

ASX Announcement

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17 December 2009

Recommended proposal for NAB to acquire AXA AP's Australian and New Zealand businesses

NAB today announced that it has agreed certain key terms with AXA Asia Pacific ("AXA AP") for NAB to acquire AXA AP's Australian and New Zealand businesses. AXA AP's independent directors will recommend to shareholders that they accept NAB's proposal (the "Proposal") to acquire all of the shares in AXA AP on terms that value the Australian and New Zealand businesses at A\$4.6 billion.

The Proposal is subject to a number of conditions and regulatory and other approvals, including completion of due diligence, discussions with AXA SA and agreement by AXA SA to acquire the Asian businesses of AXA AP ("the AXA SA Acquisition") and execution by NAB, AXA AP and AXA SA of formal documentation to implement the Proposal and the AXA SA Acquisition.

The Independent Directors Committee of AXA AP have unanimously recommended that relevant AXA AP shareholders vote in favour of the Proposal. That recommendation is subject to:

- no superior proposal being made;
- execution by NAB, AXA AP and AXA SA of formal documentation to implement the Proposal and the AXA SA Acquisition; and
- an independent expert concluding that:
 - o the scheme of arrangement between AXA AP and its shareholders (other than AXA SA and its associates) to implement the Proposal is in the best interests of those AXA AP shareholders; and
 - o the other constituent elements of the Proposal (including the AXA SA Acquisition) are fair and reasonable to AXA AP shareholders (other than AXA SA and its associates).

MLC and AXA Australia and New Zealand are among the most trusted financial services brands in Australasia, and collectively hold more than A\$144.3 billion in funds under administration and management.

NAB and AXA AP have entered into a Terms Deed in order to facilitate the Proposal. The Terms Deed sets out certain key terms of the Proposal, and a summary of the Terms Deed is set out in the Annexure to this Announcement. The remaining terms of the Proposal and the AXA SA Acquisition will need to be agreed between NAB, AXA AP and AXA SAA and set out in the formal documentation required to be executed by them to implement the Proposal.

Under the terms of the Proposal, AXA AP shareholders (other than AXA SA and its subsidiaries) will have the option to receive either

- A\$6.43 per share in cash; or
- A\$1.59 in cash and 0.1745 NAB shares for each AXA AP share.

In addition, AXA AP shareholders will receive up to 9.25 cents dividend for their AXA AP shares in relation to the second half 2009 results. The shares issued under the Proposal will also be entitled to receive NAB's interim dividend payable in July 2010.

The Proposal will provide AXA AP shareholders with the certainty of an all cash option. The Proposal will also offer AXA AP shareholders (other than AXA SA and its subsidiaries) the flexibility to receive part of their consideration in NAB shares and participate in the benefits of the combined business.

The consideration is proposed to be funded from a combination of an equity raising of approximately A\$1.5bn, the scrip offer and existing capital resources. The equity raising will be an underwritten pro-rata offer to allow all NAB shareholders to participate and will most likely be undertaken once due diligence is completed, an agreement is reached with AXA SA, and binding transaction documentation has been executed. The Tier 1 impact of the transaction is expected to crystallise at this point.

Based on a reported Tier 1 ratio of 8.96% as at 30 September 2009, the pro-forma NAB Tier 1 ratio post completion of the acquisition of AXA AP, including the equity raising of \$1.5bn and assumed 50% cash acceptances, is expected to be approximately 8.9%.

The pro-forma Tier 1 capital ratio maintains balance sheet strength and provides capital flexibility to support previously flagged capital headwinds and the growth of NAB's Australian banking business, which continues to perform solidly in the current environment.

Combining AXA Australia and New Zealand and MLC will establish a market leader in the Australian and New Zealand life insurance and wealth management sectors and will deliver the scale benefits necessary to drive better outcomes for customers, financial advisers and shareholders.

Summary of the transaction:

- NAB will acquire 100 per cent of AXA AP's shares, valuing the Australian and New Zealand businesses at A\$4,610 million.
- AXA AP shareholders (other than AXA SA and its subsidiaries) will have the ability to elect to receive consideration of \$6.43 in cash or A\$1.59 in cash and 0.1745 NAB shares for each AXA AP share.
- AXA AP shareholders will also be entitled to receive a final AXA AP 2009 dividend, if declared, of up to 9.25 cents per share. AXA AP shareholders will not be entitled to NAB's 2009 final dividend payable on 17 December 2009. NAB shares issued pursuant to the Scheme of Arrangement will be entitled to receive the same dividends on those shares as existing NAB shareholders.
- The Proposal is conditional upon AXA SA agreeing to proceed with the AXA SA Acquisition
- The Proposal is also conditional on, among other things, completion of due diligence, execution by NAB, AXA AP and AXA SA of formal documentation to implement the Proposal and the AXA SA Acquisition, regulatory approvals, the continuing unanimous support of the AXA AP Independent Directors

Committee, requisite AXA AP shareholder approvals, and no material adverse event having an impact on AXA AP.

NAB has conducted preliminary due diligence on AXA AP's Australian and New Zealand businesses and expects to complete final confirmatory due diligence early in 2010 and to complete the transaction during the second quarter of 2010.

NAB welcomes the decision by AXA AP's Independent Directors to support the Proposal.

Commenting on the transaction, NAB CEO Cameron Clyne said:

"The proposed merger of our Wealth business and AXA Australia and New Zealand would combine two successful and highly complementary businesses, and will achieve attractive scale benefits in the Australian superannuation, retirement income and insurance markets. The Proposal is consistent with NAB's strategy of growing its wealth management franchise, most recently demonstrated through the acquisitions of Aviva Australia and a strategic alliance with JB Were.

Indeed, integrating these businesses and AXA Australia & New Zealand is expected to deliver substantial synergy benefits and will provide a better outcome for customers and advisers, with access to a broader range of quality investment and insurance products."

NAB Group Executive NAB Wealth and MLC Australia, Steve Tucker said:

"The acquisition of AXA AP's Australian and New Zealand business would be a transformational step in our journey to deliver the best possible wealth products and services to our clients and advisers. The Proposal will significantly grow our number of aligned advisers as well as enhance our relationships in the external financial adviser (EFA) market and we are committed to supporting them with quality insurance and investment products."

"The wealth management industry is currently going through a considerable amount of change and we believe we are well placed to support advisers and customers through this evolution.

"With the integration process for Aviva currently tracking ahead of plan, our estimates of synergies for the AXA AP transaction are reasonable and achievable."

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The announcement is based on unaudited information. It also contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, and its officers, employees, agents or associate, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on forward-looking statements and the Group assumes no obligation to update such information. Further information on important factors that could cause actual results to differ materially from those projected in such statements are contained in the Group's Annual Financial Report.