Debt attributable to AXA A&NZ[3]		677
Debt attributable to AXA Asia[4]		505
Total AXA AP debt		1,182
Implied EV for AXA AP		12,230
Transaction for AMP		
AMP acquires AXA A&NZ on a debt-free basis		3,991
Acquisition funded through:		
Share issue[5]	3.97	3,777
Cash payment for remaining purchase price	0.23	215
Transaction for AXA SA		
Acquisition of 100% of AXA AP Asia equity		7,734
Acquisition funded through:		
Sale of 54% of AXA AP equity		5,958
Retirement of A&NZ debt		677
Cash payment for remaining purchase price	1.15	1,099
Total consideration to minority shareholders		
AMP shares	3.97	3,777
Cash	1.38	1,314
Total	5.34	5,090

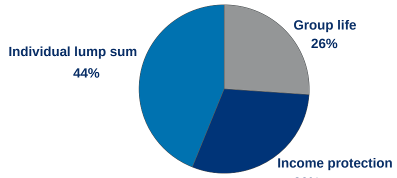
1. Assumes AMP closing price as at 5 November of A$5.75
2. Total AXA AP shares outstanding of 2,067m
3. Includes A$430m plus USD denominated debt of US $225m, converted at AUD/USD 0.9097 (WM/Reuters 10am Fixing as at 5 November 2009)
4. Included HKD and USD denominated debt of US$459m, converted at AUD/USD 0.9097(WM Reuters 10am Fixing as at 5 November 2009)
5. Minority shares outstanding of 952m

AMP and AXA risk insurance business mix

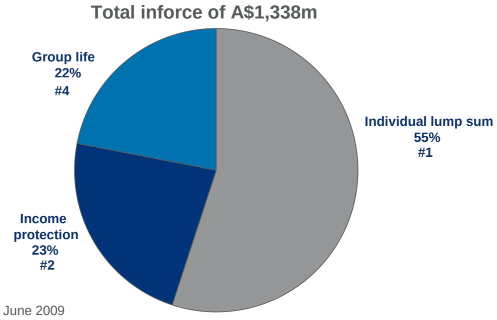
AMP - Australian insurance business
Total inforce of A$693m[1]



AXA - Australian insurance business
Total inforce of A$645m[1]



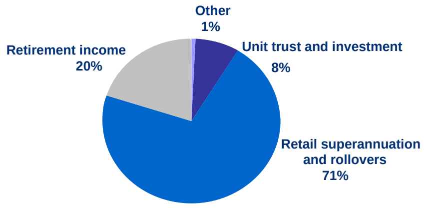
AMP & AXA - Australian insurance business
Total inforce of A$1,338m



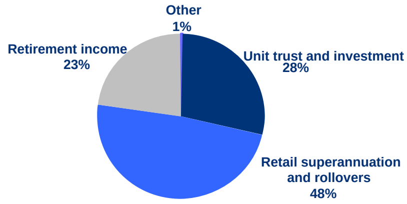
1. Plan for Life detailed risk statistics, June 2009

AMP and AXA AUM mix

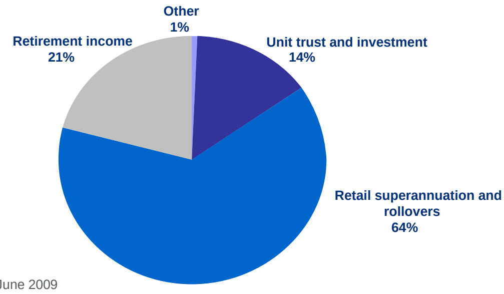
AMP - Australian wealth management mix
AUM $52.3b[1]



AXA - Australian wealth management mix
AUM $24.8b[1]



AMP & AXA - Australian wealth management mix
AUM $77.1b



17

1. Plan for Life Retail & Wholesale QDS, June 2009