



Kevin Keenan
Company Secretary

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17 January 2011

Australian Securities Exchange
Company Announcements Office
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**AXA Asia Pacific Holdings Limited
Explanatory Memorandum Supplement**

Please refer to the attached Explanatory Memorandum Supplement containing a copy of the Independent Expert's Report (which also includes the Independent Actuary's Report), the Framework Deed and the Merger Implementation Deed.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K. Keenan', with a long horizontal stroke extending to the right.

Kevin Keenan
Company Secretary

Page 1 of 369 pages

Explanatory Memorandum **Supplement**

This Explanatory Memorandum Supplement contains a copy of the Independent Expert's Report (which also includes the Independent Actuary's Report), the Framework Deed and the Merger Implementation Deed

For the proposed merger of the Australian and New Zealand Businesses of AXA Asia Pacific Holdings Limited with AMP Limited and the sale of the Asian Businesses to AXA SA

AXA Asia Pacific Holdings Limited ABN 78 069 123 011



MACQUARIE

Financial adviser to AXA APH

MALLESONS STEPHEN JAQUES

Legal adviser to AXA APH



**ASIA
PACIFIC**

redefining / financial services

Contents

Independent Expert's Report	1
Framework Deed	225
Merger Implementation Deed	347
Corporate directory	Inside back cover

Important notices

Nature of this document

This Explanatory Memorandum Supplement provides AXA APH Securityholders with additional information about the proposed acquisition of AXA APH by AMP, and the sale of the Asian Businesses to AXA SA. This additional information is supplementary to the Explanatory Memorandum dated 14 January 2011.

You should read the Explanatory Memorandum in full before making any decision as to how to vote on the resolutions to give effect to the Proposal.

Further information

If you have any questions in relation to the Explanatory Memorandum, the Proposal, the Rights Scheme or the Termination Benefits Resolution, you can call the AXA APH Information Line on 1300 157 263 (from within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time).

Privacy and personal information

AXA APH, AMP and their respective share registries (each an Organisation), may collect personal information in the process of implementing the Proposal and the Rights Scheme. The personal information may include the names, addresses, other contact details, standing instructions (including bank account details) and details of your shareholdings or rightsholdings in AXA APH, and the names of individuals appointed by you as proxies, corporate representatives or attorneys at the Meetings.

AXA APH Securityholders who are individuals, and individuals appointed as proxies, corporate representatives or attorneys in respect of whom personal information is collected as outlined above have certain rights to access their personal information. They should call 1300 367 373 (within Australia) or +61 3 9415 4000 (outside Australia) if they wish to request access to the personal information held by any of the Organisations.

The personal information will be collected for the primary purpose of assisting AXA APH and AMP to implement the Proposal and the Rights Scheme and to conduct the Meetings. An Organisation may disclose personal information collected by it to another Organisation, related bodies corporate of an Organisation, securities brokers, print and mail service providers and any other service providers and advisers engaged by an Organisation in relation to the implementation and administration of the shareholdings and rightsholdings arising from the Proposal and the Rights Scheme. The personal information of Ineligible Overseas Shareholders may be disclosed to the Sale Agent.

The main consequence of not collecting the personal information outlined above would be that AXA APH may be hindered in, or prevented from, conducting the Meetings and implementing the Proposal and the Rights Scheme.

AXA APH Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the respective Meetings should inform such individuals of the matters outlined above.

Interpretation

Capitalised terms and certain abbreviations used in this Explanatory Memorandum Supplement have the defined meanings set out in the Glossary in section 11 of the Explanatory Memorandum.

All references to currency are to Australian dollars unless otherwise indicated.

Date

This Explanatory Memorandum Supplement is dated 14 January 2011.



Independent Expert's Report

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14 January 2011

The Directors
AXA Asia Pacific Holdings Limited
750 Collins Street, Docklands
Melbourne VIC 3000

Dear Directors

Proposal from AMP Limited

1 Introduction

AXA Asia Pacific Holdings Limited ("AXA APH") is an Australian financial services company, headquartered in Melbourne and listed on the Australian Securities Exchange Limited ("ASX"), with wealth management and life insurance/financial protection businesses in Australia, Hong Kong, China, India and a number of countries in South-East Asia. AXA S.A. ("AXA SA") is a French financial services company offering insurance, reinsurance, savings and pension products and asset management services in Europe, North America and Asia. AXA SA has a 53.9% interest in AXA APH.

On 15 November 2010, AXA APH announced that it had received a proposal from AMP Limited ("AMP") whereby AMP will acquire 100% of AXA APH and divest the Asian businesses of AXA APH to AXA SA ("Proposal"). On 18 November 2010 the Independent Directors announced that they unanimously recommended the Proposal in the absence of a superior proposal and subject to the review of an independent expert.

AMP proposes to acquire all the shares in AXA APH owned by minority shareholders by way of a scheme of arrangement ("Scheme") and all the shares in AXA APH owned by AXA SA under a share sale agreement ("Share Transaction"). The consideration under the Scheme ("Consideration") will consist of 0.73 AMP ordinary shares plus a variable amount of cash for each AXA APH share.

The cash amount will vary depending on the arithmetic average of the daily volume weighted average AMP share price for the ten trading days following the effective date of the Scheme ("Post Scheme AMP VWAP"), subject to a maximum cash amount per AXA APH share of \$3.145. If the Post Scheme AMP VWAP is in the range \$4.50-\$5.60, the cash amount will be varied so that the value of the Consideration will be \$6.43 per AXA APH share. If the Post Scheme AMP VWAP is greater than \$5.60, the cash consideration will be reduced such that AXA APH shareholders will receive 50% of the benefit of the increase in the value of the share component. If the Post Scheme AMP VWAP is below \$4.50 then the value of the Consideration will be less than \$6.43 as the cash amount is capped at \$3.145 per AXA APH share.

The Proposal followed a number of proposals made to AXA APH over a twelve month period, all of which involved the sale of AXA APH's Asian businesses to AXA SA. On 9 November 2009, AXA APH announced that it has received an acquisition proposal from AMP and AXA SA ("Initial Proposal"). On 14 December 2009, AXA APH announced that it had received a revised and improved proposal from AMP and AXA SA, under which AXA APH minority shareholders would receive 0.6896 AMP shares plus a fixed cash component of \$1.92 for each AXA APH share. This proposal implied a total offer price

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of \$6.22 per AXA APH share based on the volume weighted average price (“VWAP”) of AMP shares for the period between the Initial Proposal and the revised proposal.

On 17 December 2009, AXA APH announced that it had received a conditional proposal from National Australia Bank Limited (“NAB”) to acquire 100% of AXA APH and sell the Asian businesses of AXA APH to AXA SA (“NAB Proposal”). The Independent Directors announced that they unanimously recommended the NAB Proposal in the absence of a superior proposal and subject to the review of an independent expert. Under the NAB Proposal, AXA APH shareholders could choose to receive a mixture of NAB shares and cash or 100% cash at \$6.43 per AXA APH share. The cash consideration of \$6.43 per AXA APH share represented a 50% premium to the closing share price of AXA APH of \$4.30 on 6 November 2009, being the last trading day prior to the announcement of the Initial Proposal.

However, on 19 April 2010 the Australian Competition and Consumer Commission (“ACCC”) announced that it was opposed to NAB’s proposal to acquire the Australian businesses of AXA APH. Following extended discussions between NAB and the ACCC, and notwithstanding the provision of certain undertakings by NAB, the ACCC announced on 9 September 2010 that it continued to oppose NAB’s proposal to acquire the Australian businesses of AXA APH. Accordingly, the NAB Proposal was terminated on 14 September 2010.

The Proposal will only proceed if AXA APH shareholders approve the Scheme and the sale of AXA APH’s Asian businesses to AXA SA (“Asset Transaction”). AXA APH has engaged Grant Samuel & Associates Pty Limited (“Grant Samuel”) to prepare an independent expert’s report in relation to the Proposal. The report will state whether:

- the Scheme is in the best interests of the AXA APH shareholders other than AXA SA (“AXA APH Minority Shareholders”);
- AMP’s acquisition of the 53.9% shareholding in AXA APH held by AXA SA is fair and reasonable to AXA APH Minority Shareholders; and
- the sale of AXA APH’s Asian businesses to AXA SA is fair and reasonable to AXA APH Minority Shareholders for the purposes of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act.

This letter contains a summary of Grant Samuel’s opinion and main conclusions and is extracted from Grant Samuel’s full report. In Grant Samuel’s opinion, this summary contains all the material information contained in the full report. A copy of this letter will accompany the Explanatory Memorandum to be sent to AXA APH shareholders. The full report from which this summary has been extracted will be available on the AXA APH website (www.axaasiapacific.com.au) and has been lodged with the Australian Securities and Investments Commission (“ASIC”) and the ASX.

2 Summary of Opinion

In Grant Samuel’s view the Proposal delivers significantly more value than would be available to AXA APH Minority Shareholders in the short to medium term if AXA APH was to continue on a standalone basis. Effectively, the AXA APH businesses are being sold to parties that are prepared to attribute to the businesses strategic and synergistic value not otherwise available to AXA APH Minority Shareholders. In Grant Samuel’s view the value to be delivered to AXA APH Minority Shareholders under the Proposal is compelling. In the absence of a superior proposal, the Proposal (including the Scheme) is in the best interests of AXA APH Minority Shareholders.

Grant Samuel has valued AXA APH in the range \$6.03-6.64 per share. Grant Samuel has attributed a value of \$6.43 per AXA APH share to the Consideration, based on recent AMP share prices in the range \$5.00-5.50. The value attributed to the Consideration of \$6.43 per AXA APH share falls within the range of values that Grant Samuel has estimated for AXA APH. On this basis, in the absence of a superior proposal, the Scheme is fair and reasonable to and in the best interests of AXA APH Minority Shareholders.

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In addition to Grant Samuel's valuation of AXA APH, there are a number of factors that suggest that the Scheme (and the Proposal generally) are in AXA APH Minority Shareholders' best interests. In particular:

- the value attributed to the Consideration of \$6.43 represents a 50% premium to the price at which AXA APH shares were trading immediately before the announcement of the Initial Proposal;
- the structure of the Proposal and of the previous proposals from NAB and AMP is such that the Australasian business of AXA APH has effectively been on the market since the announcement of the Initial Proposal. In the absence of a higher offer from some third party (which in Grant Samuel's view is in any event now unlikely), it is reasonable to conclude that the value to be realised for the Australasian business under the Proposal is the highest price realisable for the business and therefore represents its full underlying value;
- Grant Samuel's valuation of AXA APH's Asian businesses represents high multiples of the value of one year's new business, high multiples of embedded value and high multiples of earnings. These multiples reflect Grant Samuel's judgement that potential acquirers would be prepared to pay high prices for the potential synergies and strategic benefits that the businesses offer and (in the case of AXA APH's Asian businesses outside Hong Kong) the very high growth rates expected in the region; and
- given AXA SA's controlling shareholding in AXA APH and its desire to move to full control of the Asian businesses, there is little or no prospect of the sale of the Asian businesses to a third party other than AXA SA.

The Share Transaction and the Asset Transaction are essentially interlinked and are both integral parts of the overall Proposal. Accordingly, assessment of the Share Transaction and the Asset Transaction independently of each other and of the overall Proposal is somewhat artificial. Nonetheless, Grant Samuel has concluded that both the Share Transaction and the Asset Transaction are fair and reasonable to AXA APH Minority Shareholders.

3 Key Conclusions

- **AXA APH has been valued in the range \$14,060-15,325 million**

AXA APH has been valued in the range \$14,060-15,325 million, which corresponds to a value of \$6.03-6.64 per share. The valuation represents the estimated full underlying value of AXA APH assuming 100% of the company was available to be acquired and includes a premium for control. The valuation also reflects the potential savings, synergies and other strategic benefits that could be available to potential acquirers of the business. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect AXA APH shares to trade on the ASX in the absence of the Proposal or other similar proposal.

The value for AXA APH is the aggregate of the estimated market value of AXA APH's operating businesses and other assets less external borrowings. The valuation is summarised below:

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AXA APH - Valuation Summary (\$ millions)		
	Value Range	
	Low	High
Asia	9,920	10,766
Australia and New Zealand	4,139	4,559
Enterprise value	14,060	15,325
Total debt at 30 June 2010 ¹	(1,173)	(1,173)
Provision for 2010 dividends (interim and final)	(384)	(384)
Cash from exercise of rights	111	137
Value of equity	12,614	13,906
Fully diluted shares on issue (millions)	2,092	2,096
Value per share	6.03	6.64

Grant Samuel's detailed valuation of AXA APH is set out in the full report.

The valuation represents a subjective judgement having regard to a number of valuation methodologies. The principal methodology was the actuarially based appraisal valuation method. The appraisal valuation approach is the methodology most commonly used for valuing life insurance businesses. Appraisal valuations involve the separate estimation of:

- embedded value, which is the sum of the value of business in force and the value of adjusted net worth (i.e. surplus capital available to shareholders); and
- value of future new business.

The estimation of embedded value is based on a detailed actuarial assessment of the present value of free cash flows expected to emerge from business already written. The estimation of the value of future new business is commonly undertaken having regard to the value of one year's new business. The value of one year's new business is assessed through a detailed actuarial review, on a basis consistent with the estimation of embedded value.

Towers Watson Australia Pty Ltd ("Towers Watson") was appointed to undertake an actuarial review of estimates of embedded value and the value of one year's new business prepared by AXA APH. The estimates of embedded value were prepared on a "traditional embedded value" basis. Towers Watson's review included a review of (and where appropriate, amendment to) profitability assumptions and determination of adjusted net worth used in the estimation of embedded value. In addition, Towers Watson selected discount rates to be applied in the estimation of embedded value and value of one year's new business. Towers Watson's report is attached to this report as Appendix 4. For the purposes of Grant Samuel's valuation, estimates of embedded values and value of one year's new business as compiled by Towers Watson have been adjusted for changes in exchange rates. A comparison of the Towers Watson estimates with those used by Grant Samuel is attached to this report as Appendix 5.

The value of future new business is commonly estimated by, or expressed as, a multiple of the value of one year's new business. Judgements regarding this multiple are inherently subjective, because the multiple has to reflect expectations of future growth in business volumes and future business profitability. In the context of a change of control transaction, the multiple also needs to take into account potential synergies and other strategic value that may be available to acquirers of the business. Grant Samuel's estimates of the value of future new business took into account evidence as to appropriate multiples of the value of one year's new business derived from share market prices for listed life insurance companies and transaction values for life insurance businesses.

¹ Total debt at 30 June 2010 has been adjusted for exchange rates as at 8 December 2010. Exchange rates have not changed materially since 8 December 2010.

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Where appropriate, Grant Samuel has also considered evidence as to value based on capitalisation of earnings and multiples of net tangible assets, having regard to share market prices for listed life insurance companies and transaction values for life insurance businesses.

- **The valuation of AXA APH represents high multiples of earnings and high multiples of the value of one year's new business and embedded value. It reflects the strategic attractiveness of AXA APH's businesses in Australia and Asia.**

Grant Samuel's estimate of the enterprise value of AXA APH in the range of \$14,060-15,325 million represents the following multiples (based on the mid-point embedded value of \$7,211 million and a mid-point value of one year's new business of \$402 million):

AXA APH – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Enterprise value		14,060	15,325
Equity value		12,614	13,906
Embedded value at 30 June 2010 ²	7,211	1.9	2.1
Value of one year's new business to 30 June 2010 ³	402	17.1	20.2
NPAT for ⁴ :			
- year ended 31 December 2009 (actual)	673	18.7	20.7
- year ending 31 December 2010 (forecast)	595	21.2	23.4
- year ending 31 December 2011 (forecast)	658	19.2	21.1
Adjusted NTA at 30 June 2010 ⁵ (actual)	2,375	5.3	5.9

The forecast NPAT is based on the median of brokers' forecasts for AXA APH (see Appendix 3 for details). While AXA APH has prepared projections of earnings for 2010 and 2011, these projections have not been disclosed to the market and AXA APH has not made any guidance statements of future performance. Moreover, the directors of AXA APH have decided not to include any earnings projections in the Explanatory Memorandum and therefore this information has not been disclosed in this report. The median of brokers' forecasts is sufficiently close to AXA APH's projections of earnings to be useful for analytical purposes.

The valuation represents high multiples of the value of one year's new business, high multiples of embedded value and high multiples of earnings. It reflects the particular attributes of AXA APH's business and takes into account factors such as:

- the positive characteristics of AXA APH's businesses. In particular, AXA APH's portfolio of Asian businesses provides exposure to attractive insurance markets, characterised by strong rates of economic growth, growing per capita wealth and disposable income, high rates of personal savings, rapidly growing populations and relatively low insurance penetration rates;
- the limited opportunities for existing participants and potential new entrants to make strategically meaningful acquisitions in the region. AXA APH's Asian portfolio of businesses is built around a substantial and profitable business in the Hong Kong market. This business provides the critical mass required to support the development of AXA APH's early stage but high growth businesses in South-East Asia. AXA APH's Chinese and Indian businesses, while currently sub-scale and not profitable, represent valuable options to participate in the very large, rapidly growing and potentially highly valuable Chinese and Indian insurance markets;

² Enterprise value divided by embedded value.

³ Enterprise value minus embedded value divided by the value of one year's new business.

⁴ Equity value divided by net profit after tax.

⁵ Equity value divided by adjusted net tangible assets. Net tangible assets is net assets after intangibles but before deferred acquisition costs.

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- the significant synergies that would be available to in-market acquirers of AXA APH's Asian businesses, particularly in relation to the Hong Kong business;
- the status of AXA APH's Australasian business as one of the few wealth management and financial protection businesses of real scale available to be acquired in the Australasian market place; and
- the ACCC's decision to oppose the proposed acquisition of AXA APH's Australasian business by NAB, which may mean that there are now very few credible potential in-market acquirers of the business. In Grant Samuel's view this is likely to have reduced the value of AXA APH's Australian business.

The multiples implied by the valuation of AXA APH are broadly consistent with valuation evidence inferred from share market trading and transaction values for comparable life insurance businesses. However, the reality is that none of the transaction evidence relates to companies with a spread of businesses directly comparable to that of AXA APH. Moreover, there have been few transactions involving large businesses in Hong Kong and South-East Asia. The valuation reflects Grant Samuel's view that acquirers of the Asian businesses would be prepared to pay high prices for the businesses, having regard to their strategic value and potential synergistic benefits. Assessments of strategic and synergistic value are inherently uncertain. Accordingly, the valuation of AXA APH is ultimately subjective and a broad range of conclusions as to value could reasonably be adopted.

- **Grant Samuel has attributed a value of \$6.43 per AXA APH share to the Consideration.**

The value of the Consideration will vary depending on the Post Scheme AMP VWAP. If the Post Scheme AMP VWAP is in the range \$4.50-5.60, the value of the Consideration will be \$6.43.

The following table shows the price at which AMP shares have traded for various periods before and following the announcement of the Proposal:

Recent AMP Share Prices (\$)		
	Pre-Proposal Announcement on 15 November 2010	Since Proposal Announcement up to 7 January 2011
Closing	5.33	5.23
1 day VWAP	5.31	5.23
5 day VWAP	5.27	5.23
1 month VWAP	5.37	5.29
3 month VWAP	5.20	n/a
6 month VWAP	5.32	n/a

Source: IRESS and Grant Samuel analysis

AMP shares have not closed below \$5.00 since the announcement of the Proposal, with a VWAP of more than \$5.20 since the announcement (up to 7 January 2011).

It is possible that the AMP share price could fall below \$4.50 between the date of this report and the implementation of the proposal (currently expected to be around the end of March 2011). In these circumstances, the value of the Consideration would be less than \$6.43 per AXA APH share. However, AXA APH would be entitled to terminate the Proposal if the arithmetic average of the daily volume weighted average AMP share price fell below \$4.50 for any ten consecutive trading days before the Scheme meetings.

Accordingly, based on recent trading in AMP shares, Grant Samuel has concluded that it is reasonable for the purpose of evaluating the Proposal to attribute a value of \$6.43 per AXA APH share to the Consideration.

The after tax value of the Consideration will vary depending on the proportions of AMP shares and cash finally received by AXA APH shareholders and on the particular tax position of individual shareholders. Australian resident shareholders are expected to be able to utilise the "rollover relief" provisions for the share component of the Consideration and therefore defer any taxation in respect

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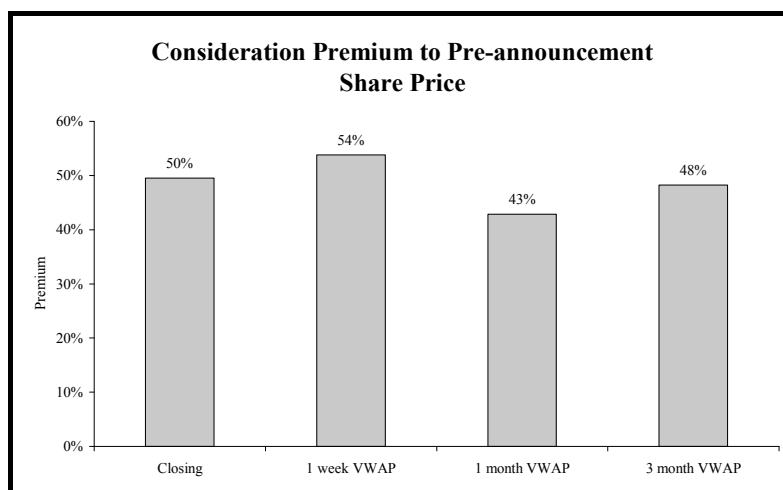
of that component of the Consideration until ultimate disposal of the AMP shares received through the proposal. The cash portion of the Consideration will be subject to taxation.

■ **The Scheme is in the best interests of AXA APH Minority Shareholders.**

Grant Samuel has valued AXA APH in the range \$6.03-6.64 per share and has attributed a value of \$6.43 per AXA APH share to the Consideration. Because the value attributed to Consideration falls within the valuation range for AXA APH, the Scheme is fair and reasonable and in the best interests of AXA APH Minority Shareholders.

The valuations of each of AXA APH's major businesses are based on Grant Samuel's view that these businesses would have significant strategic value for potential acquirers. In particular, the valuations of AXA APH's Hong Kong and other Asian businesses represent high multiples of the value of new business, very high multiples of embedded value and high multiples of earnings, reflecting the strategic attractiveness of their positions in rapidly growing Asian markets. The businesses outside Hong Kong are expected to continue to achieve very high rates of growth. Valuations in the context of these factors are inherently uncertain, because they necessarily require judgements that are not supported by the standalone performance and short term prospects of the businesses. In any event, there are a number of factors in addition to Grant Samuel's valuation of AXA APH that suggest that the Scheme (and the Proposal more generally) are in shareholders' best interests:

- the value attributed to the Consideration of \$6.43 per AXA APH share represents a 50% premium to the price at which AXA APH shares traded immediately before the announcement of the Initial Proposal. The following chart shows the premium relative to the closing price and VWAP for AXA APH shares for various periods prior to the announcement of the Initial Proposal:



Source: IRESS and Grant Samuel analysis

Any analysis of premiums needs to be treated with caution, given the significant time that has passed since the announcement of the Initial Proposal. Since that time equity markets have strengthened (in early 2010), then declined significantly and more recently partially recovered, such that they are at levels broadly similar to those in late 2009. AMP's share price (as of early January 2011) is well below its share price during November/December 2009. While AXA APH's Asian businesses have traded strongly over the last twelve months, the strengthening of the Australian dollar against the Hong Kong dollar and other Asian currencies has had the effect of reducing the Australian dollar value of AXA APH's Asian businesses. There is no accurate basis for estimating the price at which AXA APH shares would have

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traded through 2010 absent the Initial Proposal and the subsequent proposals from AMP and NAB, or for assessing the current premium. However, it is noteworthy that the AXA APH share price fell to a low of \$4.86 on 9 September 2010, when the ACCC's final opposition to the NAB Proposal was announced. Overall, it appears reasonable to conclude that the value attributed to the Consideration of \$6.43 continues to represent a substantial premium;

- the Australasian businesses of AXA APH are effectively on the market and available to be acquired by the highest bidder. The NAB Proposal followed the Initial Proposal and then a revised offer from AMP. The Proposal effectively represents the matching by AMP and AXA SA of the NAB Proposal. Other than potential regulatory issues, there is little or no obstacle to another, still higher offer from some third party interested in acquiring the Australasian businesses. Effectively, a public auction for AXA APH's Australasian businesses has been under way since December 2009. There has been ample time for any interested third party to consider its position and submit a higher offer. (Given the ACCC attitude to the NAB Proposal, it may be that there is now a limited range of realistic potential acquirers of the Australasian businesses). In the absence of any higher offer, it appears reasonable to conclude that the price to be paid for AXA APH's Australasian businesses under the Proposal is the highest price that can be realised in the current market: that is, the price represents full underlying value;
- given AXA SA's controlling shareholding in AXA APH and its desire to move to full control of the Asian businesses, it is extremely unlikely that AXA APH's Asian businesses would ever be sold to any party other than AXA SA. In any event, the joint venture structure of many of AXA APH's Asian businesses probably means that they could not be sold for full value to any party other than AXA SA; and
- the disadvantages of the Proposal to AXA APH Minority Shareholders are not significant and relate more to the medium term prospects of the Merged Group and whether to continue to hold shares in the Merged Group (a matter upon which Grant Samuel does not offer any opinion), rather than to an assessment of whether to vote in favour of the Proposal. AXA APH Minority Shareholder will lose their exposure to AXA APH's high growth Asian businesses. However, the growth prospects for these businesses are reflected both in Grant Samuel's valuation of AXA APH and in the value of the Consideration being offered to AXA APH Minority Shareholders and although the Asian businesses have attractive growth prospects, they are also subject to a range of sovereign, regulatory and other risks. AXA APH Minority Shareholders who continue to hold shares in AMP after the Proposal will be exposed to different risks associated with the Merged Group. In particular, the Merged Group will have greater exposure to the Australian superannuation sector and Australian asset management. The merger synergies that AMP has announced may take longer to realise than currently expected, may never be realised or may be more costly to achieve than currently estimated. In addition, effective management of multiple groups of financial planners will be challenging and there is a risk that the merged businesses could lose customers, staff and revenue.

In Grant Samuel's view the break-up of AXA APH achieved by the Proposal optimises value, transferring ownership of the businesses to parties prepared to attribute substantially more value to the businesses than the valuations implicit in the market capitalisation of AXA APH prior to the announcement of the Initial Proposal. The Proposal will allow AXA APH shareholders to share in the strategic and synergistic benefits that AXA SA and AMP presumably expect to extract from ownership of the businesses. This value would not be available to shareholders if AXA APH was to continue as an independent entity on a standalone basis. Simply put, AXA APH is worth more on a break-up basis than as a standalone single entity. On 9 September 2010, when it was announced that the ACCC would not approve the NAB Proposal and there was no certainty that an alternative proposal would be forthcoming from AMP, AXA APH shares traded as low as \$4.86 before closing at \$5.08. In the absence of the Proposal, or the expectation of some similar alternative proposal, AXA APH shares are likely to trade at levels well below the value of \$6.43 per AXA APH share attributed to the Consideration.

Although the Proposal (and the preceding proposals from NAB and AMP) have been put forward at a time when AXA APH and its businesses are still recovering from the impact of the global

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financial crisis, there is nothing to suggest that AXA APH shareholders are disadvantaged by the timing of the Proposal. While there is clearly upside in both the Australasian and Asian businesses, particularly if markets strengthen, AXA APH's businesses are also vulnerable to any reversal in market or investor sentiment. The performance of global equity markets in 2010 suggests that it is appropriate to be cautious about judgements regarding the possible timing and extent of any material and sustainable improvement in equity market performance. In any event, shareholders who believe that there is significant further upside in the wealth management/life insurance sectors can always choose to reinvest the proceeds realised through the Proposal in other companies in the sector (although Grant Samuel makes no recommendation in this regard). It may be difficult for Australian investors to get "pure play" exposure to the high growth potential of the Asian life insurance sector. On the other hand, the substantial price to be paid under the Proposal by AXA SA for the Hong Kong and other Asian businesses provides direct compensation for shareholders' loss of exposure to the high growth Asian markets.

Overall, Grant Samuel believes that the value delivered to AXA APH Minority Shareholders through the Proposal is compelling. AXA APH Minority Shareholders will clearly be better off if the Proposal proceeds than if it does not. Accordingly, in Grant Samuel's view, the Proposal and the Scheme are in AXA APH Minority Shareholders' best interests.

■ **The Share Transaction and the Asset Transaction are inter-linked.**

The arrangements between AXA SA and AMP have been structured as two separate transactions: the Share Transaction and the Asset Transaction. The consideration to be paid by AXA SA to AMP under the Asset Transaction has been fixed at \$9.8 billion (enterprise value of \$10.3 billion after taking into account debt in the businesses to be acquired). The consideration to be paid by AMP to AXA SA under the Share Transaction will vary depending upon the Post Scheme AMP VWAP. If the Post Scheme AMP VWAP is \$5.32, the consideration payable to AXA SA will be \$6.43 cash per share, which is the same value that will be received by all other AXA APH shareholders (at least for a Post Scheme AMP VWAP in the range \$4.50-5.60). If the Post Scheme AMP VWAP is lower than \$5.32, the consideration payable will reduce, to a minimum of \$5.92 (corresponding to a Post Scheme AMP VWAP of \$4.50). Conversely, if the Post Scheme AMP VWAP is greater than \$5.32, the consideration payable to AXA SA will increase.

However, the Share Transaction and the Asset Transaction are more meaningfully analysed as a single transaction. Effectively, AXA SA is acquiring the Asian businesses of AXA APH through transferring its shareholding in AXA APH to AMP and through delivering additional consideration (by applying the repayment of debt within AXA APH towards the acquisition and by paying a variable cash amount) to AMP. If the Post Scheme AMP VWAP is \$5.32, the additional consideration will total \$2.6 billion, including applying debt of \$0.7 billion within AXA APH towards the acquisition and cash consideration of \$1.9 billion. The cash consideration will increase if the Post Scheme AMP VWAP is less than \$5.32, with a maximum additional cash amount to be paid of \$570 million if the Post Scheme AMP VWAP is \$4.50. This increase in the cash consideration will allow AMP to increase the cash component of the Consideration and maintain the value of the Consideration at \$6.43 (for a Post Scheme AMP VWAP as low as \$4.50).

The Asset Transaction and the Share Transaction jointly deliver this economic outcome through the setting off of the amounts payable by AMP to AXA SA in relation to the Share Transaction against the amounts receivable by AMP under the Asset Transaction:

Combined Effect of Share Transaction and Asset Transaction (\$ billion)						
	Post Scheme AMP VWAP of \$5.32			Post Scheme AMP VWAP of \$4.50		
	Payable by AMP (Share Transaction)	Receivable by AMP (Asset Transaction)	Net	Payable by AMP (Share Transaction)	Receivable by AMP (Asset Transaction)	Net
Cash	(7.2)	9.1	1.9	(6.6)	9.1	2.5
Debt	-	0.7	0.7	-	0.7	0.7
Total	(7.2)	9.8	2.6	(6.6)	9.8	3.2

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If the Post Scheme AMP VWAP is \$4.50, the amount to be paid by AMP under the Share Transaction is reduced by \$570 million, which means that the net cash to be received by AMP from the Asset Transaction and Share Transaction increases by \$570 million.

■ **The Share Transaction is fair and reasonable to AXA APH Minority Shareholders.**

AMP will acquire AXA SA's 53.9% shareholding in AXA APH through the Share Transaction. Shareholder approval and the preparation of an independent expert's report are usually required for transactions in which a third party acquires a controlling stake (i.e. an interest of more than 20%) without making an offer to all shareholders. Although AMP has received regulatory relief and shareholder approval of the Share Transaction is not required, AXA APH has requested that Grant Samuel provide an opinion as to whether the Share Transaction is fair and reasonable to AXA APH Minority Shareholders.

When a third party acquires a controlling shareholding through the acquisition of existing shares (as in the case of AMP's acquisition of AXA SA's 53.9% interest in AXA APH) there is potential for minority shareholders to be disadvantaged through not being able to participate in any control premium paid. Analysis of such a transaction normally requires an assessment as to whether there are countervailing benefits that suggest that the transaction is in shareholders' best interests, notwithstanding that shareholders have not shared in the premium for control.

However, such an analysis does not apply in relation to the Share Transaction. AXA APH Minority Shareholders are not in any sense disadvantaged by the Share Transaction. While it is reasonable to conclude that AXA SA is being paid a premium for its 53.9% shareholding (although that premium cannot be quantified), AXA APH Minority Shareholders will receive broadly the same premium through the Scheme. If the Post Scheme AMP VWAP is \$5.32, the consideration payable by AMP to AXA SA under the Share Transaction will be \$6.43 cash per share, which is equivalent to the value attributed to the Consideration to be received by AXA APH Minority Shareholders. If the Post Scheme AMP VWAP is less than \$5.32, the consideration payable to AXA SA will be less than \$6.43 per share, with the cash "saved" through this reduction devoted to increasing the cash component of the Consideration. If the Post Scheme AMP VWAP is consistent with AMP share prices in the period up to 7 January 2011 (i.e. broadly in the range \$5.20-5.30), the consideration payable by AMP would be approximately \$6.36-6.42 per share.

More generally, it is not particularly meaningful to analyse the Share Transaction separately from either the Asset Transaction or the overall Proposal. The Share Transaction is an integral part of the overall Proposal. In Grant Samuel's view, AXA APH shareholders will be better off if the Proposal proceeds than if it does not. Accordingly, the Share Transaction is fair and reasonable to AXA APH Minority Shareholders.

■ **The Asset Transaction is fair and reasonable to AXA APH Minority Shareholders.**

Following implementation of the Proposal, AXA APH's Asian businesses will be sold to AXA SA for an enterprise value of \$10.3 billion. Grant Samuel has valued the Asian businesses in the range \$9.9-10.8 billion. This valuation range represents an estimate of the full underlying value of the businesses and corresponds to the value that could be realised if the businesses were sold through a competitive process to an arms' length third party. The price to be paid by AXA SA falls within the range of values attributed to the Asian businesses. Grant Samuel has concluded that the Asset Transaction is on terms consistent with arms' length terms and that it is fair and reasonable to AXA APH Minority Shareholders.

The key question for AXA APH shareholders is whether the price to be paid by AXA SA fully reflects the growth prospects, potential synergies and strategic value of the Asian businesses. Grant Samuel's valuation of AXA APH's Asian businesses implies high multiples of earnings, particularly for the businesses outside Hong Kong. In Grant Samuel's view the valuation appropriately takes into account the attractive characteristics of the Asian businesses. It also reflects the reality that the businesses are subject to a variety of risks (including sovereign risk, regulatory risk and broader economic risks). In particular, a number of AXA APH's Asian businesses in South-East Asia, China and India are relatively small, in some cases with only modest

G R A N T S A M U E L



market shares. A number of the businesses are loss making or only marginally profitable. There can be no certainty that the businesses will ever achieve the critical mass and profitability required to justify the price to be paid by AXA SA.

While Grant Samuel believes that its valuation of the Asian businesses appropriately reflects both the upside and the risks associated with the businesses, the valuation of the businesses (particularly those in South-East Asia, China and India) is fundamentally subjective. For a number of the businesses, current value is little more than "option value". The valuations take into account the strategic and synergistic value that acquirers might attribute to ownership of the businesses. Assessments of any strategic value are subject to considerable uncertainty, because perceptions of strategic value are necessarily a function of the particular circumstances and strategic strengths and weaknesses of potential acquirers of the businesses. As a result, a wide range of views on the value of the Asian businesses could be adopted, possibly including a view that the price to be paid by AXA SA is less than full underlying value.

On the other hand, there are factors that suggest that AXA APH would be unlikely to realise higher values through a sale of its Asian businesses to a third party. In particular, the joint venture structures through which AXA APH holds its Asian businesses (other than for Hong Kong, Singapore and some Indonesian businesses) could be a real disincentive to potential purchasers. Moreover, there is a credible argument that the Proposal, including the price to be paid by AXA SA, is in part motivated by AXA SA's desire to be released from its undertaking (given at the time that AXA SA took its controlling shareholding through the AXA APH recapitalisation in 1995) to offer to AXA APH all Asian life insurance opportunities that become available to AXA SA. On this view the price to be paid by AXA SA includes consideration for the cancellation of the call option that AXA APH effectively enjoys over AXA SA's Asian growth ambitions. Overall, there are good grounds to conclude that the price to be paid by AXA SA exceeds the price that could be realised through sale of the Asian businesses to a third party.

Any uncertainty regarding the theoretical full underlying value of AXA APH's Asian businesses is unlikely to affect the conclusion that the Asset Transaction is in shareholders' best interests. There is no reason to believe that greater value could be realised for the Asian businesses through some alternative transaction, given AXA SA's controlling shareholding in AXA APH and its interest in acquiring the Asian businesses. In any event, the Asset Transaction is an integral part of the overall Proposal. The overall benefits of the Proposal are, in Grant Samuel's view, compelling. Accordingly, the Asset Transaction is fair and reasonable to AXA APH Minority Shareholders.

■ **The Proposal is in the best interests of AXA APH Minority Shareholders.**

Because the value attributed to the Consideration of \$6.43 per AXA APH share falls within the range of values estimated for AXA APH of \$6.03-6.64 per share, Grant Samuel has concluded that the Scheme is fair and reasonable and in the best interests of AXA APH Minority Shareholders.

Valuation of AXA APH's businesses is inherently uncertain. There appears to be good reason to conclude that the Proposal will deliver full value for AXA APH's Australasian businesses, as these businesses have effectively been dealt with (given the nature of the Proposal and the preceding proposals from NAB and AMP) through a competitive sale process.

There is not the same degree of certainty regarding the value to be realised for AXA APH's Asian businesses. Grant Samuel's judgement is that the value to be realised for the Asian businesses does represent full underlying value. However, even if that is not the case, the price to be paid for the Asian businesses by AXA SA is likely to be the highest price achievable: there is little or no prospect that AXA APH could realise greater value for these business through selling them to a third party, given AXA SA's controlling shareholding in AXA APH and its interest in acquiring the Asian businesses. Moreover, the value realised by shareholders through the Proposal is likely to be significantly higher than could be delivered by AXA APH on a standalone basis in the short to medium term (assuming the continuation of current market conditions). The Proposal allows AXA APH shareholders to share in strategic and synergistic value that would not be available to shareholders if AXA APH was to continue as an independent company.

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Grant Samuel has concluded that, in the absence of a superior proposal, the Proposal and each of its component parts is fair and reasonable and in AXA APH Minority Shareholders' best interests and, in particular, that:

- the Scheme is fair and reasonable and in the best interests of AXA APH Minority Shareholders;
 - the Share Transaction is fair and reasonable having regard to the interests of AXA APH Minority Shareholders; and
 - the Asset Transaction is on terms consistent with arms' length terms and is fair and reasonable to AXA APH Minority Shareholders.
- **The Rights Scheme is in the best interests of holders of AXA APH rights**

Under the Rights Scheme, all AXA APH rights on issue will be cancelled pursuant to a scheme of arrangement in exchange for cash. The cash consideration for the cancellation will depend on whether the rights are in-the-money (i.e. their exercise price is lower than the Consideration) or out-of-the-money. For rights that are in-the-money, the cash consideration will be equal to the intrinsic value of the rights (i.e. the difference between the value of the Consideration and their exercise price). For rights that are out-of-the-money, the cash consideration will be determined on the basis of the option value of the rights and, for unvested rights, an estimate of the probability that the rights will vest.

In Grant Samuel's view, the cash consideration to be paid to holders of the rights is fair and reasonable and, accordingly, the Rights Scheme is in the best interests of holders of rights.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual minority shareholders of AXA APH. Because of that, before acting in relation to their investment, AXA APH Minority Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. AXA APH Minority Shareholders should read the Explanatory Memorandum and other transaction documents issued by AXA APH in relation to the Proposal.

Voting for or against the Proposal and its component parts is a matter for individual shareholders, based on their own views as to value and future market conditions and their particular circumstances including risk profile. Shareholders who are in doubt as to the action they should take should consult their own professional adviser.

This letter does not constitute investment advice. Grant Samuel gives no opinion as to whether AXA APH Minority Shareholders should continue to hold the AMP shares that they will receive as part of the Consideration if the Proposal proceeds.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates



**Financial Services Guide
and
Independent Expert's Report
in relation to the Proposal by
AMP Limited**

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

14 January 2011

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Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for AXA Asia Pacific Holdings Limited ("AXA APH") in relation to the proposal from AMP Limited and AXA S.A. ("Proposal") to acquire the shares and assets of AXA APH ("the AXA APH Report"), Grant Samuel will receive a fixed fee of \$2,100,000 plus reimbursement of out-of-pocket expenses for the preparation of the AXA APH Report (as stated in Section 12.3 of the AXA APH Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the AXA APH Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 October 2007. The following information in relation to the independence of Grant Samuel is stated in Section 12.3 of the AXA APH Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with AXA APH, AXA SA or AMP that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

Grant Samuel was retained by AXA APH to prepare an independent expert's report in relation to AXA SA's proposed acquisition of the minority interests in AXA APH in 2004. The transaction was not completed and the report was not completed. Grant Samuel was also retained by AXA APH in 2006 to prepare an independent expert's report in relation to the acquisition of Winterthur Life (Hong Kong) Limited.

Grant Samuel commenced analysis for the purposes of this report in January 2010 after the announcement of the Initial Proposal. This work did not involve Grant Samuel's participation in the setting of the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$2,100,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 October 2007."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929.

Grant Samuel is only responsible for the AXA APH Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

GRANT SAMUEL



Table of Contents

1	Terms of the Proposal	1
2	Scope of the Report.....	6
2.1	Purpose of the Report	6
2.2	Basis of Evaluation	7
2.3	Sources of the Information	10
2.4	Limitations and Reliance on Information	11
3	Profile of AXA APH	14
3.1	Background.....	14
3.2	Financial Performance.....	19
3.3	Financial Position	26
3.4	Taxation Position.....	29
3.5	Capital Structure and Ownership.....	29
3.6	Share Price Performance.....	31
4	Hong Kong	34
4.1	Background.....	34
4.2	Industry Overview.....	34
4.3	Wealth Management Business.....	39
4.4	Financial Protection Business.....	40
4.5	Distribution.....	42
4.6	Operating Performance	44
4.7	Strategy	44
5	Other Asia	46
5.1	Overview	46
5.2	Indonesia	49
5.3	Thailand	51
5.4	Singapore	53
5.5	Philippines.....	56
5.6	Malaysia	58
5.7	India.....	60
5.8	China	63
5.9	ipac Asia	66
6	Australia and New Zealand Businesses	67
6.1	Background.....	67
6.2	Strategy	67
6.3	Wealth Management Industry	68
6.4	Australian Wealth Management Business	75
6.5	New Zealand Wealth Management Business	90
6.6	Financial Protection Industry	91
6.7	Australian Financial Protection Business.....	96
6.8	New Zealand Financial Protection Business	98
7	AMP.....	100
7.1	Overview	100
7.2	Financial Performance.....	102
7.3	Financial Position	104
7.4	Capital Management.....	106
7.5	Capital Structure and Ownership.....	106
7.6	Share Price Performance.....	108

GRANT SAMUEL



8	Profile of the Merged Group	110
8.1	Overview	110
8.2	Financial Performance	111
8.3	Financial Position	112
8.4	Capital Structure	112
8.5	Synergies and Integration Costs	113
9	Valuation of AXA APH	114
9.1	Summary	114
9.2	Methodology	116
9.3	Capital Allocation	122
9.4	Asia	123
9.5	Australia and New Zealand	136
10	Valuation of the Consideration	148
10.1	Summary	148
10.2	Approach	149
10.3	AMP's Share Price Performance	150
10.4	Broker Forecasts	151
10.5	Non Public Information	151
10.6	Share Trading	151
10.7	Impact of the Proposal	151
10.8	Conclusion	153
11	Evaluation of the Proposal	155
11.1	Summary and Conclusions	155
11.2	Assessment of the Scheme	156
11.3	Assessment of the Share Transaction	158
11.4	Assessment of the Asset Transaction	159
11.5	Disadvantages and Transaction Costs	160
11.6	Ineligible Overseas Shareholders	160
11.7	Evaluation of the Rights Scheme	160
11.8	Taxation Issues	163
11.9	Securityholder Decision	163
12	Qualifications, Declarations and Consents	164
12.1	Qualifications	164
12.2	Disclaimers	164
12.3	Independence	164
12.4	Declarations	165
12.5	Consents	165
12.6	Other	165

Appendices

1	Valuation Evidence from Comparable Listed Companies
2	Valuation Evidence from Transactions
3	Broker Consensus Forecasts
4	Independent Actuarial Report
5	Value of In-force, Value of One Year's New Business and Exchange Rate Comparison

GRANT SAMUEL



1 Terms of the Proposal

AXA Asia Pacific Holdings Limited ("AXA APH") is an Australian financial services company, headquartered in Melbourne and listed on the Australian Securities Exchange Limited ("ASX"). AXA APH operates wealth management and insurance businesses, principally in Australia and Hong Kong.

AXA S.A. ("AXA SA") is a French financial services company offering insurance, reinsurance, savings and pension products and asset management services in Europe, North America and Asia. AXA SA has a 53.9% interest in AXA APH.

On Saturday 7 November 2009, AXA APH received a conditional scheme proposal from AMP Limited ("AMP") and AXA SA ("Initial Proposal"). Under the Initial Proposal, AMP proposed to acquire all the shares in AXA APH owned by AXA SA off-market and the minority shareholdings in AXA APH via a scheme of arrangement. AMP would then divest AXA APH's Asian operations to AXA SA.

The consideration under the Initial Proposal comprised:

- 0.6896 AMP shares per AXA APH share; and
- \$1.3796^{1,2} cash per AXA APH share adjusted for movements in the Australian dollar/United States dollar exchange rate but subject to a minimum value of \$1.2071.

The Initial Proposal implied an ungeared value of \$4.0 billion for AXA APH's Australian and New Zealand operations and an ungeared value of \$8.2 billion for AXA APH's Asian operations. After taking into account debt held in Australia and Hong Kong, the implied equity values were \$3.3 billion for AXA APH's Australian and New Zealand operations and \$7.7 billion for AXA APH's Asian operations.

A committee of independent directors (the "Independent Board Committee") rejected the Initial Proposal on 9 November 2009 on the basis that the Initial Proposal was inadequate and was not in the best interest of AXA APH's minority shareholders. In particular the Independent Board Committee stated that the Initial Proposal did not fully reflect:

- the value of AXA APH's Australian and New Zealand businesses with their strategic position and scale;
- the value of AXA APH's unique position in the dynamic Asian markets built over 25 years;
- the opportunity for AXA APH shareholders to continue to benefit from the substantial upside to AXA APH's operating earnings as economic conditions and markets rebound;
- a number of initiatives that are expected to underpin medium term growth and AXA APH's track record of delivering on key initiatives and acquisitions; and
- the strength of AXA APH's balance sheet and capital position, which will allow it to take advantage of attractive opportunities.

On 14 December 2009, AXA APH announced that it had received a revised conditional scheme proposal from AMP and AXA SA. Under the revised proposal, the offer to AXA

¹ Based on Australian dollar/United States dollar exchange rate of 0.9097 on 5 November 2009.

² \$ refers to Australian dollars unless otherwise notified.

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APH's minority shareholders consisted of the following consideration for each AXA APH share:

- 0.6896 AMP shares; and
- a fixed cash component of \$1.92.

The revised proposal represented an increase of \$0.54 per share in cash and implied a total offer price of \$6.22 per AXA APH share based on the volume weighted average price ("VWAP") of AMP shares for the period between the Initial Proposal and the revised proposal. The revised proposal represented an ungeared value of \$4.4 billion for AXA APH's Australian and New Zealand businesses and \$9.6 billion for AXA APH's Asian businesses³.

On 17 December 2009, AXA APH announced that it had received a conditional proposal from National Australia Bank Limited ("NAB") whereby NAB would acquire 100% of AXA APH and divest the Asian businesses of AXA APH to AXA SA ("NAB Proposal"). The Independent Directors announced that they unanimously recommended the Proposal in the absence of a superior proposal and subject to the review of an independent expert. On 30 March 2010, NAB, AXA SA and AXA APH entered into a Framework Deed and AXA APH and NAB entered into a Merger Implementation Deed in relation to the NAB Proposal. Under the NAB Proposal, AXA APH's minority shareholders would have received consideration in the form of:

- \$6.43 cash per AXA APH share; or
- \$1.59 cash and 0.1745 NAB shares per AXA APH share. Based on NAB's 10 day VWAP⁴ of \$28.16, the Cash and Shares Alternative had a value of \$6.50 per AXA APH share.

The \$6.43 cash represented a 50% premium to the closing share price of AXA APH of \$4.30 on 6 November 2009, being the last trading day prior to the announcement of the Initial Proposal from AMP. The NAB Proposal also included a mechanism to adjust the share ratio for the NAB 2010 interim dividend and an adjustment in the event that NAB launched a capital raising greater than \$1.75 billion, prior to the implementation date.

Following NAB's acquisition of 100% of AXA APH, NAB intended to sell the Asian operations of AXA APH (i.e. its businesses in Hong Kong, South-East Asia, China and India) to AXA SA for cash consideration of \$9.4 billion, representing an enterprise value of \$9.9 billion.

The Independent Board Committee advised on 17 December 2009 that it had rejected AMP's revised proposal and had also concluded that the NAB Proposal was in the best interests of AXA APH shareholders and superior to the rejected AMP revised proposal.

The NAB Proposal was subject to review by the Australian Competition and Consumer Commission ("ACCC"). On 19 April 2010 the ACCC announced that it opposed the NAB Proposal because it would result in a substantial lessening of competition in the market for retail investment platforms for investors with complex investment needs. At the same time the ACCC stated that it did not oppose the merger of AXA APH and AMP. As a result NAB undertook to sell the AXA APH North platform administration business to IOOF Holdings Limited. On 9 September 2010, the ACCC reconfirmed its opposition to the NAB Proposal on the basis that NAB's undertakings to sell the North business were not acceptable. As a consequence the NAB Proposal was terminated on 14 September 2010.

³ Based on exchange rates for United States dollar denominated debt as at 11 December 2009.

⁴ Based on the VWAP of NAB shares between 3 December and 16 December 2009 (inclusive) of \$28.16.

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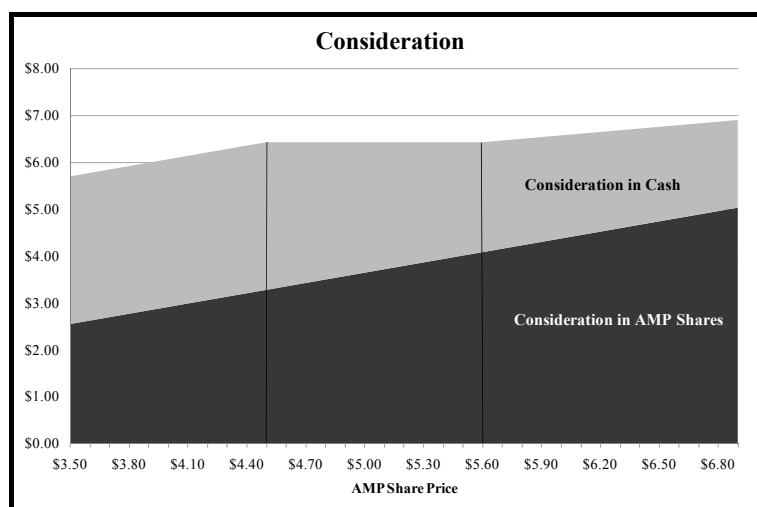


On 15 November 2010, AXA APH announced that it had received a new proposal from AMP whereby AMP would acquire 100% of AXA APH and divest the Asian businesses of AXA APH to AXA SA ("Proposal"). The Independent Directors announced that they unanimously recommended the Proposal in the absence of a superior proposal and subject to the review of an independent expert on 18 November 2010. On 29 November 2010, AMP, AXA SA and AXA APH entered into a Framework Deed and AXA APH and AMP entered into a Merger Implementation Deed in relation to the Proposal. In addition, AXA SA and AMP have entered into a Co-operation Deed which outlines the exclusivity arrangements between the two parties and a process in the event of a competing proposal.

AMP proposes to acquire all the shares in AXA APH owned by minority shareholders by way of a scheme of arrangement ("Scheme") and all the shares in AXA APH owned by AXA SA under a share sale agreement ("Share Transaction"). AXA APH's minority shareholders will receive \$6.43 in value per AXA APH share, subject to movements in the AMP share price as set out below. The consideration for each AXA APH share comprises:

- 0.73 AMP ordinary shares; and
- a variable cash amount based on the arithmetic average of the daily volume weighted average AMP share price for the ten consecutive trading days immediately following the effective date of the Scheme ("Post Scheme AMP VWAP"). The cash amount will vary such that if the Post Scheme AMP VWAP is equal to or greater than \$4.50 but less than \$5.60 the value of the consideration will be \$6.43. If the Post Scheme AMP VWAP is above \$5.60 then AXA APH shareholders will receive 50% of the benefit of the increase in the value of the share component. If the Post Scheme AMP VWAP is below \$4.50 then the value of the consideration will be less than \$6.43 per AXA APH share as the cash amount is capped at \$3.145 per AXA APH share.

The movement in the value of the consideration relative to the Post Scheme AMP VWAP is illustrated in the following graph:



AXA APH shareholders will also receive the final 2010 dividend of up to 9.25 cents per share. AXA APH will be offered two seats on the board of the combined AMP and AXA

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APH Australian and New Zealand businesses (“Merged Group”). AXA APH shareholders are expected to own approximately 25% of the Merged Group.

The Proposal values AXA APH’s Australian and New Zealand business at \$4.15 billion (enterprise value) based on an AMP 10 day VWAP of \$5.32 as at 12 November 2010. AMP has assumed that the merger of AMP and the AXA APH’s Australian and New Zealand businesses would generate synergies of \$120 million per annum (after tax) for integration costs of \$285 million (after tax).

Following AMP’s acquisition of 100% of AXA APH, AMP will sell the Asian operations of AXA APH (i.e. its businesses in Hong Kong, South-East Asia, China and India) to AXA SA for an enterprise value of \$10.3 billion (“Asset Transaction”) (based on AMP’s 10 day VWAP of \$5.32 on 12 November 2010), comprising equity value of \$9.8 billion and \$0.6 billion in debt. The consideration for the Asset Transaction will be funded by \$7.2 billion cash received in relation to the Share Transaction, the application of \$0.7 billion of debt with AXA APH and a separate cash payment of \$1.9 billion (assuming that the Post Scheme AMP VWAP is \$5.32, which was the VWAP for the ten days ended on 12 November 2010).

The consideration to be paid by AMP to AXA SA under the Share Transaction will vary depending upon the Post Scheme AMP VWAP. If the Post Scheme AMP VWAP is \$5.32, the consideration payable to AXA SA will be \$6.43 cash per share, which is the same value that will be received by all other AXA APH shareholders (at least for a Post Scheme AMP VWAP in the range \$4.50-5.60). If the Post Scheme AMP VWAP is lower than \$5.32, the consideration payable to AXA SA will reduce, to a minimum of \$5.92 per share (corresponding to a Post Scheme AMP VWAP of \$4.50). Conversely, if the Post Scheme AMP VWAP is greater than \$5.32, the consideration payable to AXA SA will increase.

While the arrangements between AXA SA and AMP have been structured as two separate transactions (the Share Transaction and the Asset Transaction) they can be more meaningfully analysed as a single transaction. Effectively, AXA SA is acquiring the Asian businesses of AXA APH through transferring its shareholding in AXA APH to AMP and through delivering additional consideration (by applying the repayment of debt within AXA APH towards the acquisition and by paying a variable cash amount) to AMP. If the Post Scheme AMP VWAP is \$5.32, the additional consideration will total \$2.6 billion, comprising the application of debt of \$0.7 billion within AXA APH towards the acquisition and cash consideration of \$1.9 billion. The cash consideration will increase if the Post Scheme AMP VWAP is less than \$5.32, with a maximum additional cash amount to be paid of \$570 million if the Post Scheme AMP VWAP is \$4.50. This increase in the cash consideration will allow AMP to increase the cash component of the Consideration and maintain the value of the Consideration at \$6.43 (for a Post Scheme AMP VWAP as low as \$4.50).

The Asset Transaction and the Share Transaction jointly deliver this economic outcome through the setting off of the amounts payable by AMP to AXA SA in relation to the Share Transaction against the amounts receivable by AMP under the Asset Transaction:

Combined Effect of Share Transaction and Asset Transaction (\$ billion)						
	Post Scheme AMP VWAP of \$5.32			Post Scheme AMP VWAP of \$4.50		
	Payable by AMP (Share Transaction)	Receivable by AMP (Asset Transaction)	Net	Payable by AMP (Share Transaction)	Receivable by AMP (Asset Transaction)	Net
Cash	(7.2)	9.1	1.9	(6.6)	9.1	2.5
Debt	-	0.7	0.7	-	0.7	0.7
Total	(7.2)	9.8	2.6	(6.6)	9.8	3.2

G R A N T S A M U E L



If the Post Scheme AMP VWAP is \$4.50, the amount to be paid by AMP under the Share Transaction is reduced by \$570 million, which means that the net cash to be received by AMP from the Asset Transaction and Share Transaction increases by \$570 million.

If the arithmetic average of the daily volume weighted average AMP share price for any ten consecutive trading days before the date of the Scheme meetings falls below \$4.50, AXA APH can terminate the Proposal, without a break fee being payable to AMP or AXA SA.

The Proposal is subject to the following conditions precedent being satisfied or waived:

- approval of the Scheme by the court and AXA APH shareholders other than AXA SA ("AXA APH Minority Shareholders");
- no material adverse change or prescribed occurrence in relation to AXA APH's Australian and New Zealand or Asian businesses or AMP's business;
- receipt of all necessary Australian, New Zealand and Asian regulatory approvals consents and authorisations;
- issue by the ATO of a private binding ruling to AMP which confirms certain tax treatment of the transactions; and
- conclusion by the independent expert that the share scheme is in the best interests of scheme shareholders and that each of the transactions the subject of the resolutions required in connection with the sale of the Asian businesses to AXA SA is fair and reasonable to AXA APH shareholders (excluding AXA SA and its associates).

As part of the Proposal, AMP has made a proposal to acquire all the AXA APH allocation and performance rights via a scheme of arrangement ("Rights Scheme"). The Rights Scheme is subject to conditions precedent including right holder approval, court approval and the Scheme becoming effective.

AXA APH has entered into exclusivity arrangements whereby AXA APH must not solicit, initiate or encourage a competing proposal, continue any discussions with any third parties that could lead to a competing proposal and provide any non public information to any third parties which could lead to a competing proposal, unless the competing proposal is, or could reasonably be expected to become, superior to the Proposal.

No break fee arrangements have been put in place and parties can terminate the Proposal if certain events occur. In particular, AXA APH can terminate the Proposal if there is a superior offer for AXA APH or the independent expert does not conclude that the Proposal is in the best interest of AXA APH shareholders. In addition, AXA APH may terminate the Proposal if the average of the AMP daily VWAPs for any consecutive 10 trading day period prior to the shareholder vote is less than \$4.50. AXA APH, AXA SA and AMP may terminate the Proposal in the event of a material adverse change or prescribed occurrence in relation to AXA APH's Australian and New Zealand or Asian businesses or AMP's business.



2 Scope of the Report

2.1 Purpose of the Report

The directors of AXA APH who are not associated with AXA SA (“the independent directors”) have engaged Grant Samuel & Associates Pty Limited (“Grant Samuel”) to prepare an independent expert’s report in relation to the Proposal. The report will state whether:

- for the purposes of Section 411 of the Corporations Act, the Scheme (whereby AMP will acquire the minority interests in AXA APH) is in the best interest of AXA APH Minority Shareholders and to state the reasons for that opinion;
- the Share Transaction (the proposed acquisition of AXA SA’s 53.9% shareholding in AXA APH by AMP) is fair and reasonable having regard to the interests of the AXA APH Minority Shareholders. Australian Securities & Investments Commission (“ASIC”) has provided AMP and AXA SA joint bid relief such that Section 611 approval is no longer required. However, the independent directors have requested that Grant Samuel opine on the Share Transaction as if Section 611 approval was still required; and
- for the purposes of Listing Rule 10.1 and Chapter 2E of Corporations Act, the Asset Transaction (AMP’s divestment of AXA APH’s Asian businesses to AXA SA) is fair and reasonable having regard to the interests of AXA APH’s Minority Shareholders.

Section 411

Part of the Proposal is to be implemented by the Scheme under Section 411 of the Corporations Act, 2001 (“Corporations Act”) between AXA APH and the AXA APH Minority Shareholders. Under Section 411 the Scheme must be approved by a majority in number (i.e. at least 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by AXA APH Minority Shareholders, the Scheme will then be subject to approval by the Supreme Court of Victoria.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert’s report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

Section 611

Section 606 of the Corporations Act, 2001 (“Corporations Act”) effectively prohibits a person from acquiring a relevant interest in a public company where that person’s voting power increases from 20% or below to in excess of 20% or, if that person already has voting power in excess of 20%, their voting power would increase further, except in certain limited circumstances. The Share Transaction will result in AMP’s acquisition of a relevant interest in 53.9% of the shares in AXA APH, which is prima facie a breach of Section 606. Item 7 of Section 611 allows non-associated shareholders to waive the Section 606 prohibition by passing a resolution in a general meeting.

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Item 7(b) of Section 611 requires that shareholders voting pursuant to Item 7 of Section 611 of the Corporations Act be provided with a comprehensive analysis of the proposed transaction. The directors of the company may satisfy their obligations to provide such an analysis by commissioning an independent expert's report setting out the expert's opinion as to whether the proposed transaction is fair and reasonable to the AXA APH Minority Shareholders. A waiver has been obtained and as a result AXA APH Minority Shareholders are not required to approve the Share Transaction. However, Grant Samuel has been asked to provide an opinion as to whether the Share Transaction is in the best interests of AXA APH Minority Shareholders, as if for the purposes of Item 7 of Section 611.

ASX Listing Rule 10 and Chapter 2E of Corporations Act

Listing Rule 10.1 and Chapter 2E of the Corporations Act prohibit an entity from disposing an asset worth more than 5% of its net assets to a related party without the approval of non associated shareholders. Under the Asset Transaction, the Asian businesses are proposed to be sold to AXA SA for \$10.3 billion⁵, which represents more than 5% of AXA APH's net assets. Therefore, the approval of AXA APH Minority Shareholders is required. Listing Rule 10.10 requires the notice of meeting at which such approval is sought to include an independent expert's report on whether the transaction is fair and reasonable to the AXA APH Minority Shareholders.

A summary of the report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to shareholders by AXA APH. The full report will be available in the Explanatory Memorandum Supplement which will be available on the AXA APH website or from AXA APH on request.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual AXA APH shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by AXA APH in relation to the Proposal.

Voting for or against the Proposal is a matter for individual shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Proposal should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in AXA APH or AMP. This is an investment decision independent of a decision to vote for or against the Proposal. Grant Samuel does not offer an opinion in relation to this investment decision. Shareholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

Section 411

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, "in the best interests" must be capable of a broad

⁵ Based on AMP's 10 day VWAP of \$5.32 on 12 November 2010 and \$9.8 billion equity value and \$0.5 billion of debt.

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interpretation to meet the particular circumstances of each transaction. However, there is no legal definition of the expression “in the best interests”.

The Australian Securities & Investments Commission (“ASIC”) has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert’s reports. ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), it comments on the meaning of “fair and reasonable” and continues earlier regulatory guidelines that created a distinction between “fair” and “reasonable”. A proposal that, under takeover analysis, was “fair and reasonable” or “not fair but reasonable” would be in the best interests of shareholders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. This involves a judgement on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the proposal and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether the shareholders are likely to be better off if the proposal is implemented than if it is not.

The Proposal is economically the same as a takeover offer. Accordingly, Grant Samuel has evaluated the Proposal as a control transaction and considered whether the offer is “fair and reasonable”.

The term “fair and reasonable” has no legal definition although over time a commonly accepted interpretation has evolved. In the context of a takeover, an offer is considered fair and reasonable if the price fully reflects the value of a company’s underlying businesses and assets. ASIC Regulatory Guide 111 distinguishes between “fair” and “reasonable”. Fairness is said to involve a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. In determining fairness any existing entitlement to shares by the offeror is to be ignored. Reasonableness is said to involve an analysis of other factors that shareholders might consider prior to accepting a takeover offer such as:

- the offeror’s existing shareholding;
- other significant shareholdings;
- the probability of an alternative offer; and
- the liquidity of the market for the target company’s shares.

A takeover offer could be considered “reasonable” if there were valid reasons to accept the offer notwithstanding that it was not “fair”.

Fairness is a more demanding criteria. A “fair” offer will always be “reasonable” but a “reasonable” offer will not necessarily be “fair”. A fair offer is one that reflects the full market value of a company’s businesses and assets. A takeover offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the bid price. This is commonly the case in takeover offers where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Grant Samuel has determined whether the Proposal is fair by comparing the estimated underlying value range of AXA APH with the Proposal’s consideration.

G R A N T S A M U E L



The Proposal will be fair if it falls within the estimated underlying value range. In considering whether the Proposal is reasonable, the factors that have been considered include:

- the existing shareholding structure of AXA APH;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of AXA APH shares in the absence of the Proposal; and
- other advantages and disadvantages for AXA APH shareholders of approving the Proposal.

A proposal that, under takeover analysis, was “fair and reasonable” or “not fair but reasonable” would be in the best interests of shareholders.

Item 7 of Section 611

ASIC Regulatory Guide 111 provides that a proposal under Item 7 of Section 611 involving the issue of securities should be analysed by an expert as if it were a takeover bid. In contrast, in relation to a proposal under Item 7 of Section 611 involving the sale of existing securities, ASIC Regulatory Guide 111 requires an expert to provide an opinion as to whether the advantages of the proposal outweigh the disadvantages.

In this case the Share Transaction involves the sale of existing shares in AXA APH by AXA SA to AMP. The effect of the Share Transaction is to increase AMP's interest in AXA APH by 53.9%. Typically, the Share Transaction would be analysed based on the advantages and disadvantages to the AXA APH Minority Shareholders and would give consideration to whether the vendor was to receive a premium for control. However, the Share Transaction cannot be analysed meaningfully in isolation from the overall Proposal. Accordingly, Grant Samuel has formed its opinion as to whether the Share Transaction is fair and reasonable having regard to the following considerations:

- the role of the Share Transaction as an integral part of the overall Proposal;
- whether the Proposal is fair and reasonable and in the best interests of AXA APH shareholders;
- a comparison of the price to be received by AXA SA with the value of the consideration to be received by other AXA APH shareholders; and
- the disadvantages (if any) of the Share Transaction for AXA APH shareholders other than AXA SA.

ASX Listing Rule 10 and Chapter 2E of Corporations Act

Neither ASX nor ASIC provide specific guidance as to the analysis required in assessing whether a proposed transaction is fair and reasonable to non associated shareholders for the purposes of Listing Rule 10.1. However, ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), it comments on the meaning of “fair and reasonable” and continues earlier regulatory guidelines that created a distinction between “fair” and “reasonable”. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders.

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Listing Rule 10.1 applies to transactions between an entity and persons in a position to influence the entity. In certain circumstances, such transactions may not also require shareholder approval under the Corporations Act. Nevertheless, Grant Samuel considers it appropriate in this instance to apply the guidance set out in ASIC Regulatory Guide 111 to proposals requiring approval under Listing Rule 10.1.

The Proposal includes the Asset Transaction, which involves the divestment of a substantial asset of AXA APH (its Asian businesses, for consideration of \$10.3 billion) to a related party, AXA SA. Although the Asset Transaction is not a control transaction from the perspective of the AXA APH shareholders, it is appropriate to assess the Asset Transaction on the basis of the consideration paid for the asset and other factors that AXA APH shareholders might consider prior to voting on the Asset Transaction. In particular, the analysis should consider how the consideration payable under the Asset Transaction compares to the consideration AXA APH would receive in an arm's length transaction with an unrelated party. Accordingly, Grant Samuel has considered whether the Asset Transaction is "fair and reasonable" on a basis analogous to the approach typically adopted in analysing control transactions.

Grant Samuel has determined whether the Asset Transaction is fair by comparing the estimated underlying value range of AXA APH's Asian operations with the price to be paid by AXA SA. The Asset Transaction will be fair if the price to be paid by AXA SA for AXA APH's Asian operations is equal to or greater than the estimated full underlying value of the Asian businesses. If the Asset Transaction is fair it will by definition be on terms consistent with the terms on which a transaction with an arm's length third party might be concluded.

If the Asset Transaction is fair it will also be reasonable (except in the unusual circumstance that there are other significant disadvantages that outweigh the benefit represented by the receipt of a full, arm's length price). The Asset Transaction could be not fair but nonetheless reasonable if there were significant advantages that compensated for the fact that the price to be paid was less than the fair value of AXA APH's Asian operations.

In considering whether the Asset Transaction is reasonable, the factors that have been considered include:

- whether the Asset Transaction is fair;
- the likelihood of alternative transactions that could realise greater value; and
- other advantages and disadvantages for AXA APH shareholders of approving the Asset Transaction.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum and Notice of Meeting (including earlier drafts);
- annual reports and investor compendiums of AXA APH for the three years ended 31 December 2009 and six months ended 30 June 2010;
- audited financial accounts for the year ended 31 December 2009;

GRANT SAMUEL



- press releases, public announcements, media and analyst presentation material and other public filings by AXA APH including information available on its website;
- brokers' reports and recent press articles on AXA APH and the wealth management and financial protection industry;
- sharemarket data and related information on Australian and international listed companies engaged in the wealth management and financial protection industry and on acquisitions of companies and businesses in this industry; and
- information relating to the Australian and international wealth management and financial protection industries including growth forecasts and regulatory decisions and pronouncements (as appropriate).

Non Public Information provided by AXA APH

- management accounts for AXA APH for the three years ended 31 December 2009 and for the nine months ended 30 September 2010;
- management's forecasts for the year ending 31 December 2010;
- the strategic plan for the five years ending 31 December 2015, prepared by AXA APH management;
- detailed cash flow models; and
- other confidential documents, board papers, presentations and working papers.

Towers Watson Australia Pty Ltd ("Towers Watson") was appointed as independent actuary to provide certain advice in relation to the independent expert's report. Representatives of Grant Samuel and Towers Watson visited AXA APH's Australian head office in Melbourne and Asian head office in Hong Kong. Grant Samuel and Towers Watson also held discussions with, and obtained information from, senior management of AXA APH and its advisers.

Grant Samuel also utilised and relied upon, without independent verification, publicly available information on AMP including:

- annual reports for the two years ended 31 December 2009 and six months ended 30 June 2010;
- brokers' reports and recent press articles on AMP; and
- press releases, public announcements, media and analyst presentation material and other public filings by AMP including information available on its website.

Grant Samuel was not given access to non public information (including financial and operational information) for AMP or AXA SA and no discussions were held with the directors or senior management of AMP or AXA SA.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If

G R A N T S A M U E L



they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by AXA APH and its advisers. Grant Samuel has considered and relied upon this information. AXA APH has represented in writing to Grant Samuel that to its knowledge the information provided by it was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming its opinion in relation to the various elements of the Proposal. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or “due diligence” investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert. In this context, Grant Samuel advises that:

- it was not given access to non-public information (including financial and operational information) for AMP or AXA SA;
- the detailed due diligence reports on AXA APH prepared by AMP and AXA SA’s accounting and legal advisers have not been provided to Grant Samuel; and
- it is not in a position nor is it practicable to undertake its own “due diligence” investigation of the type undertaken by accountants, lawyers or other advisers.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of AXA APH. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

Towers Watson was appointed as independent actuary to opine on the embedded value and value of one year’s sales of AXA APH business. Towers Watson’s review included a review of the assumptions and methodology used to determine the embedded value and value of one year’s sales and included selecting discount rates and assessing the outputs for reasonableness. In a number of circumstances, Towers Watson’s review resulted in changes to specific assumptions. The report outlining Towers Watson’s review is attached to and forms part of this report. Grant Samuel has used the Towers Watson’s estimates of embedded value and value of one year’s sales in its assessment of underlying value.

The information provided by AXA APH to Grant Samuel included the strategic plan for AXA APH for the four years ending 31 December 2015 prepared by

G R A N T S A M U E L



management and adopted by the directors of AXA APH. The first year earnings forecasts set out in the strategic plan reflect AXA APH's budget for the year ending 31 December 2011 ("Budget").

The Budget is compiled by AXA APH's profit system, an actuarial modelling system. It is a complex system which relies upon a large number and broad range of assumptions. The system and its outputs cannot be reviewed in the way that Grant Samuel would typically review forecasts or budgets contained in, or considered for the purposes of, independent expert's reports. The system and its outputs have not been formally reviewed by an independent third party for the purposes of this report. On the other hand, various levels of actuarial review on the system and its outputs are conducted by AXA APH each year and the same system is relied upon to generate AXA APH's annual audited financial accounts.

The directors of AXA APH have decided not to include any forecast financial information in the Explanatory Memorandum and therefore the Budget has not been disclosed in this report.

In order to provide an indication of the expected financial performance of AXA APH, Grant Samuel has considered brokers' forecasts for AXA APH (see Appendix 3). Grant Samuel has used the median of the brokers' forecasts to review the parameters implied by its valuation of AXA APH. The median of the brokers' forecasts is sufficiently close to AXA APH's Budget to be useful for analytical purposes.

Grant Samuel has no reason to believe that the Budget reflects any material bias, either positive or negative. However, the achievability of the Budget is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandum and Notice of Meeting sent by AXA APH to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

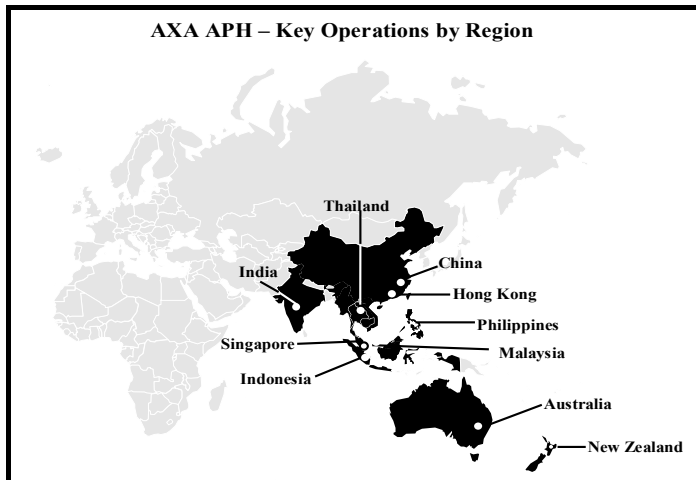


3 Profile of AXA APH

3.1 Background

The National Mutual Life Association of Australia Limited (“NMLA”) was established in Australia in 1869 as a mutual company. In 1995, NMLA demutualised and AXA SA acquired a 51% majority interest in exchange for a capital investment of \$1.1 billion. The parent company, National Mutual Holdings Limited, listed on the ASX and the New Zealand Stock Exchange in 1996. In December 1998, National Mutual Holdings Limited adopted the AXA brand. It was renamed AXA APH in March 2000. AXA APH delisted from the New Zealand stock exchange in March 2006.

Since 1999, AXA APH has become a leading Australasian financial service business with \$78 billion in funds under management, administration and advice (“FUMA”) at 30 June 2010, and net profit after tax of \$219 million for the six months ended 30 June 2010. AXA APH is also one of the leading insurance players operating in the Asia Pacific region. AXA APH has businesses in Australia, New Zealand and throughout Asia:



Source: AXA APH

AXA APH’s market position has been achieved through organic growth, a number of strategic acquisitions and the establishment of joint ventures with local parties throughout Asia. Key events over the last decade have included:

Key Milestones	
Date	Event
Oct 2000	Formed Alliance Capital Management joint ventures in Australia and New Zealand with Alliance Capital Management (United States)
Oct 2001	Acquired Sterling Grace Portfolio Management Group
Jun 2002	Divested health insurance business for \$595 million
Jul 2002	Acquired ipac Securities Limited to expand wealth management operations
Jan 2003	Formed bancassurance joint venture with Bank Mandiri (AXA APH 51% interest) in Indonesia
Jan 2003	Divested 50% interest in Members Equity Pty Limited for \$95 million

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Key Milestones (continued)	
Date	Event
Jan 2006	Acquired BNZ Investment Management Limited (renamed Assure Funds Management)
Feb 2006	Acquired MLC Hong Kong and MLC Indonesia from NAB for \$565 million
Jun 2006	Established life insurance joint venture with AFFIN Holdings (AXA APH 49% interest) in Malaysia
Aug 2006	Established life insurance joint venture with Bharti Enterprises (AXA APH 26% equity interest, 60% economic interest) in India
Sept 2006	Acquired remaining 67% interest in Tynan Mackenzie
Apr 2007	Acquired Winterthur Life (Hong Kong) Limited from AXA SA. The purchase price was HK\$1.7-2.4 billion (approximately \$278-393 million) depending on the future performance of the Swiss Privilege distribution channel. The upfront consideration was HK\$1.9 billion. The final amount was HK\$1.7 billion
Jun 2008	Announced the acquisition of Genesys, the financial planning business of Challenger Financial Services Group Limited ("Challenger"), for \$150 million and the sale of AXA Australia's in-force annuity business to Challenger
May 2009	Divested a 13% equity interest (potential 30% economic interest) in the Indian life insurance business to AXA SA for \$97 million
Dec 2009	Acquired the remaining 20% interest in AXA Life Indonesia for IDR188 billion (\$22 million)
Oct 2010	Announced that Industrial and Commercial Bank of China Co Ltd ("ICBC") would join the AXA Minmetals Joint Venture, AXA APH's joint venture business in China

Source: AXA APH

AXA SA, the parent company of the AXA Group, currently holds 53.9% of the shares in AXA APH. The AXA Group is one of the world's largest insurance groups, with an embedded value at 31 December 2009 of €30.4 billion and value of new business for the year to 31 December 2009 of €1.1 billion. The AXA Group has operations throughout the world, but its core businesses are located in Europe, North America and the Asia Pacific region. The AXA Group also has activities in the Middle East, Africa and Latin America.

Apart from its 53.9% interest in AXA APH, AXA SA:

- licenses its brand to AXA APH for use in the Asia Pacific region;
- provides various corporate services (information technology, investment management, customer administration, hedging recommendations and some product development) and funding to AXA APH; and
- is a joint venture partner with AXA APH in India and China.

As part of its investment in AXA APH, AXA SA agreed to a number of undertakings with the Federal Treasurer, including:

- AXA APH remaining a separate entity headquartered in Australia;
- the Chair and majority of the Board of AXA APH being Australian citizens;
- AXA SA not increasing its proposed 51% shareholding without the prior approval of the Treasurer; and
- AXA SA pursuing its Asia Pacific life insurance business strategy through AXA APH.

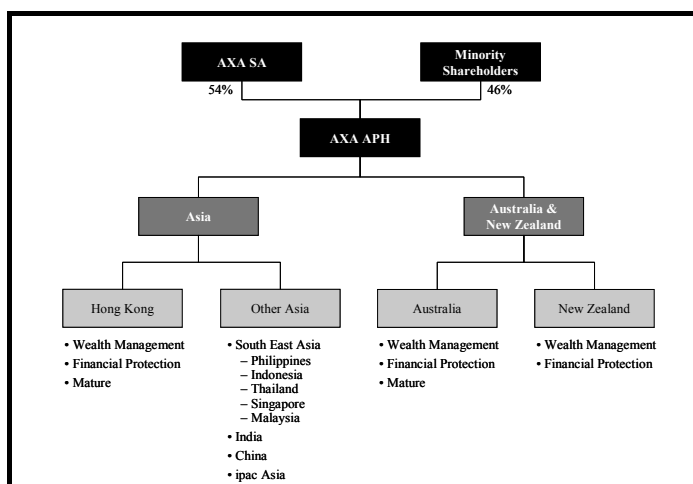
AXA SA's shareholding in AXA APH was previously capped at 51% but AXA SA subsequently received various approvals for an increase in its percentage shareholding to facilitate AXA APH's share buyback program and to enable AXA

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SA to support AXA APH's capital raising in 2009. The current approval permits AXA SA to hold a shareholding in AXA APH of up to 55%. AXA SA currently has a 53.9% shareholding in AXA APH.

AXA APH's operations are organised by geographic region and consist mainly of wealth management and financial protection businesses:



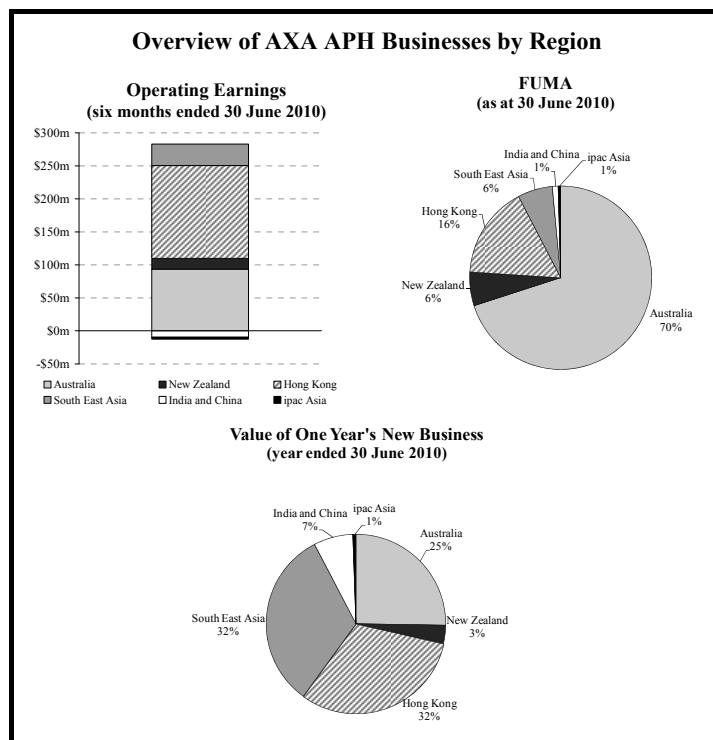
Source: AXA APH

The wealth management businesses are engaged in the manufacture and distribution of wealth management products and services, and financial protection consists of the manufacture and distribution of life insurance and income protection products. The mature business represents a combination of wealth management and financial protection businesses that are essentially in run off. The South-East Asian, Indian and Chinese businesses primarily sell bundled financial protection and wealth management products, some of which have joint ventures with local banks. ipac Asia is a financial planning group.

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Although AXA APH was historically an Australian focussed business, Hong Kong is now AXA APH's largest business in terms of operating earnings and value of new business:



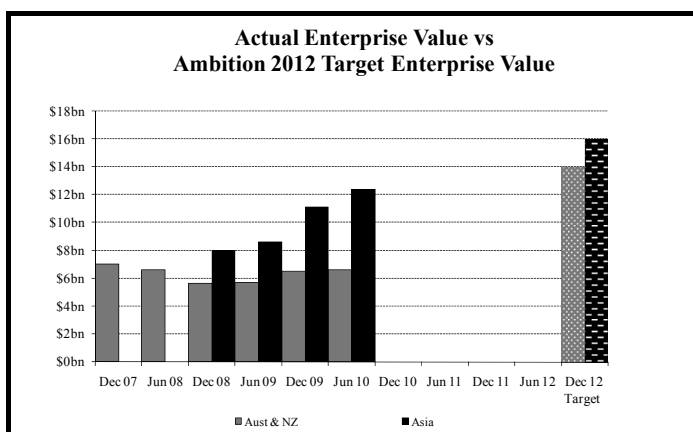
Source: AXA APH
 Note: Operating earnings is AXA APH group share but FUMA and value of one year's new business are on a 100% share basis.

AXA APH's businesses are described in more detail in sections 4, 5 and 6.

Since listing in 1996, AXA APH has implemented a number of strategies to consolidate and grow its businesses, in particular the K5 program and the AXA 6 and Asia 6 program. From 2007, AXA APH aligned its strategic objectives with AXA Group's Ambition 2012 project. Ambition 2012 was launched by the AXA Group in October 2005 with the core objective of utilising its global position to become "the Preferred Company" for customers, employees and shareholders.

AXA APH's Australian and New Zealand Ambition 2012 targets were announced in November 2007 with the overarching goal of doubling enterprise value from \$7 billion in 2007 to \$14 billion in 2012. AXA APH's Asian Ambition 2012 programme was launched one year later with the objective of doubling enterprise value on a 100% share basis from \$8 billion in 2008 to \$16 billion in 2012. AXA APH's performance since the launch of Ambition 2012, measured in terms of the movements in illustrative enterprise value, is illustrated below:

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Source: AXA APH

Note: 1. Market consistent value basis and accumulates shareholder dividends at exchange rates determined at commencement of Ambition 2012.
2. 100% share basis.

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3.2 Financial Performance

The earnings performance of AXA APH for the four and a half years ended 30 June 2010 is summarised below:

AXA APH – Earnings Performance ⁶ (\$ million)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Operating earnings					
Hong Kong	212	262	290	333	140
Other Asia	(2)	(3)	(6)	17	20
Australia	203	233	235	176	94
New Zealand	42	52	36	28	16
Total operating earnings	455	544	556	554	270
Investment earnings	347	235	(538)	185	16
Corporate expenses	(62)	(57)	(56)	(50)	(29)
Executive share plan expense	(10)	(14)	(11)	(11)	(6)
Amortisation of value of businesses acquired	(3)	(14)	(20)	(27)	(15)
Interest expense	(49)	(49)	(56)	(29)	(13)
Profit/(loss) after tax before non-recurring items	678	645	(126)	622	223
Non-recurring items	(10)	(6)	(153)	57	(4)
Profit/(loss) after tax attributable to AXA APH shareholders	668	639	(279)	679	219
Statistics					
<i>FUMA⁷ (\$ billion)</i>	97.7	109.0	83.9	81.0	78.4
<i>Basic reported EPS⁸ (€)</i>	38.3	37.1	(16.5)	34.9	10.6
<i>Fully diluted reported EPS (€)</i>	38.0	36.9	(16.3)	34.8	10.6
<i>Basic EPS before non-recurring items (€)</i>	38.9	37.4	(7.5)	32.0	10.8
<i>Fully diluted EPS before non-recurring items (€)</i>	38.6	37.2	(7.4)	31.9	10.8
<i>Dividends per share (€)</i>	18.75	22.25	18.50	18.50	9.25
<i>Franking (%)</i>	33%	38%	40%	28% ⁹	10%

Source: AXA APH and Grant Samuel analysis

Note: Numbers may not add due to rounding.

In reviewing the above table the following should be noted:

- operating earnings represent net operating profit after tax assuming normalised investment earnings on assets backing policy liabilities (based on long term investment assumptions);

⁶ Financial statements were prepared in accordance with the Australian equivalent to international financial reporting standards ("AIFRS").

⁷ FUMA represents funds under management, administration and advice.

⁸ Represents earnings per share.

⁹ In 2009, an interim dividend of 9.25 cents per share was franked to 30% and the final dividend of 9.25 cents per share was franked to 25%.

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- operating earnings for Other Asia represent the operating earnings from the South-East Asia, India, China and ipac Asia businesses;
- investment earnings represent earnings after tax on shareholder assets backing regulatory capital and excess shareholder funds. Investment earnings also include the difference between actual investment earnings on assets backing policy liabilities and the normalised investment earnings included in operating earnings;
- corporate expenses primarily include costs incurred by the Australian and New Zealand businesses that are not directly related to the businesses (for example costs associated with being a listed company, senior management, brand fees paid to AXA SA), Asian regional head office costs and Asian business development costs;
- executive share plan expenses represent the expense recorded in relation to the allocation of equity rights to certain employees. This expense is recognised over the vesting period and is based on the fair value of the securities at grant date; and
- amortisation of value of businesses acquired represents the amortisation of the amount paid to acquire in-force life policies or non life contracts in a business combination. In 2010, this now includes amortisation of client list intangibles.

AXA APH's operating earnings have increased by \$100 million or 6.8% per annum over the three years ending 31 December 2009. The increase is attributable to strong and consistent growth in the Hong Kong business and also to rapid growth in the South-East Asian businesses, albeit from a much lower base. Annualised operating earnings for the six months ended 30 June 2010 were 2% lower than in the year ended 31 December 2009, reflecting a significantly lower contribution from Hong Kong offset by stronger contributions from Other Asia and New Zealand.

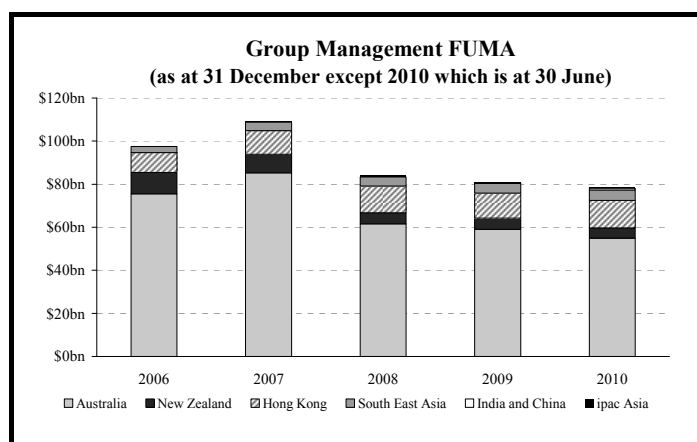
Hong Kong's performance over the three years ended 31 December 2009 has reflected favourable economic conditions, improved product offerings and the acquisitions of MLC Hong Kong Limited (2006) and Winterthur Life (Hong Kong) Limited (effective April 2007). In 2009, the Hong Kong business also benefited from the depreciation of the average Australian dollar against the Hong Kong dollar over the year. However, the Australian dollar appreciated against the Hong Kong dollar during the six months ended 30 June 2010, resulting in a lower contribution to operating earnings. In local currency terms Hong Kong's annualised operating earnings fell by only 4%. This reduction was the result of higher costs (principally relating to additional business investment) and improved persistency in some product lines, which reduced accounting profits but was, overall, value positive.

The growth in AXA APH's Asian operations was offset by a 25% decline in operating earnings from the Australian and New Zealand businesses in the year ended 31 December 2009. This decline was largely attributable to a lower contribution from the Australian wealth management business caused by lower average FUMA and lower capitalised loss reversals in 2009. Australian and New Zealand operating earnings for the six months ended 30 June 2010 increased by 25% and 24% respectively (in local currency terms) by comparison with earnings for the previous corresponding period. However, Australian operating earnings were 7% lower than for the six months to 31 December 2009, primarily due to lower average FUMA.

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The movement in AXA APH's FUMA since 31 December 2006 is illustrated below:



Source: AXA APH

Note: FUMA at 30 September 2010 was \$77.0 billion, 2% lower than at 30 June 2010

The performance of the Australian financial protection businesses has improved modestly over the past four and a half years, after adjusting for a \$34.8 million capitalised loss reversal in the income protection business in 2008. Operating earnings for the six months ended 30 June 2010 were higher than for the previous corresponding period due to strong performances from individual and group life.

Both the Australian and Hong Kong mature businesses have reported lower operating earnings over the period as these businesses are in run off. However, for the six months ended 30 June 2010 the Australian mature businesses reported increased operating earnings due to an increase in FUMA from existing clients.

Investment earnings can be very volatile reflecting general investment market conditions. Strong investment earnings in 2006 and 2007 benefited from favourable market conditions, but AXA APH reported substantial investment losses in 2008 as a result of the impact of the global financial crisis. The \$185 million investment earnings reported in 2009 reflected a recovery in investment markets around the world. Investment earnings during the six months ended 30 June 2010 were significantly lower due to lower equity market returns across the world.

Corporate expenses have fallen over the four years ended 31 December 2009, due to reduced development expenditure in Australia and New Zealand outweighing higher regional office costs in Asia. During the six months ended 30 June 2010 corporate costs increased relative to the previous corresponding period due to information technology and infrastructure spending in Asia.

In 2009, the amortisation of value of businesses acquired included the amortisation of the value of business in-force related to Tynan Mackenzie (remaining 67% interest acquired in September 2006), Genesys (acquired in June 2008), MLC Hong Kong (acquired in February 2006) and Winterthur Life (Hong Kong) Limited (acquired in April 2007). The increase in 2009 reflects the full year impact of the acquisition of Genesys and the impact of the depreciation of the average Australian dollar against the Hong Kong dollar, being the currency in which the MLC and Winterthur businesses are denominated.

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Interest expense over the period has varied in line with debt balances and interest rates. The 49% fall in interest expense in 2009 reflected a combination of lower debt levels and lower interest rates. Interest expense fell further for the six months ended 30 June 2010 due to lower average debt levels.

Non-recurring items over the last four and a half years are summarised as follows:

AXA APH – Non-recurring items (\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Integration costs of MLC and BNIM	(10)				
Integration costs of Winterthur		(6)			
Goodwill impairment expense relating to New Zealand wealth management business			(50)		
Integration costs of Genesys			(20)		
Loss on disposal of annuity portfolio			(33)		
Organisational restructure costs			(10)		
National Mutual United Kingdom tax provision			(40)		
Sale of 50% interest in Indian business				39	
Resolution of the National Mutual United Kingdom tax assessment				39	
Organisational restructure costs				(23)	
Other				2	
Write-back of a deferred tax liability on tax legislation change					14
Expenses associated with the potential change in ownership of AXA APH					(6)
Write-off of deferred acquisition costs on prior year broker business in Singapore					(12)
Total non-recurring items	(10)	(6)	(153)	57	(4)

Source: AXA APH

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AXA APH's earnings analysis by region for the year ended 31 December 2009 is summarised below:

AXA APH – Earnings Analysis for year ended 31 December 2009 (\$ million)					
	Hong Kong	Other Asia	Australia & New Zealand	Other	Cons'd
Wealth management	50	-	58	-	108
Financial protection	173	17	105	-	295
Mature	110	-	46	-	156
Total adjusted operating earnings	333	17	209	-	559
Investment earnings	167	19	19	-	205
Corporate expenses	(19)	(6)	(25)	-	(50)
Interest expense	-	-	-	(30)	(30)
Executive share plan expense	-	-	-	(11)	(11)
Net profit after tax before non-recurring items and amortisation¹⁰ ("NPAT")	481	30	203	(41)	673
Amortisation of value of businesses acquired	(16)	-	(11)	-	(27)
Other amortisation (customer lists, capitalised software)	-	-	(24)	-	(24)
Non-recurring items	(4)	37	24	-	57
Net profit after tax attributable to AXA APH shareholders	461	67	192	(41)	679

Source: AXA APH and Grant Samuel analysis
 Note: Numbers may not add due to rounding.

The above table includes a number of adjustments to the segment information reported by AXA APH for the year ended 31 December 2009:

- \$8.5 million after tax in distribution costs included in investment earnings in Australia has been reallocated to wealth management operating earnings;
- amortisation of client lists in Australia and New Zealand of \$10.5 million after tax has been removed from investment earnings and included in other amortisation;
- amortisation of software of \$13.3 million after tax has been removed from Australia and New Zealand wealth management operating earnings and included in other amortisation; and
- \$1.3 million of interest expense has been removed from investment earnings in Hong Kong and included in interest expense.

¹⁰ Amortisation of intangibles excludes amortisation of deferred acquisition costs.

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AXA APH's earnings analysis by region for the six months ended 30 June 2010 is summarised below:

AXA APH – Earnings Analysis for half year ended 30 June 2010 (\$ million)					
	Hong Kong	Other Asia	Australia & New Zealand	Other	Cons'd
Wealth management	22	-	34	-	56
Financial protection	78	20	54	-	152
Mature	41	-	22	-	63
Total adjusted operating earnings	141	20	110	-	270
Investment earnings	19	2	2	-	23
Corporate expenses	(14)	(2)	(13)	-	(29)
Interest expense	-	-	-	(14)	(14)
Executive share plan expense	-	-	-	(6)	(6)
Net profit after tax before non-recurring items and amortisation¹¹ ("NPAT")	145	20	99	(20)	244
Amortisation of value of businesses acquired	(7)	-	(4)	-	(11)
Other amortisation (customer lists, capitalised software)	-	-	(10)	-	(10)
Non-recurring items	-	(12)	8	-	(4)
Net profit after tax attributable to AXA APH shareholders	138	8	93	(20)	219

Source: AXA APH and Grant Samuel analysis

Note: Numbers may not add due to rounding.

The above table includes a number of adjustments to the segment information reported by AXA APH for the six months ended 30 June 2010:

- \$6.2 million after tax in distribution costs included in investment earnings in Australia has been reallocated to wealth management operating earnings;
- amortisation of software of \$6.3 million after tax has been removed from Australia and New Zealand wealth management operating earnings and included in other amortisation; and
- \$0.6 million of interest expense has been removed from Hong Kong investment earnings and included in interest expense.

¹¹ Amortisation of intangibles excludes amortisation of deferred acquisition costs.

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Outlook

AXA APH has not publicly released earnings forecasts for the year ending 31 December 2010 or beyond. In order to provide an indication of the expected future financial performance of AXA APH, Grant Samuel has considered brokers' forecasts for AXA APH, summarised as follows:

AXA APH – Median Broker Forecasts (\$ million)					
	Year ending 31 December				
	2009 actual	2010 forecast	Increase	2011 forecast	Increase
Operating earnings					
- Asia	350	334	(5)%	365	9%
- Australia and New Zealand	204	217	6%	228	5%
- Total	554	550	(1)%	593	8%
Net profit after tax before non-recurring items and amortisation ¹² ("NPAT")	673	595	(12)%	658	11%

Source: Grant Samuel analysis (see Appendix 3)

Note: Median total operating earnings does not represent the sum of Asia and Australia and New Zealand operating earnings.

The median of brokers' forecasts for AXA APH, based on 8 brokers, indicates a 12% decrease in NPAT in 2010 and an 11% increase in 2011. The brokers' NPAT forecasts fall within a wide range, from \$532 million to \$638 million in 2010 and \$632 million to \$715 million in 2011. The median broker forecasts for operating earnings in 2010 and NPAT for 2010 and 2011 are broadly in line with management's current expectations. However, the median broker forecasts for operating earnings in 2011 are slightly lower than management's current expectations.

¹² Amortisation of intangibles excludes amortisation of deferred acquisition costs.



3.3 Financial Position

The financial position of AXA APH as at 31 December 2009 and 30 June 2010 is summarised below:

AXA APH - Financial Position (\$ million)		
	31 December 2009	30 June 2010
Cash at bank and deposits on call	3,323	2,785
Receivables	1,155	816
Equity securities	12,057	11,440
Debt securities	10,224	12,627
Property investments	1,088	872
Investments accounted for using the equity method	283	348
Deferred acquisition costs	258	295
Intangible assets	2,164	2,187
Other assets	816	812
Total assets	31,368	32,182
Payables and provisions	(1,465)	(1,371)
Deferred tax liabilities	(203)	(187)
Retirement benefit obligations	(156)	(209)
Financial liabilities, subordinated debt and redeemable preference shares	(1,192)	(1,288)
Minority interests in controlled unit trusts	(380)	(343)
Policy liabilities	(23,496)	(24,220)
Total liabilities	(26,893)	(27,618)
Net assets	4,475	4,564
Non controlling interests	(7)	(2)
Equity attributable to AXA APH shareholders	4,468	4,562
<i>Statistics</i>		
<i>Regulatory capital</i>	<i>1,798</i>	<i>1,800</i>
<i>Excess assets (including target surplus)</i>	<i>1,798¹³</i>	<i>1,900¹⁴</i>
<i>Net assets per share</i>	<i>2.16</i>	<i>2.21</i>
<i>NTA per share¹⁵</i>	<i>1.12</i>	<i>1.15</i>
<i>Gearing¹⁶</i>	<i>21%</i>	<i>22%</i>

Source: AXA APH and Grant Samuel analysis

Note: Numbers may not add due to rounding.

In reviewing the above table the following should be noted:

- equity securities, debt securities and property investments primarily represent assets backing policy liabilities. They are held on the balance sheet at fair value;
- investments accounted for using the equity method are investments in entities in which AXA APH has less than a 51% interest such as AXA APH's 50%

¹³ Excess assets (including target surplus) is before allowing for a \$191 million provision for the 2009 final dividend.

¹⁴ Excess assets (including target surplus) is before allowing for a \$191 million provision for the 2010 interim dividend.

¹⁵ NTA is net tangible assets, which is calculated as net assets less intangible assets.

¹⁶ Gearing is net borrowings divided by net assets plus net borrowings.

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interest in AllianceBernstein and various interests in joint ventures in South-East Asia, India and China;

- deferred acquisition costs primarily represent incentive payments made to advisers which are treated as an asset and are amortised over the period that the benefits (revenues) are derived;
- intangibles include goodwill, value of business in-force acquired, customer lists acquired and software development costs. Goodwill is subject to impairment testing and other intangible assets are amortised on a straight line basis over the period that the economic benefits are expected to arise;
- policy liabilities including life insurance contracts, discretionary participating investment contracts and life investment contracts are valued at net present value;
- retirement benefit obligations relate to two defined benefit superannuation plans on behalf of qualifying employees in Australia and New Zealand. Both are closed to new members;
- minority interests in controlled unit trusts are treated as liabilities when the securities in the trusts are redeemable at the holder's option; and
- regulatory capital is the amount of capital required by the regulator to be held over and above the value of policy liabilities. Excess assets (including target surplus) is the difference between total capital (net assets plus debt) and regulatory capital after deducting goodwill and value of business in-force. At 30 June 2010, along with goodwill and value of business in-force, customer list intangibles is also deducted from regulatory capital.

As at 30 June 2010, AXA APH had drawn \$464 million of senior debt and had \$824 million of subordinated debt and redeemable preference shares ("RPS") on issue:

AXA APH – Debt Profile at 30 June 2010 (\$ million)		
	Committed	Drawn
Senior Debt		
Loan from AXA SA – US\$ denominated	266	266
Loan from AXA SA – A\$ denominated	480	150
Loan from AXA SA (for Other Asia) – A\$ denominated	100	48
Total senior debt	846	464
Subordinated Debt/RPS		
Hong Kong RPS with AXA SA - US\$ denominated	509	509
Loan from Winterthur Switzerland ¹⁷ – HK\$ denominated	35	35
Loan from AXA SA – A\$ denominated	280	280
Total redeemable preference shares	824	824
Total debt	1,671	1,288

Source: AXA APH

Note: United States dollar denominated debt is converted at 0.84 and Hong Kong dollar denominated debt is converted at 6.58. Numbers may not add due to rounding.

All of AXA APH's debt facilities and redeemable preference shares are provided or held by AXA SA or its subsidiaries.

¹⁷ Winterthur Switzerland is part of AXA SA.

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Contingent liabilities that have not been provided for at 30 June 2010 include:

- a potential tax liability of \$148 million including interest and penalties in relation to the dispute with the Australian Taxation Office (“ATO”) in respect of the sale of AXA Health Insurance Pty Limited in 2002. In 2009 the Federal Court ruled in favour of AXA APH but the ATO has appealed the decision. The appeal was held in May 2010 and on 16 November 2010, the Court ruled in favour of AXA APH again. On 16 December 2010 the ATO filed an application for special leave to appeal the decision to the High Court. AXA APH has already paid an amount of \$63 million to the ATO in respect of this matter, which is being carried as a receivable on the balance sheet until such time as the dispute is resolved;
- a potential tax liability of \$56 million in New Zealand in relation to a review by the Inland Revenue Department regarding certain interest deductions claimed from 2005 to 2008; and
- guarantees totalling \$51 million. Of this amount, \$46 million relates to guarantees provided by National Mutual Funds Management Limited in respect of certain units issued by the National Mutual Australia Income Fund and the National Mutual Cash Management Trust and by National Mutual Asset Management (New Zealand) Limited in respect of certain units issued by the Cash Management Fund and the Mortgage Backed Fund. Sufficient assets exist within these funds to satisfy these guarantees.

In addition, AXA APH is currently defending litigation brought against National Mutual Life Association of Australasia regarding “prosperity bonds”.

Deconsolidated Financial Position

The deconsolidated financial position of AXA APH as at 30 June 2010 is summarised below:

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AXA APH – Deconsolidated Financial Position at 30 June 2010				
(\$ million)				
	Hong Kong	Other Asia	Australia & New Zealand	Consolidated
Assets				
Cash	1,441	174	1,170	2,785
Receivables	384	28	404	816
Tangible assets	6	1	39	46
Investments	10,698	1,601	12,640	24,939
Equity accounted investments	36	263	49	348
Intangibles	1,350	62	775	2,187
Deferred acquisition costs	209	2	84	295
Other assets	(28)	11	783	766
Total assets	14,096	2,142	15,944	32,182
Liabilities				
Liabilities arising from investments	(10,194)	(1,471)	(12,555)	(24,220)
Provisions	-	(1)	(363)	(364)
Other payables and creditors	(847)	(140)	(759)	(1,746)
Debt/redeemable preference shares	(544)	(48)	(696)	(1,288)
Total liabilities	(11,585)	(1,660)	(14,373)	(27,618)
Net assets	2,511	482	1,571	4,564
Non controlling interests	(4)	-	6	2
Net assets after non controlling interests	2,515	482	1,565	4,562
Adjusted NTA	1,129	456	790	2,375

Source: AXA APH and Grant Samuel analysis

Note: Adjusted NTA includes deferred acquisition costs and AXA APH's investment in China of \$36 million has been reallocated into Other Asia from Hong Kong.

3.4 Taxation Position

Under the Australian tax consolidation regime, AXA APH and its wholly owned Australian resident entities have elected to be taxed as a single entity.

At 30 June 2010, AXA APH had carried forward income tax losses of approximately \$633 million, of which \$503 million were recognised on the balance sheet. The \$503 million in tax losses relate to AXA APH's Australian business and are expected to be utilised over the next two to three years.

Following the payment of the interim dividend in 2010, AXA APH has an immaterial balance of franking credits.

3.5 Capital Structure and Ownership

As at 31 December 2010, AXA APH had the following securities on issue:

- 2,067,095,545 ordinary shares on issue (including 3,936,515 treasury shares, being shares held by the AXA APH Executive Share Plan);
- 33,671,169 Allocation Rights outstanding under AXA APH's Executive Share Scheme; and
- 2,750,754 Performance Rights outstanding under AXA APH's Executive Share Scheme.

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Each Allocation Right represents a right to acquire a share in AXA APH. Generally, Allocation Rights may only be exercised if performance hurdles are satisfied. They are issued at zero cost but the employee must fund the exercise price. The Performance Rights are similar to the Allocation Rights but have a zero exercise price.

The performance hurdles for the Executive Share Scheme are based on total shareholder returns ("TSR") relative to a group of comparable companies included in the S&P/ASX 100 Industrial Accumulation Index and on annual earnings per share or operating earnings growth.

Allocation and Performance Rights on issue as at 31 December 2010 are summarised as follows:

AXA APH – Allocation and Performance Rights on Issue as at 31 December 2010				
Issue Date	Vesting Period	Exercise Price	Number Outstanding	Number Vested
Allocation Rights				
15 Apr 04	15 Apr 06 – 15 Apr 11	\$3.19	2,888,275	2,888,275
13 Apr 05	13 Apr 07 – 13 Apr 12	\$4.28	4,015,613	4,015,613
13 Apr 06	13 Apr 08 – 13 Apr 13	\$6.24	4,143,130	4,143,130
17 May 07	17 May 10 – 17 May 14	\$7.46	3,861,563	876,725
23 May 08	23 May 11 – 23 May 15	\$5.71	5,953,865	33,665
25 May 09	25 May 12 – 25 May 16	\$3.92	12,808,723	9,923
Total Allocation Rights			33,671,169	11,967,331
Performance Rights				
15 Apr 04	15 Apr 06 – 15 Apr 11	-	122,872	122,872
13 Apr 05	13 Apr 07 – 13 Apr 12	-	257,417	257,417
13 Apr 06	13 Apr 08 – 13 Apr 13	-	314,872	314,872
17 May 07	17 May 10 – 17 May 14	-	787,522	153,998
23 May 08	23 May 11 – 23 May 15	-	1,268,071	10,071
Total Performance Rights			2,750,754	859,230
Total			36,421,923	12,826,561

Source: AXA APH

The vesting terms of the Allocation and Performance Rights are at the discretion of the AXA APH board. Under certain circumstances, employees are entitled to a pro-rata portion of their rights upon termination of their employment. In the event of a takeover, merger, reconstruction or winding up of AXA APH the rights vest and the rightholders have one month to exercise their rights, following which the rights lapse.

The 17 May 2007 Allocation Rights can be broken down into four tranches:

- 876,725 Allocation Rights all of which have vested;
- 1,899,425 Allocation Rights which are subject to operating earnings performance hurdles;
- 134,838 Allocation Rights which are subject to TSR hurdles; and
- 950,575 Allocation Rights which are subject to different TSR hurdles.

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At 3 December 2010 there were 214,318 registered shareholders in AXA APH. The top 10 shareholders accounted for approximately 65% of the ordinary shares on issue:

AXA APH – Major Shareholders as at 3 December 2010		
	Number of Shares	Percentage
AXA SA	1,114,679,513	53.9%
UBS Securities	39,541,995	1.9%
Balanced Equity Mgt	35,900,724	1.7%
Colonial First State - Core Australian Equities	25,399,066	1.2%
BlackRock Investment Mgt (BGI)	24,002,335	1.2%
Deutsche Securities	23,557,833	1.1%
Credit Suisse	23,450,383	1.1%
Macquarie Group	20,625,000	1.0%
Water Island Capital	19,854,881	1.0%
Vanguard Investments Australia	15,526,938	0.8%
Top 10 shareholders	1,342,538,668	64.9%
Other	724,556,877	35.1%
Total	2,067,095,545	100.0%

Source: AXA APH

AXA SA is the only substantial shareholder, with a 53.9% interest.

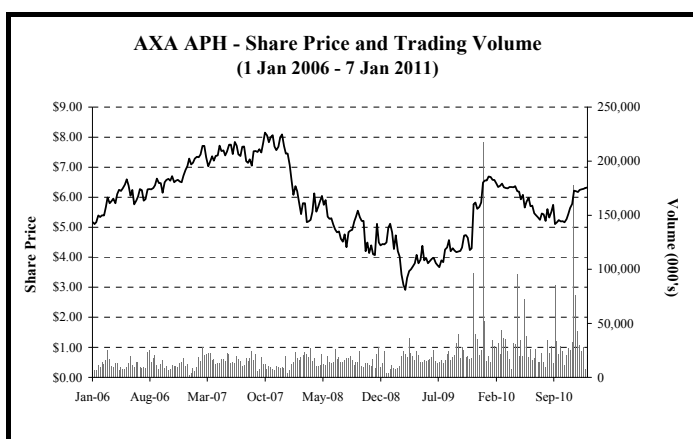
3.6 Share Price Performance

A summary of the price and trading history of AXA APH since 1 January 2006 is set out below:

AXA APH – Share Price History					
	Share Price (\$)			Average Weekly Volume (000s)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2006	7.35	5.05	7.29	12,002	3,154
2007	8.30	6.72	7.38	14,152	5,989
2008	7.37	3.44	4.94	15,925	9,675
2009	6.58	2.52	6.56	25,292	10,598
2010	6.72	4.86	6.31	31,894	8,900
Week ended					
7 January 2011	6.33	6.31	6.32	20,203	6,548

Source: IRESS

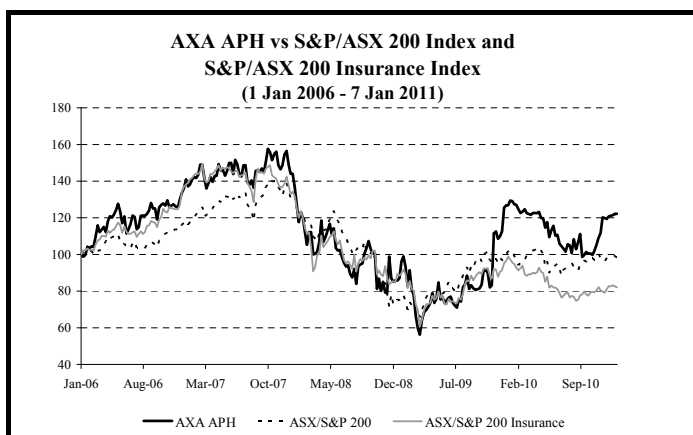
The following graph illustrates movements in the AXA APH share price and trading volumes since 1 January 2006:



Source: Bloomberg

AXA APH is a member of various indices including the S&P/ASX 200 Index and the S&P/ASX 200 Insurance Index. As at 7 January 2011, its weighting in these indices was approximately 1.08% and 20.6% respectively.

The following graph illustrates the performance of AXA APH shares since 1 January 2006 relative to the S&P/ASX 200 Index and the S&P/ASX 200 Insurance Index:



Source: Bloomberg

AXA APH's share price increased steadily between January 2006 and December 2007, during which period it outperformed both the ASX/S&P 200 and S&P/ASX 200 Insurance Index. AXA APH's underlying business performance over this period was very strong with strong fund inflows in Australia as a result of favourable changes to superannuation regulation, a growing Hong Kong business aided by the acquisitions of MLC Hong Kong and Winterthur Hong Kong, distribution agreements with Citibank and strong investment markets around the world. AXA APH also implemented an on-market share buyback over this period

G R A N T S A M U E L



which resulted in 49.6 million shares being bought back at an average price of \$7.52 per share.

The downturn in AXA APH's share price in December 2007 appeared to reflect the fall in international investment markets rather than from any AXA APH specific events, and AXA APH's share price performance between December 2007 and December 2008 was broadly in line with the market. However, AXA APH's share price fell by around 40% in the first two months of 2009, a significantly steeper fall than the decline in the ASX/S&P 200 Index and ASX/S&P 200 Insurance Index.

The share price recovered in March 2009 following AXA APH's announcement of a capital raising to strengthen its capital position and reduce borrowings. The capital raising at \$2.85 per share was completed in May 2009 and comprised:

- a \$500 million institutional placement (175.4 million shares);
- a \$165 million share purchase plan (58.1 million shares); and
- a \$213 million top up offer (74.6 million shares).

AXA APH shares generally traded in line with the broader market between March 2009 and the announcement of the Initial Proposal on 9 November 2009. Following the announcement of the NAB Proposal on 17 December 2009, AXA APH shares initially traded at a premium to the value of the consideration under the NAB Proposal. However, from the beginning of February 2010 the shares generally traded at a discount to the NAB Proposal's cash and share consideration.

AXA's shares fell 10% from a closing price of \$5.44 on 8 September 2010 to a low of \$4.86 on 9 September 2010, the day the ACCC announced that the NAB's undertakings to sell the North platform were not adequate. AXA APH's share price recovered over the next few days and traded around \$5.20 for the next few weeks until it increased steadily to \$5.78 on 12 November 2010. Over this period there was speculation and media reports that AXA SA was in discussion with AMP in relation to a transaction.

Following the announcement of the Proposal on 15 November 2010, AXA APH's share price increased by 8% from \$5.78 to close at \$6.17. Since then AXA APH's shares have traded at a high of \$6.35 on 31 December 2010 and has remained trading around \$6.31-6.33 over the last week.

AXA APH is a liquid stock although it only has approximately 46% free float. Average weekly volume over the twelve months prior to the announcement of the Proposal represented approximately 1.0% of average shares on issue or annual turnover of around 54% of total average issued capital.



4 Hong Kong

4.1 Background

The territory of Hong Kong is a Special Administrative Region of the People's Republic of China. Following the return of Hong Kong to Chinese sovereignty in July 1997, the Hong Kong Special Administrative Region adopted social, economic and political systems distinct from those on the Mainland under the "one country, two systems" principle. As a result Hong Kong enjoys a high degree of autonomy. In particular, Hong Kong pursues a free market economic policy characterised by private enterprise, low taxation and free capital flows.

Hong Kong has developed into an international business, trade and financial centre providing a gateway for foreign companies to the Chinese mainland. The population of Hong Kong is over 7 million people, with per capita gross domestic product ("GDP") in 2009 of HK\$233,060, one of the highest in the Asia-Pacific region. Moreover, under the Mainland and Hong Kong Closer Economic Partnership Arrangement, which came into effect in June 2003, Mainland Chinese residents from Beijing, Shanghai and numerous other major cities are eligible to travel to Hong Kong and purchase products (including insurance policies) in Hong Kong. The number of Mainland Chinese residents who visited Hong Kong in 2009 was around 18 million. Chinese consumers are attracted to Hong Kong insurance policies as they are denominated in open currencies and returns are linked to global equity markets.

Although Hong Kong's GDP growth contracted by 2.6% during 2009, 2010 GDP growth is forecast to be 6.5%. In the first three quarters of 2010, GDP rose 7.1% relative to GDP for the same period of 2009. Inflation and interest rates are low (underlying inflation in 2009 was 1.0% and the composite interest rate is currently around 0.2%). Underlying inflation is forecast to be 1.7% in 2010. While unemployment trended upwards in the middle of 2009, recent data suggest that unemployment has fallen again, to around 4.2%.

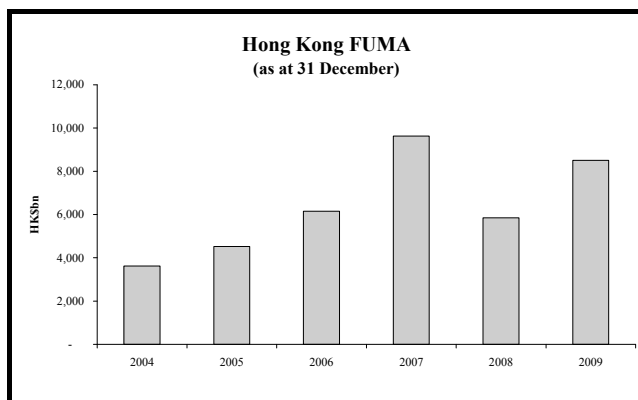
AXA APH's businesses in Hong Kong ("AXA Hong Kong") comprise an established wealth management business ("AXA HKWM") and financial protection business ("AXA HKFP"). AXA Hong Kong also has a mature business which includes the National Life series, the MLC business and deposit administration products which are closed to new business and are in run off. For the purpose of this report, these businesses are considered to form part of AXA HKFP.

4.2 Industry Overview

4.2.1 Wealth Management

The wealth management industry in Hong Kong is relatively mature with a sophisticated regulatory framework governed by the Hong Kong Securities and Futures Commission ("SFC"). The Hong Kong wealth management market enjoyed strong growth in terms of FUMA until 2007. However, the global financial crisis, the consequent significant fall in global equity markets and the resultant loss in investor confidence in equity linked investment products resulted in a significant fall in FUMA in 2008. The market recovered in 2009, driven by the recovery in global financial markets, but has not returned to levels experienced in 2007:

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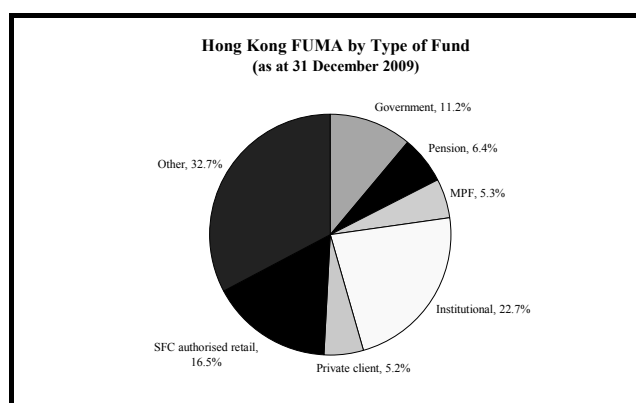
Source: SFC

The SFC has recently tightened control on investment linked product disclosure, which has led to a lengthening of product development timelines.

Unlike Australia's superannuation scheme, which accounts for approximately 75% of Australia's funds under management ("FUM"), Hong Kong's Mandatory Provident Fund ("MPF") represents a relatively small part of the Hong Kong wealth management industry. The MPF was introduced in 2000 to supersede a voluntary retirement scheme established under the Occupational Retirement Schemes Ordinance ("ORSO"). The MPF is a mandatory, fully funded contribution scheme established for the purposes of funding benefits for retirement. Mandatory contributions, collected by way of payroll deductions, are 5% of gross earnings from the employees and an equivalent amount paid by the employer subject to monthly minimum and maximum levels of income (HK\$5,000 and HK\$20,000 respectively). The top three MPF providers account for approximately 60% of the MPF market. In July 2009, the Hong Kong Government passed a Bill for the introduction of Employee Choice Arrangement, which was expected to become effective in mid to late 2011, but has now been deferred beyond 2011. Employee Choice Arrangement will allow employees to transfer their accrued benefits to other authorised MPF schemes at no cost and should result in an increase in competition. The MPF market is a potential growth opportunity for wealth management companies in Hong Kong given the relatively early stage of the scheme's development.



The breakdown of FUMA in the Hong Kong wealth management market by type of fund is shown below:



Source: SFC

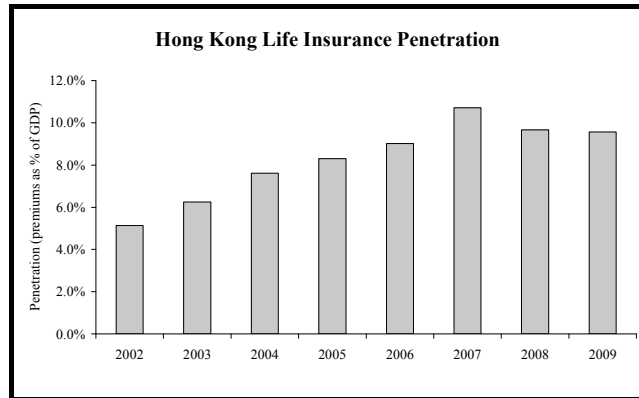
4.2.2 Financial Protection

Hong Kong was one of the first markets to establish an insurance industry in Asia and as a result has one of the more developed Asian insurance industries in terms of size and product range. Due to the low barriers to entry when the market was still in its infancy, the Hong Kong insurance market is now characterised by a high degree of competition and well developed laws and regulations. In Hong Kong there are two main classes of insurers: general and long term (life). As at 30 September 2010, 168 insurers were authorised in Hong Kong, of which approximately 62% were general insurers, 27% were long term insurers and 11% were composite insurers.

The Hong Kong life insurance market is the sixth largest life insurance market in Asia (excluding Australia and including Japan), with US\$20.3 billion of premiums written in 2009. There has been significant growth in the individual life insurance sector with the number of in-force policies growing from 5.6 million in 2003 to approximately 9.1 million as at 30 September 2010. Premiums have also experienced considerable growth over the last few years but fell in 2008 following the onset of the global financial crisis. Premiums continued to fall in 2009. However, premiums of long term in-force business for the first nine months of 2010 increased by 10.3% relative to the prior corresponding period.

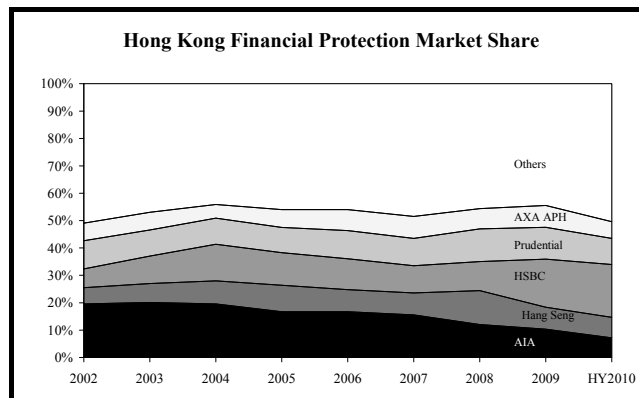
Hong Kong life insurance penetration (premiums as a percentage of GDP) is amongst the highest in the world and reflects the maturity of the market. Life insurance penetration has grown steadily over the last few years:

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Source: Office of Commissioner of Insurance, Government of the Hong Kong Special Administrative Region and Grant Samuel analysis

For 2009, the top 10 life insurance companies had a combined market share of more than 80% and the top five had a combined market share of more than 56%. American International Assurance Company, Limited (“AIA”), part of the American International Group, Inc. (“AIG”), has historically held a market leading position in Hong Kong. However, following AIG’s near collapse during the global financial crisis, AIA’s market share has fallen and a number of other companies have gained share. In particular, HSBC Holdings plc (“HSBC”) has rapidly grown its business over the last two years, taking advantage of its substantial banking customer base and branch network. In March 2010, Prudential plc (“Prudential”) entered into an agreement to acquire AIA, but the deal collapsed in June 2010. In October 2010, AIA was listed on the Hong Kong Stock Exchange. The market share trends in Hong Kong based on new business income are illustrated below:



Source: Office of Commissioner of Insurance

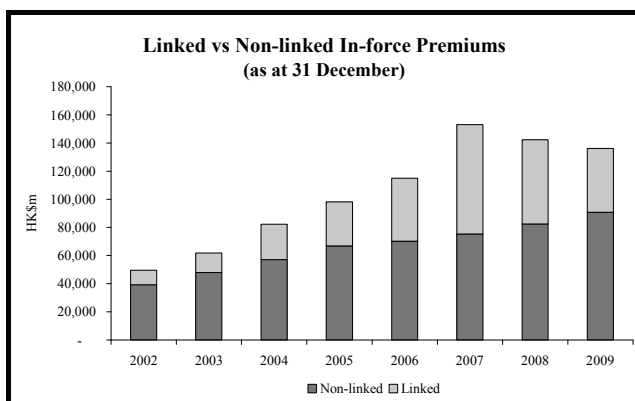
Although competition is vigorous in the Hong Kong market, it is predominantly focused on distribution rather than pricing and product manufacturers continue to earn high margins.

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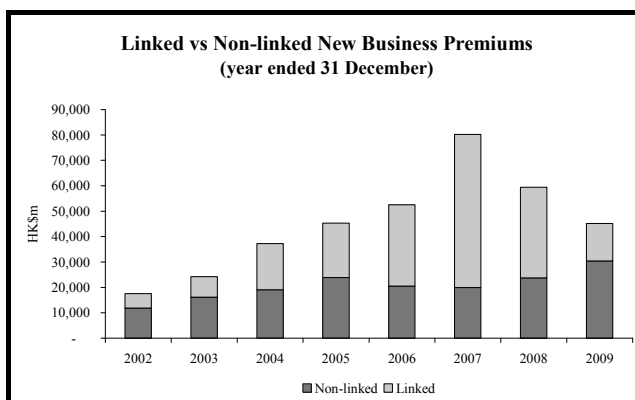


Long term insurance policies in Hong Kong are generally categorised as linked or non-linked policies. Non-linked policies are traditional life insurance policies where the insurer bears the investment risk. Most non-linked products offer the policyholder a discretionary bonus in addition to guaranteed benefits. Linked policies offer the policyholder a range of investment options and the investment risk is borne entirely by the policyholder and not the insurer.

The linked long term insurance market experienced significant growth over the years leading up to 2008. This growth reflected the high returns available from equity linked products and increasing retail investor focus on equity-related investments. The fall in 2008 in linked products (both in terms of in-force premiums and new business) was the result of the global financial crisis and its adverse impact on equity values and investors' risk appetites. The decline in linked business continued into 2009.



Source: Office of Commissioner of Insurance



Source: Office of Commissioner of Insurance

Despite the overall fall in premiums, the Hong Kong market continues to generate high margins relative to its Asian peers.

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Distribution

Insurers have historically distributed their products into the Hong Kong market through tied agents and agency remains the most significant channel, representing approximately 40% of new life insurance business sales. However, participants in the market are increasingly adopting multi-channel distribution strategies. The bancassurance channel (the distribution of insurance products by or through banks) is growing rapidly, with banks using their extensive customer bases, branch networks and customer perceptions of financial stability to win market share from other channels. The extensive cash savings in the Hong Kong banking system have provided a productive source of funds that the banks have been able to “convert” into wealth management products. During 2010, the bancassurance channel has benefited from strong demand for low margin Renminbi (“RMB”) endowment products. The bancassurance channel has also benefited from government measures to provide guarantees on bank savings following the global financial crisis. The growth in the life insurance market shares of HSBC, Hang Seng and Bank of China in recent years illustrated the strength of the bank distribution channel.

The broker market was estimated to represent approximately 12% of the overall Hong Kong life insurance market in 2009, with the top four brokers accounting for over 60% of the broker market. Investment linked products represented over 76% of new business sold through the broker channel.

Regulation

The Office of the Commissioner for Insurance is the key regulator of insurance operations in Hong Kong. Insurers wishing to operate in the market must be authorised by the Hong Kong Insurance Authority. The requirements for authorisation include requirements in relation to minimum levels of paid-up capital, solvency margin, suitability of directors and controllers, and adequacy of reinsurance arrangements. The Hong Kong Government is in discussion with industry and public to set up an independent insurance authority, and the pace of regulatory reform is accelerating with an aim to introduce a bill into the Legislative Council of Hong Kong in 2011.

4.3 Wealth Management Business

AXA HKWM focuses on the marketing and distribution of a range of unit trusts and other investment products under a variety of brands, such as Winterthur, and through third party distribution networks such as Citibank branches. AXA HKWM also writes retirement business (MPF and ORSO). AXA HKWM’s business grew strongly up to 2007, reflecting strong investment markets and the acquisition of Winterthur Hong Kong in 2007. The onset of the global financial crisis resulted in a significant decline in the business, with FUM and new business both declining. However, the second half of 2009 saw a turnaround in the business, as global equity markets recovered and investor sentiment improved. FUM continued to grow over the nine months to 30 September 2010, reflecting inflows from a new product launch and strong sales from the Bancassurance channel. The business is well placed to continue growing, with innovative products and access to multiple distribution channels. AXA HKWM has no more than a 3% share of the MPF market and there are opportunities to expand this business, particularly following the introduction of Employee Choice Arrangement, which has now been deferred beyond 2011. AXA HKWM has recently outsourced its MPF administration function, which is expected to provide cost savings in the long term and enable the business to focus on its core strengths of marketing and distribution.



Operating Performance

The operating performance of AXA HKWM for the four and a half years ended 30 June 2010 is illustrated below:

AXA HKWM – Operating Performance (HK\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Planned profit margin	68.4	162.6	292.6	322.5	191.9
Experience profit/loss					
expenses	4.3	12.7	(2.0)	18.2	(7.9)
other	1.0	(8.3)	(23.0)	(38.2)	(27.7)
Operating earnings	73.7	167.0	267.6	302.5	156.3
Closing FUM	9,638.1	19,654.8	14,292.6	21,259.9	21,308.1
Closing in-force premiums	1,122.5	2,943.6	3,351.5	3,926.3	4,119.5
Value of one year's new business	90.3	360.4	354.1	298.7	170.7 ¹⁸
New business index	406.3	1,254.5	1,114.2	1,042.0	546.8
Value of one year's new business margin	22%	29%	32%	29%	31% ¹⁸

Source: AXA APH

The significant improvement in operating performance in 2007 and 2008 was predominantly the result of the acquisition of the Winterthur business and the subsequent extraction of operating synergies. The fall in the value of one year's new business in 2008 was due to lower retirement sales through the broker channel and a decline in investment sales in the last quarter due to difficult market conditions. The fall in retirement sales continued into 2009 and resulted in a further fall in new business. FUM increased as a result of positive net inflows and improvements in equity markets. Operating earnings in 2009 benefited from the reversal of a HK\$37 million tax provision which was no longer required. The increase in planned profit margins reflected growth in investment linked product sales, partially offset by reduced fees on lower average funds under management in the Winterthur portfolio.

FUM increased by 14% over the nine month period to 30 September 2010 as a result of positive net inflows and improvements in equity markets. The new business index grew 14% over the nine month period to 30 September 2010, reflecting the success of a new sales incentive program for the bancassurance channel, along with the launch of a new investment linked product, "NOVA", in the third quarter through the agency channel.

4.4 Financial Protection Business

AXA HKFP is one of the largest life insurers in Hong Kong, ranking in the top five for new business in the last quarter of 2009. The business has transformed itself from a single distribution, single product operation into a multi-distribution, multi-product business. At 30 June 2010, AXA HKFP had HK\$62.8 billion funds under management, with access to over 3,150 agents and 450 advisers.

¹⁸ Value of new business and value of new business margin for the half year ended 30 June 2010 are based on new business for the six months ended 30 June 2010.

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AXA HKFP focuses on traditional and unit linked life products. In addition, the business markets accident, health and short tail personal lines general insurance policies and group insurance. AXA HKFP's main products during the 1990s were guaranteed participating life products, principally in the National Life series portfolio. Declining investment yields have made these products unattractive from the perspective of insurance companies, and AXA HKFP closed these products to new business with effect from 1999. However, the in-force business from these "mature" products continues to generate significant income. In their place, AXA HKFP has introduced a range of highly profitable, low guarantee participating and unit linked products. New product initiatives and a continued focus on persistency have helped to continue to grow the profitability of the business.

AXA HKFP has a strong representation in the Group medical segment, in which it is ranked third, with a 12% market share. Government led health care reform is expected in Hong Kong in the short to medium term and may result in an increase in private health care and an opportunity for AXA HKFP to grow its medical insurance business.

Operating Performance

The operating performance of AXA HKFP (including the earnings from mature products) for the four and a half years ended 30 June 2010 is illustrated below:

AXA HKFP – Operating Performance (HK\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	2010
Planned profit margin	1,230.1	1,482.6	1,661.0	1,795.4	883.8
Experience profit/loss					
expenses	(49.3)	(16.5)	(12.8)	(54.0)	8.6
other	(21.3)	70.1	(8.9)	(15.4)	(71.0)
Operating earnings	1,159.5	1,536.2	1,639.3	1,726.0	821.4
Closing FUM	48,060.7	56,032.3	52,636.3	59,229.4	62,752.2
Closing in-force premiums	8,628.6	8,901.5	9,134.7	9,446.2	9,761.5
Value of one year's new business	846.9	740.1	809.2	848.1	458.8 ¹⁹
New business index	1,344.0	1,141.9	1,124.3	1,272.5	756.6
Value of one year's new business margin	63%	65%	72%	67%	61% ¹⁹

Source: AXA APH

The fall in the value of one year's new business in 2007 resulted from a 15% reduction in the new business index as a result of a change in the mix of new business sales towards wealth management products. The increase in the value of one year's new business margin in 2008 reflected a shift from unit linked wealth management products to higher margin traditional life products as a result of the difficult equity market conditions and its impact on investor sentiment. Operating earnings in 2009 increased as the in-force business grew, reflecting product innovation and AXA Hong Kong's success in expanding its agency sales force. Cost increases, to grow AXA Hong Kong's distribution capabilities, resulted in a fall in the value of new business margin. However, these margins are significantly higher than AXA APH's other financial protection businesses, reflecting the

¹⁹ Value of new business and value of new business margin for the half year ended 30 June 2010 are based on new business for the six months ended 30 June 2010.

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profitability of the Hong Kong financial protection market. FUM returned to positive growth as a consequence of improved net inflows and a rebound in investment markets.

Over the six months to 30 June 2010, FUM grew by close to 6% as a result of positive net flows. The value of new business for the six months ended 30 June 2010 increased 16% from the prior corresponding period. The value of new business and the new business margin were affected by an increase in expenses related to the Experience Hire Program (discussed in more detail below). Operating earnings were flat compared to the prior corresponding period, as a result of cost increases (in part related to investment in the business) and unexpected persistency in certain product lines, which resulted in reduced lapse fees (and therefore reduced earnings) but had an overall net positive impact on value.

In the third quarter of 2010, AXA HKFP continued its strong performance. The new business index (excluding mature products) was up 28% for the nine months ending 30 September 2010, reflecting a higher number of commissioned agents and improved productivity in the agency channel, following the successful launch of "HealthPro" (a new critical illness product).

4.5 Distribution

AXA Hong Kong distributes its products through a mix of commissioned agents, salaried advisers, bancassurance and brokers. Commissioned agent numbers increased by 11% over the year to 31 December 2009 as a result of active recruitment. The agency channel remains AXA Hong Kong's dominant channel and the main distributor of financial protection products. Agent numbers have increased for the first time in four years as a result of the Experienced Hire Program, launched in 2009, which aims to recruit experienced high performing agents. AXA Hong Kong will continue with this program in a selective manner and will also focus on agent segmentation to provide high performers with additional opportunities via the wealth management market and new market segments. The number of commissioned agents continued to increase over the six month period to 30 June 2010, up 4% from the prior corresponding period.

The salaried adviser channel is one of the multi-distribution channels for AXA HKWM, although financial protection products are also sold through this channel. AXA Hong Kong operated two separate salaried sales forces, named Swiss Privilege and AXA Privilege. The Swiss Privilege channel, acquired through the Winterthur acquisition, is a high end channel employing highly trained and experienced advisers and targeted towards the high affluent segment. The AXA Privilege channel, created in April 2009 through the merger of AXA Advisers and Personal Portfolio Consulting Group ("PPCG"), was also predominantly a wealth management channel, but targeted at the mass affluent market. This channel was closed during the second half of 2010.

AXA Hong Kong will continue to review the development of the salaried adviser channel. Adviser productivity in the first half of 2009 for both AXA Privilege and Swiss Privilege was down from the prior corresponding period as a result of the effect of the volatile equity markets on unit linked sales. The introduction of the Vertex product in 2009, a whole of life guaranteed unit linked insurance plan, assisted in arresting productivity falls in the second half of 2009. AXA Privilege and Swiss Privilege adviser numbers fell during the six months to 30 June 2010 as a result of the implementation of a new business model resulting in higher validation standards which in turn led to the termination of substandard advisers. In addition, the market has experienced increased competition for salaried advisers, in particular from banks, which has also contributed to the fall in adviser numbers. Since July 2010, the salaried adviser channel's lead generations from third party organisations

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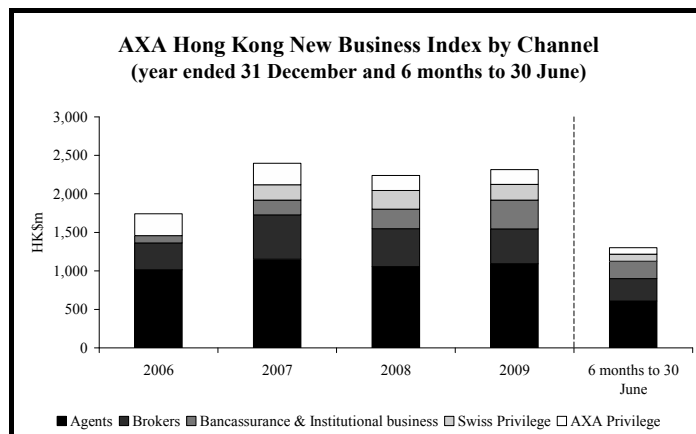


have been negatively affected by the widely publicised privacy issues relating to Octopus card personal data, which have resulted in public and regulatory concerns relating to the use of third party leads in general. As a result, AXA Privilege has been closed, with some advisers being migrated to then agency channel or Swiss Privilege.

AXA Hong Kong has successfully grown a significant bancassurance distribution channel through its relationship with Citibank, which provides access to 50 retail Citibank branches and over 750,000 Citibank customers across Hong Kong. The arrangement with Citibank is mainly for the distribution of unit linked products, including the Vertex guaranteed product. Bancassurance contributed 16% of total sales in the year ending 31 December 2009 and was the fastest growing channel for AXA Hong Kong in 2009. There is also the potential for AXA Hong Kong to expand the range of products sold through Citibank. AXA Hong Kong will continue to assess other bancassurance options, although there are limited opportunities in the market.

The broker channel in Hong Kong predominantly focuses on unit linked products. Although AXA Hong Kong is well represented in the traditional life segment, there is an opportunity for AXA Hong Kong to increase its share of the unit linked market sold through this channel via a more comprehensive product range and an expanded network of distributors.

AXA Hong Kong has been successful in growing its distribution footprint across the different channels over the past few years:



Source: AXA APH

In January 2010, AXA Hong Kong launched Integrity, an innovative commission based agency channel, which gives agents the opportunity to establish their own franchise. Although the channel has grown more slowly than planned, Integrity's agent productivity is currently significantly higher than that of the average traditional tied agent.



4.6 Operating Performance

The combined operating performance of AXA APH's Hong Kong businesses for the four and a half years ended 30 June 2010 is illustrated below:

Hong Kong – Operating Performance					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
AXA HKWM (HK\$m)	74	167	268	302	156
AXA HKFP (HK\$m)	1,160	1,536	1,639	1,726	821
Total operating earnings (HK\$m)	1,234	1,703	1,907	2,028	978
Total operating earnings (\$m)	212	262	290	333	141
Exchange rate	5.83	6.50	6.57	6.09	6.94

Source: AXA APH

Note: Numbers may not add due to rounding.

4.7 Strategy

AXA Hong Kong's strategy forms part of the wider Ambition 2012 plan described in further detail in Section 3.1. The key focus for AXA Hong Kong is restoring and sustaining growth. AXA Hong Kong's key initiatives include:

- continue to build on the multi-distribution competitive model;
- achieve and sustain agency force growth through effective recruitment programmes;
- deepening the existing Citibank relationship and developing new bancassurance opportunities;
- increasing sales of unit linked products through the broker channel;
- developing the Integrity franchised agency distribution business;
- growing the wealth management business and maximise opportunities of the unique brand and tailored services of Swiss Privilege; and
- continue preparation to capture opportunities resulting from governmental medical and health reforms.

During 2010 AXA APH introduced a Regional Targeting Operating Model ("RTOM"), which is focused on a shared services philosophy in the Asian region. The RTOM aims to:

- re-engineer the product development process to allow faster product delivery around the region;
- improve IT architecture; and
- improve operational efficiency with common processes throughout the region.

The RTOM will allow faster product launches and provide sales-enabling tools and capabilities across the region, achieve savings through unit cost improvements and deliver a superior customer and distributor experience. The roll out of the first phase of RTOM to all countries commenced in the third quarter of 2010. The RTOM will continue to be implemented during 2011 and 2012. The total gross investment (to be capitalised and expensed) is estimated at \$100 million over around three years although a proportion of these costs would be incurred by the individual

G R A N T S A M U E L



businesses even if RTOM was not implemented. The costs of RTOM will be spread across all entities within the region. The benefits from the program are expected to be realised progressively from 2010 but significant cost savings are not expected until after 2011.



5 Other Asia

5.1 Overview

AXA APH operates in five markets in South-East Asia, in India and in China (“AXA Other Asia”). The businesses are summarised as follows:

AXA Other Asia Businesses						
Country	Business (Partner)	Interest	Established	Distribution		Rank ²⁰
				Bank Branches	Agents	
Indonesia	AXA Mandiri Financial Services (Bank Mandiri)	49%	2003	1,295	9,791	#2 ²¹
	AXA Life Indonesia	100%	1993			
	AXA Financial Indonesia	100%	2006			
Thailand	Krungthai AXA Life Insurance (Krungthai Bank)	25% ²²	1997	919	7,779	#6 ²³
Singapore	AXA Life Insurance	100%	1995	-	496	#8 ²⁴
Philippines	Philippine AXA Life Insurance (Metrobank Group)	45%	1999	566	1,757	#2 ²⁵
Malaysia	AXA AFFIN Life Malaysia (AFFIN Holdings)	49%	2006	85	581	#12 ²⁶
India	Bharti AXA Life Insurance (Bharti Enterprises, AXA SA)	13% ²⁷	2006	-	37,398	#15 ²⁸
	Bharti AXA Investment Managers	34% ²⁹	2007	-	-	-
China	AXA-Minmetals Assurance (Minmetals Corp, AXA SA)	25%	1999	-	2,297	#15 ³⁰
	ipac Asia	100%	2003	-	-	-

Source: AXA APH

Including AXA Hong Kong, AXA APH’s Asian business is estimated to be the seventh largest insurance business in Asia, based on total premium income for the year ended 31 December 2009 and in terms of large multinational players. The

²⁰ Rank based on new business.

²¹ Based on weighted new business premiums for the six months ended 30 June 2010.

²² Economic interest of 50%.

²³ Based on new business index for the six months ended 30 June 2010.

²⁴ Based on weighted new business premiums for the six months ended 30 June 2010.

²⁵ Based on premium income for the six months ended 30 June 2010.

²⁶ Based on new business index for the six months ended 30 June 2010.

²⁷ Potential economic interest of 30%.

²⁸ Based on weighted new business premiums of private players for the six months ended 30 June 2010.

²⁹ Economic interest of 37.5%.

³⁰ Based on total premium income of foreign players for the six months ended 30 June 2010.

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recently listed AIA is estimated to be the largest player, followed by Prudential, Allianz SE (“Allianz”), ING Groep N.V. (“ING”), Manulife Financial Corporation (“Manulife”) and MetLife Inc. (“MetLife”). The top four players all have strong positions in Taiwan or Korea or both. AXA APH currently has no exposure to these markets.

In general AXA Other Asia businesses are exposed to markets with high economic growth, low insurance product penetration, increasing wealth, aging population and high savings rates. Key country statistics are summarised as follows:

Country Statistics (2009)								
Country	Pop	Prem's	GDP	GDP/ Capita	5 yrs GDP		Pent'n ³²	Density ³³
		³¹			historical	projected		
	m	US\$bn	US\$bn	US\$			%	US\$
Indonesia	232	5.1	542.0	2,341	16.3%	13.4%	0.9%	21.9
Thailand	67	6.2	264.1	3,943	10.3%	8.6%	2.4%	92.7
Singapore	5	9.1	161.1	33,909	10.0%	8.3%	5.6%	1,906.7
Philippines	92	1.6	192.9	2,092	13.1%	10.5%	0.8%	16.9
Malaysia	28	5.7	182.3	6,574	9.1%	9.6%	3.1%	204.9
India	1,199	57.1	1,212.8	1,011	13.7%	17.7%	4.7%	47.6
China	1,334	109.2	4,866.0	3,646	20.2%	15.4%	2.2%	81.8

Source: Swiss Re, International Monetary Fund, Grant Samuel analysis

The insurance product mix varies from country to country within the region. The insurance market in Thailand is focussed on traditional/endowment products, whereas investment linked products predominate in Indonesia, Philippines and Malaysia. The Singaporean market is characterised by a more even mix of traditional and investment linked products. Investment linked products performed poorly during the global financial crisis and contributed to greater demand for lower risk/guaranteed type products. However, as consumer confidence has increased there has been a gradual rise in demand for investment linked products. Traditional products continue to be popular. In terms of annual growth in premium income for the various Asian countries, Indonesia, India and China have been the strongest performers over the last ten years.

Other trends in the region include the growth in the bancassurance distribution channel, resulting from the higher cost of using agents and banks' desire to broaden their income bases. However, agency distribution remains the dominant channel, particularly for long term, regular premium bundled products which attract the best margins. In addition, the region's regulators are trending towards introducing risk based capital and liberalising investment rules (many markets have been restricted to investing in domestic bonds and bank deposits).

The region has seen growth in takaful products, which are products that comply with Shariah Law, the body of Islamic law. Takaful products are based on the principles of mutual assistance and joint risk bearing and, amongst other features, require a Shariah compliant investment strategy and an internal supervisory board of Shariah scholars. The main market opportunities for these products are in Indonesia and Malaysia, which have large Muslim populations.

³¹ Premiums represent year end actuals except for Singapore and China represent year end estimates.

³² Penetration is measured as premiums as a percentage of gross domestic product.

³³ Density represents total premiums divided by population.

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Despite low insurance penetration rates, the financial protection industry in the region is very competitive. While industry dynamics vary from country to country depending on differences in regulatory requirements, historical development patterns, cultural influences and other factors, most markets are dominated by local companies with established brands and distribution channels, and a better understanding of the local culture.

Operating Performance

The operating performance of AXA APH's other Asian businesses for the four and half years ended 30 June 2010 is summarised below:

AXA Other Asia – Operating Performance (\$ million)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Operating earnings (AXA APH share)					
Indonesia	8.6	8.6	15.7	20.8	16.0
Thailand	(6.2)	4.1	8.0	13.8	11.4
Singapore	5.8	7.8	5.6	13.2	4.4
Philippines	5.0	4.3	9.2	5.7	2.7
Malaysia	(3.3)	(2.4)	(3.6)	(3.3)	(1.9)
South-East Asia	9.9	22.4	34.9	50.2	32.6
India	(4.2)	(16.1)	(31.4)	(20.2)	(6.2)
China	0.5	(3.4)	(3.1)	(4.3)	(3.2)
ipac Asia	(8.2)	(5.6)	(6.4)	(9.0)	(3.3)
Total operating earnings	(2.0)	(2.7)	(6.0)	16.7	19.9
Value of one year's new business (100% basis)					
Indonesia	12.5	28.9	40.5	75.0	88.5
Thailand	17.1	27.5	48.9	63.1	70.1
Singapore	7.1	10.0	11.9	27.9	8.4
Philippines	16.5	30.8	15.7	12.9	12.3
Malaysia	-	0.7	4.0	4.1	5.4
South-East Asia	53.3	97.9	121.0	183.0	184.7
India	0.1	3.9	17.8	21.4	23.7
China	3.2	5.8	12.7	15.6	16.5
ipac Asia	3.3	4.9	6.4	3.3	3.2

Source: AXA APH

The value of one year's new business is on a 100% basis and is before cost overruns. As a result the value of one year's new business outlined in the above table does not reflect the real profitability of these businesses. In particular, AXA APH's businesses in China and India as well as ipac Asia have material expense overruns in relation to their existing business as well as business yet to be written.

The South-East Asian business (in Indonesia, Thailand, Singapore, Philippines, and Malaysia) represents the largest segment of AXA APH's other Asian businesses and is the most profitable. In particular, Indonesia and Thailand have now established a track record of both profitability and growth. AXA APH continues to report losses from its operations in Malaysia, India, China and ipac Asia, where the businesses are sub-scale and/or industry profitability is poor.

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Regional Strategy

Specific strategies of AXA APH's Ambition 2012 program relevant to AXA APH's other Asian business are:

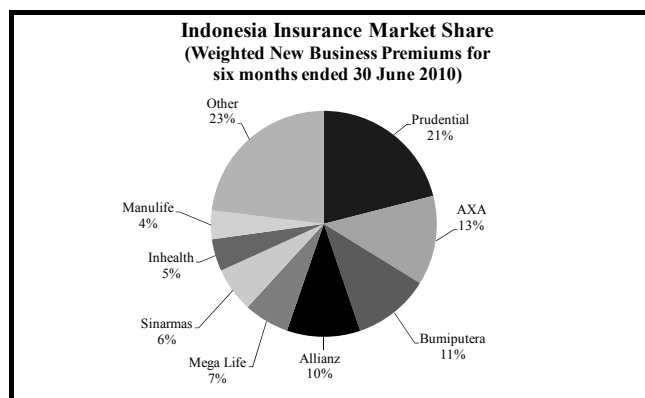
- South-East Asia – continue to leverage joint venture partners' customer databases and affiliated businesses while also expanding the agency channel and seeking opportunities to grow by acquisition to gain scale in Malaysia and Singapore;
- India – grow agency profitability, diversify product mix, increase exposure to broker channels and secure a significant bank distribution agreement; and
- China – implement the transaction with ICBC and grow the business by capitalising on ICBC strong market position.

5.2 Indonesia

5.2.1 Industry Overview

The Indonesian life insurance market was estimated at US\$5.1 billion (Rp52 billion) in 2009, measured by life insurance premiums, making it the 34th largest life insurance market in the world. Life premiums in Indonesia increased by 5.0% in 2008 and 15.9% in 2009, in local currency terms, making Indonesia one of the fastest growing insurance markets in the Asian region. Despite this strong growth, Indonesia still has one of the lowest insurance penetration rates in the region with approximately US\$22 of life premiums per capita and aggregate life premiums representing around 1% of GDP. Indonesia has enjoyed strong economic growth and political stability in recent years.

The Indonesian life insurance market is relatively fragmented. The key competitors are Bumiputera, Sinarmas and Jiwasraya (ranked number 10) all of which are locally owned businesses, and international participants Prudential, AIA, Allianz and AXA APH:



Source: Indonesian Life Insurance Association

The Indonesia market is very competitive with new international players entering the market through acquisitions and partnerships.

Both traditional and unit linked products are sold in the Indonesian market. However, foreign participants tend to dominate the market for unit linked

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products while domestic companies are focused on traditional products. Unit linked products are very attractive to insurance companies as they require minimal capital requirements and tend to be higher margin.

The tied agency channel is the dominant insurance distribution channel in Indonesia. However, bancassurance is expected to gain market share as new and existing players develop relationships with banks and other financial institutions.

The Indonesian insurance market is expected to continue to experience strong growth. As the population becomes more affluent, insurance penetration levels are expected to rise. Growth is expected to be enhanced by a growing awareness of and interest in takaful products.

5.2.2 Business Overview

AXA APH has three businesses in Indonesia (“AXA Indonesia”), which collectively make it the second largest participant in the market based on weighted new business premiums for the six months ended 30 June 2010:

- a 49% interest in AXA Mandiri Financial Services – a joint venture established in 2003 with Bank Mandiri, the largest Indonesian bank, with 1,453 financial advisers across 1,205 of its 1,295 bank branches; and
- AXA Life Indonesia and AXA Financial Indonesia, both 100% owned subsidiaries of AXA APH are agency distribution businesses. The two agency networks have now merged and the agency force included 8,338 agents at 30 June 2010.

AXA Indonesia enjoys diversified distribution arrangements, with agency representing around 20% and bancassurance representing around 80% of sales. Bancassurance includes telemarketing, with Bank Mandiri which was launched in 2008 and continues to generate strong growth. In the six months ended 30 June 2010, telemarketing represented around 19% of new business index. AXA Indonesia has also recently commenced distributing takaful products through Bank Syariah Mandiri. AXA Indonesia intends to grow all its distribution channels by extending its Bank Mandiri relationship to Bank Mandiri’s other businesses and subsidiaries and expanding telemarketing activities to Bank Mandiri’s other customer databases and businesses. To deliver these strategies, AXA Indonesia plans to develop new products and improve customer service and communications.

5.2.3 Operating Performance

The operating performance of AXA Indonesia for the four and a half years ended 30 June 2010 is illustrated below:

AXA Indonesia – Operating Performance (Rupiah billions)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Closing in-force premiums	1,151	1,604	2,082	3,104	3,961
New business index	549	918	878	1,498	1,273
Closing FUM	3,799	7,046	6,080	9,413	10,574

Source: AXA APH

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After a period of strong growth, AXA Indonesia was adversely affected in 2008 by the global financial crisis, particularly because of its significant exposure to unit linked business. The improvement in 2009 operating performance reflected the recovery of the domestic equity market (which occurred earlier and was stronger than for many other markets in the region), the new Syariah relationship with Bank Mandiri and the launch of telemarketing.

The new business index for the first half of 2010 was almost three times that for the first half of 2009. Operating earnings and the value of new business also achieved strong growth. This performance reflected a combination of continued strong market conditions and AXA Indonesia's increasing market share.

AXA Indonesia is expected to continue to experience significant growth in the short to medium term. Market conditions are strong and the business has a strategic advantage due to its relationship with Bank Mandiri and its diversified and growing distribution network. Cost savings are anticipated to be generated through the merger of the two agency networks.

5.3 Thailand

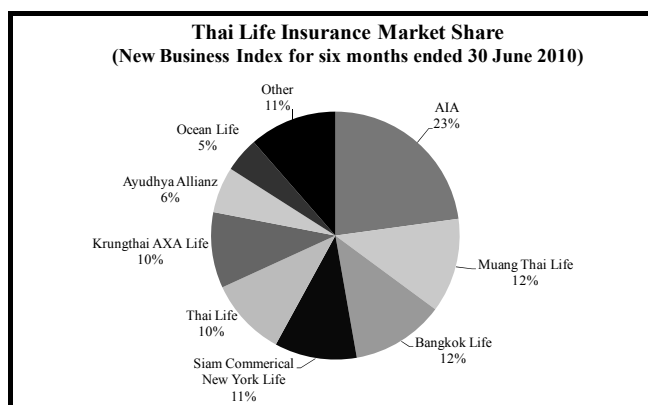
5.3.1 Industry Overview

The Thai life insurance market was estimated at US\$6.2 billion (THB213 billion) in 2009, measured by life insurance premiums, making it the 32nd largest life insurance market in the world. Life premiums in Thailand increased by 10.5% in 2008 and 13.9% in 2009, in local currency terms.

Penetration in the Thai life insurance sector is low at approximately US\$93 of life premium per capita and aggregate life premiums represent approximately 2.4% of GDP. Despite overall growth in the Thai insurance market the penetration rate has been flat between 2004 and 2008 and has only shown evidence of increasing in 2009. The lack of improvement in penetration rates may be attributable, in part, to the political instability experienced in Thailand, including military coups and Islamic activism in southern Thailand.

The Thai insurance industry is regulated by the Office of the Insurance Commission. Risk based capital adequacy requirements are expected to be phased in from 2011. Capital adequacy pressures resulting from the introduction of risk based capital requirements may lead to industry consolidation.

The Thai market is already quite concentrated with the top three insurers controlling just under 50% of the market and the top five accounting for just under 70% of the market (in terms of new business index):



Source: Thai Life Insurance Association

The Thai insurance market is dominated by traditional products, with almost no unit linked products sold. As a result the market has not been impacted by the global financial crisis to the same extent as other markets in the region.

Although distribution in the Thai market was historically almost 100% agency based, the market is now characterised by multiple distribution channels with agency representing around 46% and bancassurance around 33%. Those competitors that have benefited most from this shift include Bangkok Life, Krungthai AXA Life, New York Life and Muang Thai Life. There are now numerous exclusive and non-exclusive partnerships between banks and insurance companies, which are expected to restrict new entrants. In contrast, the agency market is very open and there are no regulations to restrict new or existing players from poaching agents from competitors.

The outlook for the Thai market is generally positive due to the low levels of insurance penetration and expectations of continued growth in consumer disposable income. However, the potential for political instability will remain a key risk.

5.3.2 Business Overview

AXA APH has a 50% economic interest in Krungthai AXA Life ("KAL"), a joint venture with Krung Thai Bank, the second largest bank in Thailand. KAL has exclusive access to 919 Krung Thai Bank branches and 63 business centres with more than 17 million direct customers. KAL now has approximately 745 financial advisers and managers in approximately 705 branches. Krung Thai Bank's major shareholder is the Thai Financial Institutions Development Fund, which is controlled by the State. KAL also has access to a tied agency force of approximately 7,034 agents.

KAL has been very successful with its new business index growing at 44% per annum over the three years to 31 December 2009. KAL's new business index for the six months ended 30 June 2010 grew 44% in comparison to the previous corresponding period. This growth is largely attributable to KAL's leverage to the growing Thai bancassurance market through its relationship with Krung Thai Bank. KAL has significantly grown its share of the Thai market and is now ranked sixth in Thailand (based on new business index) with a market share of 9.9% for the six months ended 30 June 2010.

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KAL's distribution arrangements are well diversified with bancassurance representing around 54% and agency representing around 33% of new business in the six months ended 30 June 2010. Other distribution channels include telemarketing and sales of Group business by a dedicated sales team.

5.3.3 Operating Performance

The operating performance of KAL for the four and a half years ended 30 June 2010 is summarised below:

KAL – Operating Performance (Baht million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Closing in-force premiums	3,512	5,652	8,128	11,910	13,829
New business index	1,604	2,743	3,534	4,739	3,022
Closing FUM	6,061	9,784	16,717	23,591	30,581

Source: AXA APH

KAL's strong and consistent operating performance is attributable to its focus on regular premium traditional products and its relationship with Krung Thai Bank, which has provided access to the growing bancassurance market. KAL's operating performance has also been assisted by a significant reduction in unit costs as the business has reached critical scale.

KAL's annualised operating profit for the six months ended 30 June 2010 was 65% higher than operating earnings for the year ended 31 December 2009. Similarly, the new business index increased by 44% relative to the previous corresponding period. The strong result was achieved notwithstanding the political instability in Bangkok during the period and a competitive environment. It reflected positive market conditions, a greater focus on the higher net worth segment of the market and a change in product mix towards more conservative products.

KAL's outlook is strong although it remains exposed to regional risks including the volatile Thai political environment. Growth is expected to be generated by general market growth as penetration levels increase with growing consumer affluence. In addition, KAL's strategy is to improve the productivity of its agency network and expand broker and telemarketing activities.

5.4 Singapore

5.4.1 Industry Overview

The Singaporean life insurance market was estimated at US\$9.1 billion (S\$13.2 billion) in 2009, measured by life insurance premiums, making it the 28th largest life insurance market in the world. The Life insurance market in Singapore was significantly impacted by the global financial crises. In local currency terms, life insurance premiums decreased by 5.3% in 2008 and 8.0% in 2009. In 2009, the rate of life insurance premiums per capita was US\$1,907 and life premiums represented approximately 5.6% of GDP reflecting the fact that Singapore is a more mature market than many other markets in Asia.

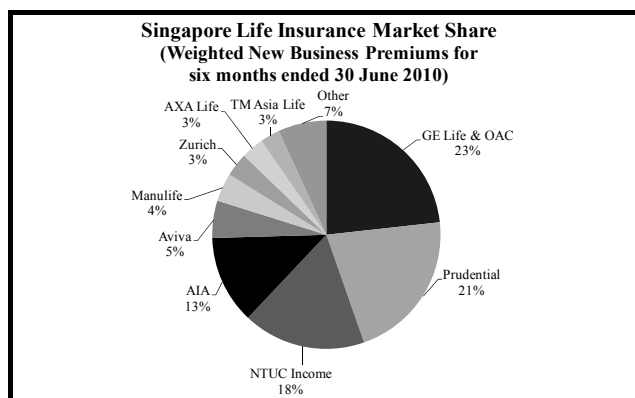
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The Singaporean financial services sector, including the insurance segment, is regulated by the Monetary Authority of Singapore (“MAS”). MAS is charged with administering the industry in conjunction with the guidelines outlined in the Insurance Act (1967). Unlike other South-East Asian countries there are no restrictions on foreign ownership although MAS must approve any changes in substantial interests in (5%) or effective control of (20%) insurance operators. The market has operated under a risk based capital regime since 2005. Under this system insurers must maintain at least 100% coverage of risk based capital (subject to a minimum of S\$5 million) but a warning system is activated for those insurers below 120%. The Government has also implemented tax incentives to operators who maintain a regional head office in Singapore.

A unique characteristic of the Singaporean market is the Central Provident Fund (“CPF”). Introduced in 1955, the CPF is a retirement fund underpinned by contributions from employers and employees. It was originally designed to provide savings for retirement but can now be used for home ownership, investment, healthcare, insurance and college loans. However from the start of 2001 there have been restrictions on investing in regular premium insurance policies, and from April 2008, members are required to have minimum account balances before they can invest in products like insurance. The latter restriction has had a significant impact on the single premium market.

The Singaporean market is concentrated, with four dominant players controlling 75% of the market measured by weighted new business premiums:



Source: Life Insurance Association Singapore

The major domestic participants are Great Eastern Life (“GE Life”), which has a bancassurance subsidiary OAC, and NTUC Income, which is a co-operative insurance society (mutual) that was historically aligned to the trade unions. The major foreign participants are AIA and Prudential, which collectively hold a 34% share of the market. These market shares have been relatively stable over the last four years.

Both traditional and unit linked products are popular in Singapore. Unit linked products have experienced the greatest growth over the last ten years but their share of the market has declined following the sharp fall in investment markets in 2008.

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Like other markets in Asia, over the last ten years bancassurance has emerged as an important distribution channel. Distribution channels now include agency (59%), bancassurance (24%) and independent financial advisers (“IFA”) (12%). The IFA channel, which targets high net worth customers, has been the fastest growing channel over the last few years. The Singaporean market is characterised by high persistency rates.

The Singaporean market is expected to recover from the impacts of the global financial crises and experience a period of growth. Penetration levels are still considered quite low, albeit not as low as in other South-East Asian countries and there are a broad range of discretionary saving options in Singapore. As a result, growth is expected to be moderate.

5.4.2 Business Overview

AXA APH owns 100% of AXA Life Singapore, which distributes products via tied agents, bancassurance and IFAs. As at 30 June 2010, AXA Life Singapore had 496 tied agents and advisers. For the six months ended 30 June 2010 AXA Life Singapore was ranked eighth based on weighted new business premiums with a market share of 3.2%.

AXA Life Singapore was in the past primarily a single premium business distributed through a modest agency network. Its exposure to single premium products meant that AXA Life Singapore was more severely affected than its competitors by the changes to the CPF and the global financial crisis. AXA Life Singapore has sought to broaden its distribution capability and in 2009 distribution was relatively evenly divided between agency (54%) and brokers (46%). In the six months ended 30 June 2010, AXA Life Singapore ceased writing a significant part of its broker business, resulting in agency increasing to 63% and brokers falling to 37%.

5.4.3 Operating Performance

The operating performance of AXA Life Singapore for the four and a half years ended 30 June 2010 is illustrated below:

AXA Life Singapore – Operating Performance (\$S million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	2010
Closing in-force premiums	101.5	92.9	102.5	129.0	139.4
New business index	37.6	48.5	34.8	56.6	24.8
Closing FUM	1,382.7	1,656.9	1,256.6	1,524.2	1,517.8

Source: AXA APH

Prior to 2008, AXA Life Singapore was growing strongly. However, changes to the CPF and the global financial crisis severely affected the business, particularly in relation to sales of single premium products. The results for 2009 appeared to herald a turnaround for the business, reflected by increased operating earnings and strong growth in the new business index. However, during the six months ended 30 June 2010 it became apparent that persistency rates for much of the broker business written in 2009 were well below expectations and AXA Life Singapore ceased to write this business, which comprised a large proportion but not all of the broker business.

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AXA Life Singapore reported a sharp fall in earnings for the six months to 30 June 2010, which included a \$12 million write-off, which comprised deferred acquisition costs relating to the discontinued broker business and a reversal of some profits recognised during 2009. The new business index increased by 14% against the previous corresponding period but was 29% lower than the previous half. This poor performance continued in the September 2010 quarter. As a result a new chief executive officer has now been appointed.

AXA Life Singapore's strategy is to turn the business around following its recent poor performance and to grow each of its distribution channels. Agency numbers are expected to increase through the Experienced Hire Program. The business will continue to seek opportunities to accelerate growth through acquisition and alliances with other distribution partners.

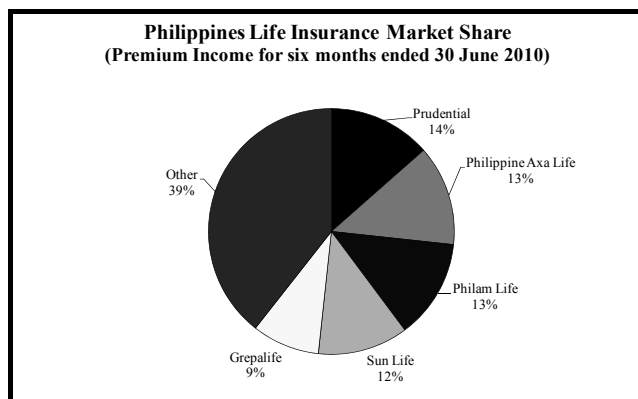
5.5 Philippines

5.5.1 Industry Overview

The Philippines life insurance market was estimated at US\$1.6 billion (P74 billion) in 2009, measured by life insurance premiums, making it the 41st largest life insurance market in the world. In local currency terms, Philippine life premiums increased by 8.0% in 2008 and 12.5% in 2009. In 2009, life insurance premiums per capita were US\$17 and aggregate life premiums represented approximately 1% of GDP.

The Philippines industry is regulated by the Philippines Insurance Commission. The most significant recent regulatory change was the Personal Equity and Retirement Accounts legislation that was passed in 2007. The program has not yet been implemented but is intended to encourage retirement saving by providing tax incentives for investment products such as annuities, mutual funds, unit trusts and insurance products. In addition, the Philippines is considering the introduction of risk based capital adequacy requirements.

The life insurance market is highly concentrated with the top five players accounting for approximately 61% of the market:



Source: Philippines Insurance Commission

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With the exception of Insular Life, foreign insurers dominate the market. In August 2009, Philam Life, a subsidiary of AIA, acquired a 51% stake in Ayala Life Assurance Inc ("Ayala Life"), the life insurance subsidiary of the Bank of the Philippine Islands ("BPI"). Ayala Life will become the vehicle for the bancassurance partnership of BPI and Philam Life.

While traditional life products previously dominated the Philippines market, the unit linked market has been growing steadily over the last few years. On the other hand, there has been limited development of distribution channels in the Philippines market. Agency numbers have been flat over the last five years at just over 40,000. The bancassurance market is in its infancy but is expected to benefit from the recent BPI and Philam Life partnership.

The outlook for the Philippines market is underpinned by population growth and the increased penetration rates that are expected to accompany growing affluence. On the other hand, political instability, a complicated legal framework and extensive bureaucracy may hinder market growth.

5.5.2 Business Overview

AXA APH has a 45% interest in Philippine AXA Life ("PAL"), a joint venture with the Metrobank Group, the second largest bank in the Philippines. The Metrobank Group provides exclusive access to 566 bank branches and a broad customer base. For the six months ended 30 June 2010 PAL was ranked second by total premium income in the Philippines with a market share of 13.2%.

Historically PAL has sold single premium unit linked products, but following the global financial crisis the business has been refocused on more stable regular premium products. PAL has recently launched a new traditional life and endowment product and restructured its unit linked product to incorporate a guarantee.

Despite a 29% increase in bank advisers and agent numbers in 2009, PAL's distribution business still relies heavily on its relationship with Metrobank Group. For the half year ended 30 June 2010, bancassurance represented around 61% of new business index, agency around 23%, telemarketing 10% and group 7%. PAL has recently received approval to telemarket to Metrobank Group's credit card customers.

5.5.3 Operating Performance

The operating performance of PAL for the four and a half years ended 30 June 2010 is illustrated below:

PAL – Operating Performance (Peso million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Closing in-force premiums	1,315	1,677	1,862	2,127	2,386
New business index	1,221	2,226	1,022	1,035	718
Closing FUM	22,673	33,953	30,553	32,666	32,693

Source: AXA APH

The sharp fall in new business index in 2008 was the result of a reduction in unit linked sales following the global financial crisis. As the largest provider

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of unit linked products in the Philippines market, PAL's business was seriously affected. A greater focus on traditional life and endowment products as well as new marketing campaigns resulted in PAL's improved performance in 2009.

2010 is anticipated to be a better year as market conditions began to improve near the end of 2009. In the six months ended 30 June 2010, the new business index increased by 83% relative to the previous corresponding period and 12% relative to the six months to 31 December 2009. This growth reflected both the launch of new products and an improvement in general market conditions. However, annualised operating earnings for the six months ended 30 June 2010 fell by 5% relative to earnings for the year ended 31 December 2009.

PAL's sales performance continued to be strong in the third quarter of 2010 with PAL's new business index for the nine months ended 30 September 2010 increasing by 92% in local currency terms against the previous corresponding period.

PAL's strategy is to expand its existing bancassurance and agency distribution capabilities as well as to seek to develop new channels. PAL will also focus on reweighting its product mix towards regular premium products and target more specific customer segments in terms of product design and marketing initiatives such as the young and mature mass affluent segments as well as the high net worth segment.

5.6 Malaysia

5.6.1 Industry Overview

The Malaysian life insurance market was estimated at US\$5.7 billion (RM20 billion) in 2009, measured by life insurance premiums, making it the 33rd largest life insurance market in the world³⁴. In local currency terms, life insurance premium income fell by 1.6%. In 2009, life insurance premiums per capita were US\$205 and aggregate life premiums represented approximately 3% of GDP.

Since 2005, premium growth rates have been significantly lower than the rest of the region and life premiums as a percentage of GDP have been declining (although they increased in 2009). This decline may in part be attributable to the growth in sales of takaful products, which are not included in industry statistics but are believed to account for approximately 8% of premiums.

The market is regulated by the Bank Negara Malaysia, the Malaysian Central Bank. In April 2009, the regulator announced the relaxing of a number of restrictions on foreign insurers to increase competition in the market, including:

- permitting foreign ownership of up to 70% and considering ownership beyond 70% on a case by case basis;
- granting additional takaful licences;
- enabling locally incorporated insurance and takaful companies to establish branches nationwide without restriction; and

³⁴ Based on the year ended 31 March 2010.

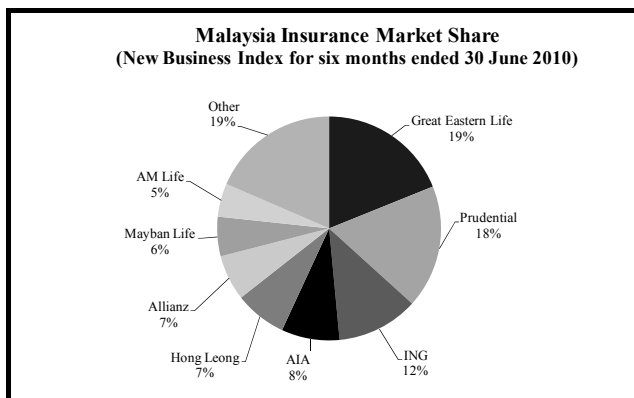
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- removing restrictions on both local and foreign operators from entering into bancassurance and bancatakaful partnerships.

These changes follow the introduction of tax incentives over the last few years that were designed to accelerate development of the Malaysian insurance industry. Malaysia has a compulsory retirement savings system called the Employee Provident Fund and is expected to introduce a risk based capital requirement regime.

The Malaysian market is relatively concentrated with the top four companies accounting for approximately 57% of the market. Great Eastern Life is the industry leader followed by three other foreign firms:



Source: Bank Negara Malaysia

As in the rest of Asia, unit linked products experienced significant growth until 2008 at the expense of the market for traditional products. The growth of unit linked products has offset a decline in sales of traditional products. Given Malaysia's large Muslim population, takaful products are also generating growth in new business.

5.6.2 Business Overview

AXA APH has a 49% interest in AXA AFFIN Life Insurance Berhad ("AXA AFFIN Life"), a joint venture with AFFIN Holdings. AFFIN Holdings is a public financial services company formed through the consolidation of a number of finance companies over the last ten years. Its subsidiary, AFFIN Bank, has 85 conventional branches and a growing network of takaful branches under the brand AFFIN Islamic. AFFIN Bank is the 9th largest bank in Malaysia.

Established in 2006, AXA AFFIN Life is still a relatively young business and its joint venture partner has a modest share of the banking market. As a result AXA AFFIN Life is only ranked 12th, with a market share of 2.3% based on the new business index for the six months ended 30 June 2010. AXA AFFIN Life primarily markets investment linked products and its business was significantly affected by the recent investment market downturn.

AXA AFFIN Life distributes products primarily via its bancassurance channel (72%) and its agency network (16%). The bancassurance channel

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was enhanced in 2009 through the establishment of a non-exclusive relationship with Citibank. The bancassurance channel is also being assisted by telemarketing (which represented 12% of sales in the half year ended 30 June 2010) and direct marketing campaigns. AXA AFFIN Life's tied agency network has underperformed and AXA AFFIN Life has now put in place initiatives to grow agent numbers and improve productivity.

5.6.3 Operating Performance

The operating performance of AXA AFFIN Life for the four and a half years ended 30 June 2010 is illustrated below:

AXA AFFIN Life – Operating Performance (Ringgit million)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Closing in-force premiums	20.9	22.0	34.3	45.1	63.4
New business index	0.5	5.5	18.4	39.8	43.3
Closing FUM	276.9	282.5	269.9	408.6	555.6

Source: AXA APH

A number of initiatives were implemented during 2009 to improve performance, including the employment of a new senior management team and the development of new bancassurance relationships. As a result AXA AFFIN Life's operating performance improved in the second half of 2009 and the first half of 2010. The strong performance over the last 18 months reflects a successful agency recruitment drive which resulted in a 58% increase in agent and adviser numbers at 30 June 2010 compared to numbers at 31 December 2009. AXA AFFIN Life's bancassurance performance has also been strong due to the successful launch of a single premium capital protection product and improved relationships with strategic partners.

AXA AFFIN Life's strong sales performance has continued through to the third quarter of 2010 with the new business index for the nine months ended 30 September 2010 101% higher in local currency terms than for the previous corresponding period.

Management is focussed on growing the business to develop the scale required to achieve profitability. Initiatives are in place to organically grow the main distribution channels – bancassurance, agency, broker and telemarketing - as well as establishing new partnerships. However, AXA AFFIN Life may consider opportunities to grow the business by acquisition as they become available.

5.7 India

5.7.1 Industry Overview

The Indian life insurance market was estimated at US\$57.1 billion (R2.7 trillion) in 2009, measured by life insurance premiums, making it the 9th largest life insurance market in the world. In local currency terms, the market increased by over 23% in 2009, making it one of the strongest growing markets in the region. In 2009, life insurance premiums per capita were US\$48 and aggregate life premiums were approximately 5% of GDP.

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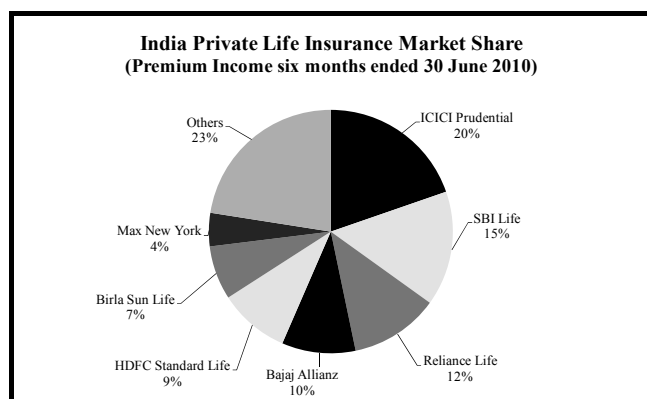


Prior to 2000 the Indian insurance market was exclusively serviced by a 100% government owned entity, the Life Insurance Company of India (“LIC”). Following industry de-regulation and the opening of the market to private competition in 2000, there has been massive structural change in the industry. This change has been accelerated by the introduction of unit linked products in 2005. These developments have attracted numerous entrants to the market, spurred product innovation and resulted in a broadening of distribution channels. As a result, premiums as a percentage of GDP have jumped from around 1.8% in 2000 to approximately 2.5% in 2005 and around 4.0% in 2006.

The Insurance Regulatory & Development Authority (“IRDA”) regulates life insurance companies in India. IRDA has taken an active role in regulating the market. In November 2009, the IRDA placed caps on all charges relating to unit linked products. This cap has had an adverse impact on profit margins but may drive volume growth, particularly towards longer term products. In addition, in July 2010, the IRDA regulated changes to the pricing and surrender charges relating to unit linked investment products. The IRDA also mandated guaranteed return levels on regulated referrals which will impact distribution channels. Other changes implemented are expected to increase capital requirements and may result in a decline in unit linked products.

The IRDA is also considering removing some of the current tax incentives for insurance products. Any changes are scheduled to be implemented in 2012. Other regulations in India include a 26% cap on direct foreign investment in life insurance companies. However, the Indian Government is considering increasing this cap to 49%.

The market is very concentrated, with the government owned LIC accounting for close to 51% of premium income. Since private operators entered the industry in 2000 they have captured around 49% of the market. The shift in market share has in part been the result of private operators’ focus on popular unit linked products. The largest private operator is ICICI Prudential, although it is slowly losing market share to other private participants:



Source: IRDA

The de-regulation of the Indian insurance market has seen fierce competition for market share, with numerous market participants seeking to rapidly grow their businesses via aggressive price competition. The result has been that the industry overall has achieved very low levels of profitability. Pressure on

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profitability has been exacerbated by the recent regulatory changes, which have significantly reduced product margins and increased capital requirements.

Unit linked products have dominated the Indian market over the last five years and now represent around 70% of new business. As investments in life insurance products benefit from tax incentives these products are an efficient way of investing. However, unit linked products have suffered as equity markets fell during the global financial crisis. The lack of confidence in these products has resulted in a fall in persistency rates, which has put further pressure on profit margins.

Unlike the LIC, which predominantly uses an agency sales force, private sector insurance companies use a wider range of distribution channels including individual agents (~55%), bancassurance (~20%), corporate agents (~10%) brokers (~3%) and direct sales (~12%).

5.7.2 Business Overview

AXA APH has a 13% equity interest (potential 30% economic interest) in Bharti AXA Life ("BAL"). The remaining interests in the joint venture are held by Bharti Enterprises Private Limited ("Bharti Enterprises") (74%), an Indian company with interests in telecommunications, agriculture and infrastructure projects, and AXA SA (13%). AXA SA acquired its interest in BAL from AXA APH in May 2009 for \$97 million. AXA APH also has 37.5% interest in Bharti AXA Investment Managers, an investment management business.

BAL was established in 2006, and at June 2010 was ranked 15th of the 22 private sector participants based on weighted new business premiums, with a market share of 0.65% (based on all market participants). It is focussed on the distribution of unit linked products, primarily through a distribution network of over 37,000 agents and advisers. Agent and adviser numbers fell by 11% in 2009 due to a greater focus on improving agent productivity but increased by 9% in the six months ended 30 June 2010. Retention of agents is a challenge with average agent tenure of approximately six months. High agent turnover and the cost of supporting an agency structure have made it difficult to achieve profitability.

BAL also distributes products through a number of other distribution channels. For the six months ended 30 June 2010 its new business was written through agency (56%), salaried sales force (16%), brokers (21%) and bancassurance (7%). As part of its relationship with Bharti Enterprises, BAL's products are also being sold exclusively to customers of Bharti Airtel (the largest cellular service provider in India) via telemarketing and direct selling. However, to date, this channel has not been very successful. As well as experiencing poor productivity, BAL's distribution channels have experienced poor persistency. A key distribution objective is to secure more productive bancassurance and corporate broker relationships.

5.7.3 Operating Performance

The operating performance of BAL for the four and a half years ended 30 June 2010 is illustrated below:

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BAL – Operating Performance (Rupiah million) - 100% Basis					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Closing in-force premiums	28	845	3,415	5,370	6,968
New business index	28	892	3,313	3,762	2,358

Source: AXA APH

BAL is a young business in a very large and rapidly growing but extremely competitive market. It is yet to make a profit and is not projected to break even for four to five years. The business will continue to require capital injections by the joint venture partners over this period. BAL's operating earnings in 2009 and 2010 (as illustrated in the table in section 5.1) reflect AXA APH's reduced interest in the business from May 2009, as well as higher average agency numbers and new alternative distribution channels. The short term business focus is to limit geographic growth, reduce controllable costs and improve productivity. BAL has already launched a series of new products that comply with the new IRDA regulations.

BAL's Ambition 2012 objective is to "gain significance in the market profitably". It hopes to achieve this by restructuring its agency channel with a more variable cost structure, leveraging off its relationship with Bharti Enterprises, expanding the corporate agency and broker channels and seeking additional bancassurance relationships, in particular a strong bancassurance partner.

5.8 China

5.8.1 Industry Overview

The Chinese life insurance market was estimated at US\$109.2 billion (Rmb746 billion) in 2009, measured by life insurance premiums, making it the seventh largest life insurance market in the world. In local currency terms, the market grew by 49% in 2008 and 12% in 2009. In 2009, life insurance premiums per capita were US\$82 and aggregate life premiums represented approximately 2% of GDP.

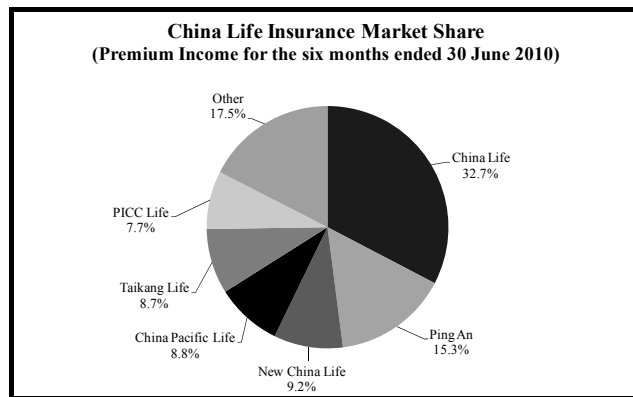
The Chinese life insurance market has seen significant growth over the last five years but was particularly strong in 2008. This growth is consistent with the rapid economic development of the country and the relatively low levels of life insurance penetration. The lower growth rate in 2009 reflected a decline in investment linked products. Growth is expected to continue to be strong as population and income levels increase and product and distribution channels in the industry develop.

The Chinese insurance industry is regulated by the China Insurance Regulatory Commission ("CIRC"). CIRC regulates licensing, product design, balance sheet composition and competitive behaviour. Regulations include a 25% cap on foreign ownership of domestic firms and a 50% cap on foreign invested joint ventures³⁵. There is also a cap on domestic banks' interest in insurance companies of 20% but this is being relaxed. There are no specific restrictions on licensing (approvals for new branches) for foreign participants. However, foreign insurance companies have had limited success in securing the licences required to expand their businesses.

³⁵ Introduced in 2001.



In China the life insurance market is dominated by three main players, China Life, Ping An and China Pacific, which jointly control over 60% of the market:



Source: Life Supervision Division of CIRC

The top three participants' dominance of the market has reduced from a share of 75% in 2004 as the market has matured. A number of new participants have entered the industry as the market has been progressively deregulated. However, foreign participants have an aggregate market share of only around 5%. One of the leading foreign insurance companies in China, AIA, has a market share of only around 1%, notwithstanding that it has been in the Chinese market for over 17 years.

The majority of products sold in the Chinese market are traditional insurance products, principally distributed through agency and bancassurance channels. Agents generally focus on long term regular premium products while the bancassurance channel has tended to sell, including short term single premium and unit linked products. The market for unit linked products has suffered as a result of the investment losses experienced through 2008 and 2009. Many foreign participants are seeking non-exclusive bancassurance distribution agreements (despite their lower margins) due to the challenges of building sustainable tied agency businesses.

As a result of various industry sales malpractices that became evident through the recent downturn in investment markets, the CIRC has recently taken steps to improve industry standards, including recommending changes to distribution remuneration arrangements and improving sales force qualifications.

The outlook for China's life insurance market is very strong, driven by strong economic conditions and growing income levels and household wealth. Growth is also expected to be driven by increased urbanisation, distribution expansion, increasingly supportive regulatory reforms and product innovation. For foreign participants, however, it appears that meaningful growth and profitability will continue to be elusive unless practical regulatory reform provides an opportunity to build businesses of the scale required to be competitive in the Chinese market.

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5.8.2 Business

Until recently, AXA Minmetals Assurance Company Limited ("AXA Minmetals") was a joint venture between AXA APH (25%), AXA SA (26%) and Minmetals Corporation (49%). It received CIRC approval to commence business in China in 1999. AXA Minmetals currently operates in 12 cities in China, all located on the east coast, and has recently been successful in obtaining an additional licence in the province of Zhejiang.

AXA Minmetals employs multiple distribution channels. Distribution shares for the half year ended 30 June 2010 (as measured by the new business index) were 18% for the AXA Adviser salaried sales force, 25% for the bancassurance channel, 12% for agency and 45% for group and other. The AXA Adviser salaried sales force is unique in the Chinese market.

In October 2010, the AXA Minmetals joint venture partners announced that Industrial and Commercial Bank of China Co Ltd ("ICBC") would become a shareholder and strategic partner in AXA Minmetals. ICBC is China's largest bank by assets and market value. It has 16,000 branches throughout China and 200 million customers. As part of the transaction ICBC will acquire a 60% interest in AXA Minmetals for RMB1,175 million. AXA APH's interest will decline to 13.5%, AXA SA 14.0% and Minmetals 12.5%. AXA APH will retain an option to acquire an additional 2.5% from Minmetals. The transaction is still subject to regulatory approval and is unlikely to have a material impact on the business until 2012. ICBC currently distributes insurance products through non exclusive distribution agreements. However, AXA Minmetals is ICBC's first investment in an insurance manufacturing business. Following the transaction, AXA Minmetals will change its name to ICBC-AXA Life Insurance Co Ltd.

5.8.3 Operating Performance

The operating performance of AXA Minmetals for the four and a half years ended 30 June 2010 is illustrated below:

AXA Minmetals – Operating Performance (Rmb million)					
100% Basis					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Closing in-force premiums	155.4	213.5	328.8	533.9	672.1
New business index	78.0	145.4	171.7	297.8	212.9

Source: AXA APH

AXA Minmetals has increased branch numbers from three in 2006 to 13 in 2010, which has been the main driver of growth. This growth has been enhanced by AXA Minmetals' multi-channel distribution capability, and in particular, success through the salaried sales force channel. In 2009 and 2010, the group and bancassurance channels also made significant contributions to new business.

Following the recently announced proposed transaction with ICBC, AXA Minmetals aims to capitalise on its new joint venture partner's strong market position and aggressively increase branch numbers, launch new products and grow distribution channels.



5.9 ipac Asia

ipac Asia is a financial advice and investment group that advises clients in Hong Kong, Singapore and Taiwan. ipac Portfolio Management (Dublin) Limited (“ipac Dublin”) is the platform for managing the multi-manager investment funds and also provides investment solutions for ipac Asia. The platform is also distributed through dealer arrangements in Singapore. FUMA as at 30 June 2010 was \$689 million, a 23% decrease from 31 December 2009.

ipac Asia – Operating Performance (\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Operating earnings	(8.2)	(5.6)	(6.4)	(9.0)	(3.3)
Closing FUMA	425.6	682.4	891.3	898.8	689.1
Value of one year’s new business	3.0	4.9	6.4	3.3	1.2 ³⁶
New business index	17.8	28.3	49.8	14.2	4.3

Source: AXA APH

Although retail fund flow was down in 2008, a large fund transition worth \$225 million from AXA Life Singapore to the ipac Dublin platform resulted in higher FUMA across the group. ipac Asia’s performance in 2009 was adversely impacted by lower average FUMA over the year, although closing FUMA at 31 December 2009 was in line with the previous year. In the six months ended 30 June 2010, ipac Asia’s operating earnings increased by 42% relative to the previous corresponding period. This growth was driven by an 18% increase in (higher margin) average retail funds under management and cost savings. Total FUMA reduced due to the withdrawal by Acsis South Africa of funds from ipac Dublin.

³⁶ Value of one year’s new business for the half year ended 30 June 2010 is based on new business for the six months ended 30 June 2010.

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6 Australia and New Zealand Businesses

6.1 Background

AXA APH is a major provider and distributor of wealth management and financial protection products and services in Australia and New Zealand. The major brands of AXA APH in these markets include AXA, Charter, ipac, Tynan Mackenzie, Jigsaw, Summit, Generations, Genesys, North, Spicers and AllianceBernstein.

AXA APH's business in Australia ("AXA Australia") had approximately \$55 billion in FUMA and in-force premiums of \$730 million as at 30 June 2010. AXA Australia is represented by approximately 1,630 advisers through owned or aligned advisory businesses and has relationships with more than 5,000 non-aligned advisers.

AXA APH's business in New Zealand ("AXA New Zealand") had approximately NZ\$5.8 billion in FUMA and in-force premiums of NZ\$185 million as at 30 June 2010. AXA New Zealand's advisory business has direct access to approximately 430 advisers, including Spicers advisers.

The AXA Australia strategy is to provide quality financial advice and financial solutions to customers in targeted segments through multi-channel distribution supported by a single wealth platform technology, a single platform for financial protection and a single platform for adviser services.

6.2 Strategy

In November 2007, AXA APH announced the Ambition 2012 goals for AXA Australia and AXA New Zealand (jointly "AXA ANZ"). These goals are summarised below:

Ambition 2012		Position at 30 June 2010	Goals 2012
Overall	Double illustrative enterprise value	\$6.6bn	\$14.0bn
1	Double the value of new business	\$200m	\$400m
2	Top 3 in both net retail funds flow and net premium flows	Aus 11 th & 6 th NZ 3 rd & 6 th	Top 3 Top 3
3	Double funds under advice including aligned channels	\$35bn	\$70bn
4	Reduce cost to income ratio by 20%	55.9%	38.3%
5	Top third for customer and adviser satisfaction	Aust 62 nd NZ 50 th	Top third >67 th percentile
6	Top quartile for employee engagement	Aust 42 nd NZ 54 th	Top quartile >75 th percentile

Source: AXA APH

AXA Australia and AXA New Zealand have made only limited progress towards achieving the Ambition 2012 goals. The illustrative enterprise value of \$6.6 billion is 6% below the illustrative enterprise value of the business when the goals were launched in 2007.

AXA Australia's performance over this period is a direct result of the significant fall in FUMA and consequent reduction in operating earnings in the wealth management business that followed the global financial crisis. AXA Australia has reduced operating expenses and is focused on growing new business sales through its platforms and guaranteed North product. Launched in late 2007, North now accounts for \$1.4 billion (as at 30 June 2010) of AXA Australia's FUMA. It

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accounted for 5.1% of the market's net fund flows into platforms in the 12 months to 30 June 2010.

Operating expenses are expected to be reduced in the medium term, following the rollout of a new generation platform on Wealth.net technology that will provide an e-wrap service to which AXA Australia will migrate existing offerings. The platform will be fully integrated and supported by a single technology, as opposed to the multiple technologies supporting the platforms currently offered by AXA Australia's wealth management business.

In contrast to the wealth management market, the Australian and New Zealand financial protection markets have grown strongly during the economic downturn. Overall Australian market in-force premiums grew at a compound rate of 14.4% per annum for the three years to 31 March 2010. New Zealand market in-force premiums grew at a compound rate of 10.6% per annum for the same period.

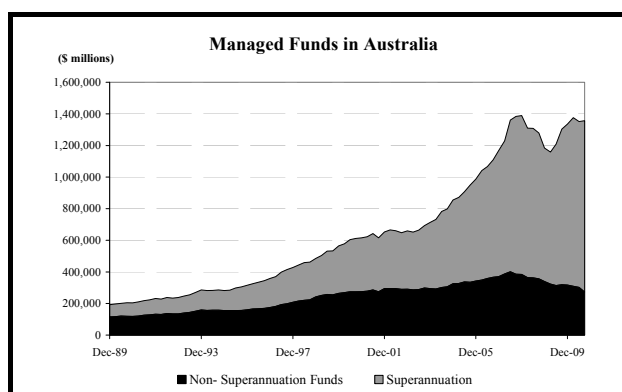
As part of Ambition 2, the Australian and New Zealand Financial Protection businesses aim to be ranked in the top three in net premium flows in their chosen segments. To achieve this AXA APH intends to improve its product offering, strengthen relationships with advisers and improve services to advisers and customers. From the first quarter of 2010, AXA APH's retail insurance offer was made available through all of AXA APH's wealth management platforms.

6.3 Wealth Management Industry

6.3.1 Australian Wealth Management Industry

Wealth management businesses earn revenue from providing advice services and managing investment funds for individuals or institutions. Key services of wealth management businesses include financial advice and distribution, platform management, product manufacturing, investment management and various trust services.

The wealth management industry in Australia has enjoyed significant growth over the last two decades. FUM increased from \$201 billion as at 30 June 1990 to approximately \$1.4 trillion as at 30 September 2010, making Australia the fourth largest onshore managed funds market in the world. The growth in the Australian managed funds market is illustrated below:



Source: ABS: B18 Managed Funds Australia

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The value of managed funds peaked in September 2007 before falling significantly in subsequent months following the onset of the global financial crisis, reflecting the reduction in the market value of the underlying investments and a sharp fall in net inflows into managed funds. Since March 2009, however, the value of managed funds has rebounded as market conditions have improved and investor confidence has recovered. Despite the overall fall in FUM since September 2007, the compound annual growth rate of FUM in the wealth management sector for the decade to September 2010 was approximately 8% per annum.

Superannuation funds dominate the Australian wealth management industry, accounting for approximately 75% of FUM. Superannuation assets have grown rapidly since mid the 1990s, underpinned by government policies to encourage self provision for retirement. In particular, the Superannuation Guarantee Scheme, introduced in 1992, has mandated compulsory contributions, originally at 5% of payroll and then increased to 9% in July 2002, which has delivered a substantial ongoing flow of funds into the wealth management sector. Following the Henry Tax Review, the federal government announced in May 2010 that it would further increase compulsory contributions to 12% by 2020. In addition, taxation concessions have incentivised individuals to increase voluntary contributions. The value of superannuation fund assets placed with investment managers (as opposed to self-managed funds and superannuation assets held in life office funds) has increased at an average rate of approximately 12% per annum over the 10 years to 30 September 2010. This trend is expected to continue, reflecting rising compliance costs and the increasing requirement for specialist expertise.

Growth in superannuation assets is expected to continue as a result of increasing awareness among Australians that current superannuation contribution rates may not be sufficient to fund desired retirement lifestyles.

In addition to the substantial increase in fund inflows as a result of superannuation contributions, growth in managed funds in Australia has been driven by:

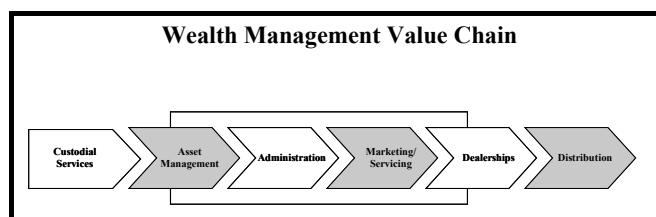
- growth in the market value of the underlying investments and the high investment returns achieved from Australian equities (up until late 2007);
- growth in the size of the Australian workforce as well as the number and wealth of the baby boomers reaching pre-retirement and retirement ages;
- growth in investment platforms as the preferred vehicle for administration of underlying investments, giving retail investors the opportunity to access a broader range of investment products than could previously be directly accessed on a cost-effective basis;
- greater financial literacy among Australians, which in turn has led to a desire to have choice, flexibility and diversification in investments; and
- increasing investor interest in accessing offshore and non-traditional investments, such as infrastructure trusts and hedge funds.



Industry structure

Over the last decade, the Australian wealth management industry has undergone both significant growth and structural change. Most notably, this change has included:

- the “deconstruction” of the wealth management value chain into several discrete components including asset management, asset administration (including master trusts and wrap accounts), marketing and advice, as shown below:



- the increased role of banks in the market through their acquisition of various major wealth management institutions;
- the growth of boutique asset managers to cater for increasing demand for specialist investment products;
- the emergence of master trusts and wrap platforms as the preferred vehicles for investment administration, offering customers greater choice and access to a greater range of product providers; and
- greater regulation, which has made the Australian wealth management industry one of the most regulated in the world, affecting compliance, costs and fee structures.

Asset management

Asset management in Australia is characterised by a small number of large investment managers, some owned by international participants, domestic banks and life insurance companies, as well as a growing number of small to medium sized boutique asset managers (some of which have listed on the ASX). In recent years asset management has moved toward specialist managers for each asset class, reflecting an expectation that sector specific investment managers will achieve superior performance.

Consistent with the shift towards specialist managers, multi-manager or fund of funds products have become an increasingly popular investment option. Through a single fund, these products offer investors the opportunity to diversify across a range of specialist fund managers as well as asset classes. These products allow access to investment managers not generally available to smaller investors and seek to lower the risk of fund underperformance by employing a range of investment managers with complementary investment styles. Fund underperformance represents the major risk to the revenue of individual fund managers.

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Platform management and administration

Platforms, including master trusts and wrap accounts, are portfolio administration services designed to ease the administrative burden associated with the management of diversified investment portfolios. Platforms typically allow retail investors to invest in funds and other securities (including shares, financial protection products and other listed investments) across a range of asset classes and providers, and incorporate sophisticated reporting facilities to allow investors and their advisers to monitor investment performance and related taxation implications. They have become a major component of the wealth management and financial protection sector in Australia as they provide administrative convenience and choice to retail investors. Investment inflows through platforms have rapidly overtaken other sources of funds inflow over the last few years. Platform funds are primarily held by the major industry participants, with the top ten platform providers holding approximately 89% of funds under administration as at 30 June 2010.

Major Platform Providers as at 30 June 2010³⁷			
Rank	Company	FUMA (\$ billions)	Market share (%)
1	BT/Westpac	88.9	19%
2	NAB/MLC	74.8	16%
3	CBA/Colonial	70.5	15%
4	AMP	51.0	11%
5	ING/ANZ	38.4	8%
6	AXA APH	25.6	5%
7	Macquarie Group	25.6	5%
8	IIOF	23.9	5%
9	Mercer	13.7	3%
10	Perpetual	8.0	2%
Total (top 10)		420.5	89%
Total retail market		471.0	100%

Source: Plan for Life

Note: Excludes FUMA on third party platforms.

Platforms are expected to continue to capture a significant share of retail funds and an increasing number of corporate superannuation funds as these funds transfer to products administered through platforms. Many industry participants believe platforms will grow at rates in excess of the managed funds sector growth rate.

Financial advice and distribution

As an intermediary between retail investors and fund managers and administrators, financial advisers have a strong influence on the placement of funds into retail products and services. The demand for professional financial advice is expected to increase as individuals take an increased responsibility for funding their retirement.

Financial advisers have been responsible for driving much of the flow of funds through platforms. Recent industry research indicates that, on average, financial planners use three platforms. Service levels provided by platform operators are important to the success of financial planning businesses and are a key consideration in determining advisers' choice of platform for

³⁷ Table excludes cash management trusts and represents the administrator's view of the retail platform market.

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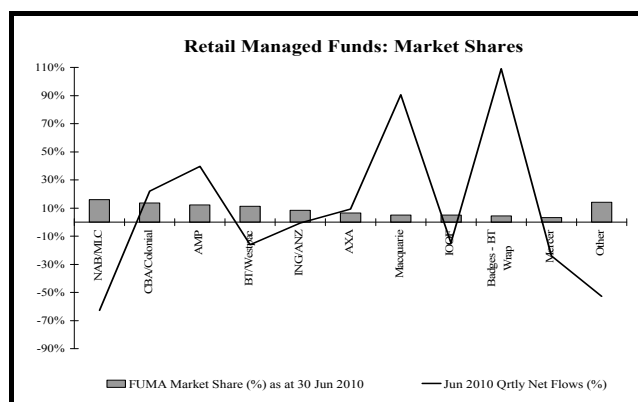
administration of their clients' investments. Financial advisers are also instrumental in the distribution of financial protection products, which are sold independently and often cross-sold with wealth management products.

Industry Participants

Continued consolidation in recent times has resulted in further concentration in the Australian wealth management industry.

The sector can be classified as one with medium barriers to entry, with considerations such as the costs of establishing a fund, costs associated with compliance, employing competent staff, access to distribution through platforms and financial planners, advertising and developing a strong brand, limiting the number of sector participants.

The managed funds market is made up of retail funds, regular premium funds (life office) and wholesale funds, of which retail funds contribute approximately 40% of industry revenues. The top 10 companies held approximately 85% of the total retail market:



Source: Plan for Life

Note: Chart does not include self-managed superannuation funds.

Two areas of notable growth in the wealth management sector are that of industry funds and self-managed superannuation funds ("SMSF").

Industry funds are multi-employer superannuation funds designed to cover employees in a particular industry or group of industries, or in a particular geographic area. Industry funds tend to be cost effective as they often have large memberships and scale and do not incur the costs associated with running large distribution networks. As at 30 June 2010, industry funds accounted for approximately 16% of the total wealth management market with approximately \$219 billion of FUM.

In Australia the SMSF market is the largest and fastest growing segment in the superannuation market accounting for approximately 32% of the superannuation market as at 30 June 2010. SMSF market had approximately \$391 billion in FUM as at 30 June 2010 and a growth rate of approximately 21% per annum over the last five years.

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All of the major banks have involvement in the wealth management sector and have significant market shares across the retail components of the wealth management market.

Regulatory environment

Australia's regulatory environment for the financial services industry is one of the most stringent in the world and has been instrumental in supporting the industry during the global financial crisis.

A financial services licence is required to carry on a financial services business in Australia. ASIC oversees the financial services licensing regime, introduced by the Financial Services Reform Act 2001 ("FSRA"), which has been in place since March 2004. The objective of the FSRA was to bring the regulation of all financial services and products under one regulatory framework and increase the level of compliance and competency in the financial services industry.

Some entities (such as "regulated" superannuation funds, investment managers and insurance providers) are also supervised by APRA. SMSF are under the supervision of the Australian Taxation Office.

The Federal Government continues to refine financial services regulation. On 30 May 2008, ASIC released a consultation paper seeking comment on regulatory steps and other options it might implement to assist consumers to get simple, cost effective advice about how to use their superannuation fund.

The increasing regulation of the financial services industry has required industry participants to invest in training, systems, compliance and product documentation. Compliance costs continue to increase, placing pressure on the profitability of participants.

The financial services industry in Australia is expected to be further reshaped following the outcomes of a number of reviews, including the Ripoll Inquiry (into Australia's financial products and services), the Cooper Review of Superannuation and the Henry Tax Review. The main impacts on the industry are expected to include:

- changes in the way in which financial advisers are remunerated, with a movement away from commissions and towards transparent fee for service arrangements;
- improved professional standards of advisers; and
- the introduction of standardised, low cost superannuation solutions for customers who do not have complex investment requirements.

In the short term the changes to professional adviser standards will impose some costs on the industry as advisers seek to meet new standards, and may in some cases result in adviser churn as advisers leave the industry. However, in conjunction with the fee-for-service model, the higher adviser standards are expected to result in a stronger, more transparent industry that will be more appealing to consumers.

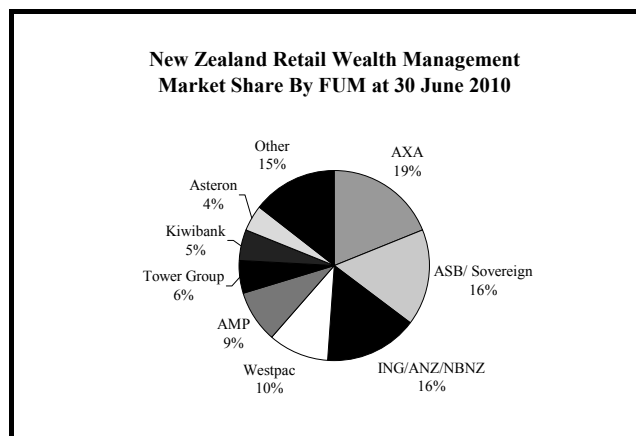
6.3.2 New Zealand Wealth Management Industry

As at 30 September 2010, FUM in the New Zealand wealth management market totalled approximately NZ\$64.2 billion (up from NZ\$58.0 billion at



30 September 2008 and NZ\$61.1 billion at 30 September 2009), representing approximately 4.6% of the Australian market size. After declining in 2009, total market FUM has increased in part due to KiwiSaver which at 30 September 2010 had total FUM of NZ\$7.1 billion.

The New Zealand retail wealth management market is highly concentrated with the top eight competitors accounting for close to 86% of the overall market. The market shares of the major market participants ranked by FUM are illustrated below:



Source: FundSource and AXA APH

Whilst the New Zealand wealth management industry shares some fundamentals with the Australian wealth management industry, there are notable differences:

- relative to the Australian wealth management market, the New Zealand market is weighted more heavily toward individual life risk protection than superannuation;
- the New Zealand government has not introduced a compulsory superannuation regime or taxation incentives to encourage growth in retirement savings;
- barriers to entry into the market are not as significant as those in Australia as the market is not as highly regulated; and
- in the absence of a compulsory superannuation regime, long term growth in the New Zealand funds management industry is not forecast to be as strong as in Australia.

In 2007, the New Zealand government introduced KiwiSaver in an effort to bridge the gap between individuals' savings and retirement expectations. Essentially, KiwiSaver is a voluntary, work-based savings initiative to help New Zealanders with their long-term saving for retirement. The New Zealand wealth management industry is generally supportive of KiwiSaver. However, many market participants believe that, in addition to high compliance costs, the voluntary nature of the scheme will reduce its effectiveness.

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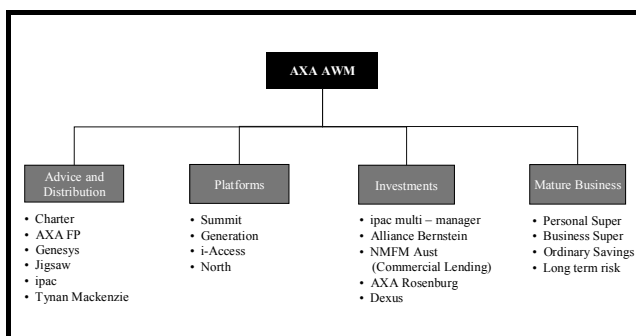
Regulatory environment

New Zealand’s wealth management industry is subject to relatively light regulation by international standards, but there are substantial regulatory changes pending for the New Zealand market that will increase the extent of regulation. On 28 April 2010 the Minister of Commerce, the Hon. Simon Power, announced the formation of a new regulator of New Zealand’s financial markets. The new Financial Markets Authority (FMA) will consolidate functions currently fragmented across the Securities Commission, the Ministry of Economic Development, the Government Actuary and the New Zealand Stock Exchange. It is expected that the FMA will be active early in 2011. The Securities Act is under review with the revised Act expected to be brought into force in 2012. The Advisory Industry has now been regulated under the Financial Advisers Act 2008, which calls for registration and minimum standards for advisers, and takes effect on 1 July 2011.

6.4 Australian Wealth Management Business

6.4.1 Business Overview

AXA APH’s Australian wealth management business (“AXA AWM”) has operations across the wealth management value chain, in advice, platforms and investment management. In addition, it manages a “Mature business” that consists of various products that are in run-off, are no longer open for new business or are no longer being actively marketed but do accept inflows from existing clients.



Source: AXA APH

AXA AWM had a market share of approximately 6% of the Australian wealth management market as at 30 June 2010. AXA AWM’s products are targeted at households with annual income in the range \$100,000 to \$250,000, children at home and adults aged between 35 and 50. AXA AWM’s products are sold through its owned, aligned and non-aligned channels.

Investments

AXA AWM provides investment management services through a combination of joint venture arrangements with specialist investment managers, outsourced investment management arrangements and in-house investment product manufacturing. In particular:

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- a joint venture with international funds manager AllianceBernstein provides a variety of investment products including Australian and international equities, Australian and international fixed interest and listed property. AllianceBernstein is responsible for day to day investment management while AXA APH provides marketing and retail distribution in the Australian market place;
- specialist investment products are provided either in-house, through the AXA Group's investment management capability or by third parties. Dexus Funds Management provides direct property investment products and AXA Australia's in-house commercial lending team is responsible for mortgage investments; and
- the ipac business provides specialist multi-manager services covering all major asset classes. AXA AWM's ipac multi-manager enables investors to diversify across a range of asset classes or managers in a single investment.

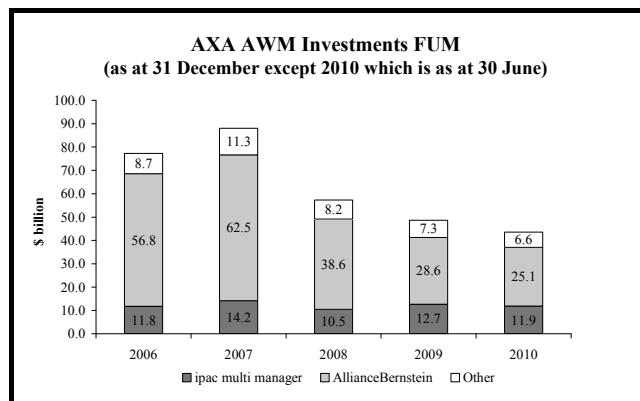
The performance of AXA AWM's investment management business over the last couple of years has been disappointing, in part a reflection of the impact of the global financial crisis and its impact on the global financial services sector. The performance of AllianceBernstein's funds in 2008 was poor, particularly in relation to its international equities funds, which underperformed relative to benchmarks due to an overweight position in the financial services sector. This performance has recovered somewhat since the second half of 2009. Despite this improvement in performance, there have been substantial net fund outflows from the AllianceBernstein funds and a sharp fall in fee income. Liquidity issues associated with its mortgage and property funds forced AXA AWM to impose limits on redemptions and the property funds are now closed for new investment. As at 30 September 2010, AllianceBernstein had FUM of approximately \$24.4 billion, representing a 15% decline on FUM as at 31 December 2009. Excluding the impact from fund outflows from AllianceBernstein, the investment management business had net outflows in the 2009 financial year, which continued into 2010.

The ipac multi-manager funds have generally performed in line with or outperformed their benchmarks in the nine months to 30 September 2010. The contribution to earnings from the ipac multi-manager funds increased significantly in the first half of 2010 compared with the same period in the previous year due to the increase in average FUM.

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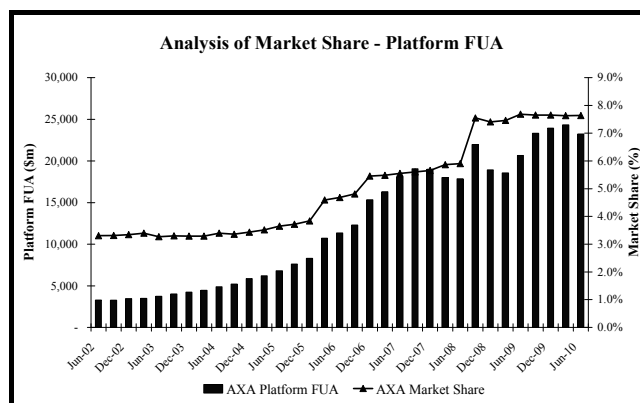
The following chart shows movements in investment FUM over the last four years:



Source: AXA APH

Platforms

The AXA AWM business offers advisers and their clients a variety of platforms including Summit (full function platform), Generations (for investors with less complex investment needs), i-Access (advice business platform) and North (including products with a capital guaranteed option). AXA AWM's platform funds under administration ("FUAdmin") and platform market share have grown over the past seven years as a result of organic growth, product development and acquisitions:



Source: AXA APH

Established in 1992 by AXA APH, the Summit platform is a specialist portfolio administration service, which currently administers funds for approximately 90,000 clients.

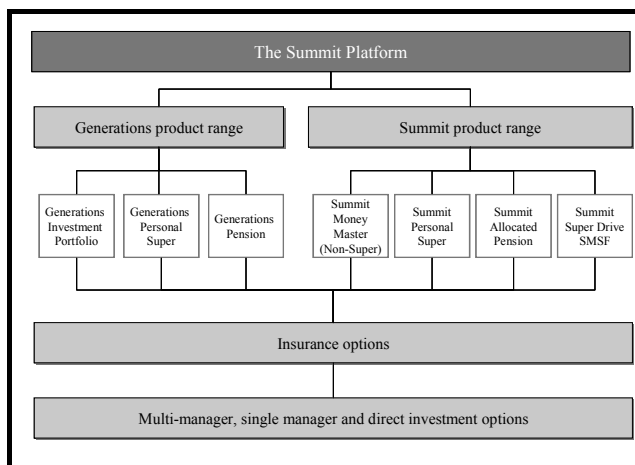
The Summit platform technology supports two distinct product ranges:

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- the Summit product range, which aims to provide a wide range of options for investors with complex investment needs. Summit customers pay separate administration, investment and advice fees, and have access to a broader range of discretionary products, with 70-80% of investments being discretionary; and
- the AXA Generations product range, which aims to provide a simpler solution for investors. Launched in August 2004, AXA Generations provides a series of products (and related reporting and administration services) for investors with less complex superannuation and investment needs. AXA Generations offers a relatively restricted range of products. These include a number of multi-manager products, for which ipac is the responsible entity, and 21 discretionary products. Approximately 80-90% of AXA Generations investments are in multi-manager products. AXA Generations clients pay one bundled fee for advice, administration and investment.

The diagram below illustrates the types of products included in the Generations and Summit product ranges:



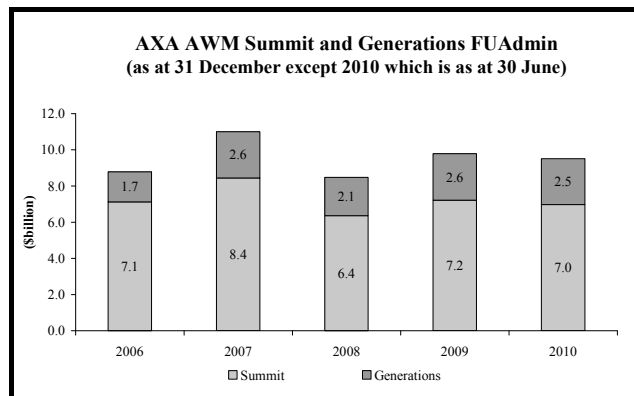
Source: AXA APH

The \$9.5 billion of Summit Platform FUAdmin at 30 June 2010 includes funds invested through Summit into both AXA APH and third party products. In addition, ipac advisers currently use the i-Access platform, which uses the Summit technology.

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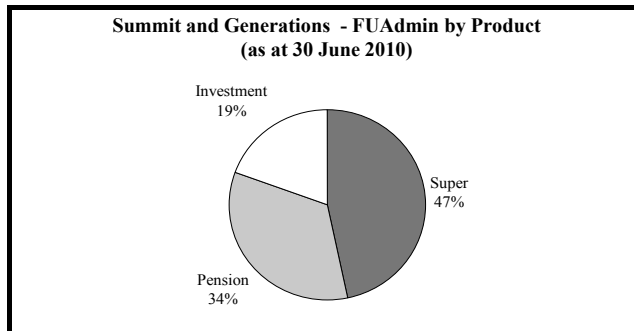


The growth in Summit Platform FUAdmin is illustrated below:



Source: AXA APH

Of the \$9.5 billion of FUAdmin in Summit and Generations products, 47% was in personal superannuation products. The split in Summit and Generations FUAdmin by product as at 30 June 2010 is illustrated below:



Source: AXA APH

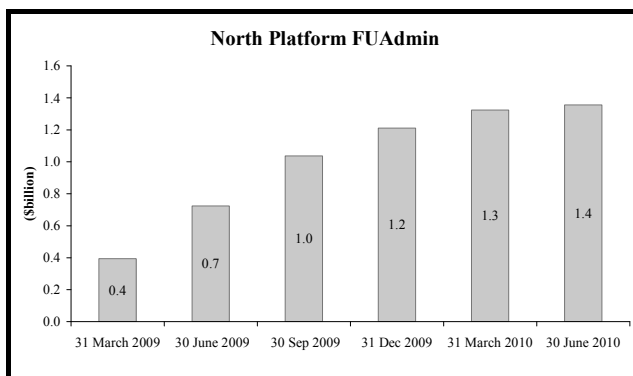
In addition to the Summit Platform, AXA AWM had approximately \$1.2 billion in FUAdmin through its ownership of Multiport, a self-managed superannuation fund administration platform.

AXA AWM launched the North platform, utilising new technology and the North product set, in October 2007. The final development of North, AXA AWM's first fully integrated platform service model, will provide a low cost, straight-through processing platform. The North platform provides for adviser, client and staff interfaces, supports transaction processing and includes workflow and communication engines. The North product provides investors with the option of a capital guarantee on their investment whilst enabling growth to be 'locked-in' periodically. AXA AWM expects the North platform technology, and the migration of AXA APH's other investment platforms to the North platform over the next three years, has the potential to realise significant cost savings (of approximately 40% of platform operating costs).

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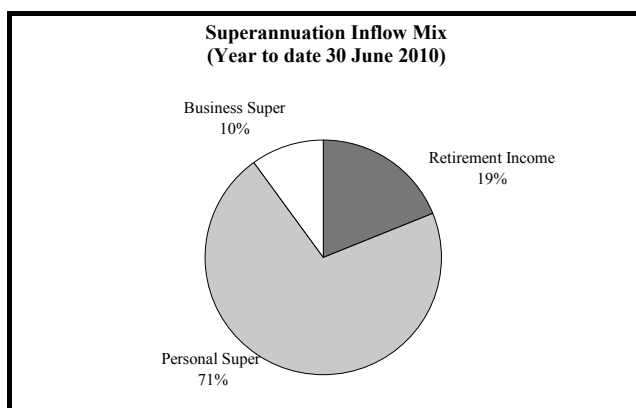


Over the last few years the AXA AWM business has received strong adviser support for its North platform. As a result, North has enjoyed strong funds inflows and FUAdmin had grown to approximately \$1.2 billion by the end of the 2009 financial year. However, North sales have slowed in the nine months to 30 September 2010, in part due to changes made to the structure of the protected investment guarantee in 2009. The following chart shows growth in North FUAdmin since the inception of the North platform and product group:



Source: AXA APH

AXA AWM sources more than 70% of its superannuation inflows from personal super and discretionary contributions, the bulk of which is invested through its platforms.



Source: AXA APH

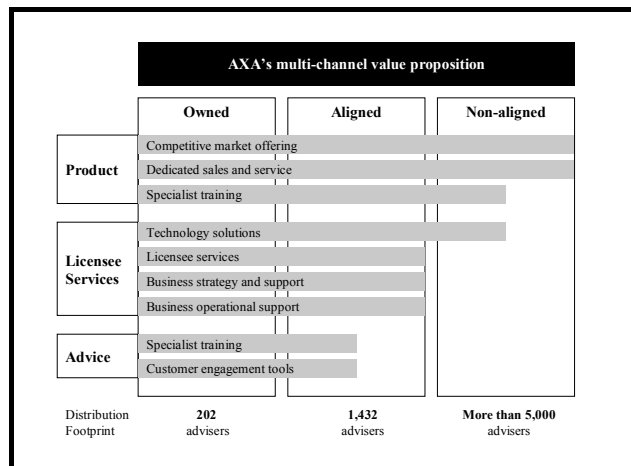
AXA AWM has sought to improve the Summit, Generations & iAccess platform offers by improving functionality through automatic processing, website enhancements and preparation for pending regulatory change. Three new diversified index funds were also added to the Generations investment menu. During 2009 and 2010 AXA AWM was further diversified with the addition of new asset classes including global listed property and global emerging markets. AXA AWM plans to migrate its Summit, Generations and i-Access platforms onto the North technology over the next three years.

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Advice and Distribution

AXA Australia’s advice and distribution channels distribute products for both AXA AWM and its financial protection businesses. AXA Australia’s advice and distribution strategy is focused on multi-product and multi-channel distribution through owned, aligned and non-aligned advisory businesses, as illustrated below:



Source: AXA APH

AXA Australia’s largest owned distribution channel is the ipac business. The ipac business consists of three core activities:

- an in-house financial planning business;
- strategic partnerships with independent financial advice practices; and
- a multi-manager funds management operation.

The ipac financial planning model is based around the Lifestyle Financial Planning tool, with a standardised process for servicing the client provided by a team of financial planners. An ipac financial planning client on average invests approximately \$430,000, primarily into a series of seven different multi-manager products. The business is focussed on providing advice.

The ipac business model is designed to ensure that the business, including the advice process, is:

- corporatised, providing consistent, high quality technical advice and client experience;
- scalable, based on the Lifestyle Financial Planning process and common systems, work practices, and technology; and
- advice primarily implemented through multi-manager investment solutions.

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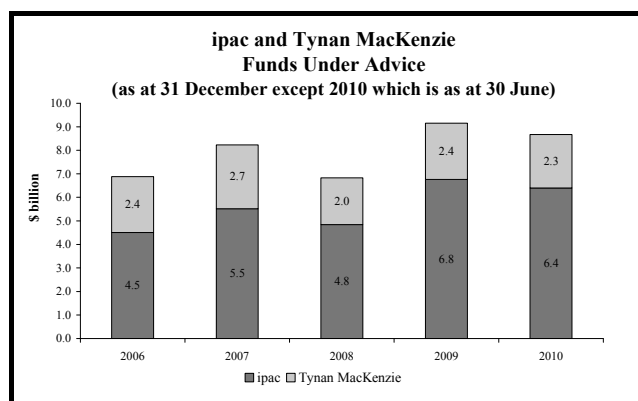


The model separates the roles of new business advisers, who are responsible solely for client acquisition, and servicing advisers, who maintain ongoing client relationships. This functional separation, together with the Lifestyle Financial Planning process and advanced systems, work practices, and technology, results in ipac new business advisers delivering high levels of productivity. ipac earns both initial advice fees and fees on funds under advice (“FUAdvice”).

The ipac business partnering group is responsible for developing equity partner and strategic partner arrangements, which are critical to growth. The ipac equity partner program involves ipac taking a minority stake, around 20-40%, in a financial planning group. In the following years ipac assists the vendor to adopt the ipac business model, with final payments for the buyout of the remaining equity contingent on the degree of conformity with the ipac model. Since ipac’s program commenced in 2001, ipac has entered into approximately 50 equity partnering transactions.

Through ipac, AXA Australia has access to approximately 165 advisers, relatively evenly split between directly employed advisers and advisers employed by financial planning businesses in which ipac has an equity interest. AXA Australia also has access to advisers through Tynan Mackenzie, a wholly owned advice business with a similar model to ipac. AXA APH acquired the remaining 67% interest in Tynan Mackenzie in September 2006.

FUAdvice for ipac and Tynan Mackenzie have been relatively volatile over the last few years. FUAdvice declined significantly in the 2008 year during the financial crisis and then recovered strongly in the 2009 year. However, FUAdvice has since declined again in the six months ending 30 June 2010, reflecting the continued lag between market recovery and clients’ willingness to enter or re-enter the market. FUAdvice for ipac and Tynan Mackenzie for the last four years are illustrated below:



Source: AXA APH

The AXA Australia aligned channel consists of three dealer groups, AXA Financial Planning, Charter Financial Planning and Genesys, and the Jigsaw program, with a total of 1,432 advisers as at 30 June 2010. Genesys, acquired in June 2008, is a significant writer of investment products providing investors with a variety of platform choice. The Jigsaw program involves advisers operating in self-licensed practices under their own brand,

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using some dealership services provided by AXA Australia under contractual arrangements. The AXA Australia aligned channel is supported by AXA Australia dealership services, which can include the provision of a licence, IT support, compliance, training, technical advice and business development advice.

The following table summarises key features of the various dealer groups that constitute the aligned channel:

Aligned Adviser Channel – Key Attributes				
	AXA Financial Planning	Charter Financial Planning	Genesys Wealth Advisers	Jigsaw
Advisers	361	483	335	253
FUA (\$ billions)	5.3	7.5	6.0	0.8
Platform	Summit, Generations, North	Summit, Generations, North	Various	Various
Licensor	AXA	AXA	AXA	Various

Source: AXA APH

The sales productivity of aligned advisers has been improved through the implementation of ipac’s advisory process, the Lifestyle Financial Planning tool, for approximately 400 of AXA Australia’s aligned advisers.

Non-aligned advisers constitute an increasingly important distribution channel for AXA Australia and the inclusion of AXA Australia products on third party approved product lists is critical to increasing market share. The non-aligned adviser channel use licensee services provided by parties other than AXA Australia and success in this market is driven by a competitive product offering and strong relationships with key stakeholders including research houses, licensees and mastertrusts. AXA Australia also distributes product through more than 5,000 non-aligned advisers.

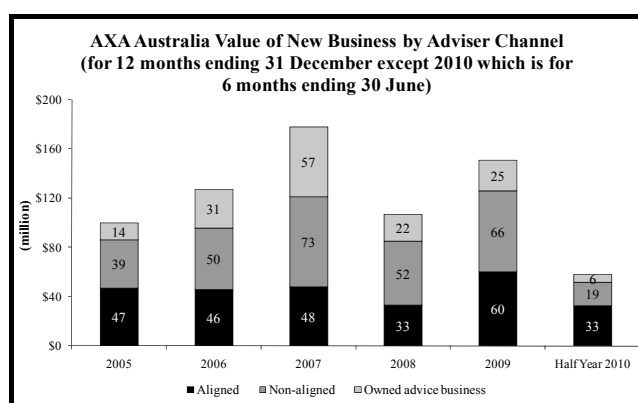
In addition to ongoing technical support for the AXA Australia product range, AXA Australia provides a range of services to non-aligned advisers to foster enduring commercial relationships, including:

- adviser sales training;
- business and practice management coaching;
- partnership programmes; and
- professional development and technical training events.

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The following chart illustrates the value of one year's new business derived from each of AXA Australia's owned, aligned and non-aligned channels:

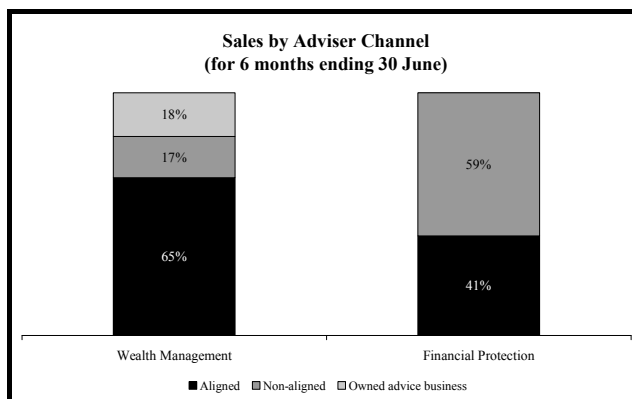


Source: AXA APH

The value of one year's new business from AXA's owned advice, aligned and non-aligned channels grew steadily to peak in 2007, before falling following the global financial crisis. Most significantly, the value of one year's new business from the AXA Australia owned advice channel fell approximately 60% in the 2008 financial year, as the owned advice channel predominantly distributes wealth management products and not the more resilient financial protection products. By contrast, the value of new business from AXA Australia's aligned adviser channel has remained relatively stable over the last few years, with a strong improvement in the 2009 financial year. In the six months ending 30 June 2010 the value of one year's new business from AXA's non-aligned channels was disappointing, primarily due to the decline in sales of North and Global Equities Value Funds. During that period, the value of one year's new business from the owned advice channel was also lower than for the previous corresponding period, in part due to the unwillingness of investors to return to the market.

As illustrated in the chart below, AXA Australia has a reasonably balanced spread of new business across the adviser channel in both AXA AWM and financial protection (except owned advice business in financial protection):

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Source: AXA APH

AXA Australia is seeking to increase its presence in the SMSF market. This market is the largest and fastest growing segment in the superannuation market with approximately \$391 billion in FUM as at 30 June 2010 and a growth rate of approximately 21% per annum over the last five years.

AXA Australia's participation in this market is via:

- AXcess – a SMSF product targeted at advisers;
- the provision of investment solutions such as managed funds and investment platforms to SMSF; and
- ownership of an SMSF administrator, Multiport.

AXA AWM had a 30% interest in Multiport in 2006 and took full ownership in April 2009. FUAdmin have grown over these three years from \$350 million to approximately \$1.2 billion. AXA APH is aiming to continue to grow the business through:

- partnering with accountants as an additional distribution channel through an administration offer; and
- increasing Multiport's outsourced administration by partnering with institutions and licensee groups.

Mature Business

AXA Australia's mature business consists of:

- insurance bonds and traditional savings products including superannuation. These products were sold within AXA Australia's life company. The insurance bond portfolio is closed and in run-off. The superannuation portfolio remains open and includes:
 - personal super products, such as Retirement Security Plan (with approximately \$2.6 billion in FUM at 30 June 2010, which is only open to existing policyholders) and Super Directions Personal Super Plan (with approximately \$1.2 billion in FUM at 30 June 2010). Approximately 15% of personal superannuation

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product outflows were converted to AXA Australia platforms in the first six months of the 2010 financial year; and

- business super products, such as Simple Superannuation, Tailored Superannuation and Business Super Directions. Total FUM for business super products at 30 June 2010 were approximately \$2.9 billion; and
- long term risk products (whole of life and endowment products), also written within AXA Australia's life companies. These products are only open to existing policyholder contributions.

While the mature business is no longer actively marketed (and in some cases closed to new business) it remains a significant source of earnings. Whilst outflows are expected to increase over time, the superannuation business (which generates the bulk of its earnings) continues to accept inflows and FUM will grow with investment returns. AXA APH sold its retirement income annuity portfolio in 2008 and the remaining corporate annuity was commuted in June 2009.

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6.4.2 Operating Performance

The operating performance of AXA AWM for the four and a half years ended 30 June 2010 is illustrated below:

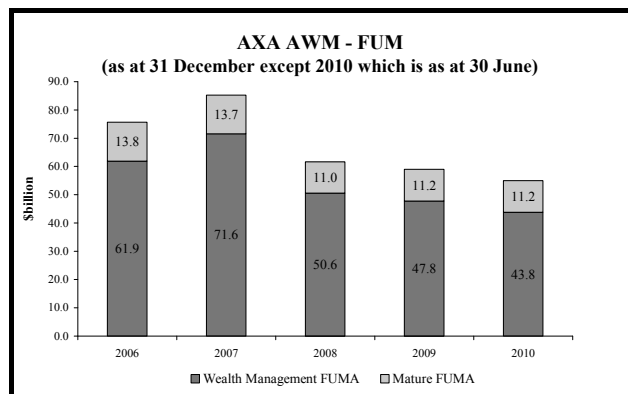
AXA AWM – Operating Performance (\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Wealth Management					
Fees					
Platform	123.8	163.9	155.6	155.3	87.2
Advice	96.5	141.5	194.4	239.2	127.0
Investment	190.8	237.9	209.4	155.8	76.3
Total fees	411.1	543.3	559.4	550.3	290.5
Expenses	(327.8)	(423.4)	(447.3)	(486.1)	(249.3)
Tax	(20.1)	(36.4)	(21.4)	(18.7)	(11.6)
Operating earnings					
Platform	8.8	10.8	3.4	1.2	5.5
Advice	16.4	28.0	21.4	19.9	10.8
Investment	38.0	44.7	35.9	24.4	13.7
Total operating earnings	63.2	83.5	60.7	45.5	30.0
<i>Opening FUMA</i>	<i>49,877</i>	<i>61,905</i>	<i>71,552</i>	<i>50,610</i>	<i>47,809</i>
<i>Net flows</i>	<i>7,609</i>	<i>8,635</i>	<i>(1,282)</i>	<i>(10,043)</i>	<i>(1,800)</i>
<i>Other</i>	-	-	<i>6,350</i>	<i>794</i>	<i>(126)</i>
<i>Capital appreciation</i>	<i>4,419</i>	<i>1,012</i>	<i>(26,009)</i>	<i>6,448</i>	<i>(2,103)</i>
Closing FUMA	61,905	71,552	50,611	47,809	43,780
Mature					
Planned profit margin	65.5	73.9	60.1	34.5	22.5
Experience profit/loss	8.7	(2.5)	8.7	11.9	(0.2)
Capitalised loss/reversals	0.0	9.0	1.2	-	-
Operating earnings					
Retirement Income	15.1	13.3	17.9	4.5	-
Long term savings	48.9	50.4	35.9	34.5	18.5
Long term risk	10.2	16.7	16.2	7.4	3.8
Total operating earnings	74.2	80.4	70.0	46.4	22.3
Closing in-force premiums					
48.6	44.6	41.9	38.5		
<i>Opening FUMA</i>	<i>13,390</i>	<i>13,757</i>	<i>13,663</i>	<i>10,986</i>	<i>11,216</i>
<i>Net flows</i>	<i>(643)</i>	<i>(900)</i>	<i>77</i>	<i>(254)</i>	<i>(269)</i>
<i>Other</i>	-	-	<i>(936)</i>	-	-
<i>Capital appreciation</i>	<i>1,011</i>	<i>806</i>	<i>(1,818)</i>	<i>484</i>	<i>233</i>
Closing FUMA	13,758	13,663	10,986	11,216	11,180

Source: AXA APH

Note: Totals may not add due to rounding.

Operating earnings of AXA AWM have largely mirrored the movement in FUMA, reflecting the correlation of earnings to underlying investment markets.

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Source: AXA APH

FUM in the Australian wealth management sector reached a high in late 2007 as retail investors made substantial superannuation contributions before the legislative curtailment of various concessional allowances. With the onset of the global financial crisis, FUM across the Australian industry dropped approximately 26% and net funds flow across the industry fell by 135% in the year ended December 2008. During that period FUM for AXA AWM fell approximately 28% and net funds flow was down approximately 116%.

At 31 December 2009, FUM for AXA's Australian Wealth Management business were approximately \$47.8 billion, representing a decrease of approximately 5.5% relative to FUM of \$50.6 billion as at 31 December 2008. Average FUM in the 2009 financial year was even lower at \$45.7 billion.

For the year ended 31 December 2009 gross inflows for AXA AWM was down approximately 22% to \$7.6 billion compared to \$9.7 billion in the previous corresponding period, with net flows (including AllianceBernstein) of \$(10.0) billion, compared with \$(1.3) billion in the previous corresponding period. AllianceBernstein's net flows for the period were \$(12.6) billion. This precipitous decline was due to the termination of a number of wholesale client mandates, mainly in global equities. For the six months ended 30 June 2010, FUM for AXA AWM fell further, to approximately \$43.8 billion, with average FUM during the period of \$47.1 billion. Although net outflows from AllianceBernstein slowed during the period they remained significant, at approximately \$(2.2) billion. In the three months to September 2010 AXA AWM's FUM remained stable with AXA's Australian Wealth Management FUM of approximately \$43.6 billion and AXA's Mature FUM of approximately \$11.1 billion.

On a segmental basis, platform inflows were up 4% to \$2.3 billion for the year ended 31 December 2009, with net flows up 10% to \$801 million, primarily driven by strong performance of the North product. Advice inflows were up 39% to \$2.3 billion with the inclusion of a full year's contribution from Genesys. Excluding the impact of AllianceBernstein, investment net flows were down \$824 million to \$(593.7) million, primarily due to lower sales in global equities, mortgage and property funds. For the nine months ended 30 September 2010, the reduction in sales relating to the North platform significantly affected total net flows, which were down by

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approximately 39% (approximately \$246 million) relative to the previous corresponding nine month period in 2009.

In the 2009 financial year, earnings for AXA AWM was down 25% to \$45.5 million, largely due to the 27% decline in average FUM. However, with improving market conditions and the return of positive net flows to FUM in the June 2009 quarter, AXA AWM showed significant improvement in the second half of the 2009 financial year. In the six months ended 30 June 2010, earnings were \$30.0 million, a significant increase relative to the previous corresponding six month period in 2009, reflecting the increase in FUM. When compared with the six months ended 31 December 2009, the increase in earnings was a more modest 6.4%.

On a segmental basis, there was a decline in earnings from the Platform division from \$3.4 million in the 2008 financial year to \$1.2 million in the 2009 financial year, which included some North platform development costs. Despite a full year's contribution from Genesys and a 20% increase in average FUA, earnings from the Advice division were down 7% to \$19.9 million. Investment division earnings declined substantially from \$35.9 million to \$24.4 million following, among other things, the significant fund outflows from AllianceBernstein.

In the six months ended 30 June 2010, higher FUM across all platforms resulted in increased earnings of approximately \$5.5 million compared to earnings of approximately \$2.3 million in the six months ended 31 December 2009. Although sales were below expectations, the North platform contributed positive earnings for the first time. Earnings from the Advice division were approximately \$10.8 million, representing a decline of approximately 13.6% relative to earnings for the six months ended 31 December 2009 of \$12.5 million. The result was a reflection of lower FUAAdvice. Investment earnings during the period were largely flat compared to the six months ended 31 December 2009.

In the four and half years ended 30 June 2010, AXA's Australian Mature business has had relatively constant FUM with net outflows largely being compensated by capital appreciation. The notable exception to this was the 2008 calendar year which saw FUM for AXA's Australian Mature business decline from \$13.7 billion to \$11.0 billion following significant capital depreciation.

In the 2009 financial year, operating earnings for AXA's Australian Mature business were down to \$46.4 million, compared to 2008 earnings of \$70.0 million. Net flows for the business were \$(253.5) million, while average FUM in the 2009 financial year were 13% lower than the previous corresponding period. Following the sale of the AXA Australian annuity business on 30 November 2008, retirement income earnings fell 75% to \$4.5 million, with the residual earnings related to a corporate annuity business, which has now lapsed. Earnings from long term savings, which comprises insurance bonds and traditional savings and superannuation products, were down 4% to \$34.5 million. Earnings from long term risk also fell significantly, with lower returns from the participating shareholder profit pool following the market downturn.

In the six months ended 30 June 2010, operating earnings from AXA's Australian Mature business were \$22.3 million, compared with \$25.6 million in the six months ended 31 December 2009, largely due to the decline in FUMA. Operating earnings contributions from long term savings and long

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term risk declined approximately 13.6% and 9.5% respectively compared with operating earnings for the six months ended 31 December 2009.

6.5 New Zealand Wealth Management Business

The AXA New Zealand Wealth Management business (“AXA NZWM”) provides investment solutions through specialist investment managers. It operates under two principal brands:

- AXA New Zealand; and
- Spicers. The Spicers financial advisory business distributes products through the largest non-banking network in New Zealand.

AXA NZWM has a market share of approximately 18.8% of the New Zealand wealth management industry as measured by FUM. However, the overall market is relatively small and is characterised by limited profitability. AXA NZWM’s market share is strong in relation to unit trusts and superannuation, at approximately 20%, but lower for the less profitable KiwiSaver, with a market share of approximately 7.2%. As at 30 June 2010, AXA NZWM had NZ\$5.8 billion in FUMA. The total value of new business for six months ended 30 June 2010 was NZ\$3.8 million. The business is focused on simplification and efficiency initiatives aimed at product rationalisation and a reduction in administrative costs.

Operating Performance

The operating performance of AXA NZWM for the four and a half years ended 30 June 2010 is illustrated below:

AXA NZWM – Operating Performance (NZ\$ million)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Operating earnings	20.7	19.9	11.1	9.5	4.7
<i>Opening FUMA</i>	<i>7,896.6</i>	<i>11,175.3</i>	<i>9,841.0</i>	<i>6,291.4</i>	<i>6,419.5</i>
<i>Net flows</i>	<i>2,636.7</i>	<i>(1,677.8)</i>	<i>(1,397.0)</i>	<i>(526.9)</i>	<i>(484.0)</i>
<i>Capital appreciation</i>	<i>642.0</i>	<i>343.5</i>	<i>(2,152.6)</i>	<i>655.0</i>	<i>(169.0)</i>
Closing FUMA	11,175.3	9,841.0	6,291.4	6,419.5	5,766.5
Value of new business	9.3	8.7	3.4	7.1	3.8

Source: AXA APH

AXA NZWM reported a significant fall in earnings over the last four years, principally due to the downturn in investment markets. In the 2008 financial year, operating earnings fell by approximately 44%, mainly due to a decline in average FUMA (as a result of negative equity markets), the amortisation of costs relating to the introduction of KiwiSaver and tax legislation changes, partially offset by capitalised loss reversals of NZ\$3.8 million.

FUMA increased during the 2009 financial year solely due to capital appreciation. Gross inflows were down 14% to NZ\$1.39 billion while net flows were NZ\$(526.9) million. Gross retail inflows were down 7% to NZ\$719.8 million, largely as a result of the suspension of AXA NZWM’s mortgage funds in October 2008. These funds are now subject to a managed wind down. Net retail flows improved to NZ\$95.9 million. AXA NZWM net wholesale outflows were NZ\$(653.3) million, largely relating to the loss of some AllianceBernstein mandates. In the six months ended 30 June 2010, negative net flows and capital depreciation led to a further decline in

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FUMA. With the relocation of AllianceBernstein portfolio management to Australia, a number of AXA NZWM clients moved their portfolios to other New Zealand based fund managers. The trend in negative net flows has continued in the three months to 30 September 2010 with AXA NZWM FUMA declining slightly to approximately NZ\$5.7 billion.

Overall, AXA NZWM's earnings for the year ended 31 December 2009 were down 14% to NZ\$9.5 million. While the earnings impact of the 17% reduction in average FUMA was more than offset by cost savings initiatives and growth in KiwiSaver, earnings fell relative to the prior year given the capitalised loss reversals recorded in 2008. In the six months ended 30 June 2010, AXA NZWM's operating earnings were NZ\$4.7 million, up 47% on the corresponding period in 2009, but down 25% on the six months ended 31 December 2009, as a result of lower FUMA, provisioning and tax adjustments.

6.6 Financial Protection Industry

6.6.1 Australia

The Australian financial protection industry is focussed on the provision of life and related risk products to individuals and to corporate groups. The evolution of the financial protection market in Australia to some extent reflects the development of the wealth management industry and, in particular, the dominant role of superannuation as a vehicle for investment and retirement savings. As Australian consumers have had access to an increasingly broad range of savings and investment products (including through superannuation) the demand for life products that also provide savings/investment features has essentially disappeared. The result has been an "unbundling" of life products, such that pure risk products now have a dominant position in the market place and traditional products that combine risk and savings elements (e.g. whole of life and endowment products) are increasingly irrelevant.

Financial protection products in the Australian market place can be divided into three main groups:

- individual lump sum products;
- individual income protection ("IP") products; and
- group risk products.

Lump sum products provide insurance cover against specified events (generally death, disability or similar events) for a specified period of time (up to 99 years of age). If the specified event occurs within the period a lump sum is paid to the estate. These products do not accumulate any cash value.

Term life is the most important of the lump sum products based on annual premiums written. Life insurance covers individuals in the event of death. The most popular life policy in Australia is a yearly renewable term product whereby the premium is charged each year taking into account age, sex, smoking status and other risk characteristics. The insurance cannot be cancelled by the insurer before the expiry of the contract term.

Total and permanent disablement ("TPD") products cover for the loss of use of limbs or clear medical evidence to support a conclusion that an insured will be unable to work for the remainder of his/her life in his/her occupation. A lump sum benefit is paid.

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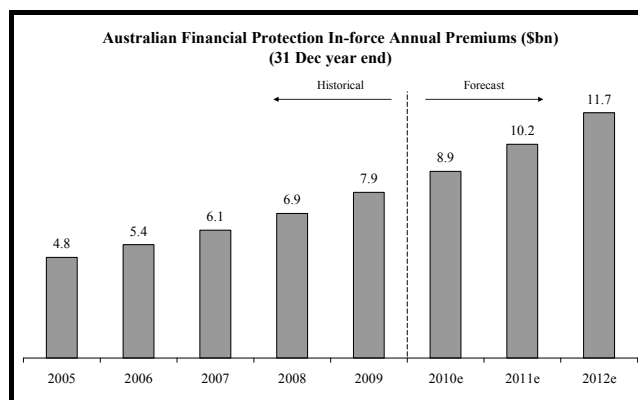
Trauma insurance is unrelated to the insured’s ability to work and is typically paid on the diagnosis of an agreed illness such as cancer, heart attack, stroke or permanent paralysis. The benefit is usually an agreed lump sum not to exceed the amount of death cover on the policy and is payable by way of a lump sum benefit. There has been a growing trend away from TPD to trauma products. TPD claims tend to be more subjective and as a result it can be a number of years after the incident before the benefit is paid.

These lump sum product groups are collectively known as term life, trauma and total and permanent disability insurance (“TTT”).

IP products are designed to cover loss of income should the insured be unable to work because of an accident or illness. The benefit is typically paid in the form of a regular payment, such as a taxable monthly payment to replace salary income, for an agreed period that may be as short as two years or as long as the remainder of the insured’s life. The pricing of IP products is relatively complex, with premiums varying according to benefit period, waiting period, age, sex, occupation, smoking habits and whether a “claims indexation benefit” is included.

Group risk includes group or wholesale products (“GRPs”) in terms of which multiple lives are underwritten under one policy. The principal GRP is group life insurance (either including or excluding TPD) and salary continuance (effectively IP). GRPs are normally provided in conjunction with employer sponsored superannuation plans.

The Australian financial protection market has grown strongly during the economic downturn. At 30 June 2010 overall market in-force annual premiums were up 13.6% to \$8.5 billion from \$7.5 billion in the previous year. Growth has been relatively uniform across TTT, IP and GRP, and in the individual space, direct channel sales have grown at a faster rate than adviser sales. The individual financial protection market was \$5.8 billion in-force in June 2010, an increase of 11.5% from the prior year. TTT accounted for 73% of the individual financial protection premiums and IP accounted for the remaining 27%. GRPs accounted for the remaining \$2.7 billion in-force in June 2010, an increase of 18.4% from the prior year. The following chart shows the historical growth in in-force annual premiums in recent years and forecast growth in the industry:



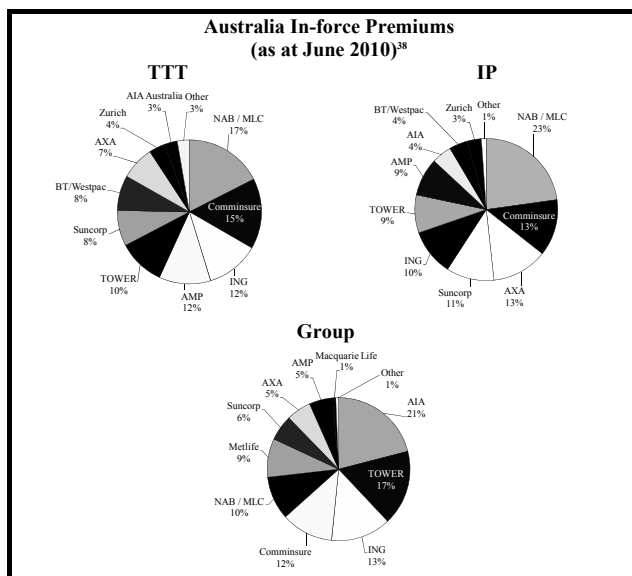
Source: Plan for Life

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Strong growth is forecast for the financial protection market, reflecting an increasing risk awareness on the part of consumers, the low penetration rate for life insurance products in Australia (relative to other mature markets) and the material level of under-insurance in the Australian market.

The Australian financial protection market is competitive, with a number of significant competitors in each market segment:



Source: Plan for Life

The unbundling of insurance products and consequent focus on pure risk products in the Australian market place has resulted in product commoditisation, with financial protection products sold essentially on the basis of features and price.

After a period of poor profitability (particularly in the IP segment), the financial protection industry has shown a general trend towards margin improvements in recent years. This has resulted from several factors, including the repricing of some product groups (such as IP products), the refocussing of portfolios away from less profitable products and increasing focus on the use of lower cost distribution channels (such as the direct channel).

Distribution

Individual financial protection products are primarily sold by IFAs, although the bank salaried adviser channel is forecast to grow strongly as banks increasingly seek to cross sell financial protection products with other financial products. The direct sales channel, which consists primarily of

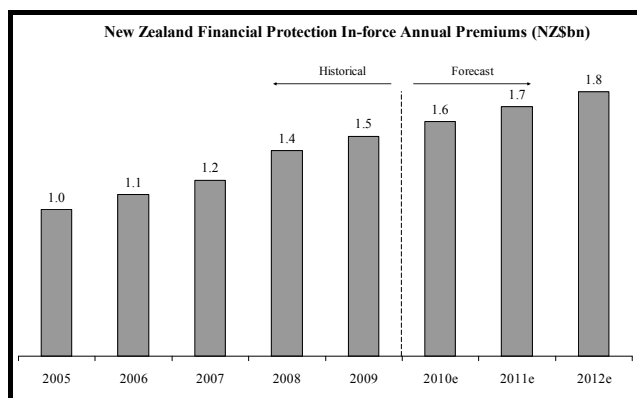
³⁸ ANZ completed its acquisition of the remaining 51% of ING that it did not previously own of ING on 30 Nov 2009. ANZ and ING market shares are consequently currently controlled by ANZ.



internet and phone sales, is also forecast to grow faster than the IFA channel in the next few years as insurers target the mass market.

6.6.2 New Zealand

New Zealand has recently emerged from a five quarter recession, which saw the collapse of a number of New Zealand's financial institutions (predominantly those with property exposures). Notwithstanding these adverse circumstances, the New Zealand financial protection market has remained strong, with a 10% cumulative annual growth rate for in-force premiums over the period 2005 to 2009. The New Zealand financial protection market was estimated to be NZ\$1.5 billion in 2009 in-force annual premiums. It is projected to grow at approximately 6% per year from 2009 to 2012.

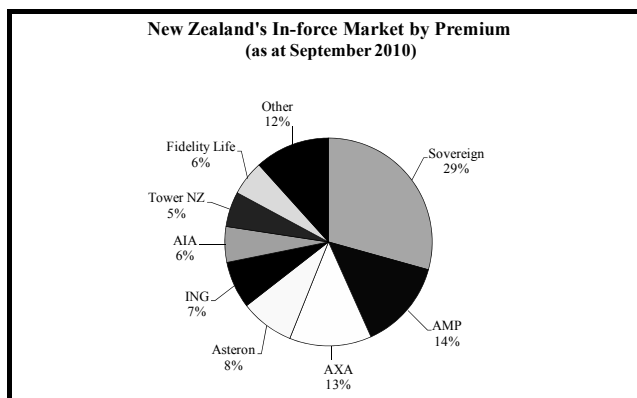


Source: AXA APH

The products sold in the New Zealand market are similar to those sold in Australia, except that conventional life insurance products (such as whole of life) have retained a share of the New Zealand market. Growth in the individual TTT and GRP segments have been higher than whole of life and IP, and these products are expected to continue to grow at higher rates than the rest of the market.

The market shares of the major participants in New Zealand are depicted below:

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Source: AXA APH

The market is dominated by traditional wealth and insurance participants (e.g. AMP, AXA APH, Tower NZ) which utilise adviser channels to distribute their products to market, and retail banks (e.g. Sovereign, Westpac, BNZ) which leverage their brands and market products to their existing customer bases. The individual financial protection segment has a greater number of participants and tends to be more competitive than the group financial protection segment.

New Zealand's life insurance penetration rates are below those of Australia, suggesting it is reasonable to expect continued strong industry growth. Additionally, New Zealand supports some of the highest premiums and commissions in the world, making the market attractive for financial protection providers.

Regulatory Environment

A number of regulatory changes that will affect the New Zealand financial protection market are expected to be implemented in the near term. The Prudential Supervision Bill, expected to be introduced in 2010, will impose stricter controls on companies in terms of their solvency, risk management and Board and management policies. Potentially more significantly, with effect from 1 July 2010, underwriting profits from term life insurance policies ceased to be effectively tax free and are now taxed at the standard corporate tax rate of 30% (reducing to 28% on 1 January 2011) on new business and where grandfathering does not apply to existing business. Previously, life insurers operated at lower rates driven off a tax policy that was designed for traditional whole of life policies, now less than 5% of all policies sold. Grandfathering provisions have been introduced to reduce the immediate impact on life insurers of the new life tax rules. The grandfathering allows life insurers to continue to apply the previous tax rates to existing policies for specified periods of time. These regulatory changes will collectively increase costs faced by insurers, and in the case of the taxation change, are likely to result in attempts to recover the additional impost through premium increases.

Distribution

The dominant distribution channel in the New Zealand financial protection market has historically been by way of aligned and independent financial

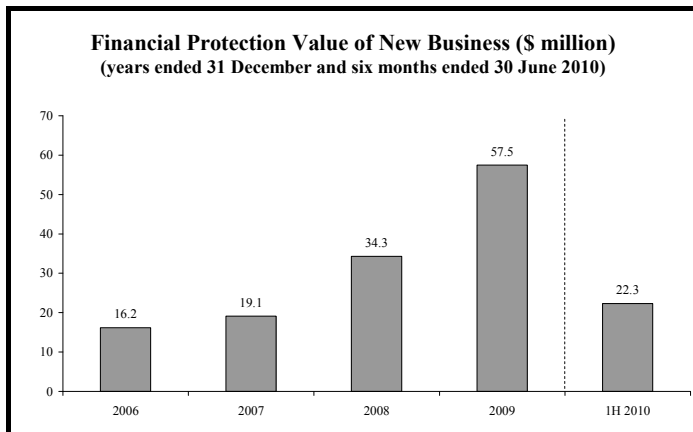


advisers, holding an estimated 70% of the market by in-force premiums. However, the market position of banks and bank owned companies has strengthened in recent years. While non-bank institutions still have a larger share of the market in terms of in-force premiums, the bank channel is now larger in terms of the number of policies sold. Given their natural advantages in terms of distribution and sales capabilities, the banks are expected to have approximately half of the market (by in-force premiums) by 2012. The direct channel is expected to play an increasingly important role in the New Zealand financial protection market as consumers become increasingly accustomed to the impersonalised relationships that it involves.

6.7 Australian Financial Protection Business

AXA APH's Australian Financial Protection business ("AXA AFP") sells term, total and permanent disability, trauma and IP products to individuals and group life and group salary continuance to groups. AXA AFP has approximately a 8% share of the individual TTT market and a 13% market share of the individual IP market. In addition, AXA AFP has a 5% share of the Australian group financial protection market. AXA AFP's primary target market consists of households with income in the range \$100,000-250,000, children at home and adults aged between 35 and 50 years old.

The value of new business has grown steadily over the last few years despite the global financial crisis, with TTT continuing to account for the majority of new business. AXA AFP remains selective about the type of IP risks it underwrites and its new business mix is broadly consistent with the market new business mix of 70% TTT and 30% IP.



Source: AXA APH

Individual products are primarily sold through AXA Australia's aligned and non-aligned adviser networks. Non-aligned advisers accounted for the majority of AXA AFP's new business sales over the past few years. The bank salaried adviser channel is not a significant distributor of AXA AFP financial protection products. AXA AFP has just started to participate in the direct distribution channel, given the high rate of forecast growth.

In August 2009, AXA AFP launched AXA Elevate, which includes an online new business application for advisers. The program includes AXA AFP's entire product range and allows straight-through processing, from application to policy issue. For

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the six months to 30 June 2010, Elevate online has accounted for approximately 20% of policies submitted.

Operating Performance

The operating performance of AXA AFP for the four and a half years ended 30 June 2010 is illustrated below:

AXA AFP – Operating Performance (\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	2010
Planned profit margin	56.7	55.7	67.8	69.7	35.0
Experience profit/loss	6.8	9.2	2.0	7.9	6.3
Operating earnings pre capitalised (loss)/reversals	63.5	64.9	69.8	77.6	41.3
Capitalised (loss)/reversals	2.1	3.7	34.8	6.5	0.0
Operating earnings					
Individual Life	23.6	26.1	28.6	38.3	19.1
Individual Income Protection	13.2	16.2	40.5	4.4	0.1
GRP	28.8	26.3	35.5	41.4	22.1
Total operating earnings	65.6	68.6	104.6	84.1	41.3
Closing in-force premiums	581.1	600.1	639.2	678.3	692.9
Value of one year's new business	16.2	19.1	34.3	57.5	22.3 ³⁹
New business index	78.6	96.6	106.9	104.1	43.6
Value of one year's new business margin	21%	20%	32%	55%	51% ³⁹

Source: AXA APH

The increase in AXA AFP's operating earnings has outstripped the increase in planned profit margins from 2006 to 30 June 2010. The 2008 operating earnings included a \$34.8 million capitalised loss reversal which primarily reflected the revision of assumptions relating to termination and incidence rates regarding in-force IP products. If this non-recurring item is excluded, the business has generated average annual growth in operating earnings from 2006 to 2009 of approximately 7%, reflecting the growth in the overall Australian financial protection market over this period. However, the increase in reported earnings does not reflect the significant growth in the value of new business over the period. Both the new business index and the value of new business have increased substantially over the period, reflecting growing business volumes and improved unit costs and mortality assumptions.

In 2008, improvements to the financial protection offering were made, including reviews to target market, pricing, underwriting and the availability of IP through superannuation. In 2009, AXA Elevate was launched, including an online application tool and four simplified policy documents. An upgrade to the GRP product offering was also launched in late 2009. These changes to the product portfolio contributed to the increase in new business in 2008 and 2009.

In the six months ended 30 June 2010, the full range of AXA's Elevate individual insurance offers was launched on AXA AFP platforms. Approximately 115,000

³⁹ Value of one year's new business and value of one year's new business margin for the half year ended 30 June 2010 are based on new business for the six months ended 30 June 2010.

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policies were upgraded to AXA Elevate and group insurance products will be upgraded in the second half of 2010.

Whilst operating earnings for the six months ended 30 June 2010 increased 12% from the six months ended 30 June 2009, they are 13% lower than operating earnings for the six months ended 31 December 2009. This decline was driven by decreases in both Individual Life (12%) and Individual Income Protection (97%) which were only partly offset by growth in GRP (1%). The value of new business and the new business margin for the six months ended 30 June 2010 are slightly ahead of figures for the six months ended 30 June 2009. However, the value of new business for the six months ended 30 June 2010 was 37% lower than for the six months ended 31 December 2009 as a result of lower sales of new policies and an increase in expense assumptions.

6.8 New Zealand Financial Protection Business

AXA APH's New Zealand financial protection ("AXA NZFP") business sells term, total and permanent disability, trauma and income protection products to both individuals and groups. AXA NZFP has a 13% market share of the New Zealand financial protection market.

The value of one year's new business for AXA NZFP increased only marginally from 2006 to 2009, despite much stronger overall volume growth in the New Zealand financial protection market. The business has recently undergone a strategy review which seeks to address this performance issue, and has implemented a number of initiatives including the introduction of new products more closely aligned with AXA AFP's offering, service improvements and reductions in process and product complexity. Families are the key target market of AXA NZFP, with parents of 31 to 46 years old and household incomes of NZ\$65,000 to NZ\$85,000. The sale of individual life products are the focus for AXA NZFP.

The majority of AXA NZFP's sales come through the aligned adviser channel, although the business also sells through the IFA channel. AXA NZFP is currently considering entering the growing direct distribution channel.

Operating Performance

The operating performance of AXA NZFP for the four and a half years ended 30 June 2010 is illustrated below:

AXA NZFP – Operating Performance (NZ\$ million)					
	Year ended 31 December				Half year ended 30 June 2010
	2006	2007	2008	2009	
Operating earnings	27.9	39.2	31.7	25.6	15.6
Value of one year's new business	8.7	8.0	6.6	8.8	7.0 ⁴⁰

Source: AXA APH

Despite reasonably strong industry wide conditions in the financial protection market, AXA NZFP's operating earnings declined in 2008 and 2009. Key reasons for the decline included lower profit margins in long term risk from poor investment experience (in both 2008 and 2009), some unfavourable claims experience in individual income protection in 2009 and a higher rate of individual life policy

⁴⁰ Value of new business for the half year ended 30 June 2010 represents new business for the six months ended 30 June 2010.

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surrenders (2008). AXA NZFP appeared to lose market share in 2008, prompting the business to implement product range updates, underwriting process improvements and revised pricing. The increase in the value of one year's new business in 2009 reflected these initiatives as well as lower unit costs and improved mortality assumptions.

The value of new business for the six months ended 30 June 2010 was 75% higher than for the six months ended 30 June 2009, and almost 46% higher than the value of new business for the six months ended 31 December 2009. Operating earnings were over 18% higher in the six months ended 30 June 2010 than in the six months ended 30 June 2009, and almost 26% higher than operating earnings for the six months ended 31 December 2009. The improved performance was in part the result of customers seeking to lock in policies prior to changes in the New Zealand taxation laws on 1 July 2010.



7 AMP

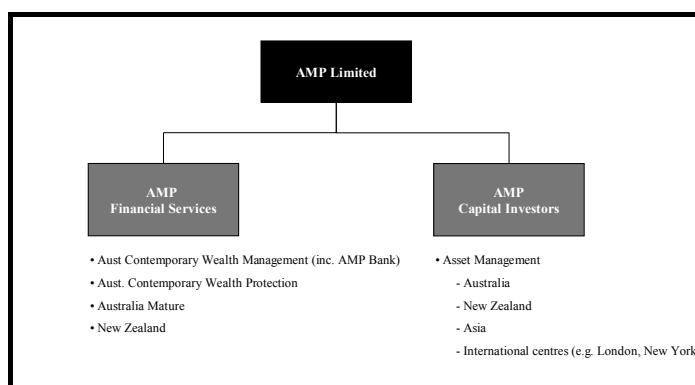
7.1 Overview

AMP was established in Sydney, Australia in 1849 as the Australian Mutual Provident Society and initially provided life insurance products. In June 1998, AMP demutualised and listed on the ASX and New Zealand Stock Exchanges. Today, AMP operates wealth management operations in Australia and New Zealand, including an evolving banking business in Australia, and growing investment management activities in Asia. AMP is one of Australia’s largest superannuation providers and one of the country’s top investment managers with \$95 billion in assets under management (at 30 June 2010). Its aligned and employed financial planning network of more than 2,000 financial planners is one of Australia and New Zealand’s largest. AMP is listed on the ASX and has a market capitalisation of approximately \$11.1 billion (as at 10 December 2010).

AMP’s growth over the last ten years is largely due to organic growth. AMP has also pursued strategic inorganic growth opportunities, like mergers, acquisitions and partnerships. For example, in 2009 AMP:

- acquired the financial planning arm of Rabobank Australia and New Zealand;
- acquired Japan’s Gemini Advisors Securities Investment Company Limited;
- acquired a 50% stake in the management of a Singapore real estate investment trust;
- formed a strategic partnership with China Life Insurance Group in relation to asset management and pension services; and
- established AMP Capital Brookfield, a \$6 billion global listed real estate and listed infrastructure joint venture with Brookfield Investment Inc.

AMP’s operations comprise two core businesses:



Source: AMP

AMP Financial Services provides financial planning and advice to customers in Australia and New Zealand through a network of more than 2,000 aligned (self employed) and employed planners. Over the past 18 months, AMP Financial Services has moved to a new operating environment to enable fee-for-service capabilities as well as improved product design, pricing and distribution.

The AMP Financial Services business reports through four divisions:

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- Contemporary Wealth Management – financial planning services; superannuation (corporate and retail); retirement incomes; business and managed investments products and services; and banking products through AMP Bank (an Australian bank offering residential mortgages, deposits, transactional banking and white-labelled credit cards);
- Contemporary Wealth Protection – personal and group term; disability; and income protection insurance products;
- Mature – closed business comprising 40 products in run-off including whole-of-life, endowment, investment linked, investment account and annuities products; and
- New Zealand – risk insurance and a mature book, with a growing superannuation and investment business.

AMP Financial Services operates a number of financial planning businesses within this structure, such as: AMP Financial Planning, a 1,760-strong planner network across Australia; AMP Financial Services New Zealand, a network of around 350 advisers; Hillross Financial Services, a 300-plus strong financial adviser dealer group targeting high net worth individuals; Private Wealth Management, a boutique financial planning business designed to attract high net worth customers; and the Horizons Academy and Practice, which provides education and training to new financial planners and employs graduated financial planners.

AMP Capital Investors is AMP's investment management business. In addition to its core business in Australia and New Zealand, AMP Capital Investors has a growing international presence, particularly in Asia. It manages investments across all the major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds. It also provides commercial, industrial and retail property management services. Assets are sourced from internal and external clients both domestically and offshore.

AMP's growth strategy is focused on ongoing investment across five areas:

- growing financial planner capacity and broadening distribution;
- expanding to Asia through AMP Capital Investors;
- growing customers in high-value segments;
- reshaping AMP Capital Investors into a high value-add investment manager; and
- investing in growth enablers.

Most recently, this strategy has enabled AMP to renovate its core business to ensure its ongoing strength and relevance, expand into new markets and geographies, and start to reshape its business portfolio through targeted mergers, acquisitions and partnerships.

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7.2 Financial Performance

The earnings performance of AMP for the four years ended 31 December 2009 and the six months ended 30 June 2010 is summarised below:

AMP – Earnings Performance⁴¹ (\$ million)					
	Year ended 31 December				Half
	2006	2007	2008	2009	year ended 30 June 2010
Operating earnings					
Aust Cont Wealth Management	244	306	266	278	150
Aust Cont Wealth Protection	121	119	154	164	73
Aust Mature	190	190	161	151	68
New Zealand	52	48	56	54	32
AMP Financial Services	607	663	637	647	323
AMP Capital Investors	115	150	136	91	44
Group office costs	(37)	(43)	(36)	(37)	(20)
Total operating earnings	685	770	737	701	347
Underlying investment income	184	158	140	126	64
Interest expense on corporate debt	(63)	(59)	(82)	(71)	(36)
AMP Limited tax loss recognition	-	13	15	16	8
Underlying profit	806	882	810	772	388
Market adjustment – investment income	77	-	(266)	(13)	(8)
Other items	91	178	73	10	(3)
Seed pool valuation adjustments	-	-	(42)	(30)	-
Profit after income tax before timing differences	974	1,060	575	739	372
Market adjustments – annuities and risk products	-	-	(111)	6	15
Loan hedge revaluations	2	(4)	(41)	(5)	8
Accounting mismatch	(61)	(71)	157	(1)	30
Profit/(loss) after tax attributable to AMP shareholders	915	985	580	739	425
Statistics					
Assets under management ⁴² (\$ bn)	122	129	105	114	111
Cost to income ratio (%)	39.6%	39.7%	41.3%	41.7%	42.2%
EPS - underlying ⁴³ (¢)	46.6	51.2	42.9	38.3	18.6
EPS – actual ³ (¢)	52.1	56.3	31.1	37.1	20.9
Fully diluted reported EPS (¢)	47.9	47.7	28.8	37.6	20.8 ⁴⁴
Dividends per share (¢)	40.0	46.0	40.0	30.0	15.0
Franking (%)	85%	85%	85%	50%	60%

Source: AMP and Grant Samuel analysis

Note: Numbers may not add due to rounding

⁴¹ Financial statements were prepared in accordance with the Australian equivalent to international financial reporting standards (“AIFRS”).

⁴² As at end of period.

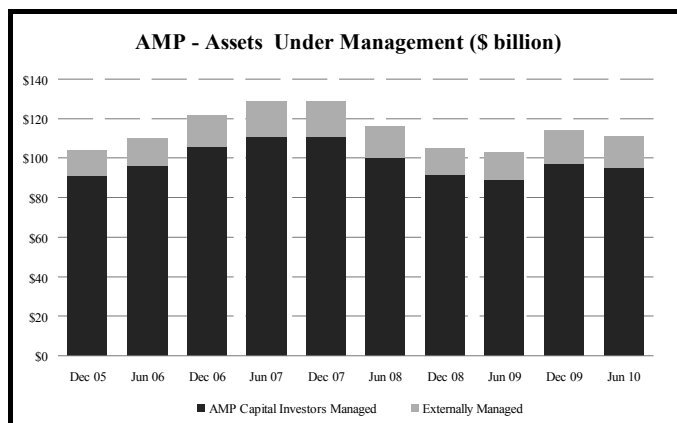
⁴³ Represents earnings per share.

⁴⁴ Diluted after accounting mismatches.

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AMP's earnings performance over the last four and a half years has been impacted by the global financial crisis. The financial crisis particularly impacted its businesses that are most exposed to movements in the sharemarket. This includes its Contemporary Wealth Management business and its investment manager, AMP Capital Investors. Both of these businesses experienced a fall in earnings in the year ended 31 December 2008 following a 19% fall in assets under management (end of year):



Source: AMP

Note: AMP's assets under management include investments across all the major asset classes including equities, fixed interest, infrastructure, property, direct and alternative assets

Total assets under management reached a low of \$103 billion at 30 June 2009. They have since recovered (although not to pre financial crisis levels), through positive net funds flows and a recovery in investment markets, and were \$111 billion at 30 June 2010. As a result, AMP's operating earnings have improved. The financial performance of Wealth Management is recovering more quickly than that of AMP Capital Investors, in part because of the business' cost efficiency and its growing AMP Bank business. AMP Capital Investors' financial performance is dependent on management fees, performance fees and transaction fees, and so is more exposed to the underlying performance of investment markets. AMP Capital Investors' financial performance has also been impacted by the significant investment it has made in its operating platform, which will enhance efficiency and scalability, and in growing its Asian business.

Contemporary Financial Protection has performed strongly over the three years to 31 December 2009, particularly in 2008, in line with general industry trends. The business performance in the six months ended 30 June 2010 benefited from increased premium income, which was more than offset by higher experience losses and higher controllable costs.

Earnings for the Mature business are expected to fall as it is closed to new business and its assets under management are in run-off.

Earnings for the New Zealand business fell in the year ended 31 December 2009, largely because of an appreciation of the Australia dollar against the New Zealand dollar. In local currency terms, earnings increased by 2% in 2009. In the six months ended 30 June 2010, the New Zealand business benefited from a reduction in the New Zealand income tax rate.

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Other items represent one-off items which do not relate to the underlying business earnings. Other items include the profit on sale from the divested Cobalt/Gordian reinsurance and general insurance operations, the write-off of capitalised project costs and redundancy costs.

7.3 Financial Position

The financial position of AMP as at 31 December 2009 and 30 June 2010 is summarised below:

AMP – Financial Position (\$ million)		
As at	31 December 2009	30 June 2010
Cash at bank and deposits on call	2,409	2,785
Receivables	959	1,239
Investments in financial assets measured at fair value through profit or loss	65,573	63,055
Investments in financial assets measured at amortised cost	10,650	10,869
Investment accounted for using the equity method	116	72
Investment property	7,832	7,871
Intangibles	946	946
Other assets	1,345	1,622
Total assets	89,830	88,359
Payables	981	1,102
Current tax liabilities	40	56
Provisions	280	227
Derivative financial liabilities	1,120	1,084
Borrowings	11,997	11,858
Subordinated debt	353	356
Deferred tax liabilities	629	423
External unitholders' liabilities	6,121	6,202
Life insurance contract liabilities	18,380	18,058
Investment contract liabilities	47,239	46,053
Defined benefit plan liability	56	91
Total liabilities	87,196	85,510
Net assets of shareholders of AMP Limited and non-controlling interests	2,634	2,849
Non controlling interests	(63)	(51)
Equity attributable to Shareholders of AMP Limited	2,571	2,798
<i>Statistics</i>		
<i>Net assets per share (\$ per share)</i>	<i>\$1.29</i>	<i>\$1.38</i>
<i>NTA per share⁴⁵ (\$ per share)</i>	<i>\$0.93</i>	<i>\$1.02</i>

Source: AMP and Grant Samuel analysis

Note: Numbers may not add due to rounding

In reviewing the above table the following should be noted:

⁴⁵ NTA is net tangible assets, which is calculated as net assets less shareholder intangible assets (\$735m at 30 June 2010, \$720m at 31 December 2009). It does not adjust for intangible assets relating to AMP Life policyholders fund investments.

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- investments measured at fair value predominantly consist of debt and equity investments whereas investments measured at amortised cost are debt securities;
- investment property is measured at fair value;
- intangibles include goodwill, capitalised costs, management rights and various other intangibles. Goodwill and capitalised costs are subject to impairment testing. Capitalised costs are also subject to amortisation over the period that the economic benefits are expected to arise;
- other assets include tax assets, inventories and property, plant and equipment;
- life insurance and investment contract liabilities are measured at fair value;
- defined benefit plan liabilities relate to the defined-benefit sections of AMP's two funded employer-sponsored superannuation funds; and
- External unitholders' liabilities relate to non-controlling interests in controlled unit trusts and are treated as liabilities when the securities in the trusts are redeemable at the holder's option.

As at 30 June 2010, AMP had \$12.2 billion of borrowings and subordinated debt on issue. The majority of AMP's debt relates to AMP Bank operational debt (\$6.7 billion), securitisation of residential mortgage backed securities (\$3.9 billion) and debt in investment entities or funds managed by AMP Capital Investors where AMP Life policyholders' funds have a controlling interest (\$2.2 billion). The lenders in relation to the debt in these funds have limited recourse to the assets of the borrowing entity or fund and no recourse to AMP.

As at 30 June 2010, AMP corporate had debt of \$1.4 billion and AMP Bank had debt of \$6.7 billion, excluding off-balance sheet securitisation funding of \$3.9 billion.

AMP – Debt Profile at 30 June 2010 (\$ million)			
	Corporate	AMP Bank	Total
Subordinated bonds/notes	83	-	83
AMP Notes	296	-	296
Subordinated loan from Group Office to AMP Bank	(100)	100	-
Total subordinated debt (Tier 2)	279	100	379
Domestic commercial paper, NCDs and repos	106	989	1,095
Euro medium-term notes	628	-	628
Domestic medium-term notes	350	1,070	1,420
Loan from Group Office to AMP Bank	-	-	-
Total senior debt	1,084	2,059	3,143
Deposits	-	4,551	4,551
Total debt	1,363	6,710	8,073

Source: AMP

Note: NZ\$ AMP Notes converted at hedged exchange rate of 1.2225. Numbers may not add due to rounding

The above \$8.1 billion AMP corporate and AMP Bank debt is reconciled to the total \$12.2 billion AMP Limited consolidated debt as follows:

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Reconciliation of Total Debt (\$ million)	
Total corporate and AMP Bank debt at 30 June 2010	8,073
- plus: limited recourse debt in entities controlled by AMP Life policyholder funds	2,190
- plus: deposits with AMP Life	138
- plus: limited recourse debt in investment entities controlled by Capital Investors	35
- less: policyholder deposits with AMP Bank	(2,032)
- less: value of cross currency interest rate swaps, fair value adjustments on borrowings and net discount and transaction costs	(71)
- plus: AMP Bank securitisation brought back on balance sheet as a result of IFRS	3,881
Total reported debt as at 30 June 2010	12,214

Source: AMP

As at 30 June 2010, AMP had a US\$5 billion European Medium Term Notes programme, a \$3 billion Domestic Issuance Program and individual debt programmes covering each subordinated debt issuance.

As at 30 June 2010, AMP corporate had \$700 million of undrawn liquidity facilities and \$100 million of undrawn standby facilities. AMP Bank had \$200 million of undrawn liquidity facilities.

7.4 Capital Management

The table below shows the regulatory capital resources of AMP as at 31 December 2009 and 30 June 2010.

AMP – Regulatory Capital Resources (\$ million)		
As at	31 December 2009	30 June 2010
AMP shareholder equity	2,706	2,891
Allowable hybrid Tier 1 instruments	-	-
Less: goodwill and other intangibles	(720)	(735)
Tier 1	1,986	2,156
Allowable upper Tier 2 instruments	-	-
Allowable lower Tier 2 instruments	279	279
Tier 2	279	279
Total regulatory capital (Tier 1 + Tier 2)	2,265	2,435
Shareholder minimum regulatory capital requirements ("MRR")	1,023	1,022
Regulatory capital resources above MRR	1,242	1,413

Note: AMP shareholder equity used for regulatory capital purposes differs from the total equity attributable to shareholders as per the financial statements due to the elimination of the impacts of accounting mismatches and cashflow hedge reserves (\$93 million at 30 June 2010 and \$135 million at 31 December 2009)

Regulatory capital resources above MRR were \$1,413 million as at 30 June 2010 and \$1,242 million as at 31 December 2009. Regulatory capital resources were 2.4 times MRR as at 30 June 2010 and 2.2 times as at 31 December 2009.

7.5 Capital Structure and Ownership

As at 10 December 2010, AMP had the following securities on issue:

- 2,094,424,200 ordinary shares, including 4,682,281 restricted shares;
- 455,174 options on issue over unissued shares; and

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- 13,226,527 performance rights on issue.

The restricted shares are ordinary AMP shares awarded to employees as part of an employee incentive plan. The shares are bought on market by AMP and granted to employees at no cost, but they have a three year vesting period.

Details of the options and performance rights outstanding as at 30 November 2010 are illustrated below:

AMP – Options and Performance Rights on Issue as at 30 November 2010			
Issue Date	Vesting Period	Exercise Price	Number Outstanding
Options			
09-Dec-2000	8 Dec 10	\$13.65	10,000
21-Jul-2001	20 July 11	\$14.75	434,455
15-Dec-2001	14 Dec 11	\$12.89	1,294
Total Options			445,749
Performance Rights			
2008 CEO	1 Jan 08 – 31 Dec 10		102,914
2008	1 Aug 08 – 31 Jul 11		4,129,959
2008 Off Cycle	1 Aug 08 - 31 Jul 11		18,116
2009	1 Aug 09 - 31 Jul 12		4,046,321
2009 CEO	1 Aug 09 - 31 Jul 12		777,778
2010	1 Aug 10 - 31 Jul 13		3,393,816
2010 CEO	1 Aug 10 - 31 Jul 13		697,675
Total Performance Rights			13,166,579
Total			13,612,328

Source: AMP

Note: The performance rights have an exercise price of \$1 per tranche.

AMP has approximately 780,000 shareholders. The top ten shareholders as at 30 November 2010 represent 46% of the total shares on issue:

AMP - Major Shareholders as at 30 November 2010		
	Number of Shares	Percentage
HSBC Custody Nominees (Australia) Limited	300,157,865	14.3%
J P Morgan Nominees Australia Limited	225,743,506	10.8%
National Nominees Limited	219,869,410	10.5%
Citicorp Nominees Pty Limited	85,830,916	4.1%
Bainpro Nominees Pty Limited	31,698,138	1.5%
Cogent Nominees Pty Limited	28,615,297	1.4%
JP Morgan Nominees Australia Limited (cash income account)	27,873,046	1.3%
Warbont Nominees Pty Limited	19,190,385	0.9%
AMP Life Limited	13,653,862	0.6%
HSBC Custody Nominees (Australia) Limited (account 3)	10,956,568	0.5%
Top 10 shareholders	963,588,993	46.1%
Other shareholders	1,130,835,207	54.0%
Total	2,094,424,200	100.0%

Source: AMP

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AMP had no substantial shareholders as at 10 December 2010.

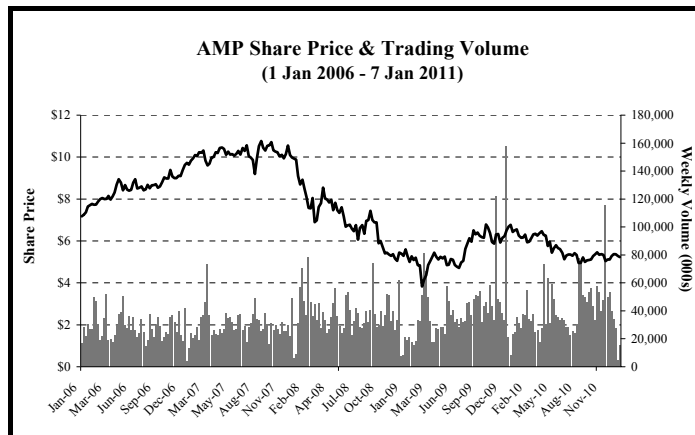
7.6 Share Price Performance

A summary of the price and trading history of AMP since 1 January 2006 is summarised in the following table:

AMP – Share Price History					
	Share Price (\$)			Average Weekly Volume ('000)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2006	9.82	7.03	9.72	28,498	7,387
2007	10.97	9.00	9.95	29,741	11,246
2008	10.03	4.91	5.42	38,493	16,641
2009	6.97	3.52	6.77	40,570	17,690
2010	6.83	4.85	5.29	40,704	17,338
Week ended					
7 January 2011	5.32	5.16	5.23	15,167	11,736

Source: IRESS

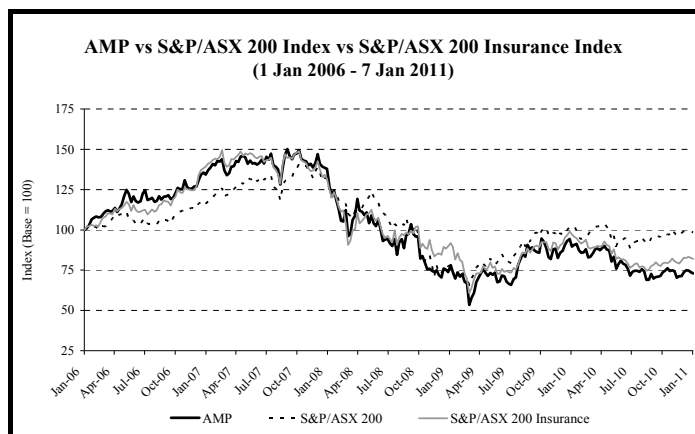
The movement in AMP’s share price since January 2006 is illustrated below:



Source: IRESS

AMP is a member of a number of indices including the S&P/ASX 200 and the S&P/ASX 200 Insurance Index. As at 7 January 2011 AMP’s weighting in these indices was approximately 0.9% and 17.2% respectively. The following graph illustrates the performance of AMP shares since January 2006 relative to the S&P/ASX 200 Index and the S&P/ASX 200 Insurance Index:

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Source: IRESS

During the period January 2006 to January 2008, AMP's shares generally traded in the range \$7-\$11. The share price began to fall in January 2008, as a result of the global financial crisis, trading to a low of \$3.52 in March 2009. The high trading volumes in mid November and December 2009 occurred at the time of AXA APH's rejection of AMP's Initial Proposal on 9 November 2009 and the announcement of the NAB Proposal on 17 December 2009.

AMP shares closed at \$5.87 on 6 November 2009, the trading day prior to the announcement of the Initial Proposal. Since that date, AMP shares have traded in the range \$4.85 - \$6.83. On 12 November 2010, the trading day prior to the announcement of the Proposal, AMP shares closed at \$5.33. Following the announcement on 15 November, AMP's share price increased to a high of \$5.60 before closing at \$5.45. Since then AMP shares have generally traded in the range \$5.00-\$5.50, with a low of \$4.98 on 24 November 2010.

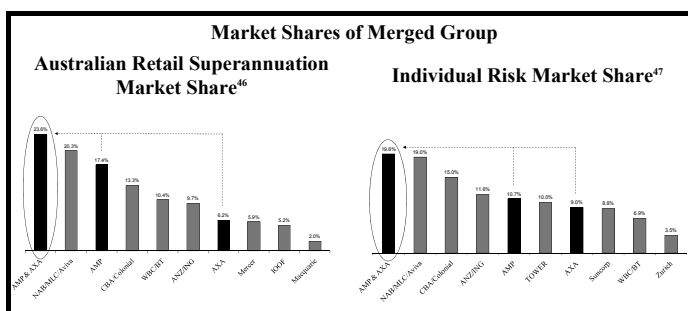
AMP is a liquid stock. Annual turnover for the year ending 31 December 2009 was around 104.6% of weighted average securities on issue over the same period.



8 Profile of the Merged Group

8.1 Overview

The proposed acquisition by AMP of the Australian and New Zealand businesses of AXA APH (“Merged Group”) will create a market leader in the Australian and New Zealand wealth management and financial protection sectors. The Merged Group is expected to be ranked in the top 20 companies on the S&P/ASX 200 Index. The Merged Group will have access to a strong financial planning and advice network. Operating through a suite of well known wealth management brands, it will provide a wide range of superannuation, retirement, investment and insurance products.



Source: AMP

The Merged Group will be one of the largest non-bank wealth management companies and have leading positions in the Australian retail superannuation market, Australian retirement income market, the retail managed funds market and the individual risk insurance market. The Merged Group will be supported by an extensive multi-channel distribution network comprising over 2,900 employed and aligned advisors and 6,000 IFAs. The Merged Group will operate under a portfolio of brands including AMP, AXA, ipac, Genesys and Charter.

⁴⁶ Plan for Life retail managed funds report, June 2010.

⁴⁷ Plan for Life detailed risk statistics, June 2010.

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8.2 Financial Performance

The pro forma financial performance of the Merged Group for the 12 months ended 30 June 2010 is summarised below:

Merged Group – Pro Forma Summary Financial Performance (\$ million)				
	12 months ended 30 June 2011			
	AMP	AXA ANZ	Adjustment:	Merged Group
Business Unit operating earnings	755	225	(20)	961
Group office / corporate costs	(39)	(26)	-	(65)
Total operating earnings	716	200	(20)	896
Underlying investment income	126	52	-	182
Interest expense	(70)	(24)	-	(95)
AMP tax loss recognition	16	-	-	16
Underlying profit	788	231	(20)	999
Other items	14	10	20	40
Net profit attributable to shareholders of AMP	802	237	-	1,039

Source: AMP

Refer to Section 6.8 of the Explanatory Memorandum for further information on the pro forma financial information.

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8.3 Financial Position

The pro forma financial position of the Merged Group as at 30 June 2010 is summarised below:

Merged Group – Financial Position (\$ million)				
As at 30 June 2010				
	AMP	AXA ANZ	Adjust	Merged Group
Cash at bank and deposits on call	2,785	1,170	145	4,100
Receivables	1,239	404	-	1,643
Investments in financial assets measured at fair value through profit or loss	63,055	12,630	-	75,685
Investments in financial assets measured at amortised cost	10,869	0	-	10,869
Investment accounted for using the equity method	72	49	-	121
Investment property	7,871	10	-	7,881
Intangibles	946	859	1893	3698
Other assets	1,522	822	-	2,344
Total assets	88,359	15,944	2,038	106,341
Payables	1,102	346	-	1,448
Current tax liabilities	56	-	-	56
Provisions	227	154	-	381
Derivative financial liabilities	1,084	37	-	1,121
Borrowings	11,858	416	(416)	11,858
Subordinated debt	356	280	320	956
Deferred tax liabilities	423	54	-	477
External unitholders' liabilities	6,202	322	-	6,524
Life insurance contract liabilities	18,058	2,674	-	20,732
Investment contract liabilities	46,053	9,881	-	55,934
Defined benefit plan liability	91	209	-	300
Total liabilities	85,510	14,373	(96)	99,787
Net assets of shareholders of AMP Limited and non-controlling interests	2,849	1,571	2,134	6,554
Non controlling interests	51	6	-	57
Equity attributable to Shareholders of AMP Limited	2,798	1,565	2,134	6,497

Source: AMP

Refer to Section 6.7 of the Explanatory Memorandum for further information on the pro forma financial information.

8.4 Capital Structure

AMP will not undertake any separate equity capital raising to fund its obligations under the Proposal. AXA SA will sub-underwrite \$600 million of subordinated debt issued by AMP. This debt will fund the cash payment to AXA APH shareholders of \$455 million as well as approximately half of the integration costs, and is expected to qualify as Tier 2 regulatory capital. Refer to Section 6.7 of the Explanatory Memorandum for further information on the pro forma capital position of AMP following implementation of the Proposal.

G R A N T S A M U E L



8.5 Synergies and Integration Costs

AMP expects annual post-tax cost savings (before integration costs) of approximately \$120 million, with integration costs of approximately \$285 million. 60% of these synergies are expected to be realised in the second year after the transaction.



9 Valuation of AXA APH

9.1 Summary

AXA APH has been valued in the range \$14,060-15,325 million, which corresponds to a value of \$6.03-6.64 per share. The valuation represents the estimated full underlying value of AXA APH assuming 100% of the company was available to be acquired and includes a premium for control. The valuation also reflects the potential savings, synergies and other strategic benefits that could be available to potential acquirers of the business. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect AXA APH shares to trade on the ASX in the absence of the Proposal or other corporate proposals in relation to the control of AXA APH.

The value for AXA APH is the aggregate of the estimated market value of AXA APH's operating businesses and other assets less external borrowings. The valuation is summarised below:

AXA APH - Valuation Summary (\$ million)			
	Report Section Reference	Value Range	
		Low	High
Asia	9.4	9,920	10,766
Australia and New Zealand	9.5	4,139	4,559
Enterprise value		14,060	15,325
Total debt at 30 June 2010		(1,173)	(1,173)
Provision for interim 2010 dividend		(191)	(191)
Provision for final 2010 dividend		(193)	(193)
Cash from exercise of rights		111	137
Value of equity		12,614	13,906
Fully diluted shares on issue (million)		2,092	2,096
Value per share		6.03	6.64

The valuation is a subjective judgement having regard to a number of valuation methodologies. The principal methodology was the actuarially based appraisal valuation method. The appraisal valuation approach is the methodology most commonly used for valuing life insurance businesses. Appraisal valuations involve the separate estimation of:

- embedded value, which is the sum of the value of business in-force and the value of adjusted net worth (i.e. surplus capital available to shareholders); and
- value of future new business.

The estimation of the value of business in-force is based on a detailed actuarial assessment of the present value of free cash flows expected to emerge from business already written. The estimation of the value of future new business is commonly undertaken by applying a multiple to the value of one year's new business. The value of one year's new business is assessed through a detailed actuarial review, on a basis consistent with the estimation of the value of business in-force.

Towers Watson was appointed to undertake an actuarial review of estimates of embedded value and the value of one year's new business prepared by AXA APH. The estimates of embedded value were prepared on a "traditional embedded value" basis. Towers Watson's review included a review of (and where appropriate, amendment to) profitability assumptions and the determination of adjusted net worth

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used in the estimation of embedded value. In addition, Towers Watson selected discount rates to be applied in the estimation of embedded value and value of one year's new business. Towers Watson's report is attached to this report as Appendix 4. For the purposes of Grant Samuel's valuation, estimates of embedded values and value of one year's new business as compiled by Towers Watson have been adjusted for changes in exchange rates. A comparison of the Towers Watson estimates with those used by Grant Samuel is attached to this report as Appendix 5.

The value of future new business is commonly estimated by or expressed as a multiple of the value of one year's new business. Judgements regarding this multiple are inherently subjective, because the multiple reflects expectations of future growth in business volumes and future business profitability. In the context of a change of control transaction, the multiple also takes into account potential synergies and other strategic value that may be available to acquirers of the business. Grant Samuel's estimates of the value of future new business took into account evidence as to appropriate multiples of the value of one year's new business derived from share market prices for listed life insurance companies and transaction values for life insurance businesses.

Where appropriate, Grant Samuel has also considered evidence as to value based on capitalisation of earnings and multiples of net tangible assets, having regard to share market prices for listed life insurance companies and transaction values for life insurance businesses.

Grant Samuel's estimate of the enterprise value of AXA APH in the range of \$14,060-15,325 million represents the following multiples (based on the mid-point embedded value of \$7,211 million and a mid-point value of one year's new business of \$402 million⁴⁸:

AXA APH – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Enterprise value		14,060	15,325
Equity value		12,614	13,906
Embedded value at 30 June 2010 ⁴⁹	7,211	1.9	2.1
Value of one year's new business at 30 June 2010 ⁵⁰	402	17.1	20.2
NPAT for ⁵¹ :			
- year ended 31 December 2009 (actual)	673	18.7	20.7
- year ending 31 December 2010 (forecast)	595	21.2	23.4
- year ending 31 December 2011 (forecast)	658	19.2	21.1
Adjusted NTA at 30 June 2010 ⁵² (actual)	2,375	5.3	5.9

Note: Embedded value is gross of debt

The forecast NPAT used for the purposes of calculating the multiples set out above is based on the median of brokers' forecasts for AXA APH (see Appendix 3 for

⁴⁸ Mid-point embedded values and the mid-point value of one year's new business for the purpose of calculating implied valuation multiples represent the average of the high and low estimates prepared by Tower Watson, adjusted for exchange rates on 8 December 2010, rather than the Tower Watson central estimates. Exchange rates have not changed materially since December 2010.

⁴⁹ Enterprise value divided by embedded value.

⁵⁰ Enterprise value minus embedded value divided by the value of one year's new business.

⁵¹ Equity value divided by NPAT. NPAT is defined as net profit after tax before non-recurring items and amortization.

⁵² Equity value divided by adjusted net tangible assets. Net tangible assets is net assets after intangibles but before deferred acquisition costs.

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details). While AXA APH has prepared projections of earnings for 2010 and 2011, these projections have not been disclosed to the market and AXA APH has not made any guidance statements of future performance. Moreover, the directors of AXA APH have decided not to include any earnings projections in the Explanatory Memorandum and therefore this information has not been disclosed in this report. The median of brokers' forecasts is sufficiently close to AXA APH's projections of earnings to be useful for analytical purposes.

The valuation represents relatively high multiples of the value of one year's new business and relatively high multiples of earnings. It reflects the particular attributes of AXA APH's businesses and takes into account factors such as:

- the businesses' exposure to the extremely attractive insurance markets in Asia, which are characterised by strong rates of economic growth, growing per capita wealth and disposable income, high rates of personal savings, rapidly growing populations and relatively low insurance penetration rates;
- the limited opportunities for existing participants and potential new entrants to make strategically meaningful acquisitions in the region. AXA APH's Asian portfolio of businesses is built around a substantial and profitable business in the Hong Kong market. This business provides the critical mass required to support the development of AXA APH's early stage but high growth businesses in South-East Asia. AXA APH's Chinese and Indian businesses, while currently sub-scale and not profitable, represent valuable options to participate in the very large, rapidly growing and potentially highly valuable Chinese and Indian insurance markets;
- the significant synergies that would be available to in-market acquirers of AXA ANZ businesses and potentially in relation to the Hong Kong business; and
- the status of AXA APH's Australasian business as one of the few wealth management and financial protection businesses of real scale available to be acquired in the Australasian market place.

The multiples implied by the valuation of AXA APH are broadly consistent with valuation evidence inferred from share market trading and transaction values for comparable life insurance businesses. However, the reality is that none of the transaction evidence relates to companies with a spread of businesses directly comparable to that of AXA APH. Moreover, there have been few transactions involving large businesses in Hong Kong and South-East Asia.

The valuation also reflects Grant Samuel's view that acquirers of the Asian businesses would be prepared to pay high prices for the businesses, reflecting their strategic value and potential synergistic benefits. Because the assessment of strategic value and value is inherently uncertain, the valuation of AXA APH is subjective and a reasonably broad range of conclusions as to value could reasonably be adopted.

9.2 Methodology

9.2.1 Overview

Grant Samuel's valuation of AXA APH has been estimated by aggregating the estimated market value of its operating business together with the realisable value of non-trading assets and deducting external borrowings and non-trading liabilities as at 30 June 2010. The value of the operating business has been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

G R A N T S A M U E L



The valuation of AXA APH is appropriate for the acquisition of the company as a whole and, accordingly, incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in AXA APH could be expected to trade on market. Shares in a listed company normally trade at a discount of 15-25% to the underlying value of the company as a whole (but this discount does not always apply).

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. Insurance companies are typically valued based on the appraisal valuation method, which is an actuarially-based approach involving estimates of value prepared using, in part, discounted cash flow analysis.

Grant Samuel has primarily had regard to the appraisal valuation approach to value AXA APH. Grant Samuel has also considered valuation evidence based on capitalisation of earnings and multiples of net tangible assets, having regard to share market and transaction values for broadly comparable companies and transactions.

9.2.2 Appraisal Valuation Approach

The appraisal valuation approach is the valuation methodology most commonly used to value life insurance businesses. It is based in part on an actuarial assessment of the expected profitability of the business. Appraisal valuations involve the separate estimation of embedded value and the value of future new business (also known as franchise value). Embedded value in turn consists of two components: the value of in-force business ("VIF") and the value of adjusted net worth (or net excess assets).

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VIF represents an estimate of the present value of the future cash flows associated with the business already in force, including the present value of the cash flows expected to be generated by the assets representing regulatory capital required to support the business in-force. Estimation of VIF requires a detailed estimate of the expected profitability of the in-force business, including the adoption of actuarially based best estimate assumptions regarding future claims, expenses and business persistency, as well as broader economic assumptions such as assumptions regarding asset class investment returns and inflation. These estimates of future profitability are used to generate forecasts of after tax free cash flows (including free cash flows from the investment assets representing the shareholders' funds required to support the in-force business.) The forecast free cash flows are discounted to a present value to arrive at the estimated VIF.

Adjusted net worth is determined by adjusting shareholder funds by the amount of capital required to support the in-force business (the value of which is captured in the estimation of VIF) and by any intangibles or other assets that are either unable to be realised at carrying value or whose value has already been taken into account in the value of in-force. The residual adjusted net worth is notionally represented by investment assets and other valuable assets backing shareholder funds and is valued at face value (i.e. on a dollar for dollar basis).

The value of future new business is generally estimated having regard to the value of one year's new business (based on the most recently completed year). In turn, the value of one year's new business is estimated on the basis of actuarial estimates of the future profitability of the business sold in the most recent year. Cash flow forecasts are projected based on these estimates of future profitability and are discounted to a present value at the point of sale of the business.

The value of future new business is determined through the application of, and expressed as a multiple of, one year's new business. The selection of this multiple is essentially judgemental. The multiple effectively has to capture expectations of future growth in business volumes as well as changes in future profitability. In the context of a change of control transaction, the multiple also reflects the synergies or other strategic value that could be available to potential acquirers of the business. Some guidance as to the appropriate range of multiples may be inferred from the share prices of listed life insurance companies or from transaction values for life insurance businesses.

For the purpose of valuing AXA APH, Towers Watson was responsible for reviewing estimates of embedded value and the value of one year's new business prepared by AXA APH. Towers Watson reviewed (and where appropriate made amendments to) estimates of profitability prepared at a product group level. Towers Watson also reviewed (and where appropriate made amendments to) the estimates of capital required to support the in-force business (for this purpose, "regulatory capital"). Towers Watson determined the range of discount rates to be applied to valuing each of AXA APH's businesses, having regard to a range of factors relevant to the riskiness of the cash flow streams associated with each business.

Grant Samuel was responsible for the estimation of the value of future new business, based on Towers Watson's review of the value of one year's new business.

G R A N T S A M U E L



The estimates of embedded value prepared by AXA APH and reviewed by Towers Watson were prepared on a “traditional embedded value” basis (rather than on a “European embedded value” or “market-consistent embedded value” basis). This approach was selected to maximise the usefulness and comparability of the results of the appraisal valuation process, because most life insurance businesses in the Asian markets report embedded values on a “traditional” basis.

Although the appraisal valuation approach has been used widely to assess life insurance businesses it is still evolving. There is not yet a consistent approach to presenting information such as embedded value and value of new business. Even within the different approaches to appraisal value, in particular European embedded value, there can be differences. As such, caution should be taken when comparing information from different companies and jurisdictions.

9.2.3 Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis.

The usual approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. However, share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply

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add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by sharemarket investors;

- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
 - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
 - strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
 - the company's own performance and growth trajectory;
 - rationalisation or synergy benefits available to the acquirer;
 - the structural and regulatory framework;
 - investment and sharemarket conditions at the time; and
 - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels; and
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these synergies, the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business

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being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

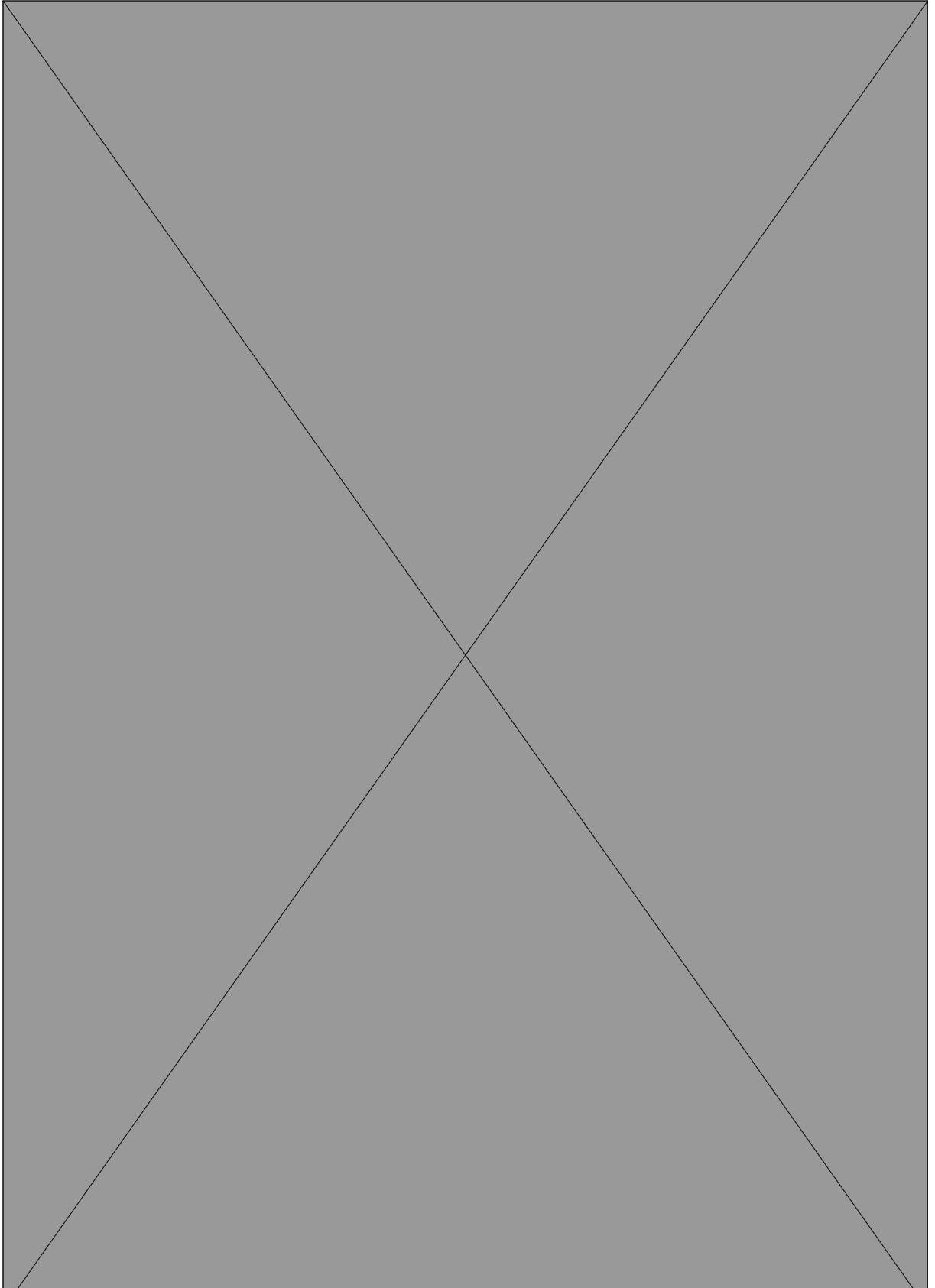
Multiples of EBIT and EBITDA are generally not meaningful for life insurance companies, given that interest and other investment earnings are a core part of their operations. Grant Samuel has considered valuation evidence relating to price earnings multiples (multiples of net profits after tax) in its valuation of AXA APH. However, it should be understood that the measurement of profit for life insurance businesses is not straightforward, with earnings often emerging over a period of many years and companies in different jurisdictions adopting differing approaches to the recognition and reporting of earnings. Accordingly, while valuation evidence based on capitalisation of earnings may be useful, some caution needs to be applied in reviewing the results of earnings based analysis. On the other hand, AXA APH's Australian and New Zealand wealth management businesses are more straightforward, with reported profits better reflecting short term economic performance. Accordingly, Grant Samuel has placed considerable reliance on capitalisation of earnings in its valuation of AXA APH's Australian and New Zealand wealth management businesses.

9.2.4 Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial businesses. Discounted cash flow valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed term contracts (which are typical in the resources sector), the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made.

AXA APH has not made available any longer term financial forecasts for its businesses and such forecasts are inherently subject to considerable uncertainty, given the wide range of factors that could affect the performance of AXA APH's businesses.



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AXA APH – Capital Allocation for Valuation Purposes (\$ million)				
	Hong Kong	Other Asia	Australia & New Zealand	Consolidated
AIFRS net assets after non controlling interests	2,515	483	1,565	4,562
- reallocation of investment in China	(36)	36	-	-
- adjustment for economic interest in India	-	(60)	-	(60)
- add debt	544	48	696	1,288
- minus goodwill	(1,048)	(58)	(679)	(1,785)
- minus regulatory capital	(716)	(117)	(967)	(1,800)
- minus value of business in-force	(302)	(4)	(59)	(365)
- adjustment for additional reg. capital	(164)	(53)	-	(217)
- adjustments for franking credits and executive share plan	-	-	(160)	(160)
- minus other intangibles and other adjustments	(11)	3	(7)	(14)
Adjusted net worth	782	277	389	1,449

Note: Based on exchange rates at 30 June 2010.

9.4 Asia

Grant Samuel has valued AXA APH's Asian businesses in the range \$9,920-10,766 million. The valuation incorporates the value of the wealth management, financial protection and mature businesses in Hong Kong, South-East Asia, India and China, and takes into account the costs associated with AXA APH's regional head office located in Hong Kong. The valuation of AXA APH's Asian businesses is summarised as follows:

Asia – Valuation Summary (\$ million)		
	Low	High
Hong Kong	6,570	7,096
Other Asia	3,700	4,000
Corporate	(350)	(330)
Enterprise value	9,920	10,766
Debt	(515)	(515)
Equity value	9,406	10,251

Note: Based on exchange rates at 8 December 2010. Exchange rates have not moved materially since December 2010

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The valuation range for AXA APH's Asian businesses implies the following multiples:

Asia – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Value of in-force at 30 June 2010 ⁵³	3,091	2.9	3.2
Embedded value at 30 June 2010	4,014	2.5	2.7
Value of one year's new business at 30 June 2010	259	22.8	26.1
NPAT for year ended 31 December 2009	511	18.4	20.0
Annualised NPAT for the six months ended 30 June 2010	330	28.5	31.1
Adjusted NTA at 30 June 2010	1,585	5.9	6.5

Note: Multiples assume a net worth of \$923 million based on exchange rates on 8 December 2010.

The multiples of embedded value, the value of one year's new business and earnings are high. They reflect, in general terms:

- the strategic appeal of AXA APH's Asian businesses, which represent a unique portfolio of businesses in terms of size, geographic exposure, market position and distribution capabilities. There are limited opportunities to acquire a similar portfolio of Asian businesses through acquisition. To develop such a portfolio through organic growth would be costly and time-consuming and there could be no guarantee of success;
- the businesses' exposure to the Asian region, which is arguably one of the most attractive insurance markets in the world. Most of the Asian insurance markets (but particularly in South-East Asia, India and China) have grown very strongly over the last decade and with increasing wealth and low insurance penetration rates, they are expected to continue to grow strongly;
- the size and maturity of the business in Hong Kong, which provides the critical mass required to support the growth of the other Asian businesses; and
- the potential synergies potentially available to acquirers of AXA APH's Hong Kong business.

However, they also take into account the following:

- many of the markets are immature and are subject to sovereign risks;
- many of AXA APH's businesses are in the early stages of their development and in some cases have relatively weak market positions;
- a number of the businesses are not yet profitable;
- the competitive nature of the Hong Kong market place may limit future growth in profitability;
- a number of the businesses outside Hong Kong represent joint venture interests and are reliant for their ongoing value on the maintenance of strong relationships with their joint venture partners. Potential acquirers of the other Asian businesses could view the joint venture structures as major negatives in their assessment of the value of the other Asian businesses; and
- the mature markets (Hong Kong and Singapore) have more modest prospects for growth than many other Asian markets.

⁵³ Multiple of value of in-force is calculated by subtracting net worth from enterprise value and dividing by the value of in-force. Value of in-force has not been adjusted for AXA APH Asia's corporate activities.

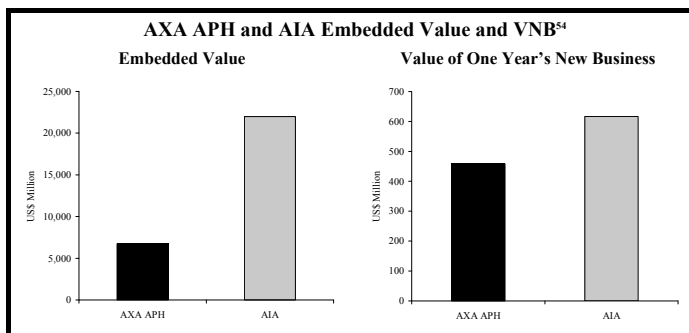
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There is relatively little valuation evidence from transactions or share market trading that is directly relevant to the valuation of AXA APH's Asian business, given its size and geographic spread. Perhaps the most useful evidence as to value relates to AIA Group ("AIA"), having regard to the terms of its proposed acquisition by Prudential (which did not proceed), its subsequent Initial Public Offering ('IPO') and AIA's current share market value.

AIA operates life insurance businesses in 13 markets in Asia, with strong positions in most of these markets. AIA's Hong Kong business represents around 43% of its total embedded value and contributes around 44% of its total profit and 41% of the value of its new business. In 2009, AIA was the market leader in Hong Kong, Thailand, Singapore and the Philippines, was ranked fourth in Malaysia and had the largest foreign owned life insurance business in China.

AIA's business is a more mature business than AXA APH, with AIA's Hong Kong and Singapore businesses commencing operations in 1931, Thailand in 1938 and Philippines in 1947. As a result, the ratio of embedded value to the value of one year's new business is much greater for AIA than for AXA APH, as illustrated below:



Source: AXA APH and AIA

The price of US\$35.5 billion at which Prudential proposed to acquire AIA represented 1.7 times AIA's embedded value at 30 November 2009 and 25.4 times the value of new business for the year to 30 November 2009. The valuation of AXA APH's Asian businesses implies multiples of embedded value in the range 2.5-2.7 times and multiples of the value of one year's new business in the range 22.8-26.1 times. As illustrated in the chart above, AIA's individual businesses across Asia are generally more mature than AXA APH's Asian businesses, which is reflected in the lower multiple of embedded value implied by the AIA transaction terms relative to the multiples for AXA APH.

The multiple of new business value is arguably a more relevant indicator of value because it better reflects the underlying growth prospects of the business. The multiple of new business value implied by the AIA transaction terms is at the top end of the range of multiples of new business value implied by the valuation of AXA APH's Asian businesses. In Grant Samuel's view this is reasonable. Although AIA has a significant business in the Hong Kong market, it has strong positions in the high growth Thailand, Indian and Chinese markets. Overall, AXA APH's Asian business is more weighted towards the (relatively) lower growth Hong Kong market than is AIA's business. AIA's value of one year's new business fell

⁵⁴ Values (and exchange rates) for AXA APH are as at 30 June 2010 and values for AIA are as at 31 May 2010.

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by 41% in the year ended 30 November 2009, in part because of the financial distress of AIG, AIA's parent. The implied new business multiple based on one year's new business to 30 November 2008 was significantly lower at 15.0 times. There are other factors that suggest that higher multiples would apply to the Prudential acquisition of AIA. AIA's Asian businesses are owned outright (with the exception of India) whereas AXA APH's Asian businesses other than in Hong Kong are predominantly held via joint venture agreements. Prudential would have expected to realise significant synergies through merging its businesses with AIA, given that the merged businesses were expected to become market leaders in many of their markets.

Following the termination of the AIA sale to Prudential, AIG announced it would seek to list AIA on the Hong Kong Stock Exchange. The IPO was completed in October 2010. Based on recent market prices, AIA is trading on 21.3 times the value of one year's new business and 1.6 times embedded value. The implied multiples are based on share market values and therefore do not reflect a premium for control. While the multiples for the failed Prudential transaction were based on embedded value and value of one year's new business for the year ended 30 November 2009, the recent share market trading multiples are based on data for the year ended 31 May 2010.

Overall, in Grant Samuel's view, analysis of the proposed Prudential/AIA transaction and AIA's recent trading price provides general support for Grant Samuel's valuation of AXA APH's Asian businesses.

The valuation of the Hong Kong and other Asian businesses are discussed in more detail below.

9.4.1 Hong Kong

Grant Samuel has valued AXA Hong Kong in the range HK\$50,000-54,000 million, which equates to \$6,570-7,096 million at an exchange rate of A\$1.00 = HK\$7.61. This value represents the value attributable to AXA APH's wealth management, financial protection and mature businesses in Hong Kong. Grant Samuel has valued these businesses as a single business, given that many of the products sold by AXA APH Hong Kong have both wealth management and financial protection characteristics (as distinct from AXA APH's Australian business, where the wealth management and financial protection businesses and product sets are clearly distinguishable, and subject to very different long term demand and other value drivers). The valuation is summarised as follows:

AXA Hong Kong - Valuation Summary (HK\$ million)		
	Low	High
Enterprise value	50,000	54,000
Debt	(3,550)	(3,550)
Equity value	46,450	50,450

Note: Hong Kong debt has been converted at the spot rate of A\$1.00 = HK\$7.61 and A\$1.00 = US\$0.98 on 8 December 2010.

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The results of Towers Watson's review of AXA Hong Kong are summarised as follows:

AXA Hong Kong – Towers Watson Valuation Results (HK\$ million)			
Discount Rates	High	Central	Low
Adjusted net worth	5,147	5,147	5,147
Value of in-force business	18,664	20,074	21,881
Embedded value	23,810	25,221	27,027
Value of one year's new business	1,098	1,194	1,303

Note: Hong Kong adjusted net worth, value in force and value of one year's new business has been converted to HK\$ at the exchange rate on 30 June 2010 of A\$1.00 = HK\$6.58. Embedded value is stated before adjusting for debt.

Grant Samuel's estimate of the enterprise value of AXA Hong Kong in the range of HK\$50,000-54,000 million implies a value of future new business of HK\$24,581-28,581 million (assuming a mid-point embedded value of HK\$25,419 million):

AXA Hong Kong – Implied Value of Future New Business (HK\$ million)		
	Low	High
Enterprise value	50,000	54,000
Embedded value (mid-point)	(25,419)	(25,419)
Value of future new business	24,581	28,581

The estimated enterprise value and implied value of future new business represent the following multiples (based on a mid-point embedded value of HK\$25,419 million and a mid-point value of one year's new business of HK\$1,200 million):

AXA Hong Kong – Implied Valuation Multiples			
	Variable (HK\$ million)	Low	High
Enterprise value (HK\$ million)		50,000	54,000
Equity value (HK\$ million)		46,450	50,450
Value of in-force business	20,272	2.2	2.4
Embedded value	25,419	2.0	2.1
Value of one year's new business	1,200	20.5	23.8
NPAT for year ended 31 December 2009	2,931	15.8	17.2
Annualised NPAT for the six months ended 30 June 2010	2,013	23.1	25.1
Adjusted NTA at 30 June 2010	7,426	6.3	6.8

Note: Based on an adjusted net worth of HK\$5,147 million.

The multiples of the value of one year's new business are relatively high, although the earnings multiples are more modest. In Grant Samuel's view the multiples are reasonable. AXA Hong Kong would have considerable strategic appeal for potential acquirers of the business. For in-market acquirers it would deliver a market leading position in the highly profitable Hong Kong market and would offer the prospect of considerable synergies. For new entrants to the market, an acquisition of AXA Hong Kong would provide critical mass in the Asian region and a base from which to pursue an Asian development strategy.

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Grant Samuel has also considered the following specific features of the business:

- AXA Hong Kong is the fifth largest participant (in terms of in-force business during the half year ending 30 June 2010) in the relatively mature, high margin, Hong Kong life insurance market;
- the business has successfully implemented a multi-channel distribution strategy, with recent growth in its agency sales force and strong results from its bancassurance partnership with Citibank;
- AXA Hong Kong has identified a number of opportunities to grow the profitability of the business, including:
 - the development of a new distribution channel through its recently introduced Integrity franchised agency model;
 - expansion in the growing MPF market;
 - opportunities to grow unit linked product sales through the broker channel;
 - leveraging off production innovation such as the recently introduced NOVA and HealthPro products; and
- in addition, AXA Hong Kong expects to be able to reduce costs and new product development times through the implementation of the RTOM project.

On the other hand:

- the Hong Kong insurance market is relatively mature, with much lower growth rates than many other Asian markets and relatively high levels of insurance penetration. In this context earnings growth for AXA Hong Kong (and the Hong Kong market overall) is likely to be much lower than for other Asian markets; and
- the Hong Kong insurance market is highly profitable, with profitable “traditional” insurance products still popular. Market competition has not resulted in any material erosion of this profitability, in part because the agency distribution model militates against price competition. However, there is a risk that the increasing importance of the bancassurance distribution channel and growing consumer sophistication will ultimately result in price based competition and erode returns available to insurers.

While the valuation of AXA Hong Kong implies relatively high multiples of the value of one year’s new business, it represents far lower multiples of earnings. This is because approximately one-third of AXA Hong Kong’s earnings are attributable to its book of mature business, which is essentially in run-off and consequently does not contribute to the value of one year’s new business.

Grant Samuel has reviewed the multiples implied by its valuation of AXA Hong Kong by reference to multiples for comparable listed companies and transactions involving international companies with operations in the Hong Kong financial protection market. None of the valuation evidence relates to companies or businesses that are directly comparable to AXA Hong Kong. Perhaps the most relevant was the attempted acquisition of AIA Group by

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Prudential. However, the transaction did not proceed. In addition, while the multiples implied by the AIA IPO and the more recent share market trading multiples may provide a comparison metric for AXA Hong Kong, they do not reflect a premium for control. It should also be noted that only 43% of AIA's embedded value and 34% of its value of new business is contributed by its Hong Kong business and a significant proportion of AIA's business is in less mature faster growing markets.

The following table sets out multiples implied by selected transactions involving the acquisition of Hong Kong life insurance businesses since 2005:

Recent Transaction Evidence – Hong Kong Financial Protection							
Date	Transaction Details	Equity Consideration ⁵⁵ (million)	Price Earnings Multiple ⁵⁶ (times)		Geared NTA Multiple (times) Historical	Multiple of Emb. Value (times) Historical	Multiple of New Business (times) Historical
			Historical ⁵⁷	Forecast			
Jul 2010	IPO of AIA Group Limited	US\$30,622	16.8	14.3	1.9	1.4	14.0
Mar 2010	Failed acquisition of AIA Group Limited by Prudential plc	US\$35,500	24.7	19.7	2.4	1.7	25.4
Jun 2007	Acquisition of 50% of Hang Seng Life Limited by Hang Seng Bank Limited	HK\$4,800	15.2	na	2.6	na	na
Jun 2007	Acquisition of 50% of MetLife Fubon Limited by MetLife Inc ⁵⁸	US\$112	na	na	9.3	1.1	na
Mar 2007	Acquisition of Pacific Century Insurance Holdings Ltd by Fortis N.V	HK\$6,986	21.4	32.2	2.4	1.5	20.0
Dec 2006	Acquisition of Winterthur Life (Hong Kong) Limited by AXA Asia Pacific Holdings Limited	HK\$1,900 ⁵⁹	20.0	na	10.3	1.6-1.8	10.0-14.3
Apr 2006	Acquisition of 51% of BOC Group Life Assurance Company Limited by BOC Hong Kong Holdings Limited	HK\$1,765	12.5	na	1.8	na	na
Feb 2006	Acquisition of MLC Hong Kong Limited by AXA Asia Pacific Holdings Limited	A\$544	15.9	na	2.0	1.5	13.0
Jul 2005	Acquisition of Hong Kong life insurance, pensions and financial planning businesses of CBA by Sun Life Financial Inc	A\$600	na	12.9	na	1.2	na

Source: Grant Samuel analysis (see Appendix 2)

The multiples of the value of one year's business and embedded value implied by the valuation of AXA Hong Kong are towards the higher end of the range than the transaction evidence set out above (with the exception of the failed AIA transaction). In Grant Samuel's view this is reasonable because:

⁵⁵ Implied equity value if 100% of the company or business had been acquired.
⁵⁶ Represents equity consideration divided by net profit after tax.
⁵⁷ Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date. Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.
⁵⁸ Limited financial information is available for this transaction. Multiples have been calculated by reference to the fair value of net assets acquired and disclosures in relation to the value attributed to in-force insurance contracts. Therefore the multiple of embedded value may be overstated.
⁵⁹ Multiples calculated based on the upfront consideration of HK\$1.9 billion.

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- AXA Hong Kong is substantially larger than any of the comparable companies, with the exception of AIA. In Grant Samuel's view AXA Hong Kong would be likely to have significantly more strategic appeal than any of the companies referred to above (other than AIA);
- the lower multiples implied by the AIA IPO do not reflect a premium for control;
- a number of the transactions referred to above involved the acquisition of minority interests in businesses (e.g. Hang Seng Life, MetLife Fubon) or acquisitions from related companies (e.g. Hang Seng Life, Winterthur Life (Hong Kong), BOC Group Life). Because these transactions did not follow competitive sales processes, the transaction values may not have represented full underlying value; and
- the acquisition of Pacific Century Insurance Holdings Ltd ("Pacific Century") by Fortis N.V. is arguably the most relevant transaction, given its size and context. The acquisition represented a significant expansion of Fortis' Asian business and was considered important to its overall strategy of expanding outside its home market. At the time of the acquisition Pacific Century was the seventh largest life insurer in Hong Kong in terms of in-force policies, with an estimated market share of 2.5%. The transaction value represented a multiple of 20 times the value of one year's new business.

Grant Samuel has also considered the multiples implied by the share prices of listed international financial services companies with operations in the Hong Kong life insurance market:

Sharemarket Ratings of Selected Listed Asian Companies

Listed Entity	Market Cap'n (\$m)	Price Earnings Multiple (times)			Geared NTA Multiple (times)	Multiple of Emb. Value (times)	Multiple of New Business (times)
		Hist.	1 Year Fore.	2 Year Fore.			
Hong Kong							
AIA Group	34,760	18.9	16.1	14.8	2.1	1.6	20.5
Hang Seng Bank Ltd	32,662	19.1	17.6	15.2	4.2	na	Na
China							
China Life Insurance Company Limited	98,608	19.8	20.0	17.1	3.2	2.3	19.8
Ping An Insurance (Group) Company of China, Ltd.	69,539	33.0	26.3	20.9	4.5	2.5	19.1
China Pacific Insurance (Group) Co., Ltd	31,042	27.8	26.2	20.8	2.6	2.0	18.4
China Taiping Insurance Holdings Company Limited	5,522	51.5	39.3	30.0	4.4	3.3	31.5
Singapore							
Great Eastern Holdings Limited	5,802	14.4	15.4	14.5	1.9	1.2	5.3

Source: Grant Samuel analysis (see Appendix 1)

A detailed analysis of these entities is set out in Appendix 1. Only limited reliance can be placed on these multiples:

- there are no publicly listed pure play Hong Kong life insurance companies. All of the comparable companies have significant banking

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and other financial services businesses, or significant insurance operations outside Hong Kong;

- AIA is a major participant in the Hong Kong life insurance market. However, it also has exposure to 12 other markets in the Asian region, with the majority of these businesses wholly owned. The low embedded value multiple for AIA reflects the maturity of AIA's business and the consequent magnitude of its embedded value relative to the value of one year's new business;
- Hang Seng Bank Ltd ("Hang Seng") is the largest domestic participant in the Hong Kong life insurance market. However, Hang Seng is a commercial bank rather than a specialist life insurance business, providing a wide range of financial services. HSBC owns 62% of Hang Seng;
- although the Chinese life insurance companies have some exposure to the Hong Kong market, the vast bulk of their operations are in mainland China. The very high multiples on which their shares are trading (ranging from 19-36 times the value of one year's new business) reflect their strong market positions in the rapidly growing mainland China insurance market. In particular, China Taiping's high multiples reflect its higher new business growth profile relative to its peers;
- Great Eastern Holdings Limited ("Great Eastern") is the largest insurance company in Singapore and Malaysia. The relatively modest multiples on which it is trading (multiples of 1.2 times embedded value and 5.3 times the value of one year's new business) may be attributable to the ownership structure of Great Eastern, which is 85% owned by Oversea-Chinese Banking Corp. Limited.

9.4.2 Other Asia

Grant Samuel has valued AXA APH's other Asian businesses in the range \$3,700-4,000 million. The valuation represents the value attributable to AXA APH's businesses in Indonesia, Thailand, Singapore, Malaysia, the Philippines, India and China, as well as ipac Asia.

The results of Towers Watson's review of the valuation of AXA APH's other Asian businesses are summarised as follows:

AXA Other Asia – Towers Watson Valuation Results (\$ million)			
Discount Rates	High	Central	Low
Adjusted net worth	247	247	247
Value of in-force business	387	423	467
Embedded value	635	670	714
Value of one year's new business	88	100	116

Note: AXA Other Asia's adjusted net worth, value of in-force and value of one year's new business have been converted into local currencies at the prevailing exchange rates on 30 June 10 and converted to A\$ at the prevailing spot rates on 8 December 2010.

Grant Samuel's estimate of the value of AXA Other Asia in the range \$3,700-4,000 million implies a value of future new business of \$3,026-3,326 million (assuming a mid-point embedded value of \$674 million):

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AXA Other Asia – Implied Value of Future New Business (\$ million)		
	Low	High
Enterprise value	3,700	4,000
Embedded value (mid-point)	(674)	(674)
Value of future new business	3,026	3,326

The value of future new business represents a very high proportion of the overall valuation and reflects expectations of strong business growth. The valuation of AXA Other Asia represents the following multiples (based on a mid-point embedded value of \$674 million and a mid-point value of one year's new business of \$101 million):

AXA Other Asia – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Enterprise value (\$ million)		3,700	4,000
Equity value (\$ million)		3,652	3,952
Value of in-force business	427	8.1	8.8
Embedded value	674	5.5	5.9
Value of one year's new business	101	29.9	32.9
NPAT for the year ended 31 Dec 2009	30	121.7	131.7
Annualised NPAT for the six months ended 30 June 2010	40	91.3	98.8
Adjusted NTA at 30 June 2010	457	8.0	8.7

Note: Based on an adjusted net worth of \$247 million

The multiples implied by the valuation range are very high. However, in Grant Samuel's view the multiples are reasonable, having regard to the following:

- AXA Other Asia represents a portfolio of life insurance businesses with operations across South-East Asia and in China and India. There are very few comparable businesses that offer the geographic exposure, market positions, breadth of distribution channels, and relationships with leading local banks (although AIA has leading positions in most of the Asian markets in which AXA APH operates); and
- the businesses operate in high growth life insurance markets, characterised by strong economic growth, increasingly affluent population bases and relatively low insurance penetration rates. They have collectively recorded substantial growth in new business and earnings over the last eighteen months (albeit from a low base).

On the other hand:

- while the businesses and the markets in which they operate have highly attractive characteristics, they are not without risk. The businesses are generally modest in scale and in some countries have not yet reached profitability. In addition, the businesses are exposed to a variety of sovereign risks that could ultimately affect their profitability or growth prospects;
- the majority of the AXA Other Asia businesses represent interests in joint ventures with local partners. The value of these businesses is critically dependent on the maintenance of strong relationships with the

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joint venture partners, which in many cases provide distribution capabilities to the businesses. Potential third party acquirers of these businesses are likely to be cautious in their assessment of the value of these businesses, given the risks that they would face in terms of the maintenance of joint venture relationships and the potential consequences of a change of control on joint venture arrangements;

- a number of the businesses are incurring acquisition expense overruns. In the year ended 30 June 2010, acquisition expense overruns totalled \$72 million, the bulk of which were incurred by the businesses in India, China and ipac Asia. These expense overruns are not taken into account in the value of one year's new business of \$101 million used in determining the multiples set out above; and
- in relation to individual businesses:
 - AXA Indonesia and KAL (Thailand) achieved strong growth in earnings in 2009 and the first half of 2010 and are expected to achieve significant further growth in the second half of 2010 and in 2011. Both businesses have well developed agency and bancassurance distribution channels and have meaningful market positions;
 - AXA Life Singapore reported a sharp decline in profitability in the six months ended 30 June 2010, reflecting a reassessment of the profitability of a book of business written through AXA Life Singapore's broker distribution channel. The reality is that the business is a sub-scale business in a relatively mature market;
 - PAL's (Philippines) earnings fell in 2009 and again in the first half of 2010 (on an annualised basis), and AXA AFFIN Life (Malaysia) continued to record modest losses. These businesses face a variety of challenges; and
 - BAL (India) and AXA Minmetals (China) both recorded losses in 2009 and the first half of 2010. Both of these businesses need to grow significantly to achieve profitability. For both businesses regulatory issues are a significant obstacle to further growth. The Indian market is characterised by fierce competition and low profitability. In 2009 AXA SA paid \$97 million for a half share in AXA APH's Indian business. In October 2010 the AXA Minmetals joint venture partners announced that Industrial and Commercial Bank of China Co Ltd ("ICBC") would become a shareholder and strategic partner in AXA Minmetals. As part of the transaction ICBC will acquire a 60% interest in AXA Minmetals for RMB1,175 million. AXA APH's interest will decline to 13.5%, AXA SA's interest to 14.0% and Minmetals' interest to 12.5%. AXA APH will retain an option to acquire an additional 2.5% from Minmetals. The transaction still requires regulatory approval and there are significant obstacles to be addressed before the business to be developed by the joint venture partners achieves profitability.

Grant Samuel has reviewed the multiples implied by its valuation of AXA Other Asia against multiples for comparable listed companies and transactions involving international companies with operations in the Asian life insurance market.

While there has been some transaction activity in the Asian life insurance industry in recent years, there is limited useful financial data for many of the

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transactions. The proposed acquisition by Prudential of AIA (which did not proceed) and the subsequent IPO and recent share market trading of AIA provides some evidence, although a significant proportion of AIA's business is in the relatively low growth Hong Kong market.

Set out below is a selection of relevant Asian transactions since 2005 for which there is sufficient information to calculate meaningful valuation parameters. The transactions have been categorised by market due to the differences in maturity and growth profiles between markets and focus has been placed on transactions in the Asian markets in which AXA APH has established business activities.

Recent Asian Transaction Evidence							
Date	Transaction	Equity Consideration (million)	Price Earnings Multiple (times)		Geared NTA Multiple (times)	Multiple of Embedded Value (times)	Multiple of New Business (times)
			Historical	Forecast			
Jul 2010	IPO of AIA Group Limited	US\$30,622	16.8	14.3	1.9	1.4	14.0
Mar 2010	Failed acquisition of AIA Group Limited by Prudential plc	US\$35,500	24.7	19.7	2.4	1.7	25.4
China							
Dec 2007	Initial public offering of China Pacific Insurance (Group) Co., Ltd	RMB231,000	20.6	na	3.2	na	na
May 2005	Acquisition of 9.91% interest in Ping An Insurance (Group) Company of China, Ltd by HSBC Holdings plc	RMB86,813	27.9	21.2	3.2	2.3	12.5
June 2004	Initial public offering of Ping An Insurance (Group) Company of China, Ltd	RMB70,217	29.3	24.6	5.3	3.5-3.9	9.5-14.9
India							
Dec 2007	Acquisition of 7.15% interest in HDFC Standard Life Insurance Co., Ltd by Standard Life plc	INR19,890	nmf	na	2.4	na	na
Indonesia							
Mar 2009	Acquisition of 49% interest in PT Commercial International by Sun Life Financial Inc	IDR551,020	na	na	7.6	na	na
Feb 2006	Acquisition of MLC Indonesia Limited by AXA Asia Pacific Holdings Limited	A\$22	na	na	1.0	na	na
Malaysia							
Nov 2008	Acquisition of 30% interest in AmLife Insurance Berhad by Friends Provident plc	RM567	37.8	na	nmf	na	na

Source: Grant Samuel analysis (see Appendix 2)

It should be noted that a number of the transactions referenced above represent the sale of portfolio interests by way of initial public offerings (e.g. China Pacific Insurance, Ping An Insurance) or the acquisition of non-controlling shareholdings (e.g. 9.91% of Ping An Insurance, 49% of PT Commercial International and 30% of AmLife Insurance). The relevant transaction multiples may therefore not represent full underlying value. Similarly, the acquisition by Standard Life plc of an additional 7.15% in HDFC Standard Life was undertaken on a pre-determined price basis and may not have reflected full underlying value.

G R A N T S A M U E L



Grant Samuel has also considered the multiples implied by the share market prices of listed international companies with operations in the Asian life insurance market, as set out in the table titled "Sharemarket Ratings of Selected Listed Asian Companies" in Appendix 1. While those companies are not directly comparable to AXA Other Asia, the comparison does provide some basis for assessing the multiples implied by the valuation of AXA Other Asia. In this regard:

- the four Chinese companies are all trading at very high multiples of earnings, NTA, embedded value and the value of one year's new business. They are all substantial, profitable, rapidly growing businesses with significant market shares in the rapidly growing life insurance market in China. The multiples of the value of one year's new business implied by the valuation of AXA Other Asia are consistent with those for Ping An Insurance and China Pacific Insurance, and lower than those for China Life and China Taiping. In Grant Samuel's view these broad relativities are appropriate, given the significant differences in terms of size, market position and business development as between AXA Other Asia and the major listed Chinese life insurers; and
- Great Eastern, which operates in Singapore and Malaysia, is trading on modest multiples. This may in part reflect the fact that Great Eastern has a controlling shareholder and a relatively small free float of only 15%.

9.4.3 Corporate

AXA APH's Asian operations rely on a regional head office located in Hong Kong that incurs recurrent pre tax costs of approximately \$50 million per annum. These costs represent costs associated with running AXA APH's Hong Kong and other Asian business. Specific costs include:

- AXA APH Asian regional senior management executive costs, planning and development, corporate affairs, treasury and tax; and
- certain group shared services costs such as human resources and information technology costs that are not fully recharged to the business operations during the year.

The valuations of AXA APH's Asian businesses do not include an assessment of corporate costs. Therefore, a separate allowance has been made for corporate costs. An acquirer of AXA APH's Asian business could potentially realise very significant savings of corporate costs. However, some level of costs would remain and would need to be assumed by the acquirer.

Grant Samuel has incorporated in its valuation of AXA APH's Asian business a provision of \$330-350 million in respect of corporate costs, representing the capitalised value of corporate costs that might remain following the acquisition of AXA APH's Asian businesses.

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9.5 Australia and New Zealand

Grant Samuel has valued AXA APH's Australia and New Zealand businesses in the range \$4,139-4,559 million. The valuation represents the value of AXA APH's wealth management, financial protection and mature businesses in Australia and New Zealand, and takes into account the costs associated with AXA APH's corporate office located in Melbourne:

Australia and New Zealand – Valuation Summary (\$ million)		
	Low	High
Wealth management (including mature)	2,100	2,300
Financial protection	1,700	1,900
Corporate	(50)	(30)
Adjusted net worth	389	389
Enterprise value	4,139	4,559
Debt	(706)	(706)
Equity value	3,433	3,853

The results of Towers Watson's review of AXA APH Australia and New Zealand are summarised as follows:

Australia and New Zealand – Towers Watson Valuation Results (\$ million)			
Discount Rates	High	Central	Low
Adjusted net worth	389	389	389
Value of in-force business – wealth management	1,482	1,550	1,623
Value of in-force business – financial protection	1,204	1,269	1,343
Embedded value	3,075	3,208	3,356
Value of one year's new business – wealth management	77	87	98
Value of one year's new business – financial protection	48	56	64

Note: New Zealand net worth, value in force and value of one year's new business have been converted at the exchange rate on 30 June 2010 of A\$1.00 = NZ\$1.23.

Grant Samuel's estimate of the enterprise value of AXA Australia and New Zealand represents the following multiples (based on a mid-point embedded value of \$3,197 million and a mid-point value of one year's new business of \$143 million):

GRANT SAMUEL



Australia and New Zealand – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Enterprise value (\$ million)		4,139	4,559
Equity value (\$ million)		3,481	3,901
Value of in-force business	2,808 ⁶⁰	1.3	1.5
Embedded value	3,197	1.3	1.4
Value of one year's new business	143	6.6	9.5
Adjusted NPAT for year ended 31 December 2009	203	17.2	19.2
Annualised adjusted NPAT for the six months ended 30 June 2010	197	17.7	19.8
Adjusted NTA at 30 June 2010	790	4.4	4.9

Note: New Zealand value in force and value of one year's new business have been converted at the exchange rate on 8 December 2010 of A\$1.00 = NZ\$1.31.

There are very few companies in the Australian or New Zealand markets that are directly comparable to AXA APH's business in Australia and New Zealand. The best comparison for AXA APH's Australasian business is AMP Limited ("AMP"). AMP is currently trading on the following multiples:

Sharemarket Ratings of AMP							
Entity	Market Cap'n (\$ million)	Price Earnings Multiple (times)			Geared NTA Multiple (times)	Multiple of Embedded Value (times)	Multiple of New Business (times)
		Historical	1 Year Forecast	2 Year Forecast			
AMP	10,975	14.3	13.6	12.3	5.9	1.6-1.8 ⁶¹	14.9-22.1 ⁶¹

AMP's business is focussed on the Australian and New Zealand markets and covers broadly the same range of activities as AXA APH's Australasian business. However, by comparison with AXA APH, a greater proportion of AMP's earnings are from wealth management activities, with approximately 41% of AMP's operating earnings in the six months ended 30 June 2010 derived from its wealth management business (which includes its banking business) and a further 12% from the AMP Capital Investors investment management business. AMP's Australian contemporary wealth protection segment (which includes term, disability and income protection insurance products) accounted for approximately 20% of AMP's operating earnings in the six months ended 30 June 2010. AMP's mature business contributed around 19% of operating earnings and the New Zealand business contributed around 9%.

AXA APH derived a similar proportion of its earnings from its mature business (20%). However, its Australian financial protection business contributed around 38% of earnings and its New Zealand business a further 15% in the six months ended 30 June 2010. Only around 27% of AXA APH's Australasian operating earnings were derived from wealth management.

Comparison of the parameters implied by the valuation of AXA Australia and New Zealand with those implied by the market value of AMP is not straightforward. The multiples of embedded value and multiples of the value of new business implied by the valuation of AXA Australia and New Zealand are lower than those implied by

⁶⁰ Value of in-force has not been adjusted for AXA APH Australia and New Zealand's corporate activities.

⁶¹ Calculated by reference to the range of embedded value and value of one year's new business at 30 June 2010 as presented by AMP.

GRANT SAMUEL



AMP's market value. However, measures such as multiples of embedded value and multiples of the value of new business are potentially distorted (inflated) for AMP, because AMP's market value incorporates the value of AMP's banking business and AMP Capital Investors, which generates around 10% of operating earnings. On the other hand, the earnings multiples for AXA Australia and New Zealand are significantly higher than those for AMP. This is generally consistent with AXA Australia and Zealand's recent track record of superior new business value generation (i.e. as a percentage of embedded value) and reflects also the synergies available to potential acquirers of the AXA business. While the analysis does not provide determinative evidence as to value, in Grant Samuel's view the valuation for AXA Australia and New Zealand is broadly consistent with the valuation evidence derived from the share market value of AMP.

9.5.1 Wealth Management

Grant Samuel has valued AXA APH's wealth management business in Australia and New Zealand in the range \$2,100-2,300 million. The valuation represents the value of AXA APH's Australian platform, advice and investment businesses, the New Zealand businesses, and the value attributable to the Australian mature business, comprising retirement income, long term savings and long term risk.

The valuation range implies the following multiples:

Wealth Management – Implied Valuation Parameters			
	Variable (\$ million)	Low	High
Enterprise value (\$ million)		2,100	2,300
FUMA (%) at 30 September 2010	60,307	3.5%	3.8%
Value of in-force business at 31 December 2009	1,546	1.4	1.5
Value of one year's new business at 31 December 2009	87	6.3	8.6
Adjusted operating earnings for year ended 31 December 2009 (pre tax)	147	14.3	15.7
Annualised adjusted operating earnings for year ended 30 June 2010 (pre tax)	167	12.6	13.8

Note: Operating earnings have been adjusted by \$(1.4) million for the year ended 31 December 2009 and \$4.9 million for the annualised year ended 30 June 2010 for investment earnings on regulatory capital and grossed up for an assumed 30% tax rate.

Grant Samuel has had particular regard to the multiples of earnings implied by the valuation range, given the straightforward nature of earnings for the Wealth Management business (as opposed to earnings for the Financial Protection business, which may emerge slowly over the life of a policy) and the available valuation evidence based on earnings multiples. The multiples of earnings implied by the valuation are high, but in Grant Samuel's view appear reasonable, having regard to the following:

- the long term outlook for the Australian wealth management market remains positive despite the negative impact of the global financial crisis. In the longer term, the market is expected to be underpinned by the substantial volume of compulsory superannuation funds flowing into the sector;
- AXA APH's Australian wealth management business represents a rare opportunity to acquire a significant participant in the Australian wealth management market, given its market share of approximately 6.0%;

G R A N T S A M U E L



- the North platform (currently ranked as Australia's fourth best platform out of 19 and with the potential to be further developed) and the North range of capital protected investment products provide an opportunity for AXA APH to increase its share of the Australian wealth management market. Full development of the North platform and the expected migration of AXA APH's other investment platforms to the North technology over the next three years are expected to realise significant cost savings (of around \$40 million);
- potential acquirers of the wealth management business could expect to realise meaningful synergies:
 - on 17 December 2009 NAB announced that it expected it would be able to extract annual cost synergies of \$210-220 million pre tax from AXA APH's overall Australian and New Zealand businesses (including the financial protection business). NAB anticipated integration costs of approximately \$540 million pre tax over five years to achieve these synergies; and
 - on 15 November 2009 AMP announced it expected an acquisition of AXA APH would generate annual net synergy benefits of approximately \$120 million following integration costs of approximately \$285 million, both after tax;
- on the other hand, the ACCC's decision to oppose the NAB acquisition of AXA APH's Australian businesses probably means that the range of potential in-market acquirers of the businesses is now limited. It is conceivable that AMP is the only credible acquirer that could expect to extract significant synergies from an acquisition of AXA APH's wealth management business. In these circumstances it would generally be difficult for a vendor to realise any significant share of the synergies expected to be available to the acquirer (given the lack of competition from other similarly capable acquirers). On this view, the ACCC's decision to oppose the NAB Proposal has arguably resulted in a significant reduction in the value of AXA APH's Australian businesses;
- it is expected that regulatory focus on the wealth management industry will increasingly favour the independent advice model. AXA APH's distribution business, which is based on financial advisers providing independent advice, is well equipped to deal with the likely evolution of the wealth management industry;
- the earnings of the business are leveraged to investment market conditions. Given the recovery in financial markets in the second half of 2009 and throughout 2010, earnings for 2010 are expected to be stronger than for 2009;
- the business holds top ten positions in terms of net retail funds flow and net premium flows in both the Australian and New Zealand wealth management markets; and
- the New Zealand business has more modest prospects. Despite strong performance in the first half of 2010, its earnings have fallen in recent years and the long term outlook for the New Zealand wealth management market remains less favourable than for Australia, given the absence of compulsory superannuation. However, the New Zealand business contributes only a small proportion of the overall earnings generated by AXA APH's wealth management business in Australia and New Zealand.

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Grant Samuel has reviewed the multiples implied by its valuation of AXA APH's Australasian wealth management business by comparing them with the multiples implied by the share prices of comparable listed companies and by transaction values for financial services companies focussing on wealth management in the Australian market. Caution should be exercised when comparing earnings multiples, given the differences between the notional capital structure of AXA APH's wealth management business assumed for the purpose of estimating earnings for the business (with only a modest divisional capital allocation) and the capital structures of the fully capitalised comparable companies.

The following table sets out a summary of the price earnings multiples implied by selected transactions in various sectors of the Australasian wealth management industry since 2003:

Summary of Recent Australasian Transaction Evidence – Wealth Management					
Sector	Equity Consideration (\$ million)	FUMA (\$ million)	Consideration /FUMA (%)	Price Earnings Multiple (times)	
				Historical	Forecast
Integrated Businesses	32 – 3,451	1,536 – 75,900 ⁶²	0.3 ⁶³ – 9.5	4.0 – 28.3	8.9 – 20.2
Asset Management	22 – 2,805	3,500 – 42,400	0.6 – 12.7	15.0 – 21.2	15.0 – 32.0 ⁶
Asset Administration	27 – 72	1,323 – 8,100	0.4 – 2.1	9.9	na
Advice/Distribution	4 – 119	130 – 17,500	0.7 – 7.0	11.0 – 16.6	13.9

Source: Grant Samuel analysis (see Appendix 2)

The following observations are made in relation to the multiples implied by the wealth management transactions summarised above:

- transactions involving integrated wealth management businesses tend to take place at higher multiples than transactions involving “pure” funds managers or asset administrators. This reflects the ability of integrated businesses to generate back office efficiencies as well as provide “captive” business;
- trade sales of 100% interests in integrated wealth management companies have implied higher earnings multiples than the multiples for initial public offers, demerger transactions and acquisitions of minority interests. These transactions represent portfolio values and therefore exclude a premium for control;
- transactions involving integrated businesses have generally taken place at:
 - historical multiples in the range 20.5-28.3 times net profit after tax;
 - forecast multiples in the range 13.8-20.2 times net profit after tax; and

⁶² Represents FUMA from merger of IOOF Holdings Limited and Australian Wealth Management Limited. FUMA includes 100% of Ord Minnett's FUMA as Australian Wealth Management consolidated its 70% interest in Ord Minnett.

⁶³ Represents Consideration divided by FUMA for the acquisition of 80.1% of Goldman Sachs JBWere Pty Limited's private wealth business by National Australia Bank Limited. The low percentage of FUMA reflects the high proportion (>50%) of funds under supervision and administration rather than active management.

⁶⁴ Represents the acquisition of 21.85% of Perennial Investment Partners Limited by IOOF Holdings Limited. The acquisition reflects the importance to IOOF of owning 100% of the business.

GRANT SAMUEL



- 1.8-9.5% of FUMA.
- a number of the transactions involved businesses with significant activities outside the wealth management sector. As a consequence, the percentages of FUMA implied by these transactions is overstated; and
- transaction multiples will vary over time. When equities markets and earnings are weak, acquirers may be able to justify paying higher multiples of earnings given the strong long term growth outlook for wealth management businesses (e.g. AXA's acquisition of Genesys and Synergy in June 2008, while a relatively small acquisition, implied multiples of around 20 times forecast earnings).

The following table sets out the implied earnings multiples for a range of listed comparable companies based on share prices as at 6 January 2011:

Sharemarket Ratings of Selected Listed Wealth Management Companies							
Company	Market Capitalisation (\$ million)	EBIT Multiple ⁶⁵ (times)			Price Earnings Multiple (times)		
		Historical	Forecast	Forecast	Historical	Forecast	Forecast
Platinum Asset Management Limited	2,728	13.2	11.0	9.9	19.9	16.4	14.8
IOOF Holdings Limited	1,814	14.7	11.0	9.8	20.4	16.0	14.5
Perpetual Limited	1,362	12.7	10.8	9.5	18.4	17.5	14.6
BT Investment Management Limited	407	11.1	8.7	7.3	18.7	13.1	11.1
Count Financial Limited	336	10.4	9.7	8.6	14.0	13.7	12.8
WHK Group Limited	280	6.8	6.6	6.2	10.2	9.0	8.3

The following factors are relevant to consideration of the comparable entity multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;
- Platinum Asset Management Limited ("Platinum") is a specialist global equities asset management company. Its relatively high multiples reflect its restricted free float, strong fund inflows, high profit margins and respected management team;
- IOOF Limited ("IOOF") is a mid-tier wealth management business broadly comparable to AXA AWM, with retail FUM of similar size. The IOOF business includes financial advice and distribution, platform management and administration, investment management and trustee services. The business has historically had a particular focus on the corporate superannuation market;

⁶⁵ Represents earnings before interest, tax and significant and non-recurring items divided by gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date).

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- Perpetual Limited (“Perpetual”) has a diversified business, offering wealth management, investment management, financial advice and trustee services;
- Westpac Banking Corporation Limited (“Westpac”) holds a 60% interest in BT Investment Management Limited (“BTIM”), giving BTIM a relatively limited free float. BTIM maintains a close relationship with Westpac with over half of its FUMA at 30 September 2009 attributable to Westpac superannuation, life insurance and retirement products; and
- Count Financial Limited (“Count”) and WHK Group Limited (“WHK”) engage in a range of activities including financial planning and advice, accounting and taxation compliance, business and corporate advisory, risk and general insurance, and finance broking. However, Count derives approximately 55% of its revenue from wealth management related activities (which excludes earnings from traditional superannuation, asset finance and risk insurance). Wealth management related activities accounted for only around 20-25% of WHK’s revenue, with the balance largely sourced from the accounting and related activities of its member accounting firms.

9.5.2 Financial Protection

Grant Samuel has valued AXA APH’s Financial Protection business in Australia and New Zealand in the range \$1,700-1,900 million. The valuation range implies the following multiples:

Financial Protection – Implied Valuation Parameters			
	Variable (\$ million)	Low	High
Enterprise value (\$ million)		1,700	1,900
Value of in-force business at 30 June 2010	1,261	1.3	1.5
Value of one year’s new business to 30 June 2010	55	7.9	11.5
Adjusted operating earnings for year ended 31 December 2009 (after tax)	96	17.7	19.8
Annualised adjusted operating earnings for the six months ended 30 June 2010 (after tax)	130	13.1	14.7

Note: 2009 operating earnings have been adjusted by \$(8.6) million to reflect investment earnings on regulatory capital and by \$22.4 million in the annualised adjusted operating earnings for the six months ended 30 June 2010 and grossed up for an assumed 30% tax rate.

In Grant Samuel’s view the implied multiples appear reasonable, having regard to the following:

- AXA APH’s financial protection business is one of only a very few financial protection businesses potentially available for acquisition in Australia. All of the remaining top ten participants in the Australian financial protection market are either owned by Australian banks or foreign life insurance companies, with the exception of Tower Australia, in which a foreign life insurance company has a 28.6% stake;
- AXA APH is the third largest participant in the individual income protection sector, and holds top ten positions in TTT and the faster growing GRP sector. It has achieved strong growth in the value of new

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business in recent years, although it experienced a decline in the value of new business over the six months ended 30 June 2010;

- given the limited number of financial protection businesses available for acquisition in the Australian market place, AXA APH's significant market position and recent performance, AXA APH's financial protection business should be strategically attractive to potential acquirers;
- potential acquirers of AXA APH's financial protection business could expect to realise meaningful synergies. AMP has announced that it would expect to achieve cost synergies of approximately \$120 million (post tax), while NAB announced that it expected to be able to extract annual cost synergies of \$210 million (pre tax) from AXA APH's overall Australian and New Zealand businesses (including the wealth management business). On the other hand, following the ACCC decision to oppose the NAB Proposal, the number of parties able to extract significant synergies through acquiring the financial protection business may have diminished;
- the business has well developed distribution channels, particularly through independent financial advisers, and is well placed to adapt to any impact from the introduction of new legislation regulating adviser standards. It is considering the direct distribution channel, which is expected to offer significant growth opportunities;
- on the other hand, there is a risk that the recent strong growth in the Australian financial protection market will not continue. Indeed, growth in the financial protection market in Australia appears to have slowed, with Plan for Life reporting growth for the June 2010 quarter significantly below the annual growth figure to June 2010. In addition, market competition may mean that the strong growth in profitability achieved by AXA APH's Australian financial protection business will not be sustainable; and
- AXA APH's NZ financial protection business has less attractive characteristics. While holding the third largest share of the New Zealand financial protection market by in-force premiums, the business has suffered declining earnings in recent years. It faces increasing competition from the banking sector. However, it is a relatively small component of the overall Australasian financial protection business of AXA APH.

Grant Samuel has reviewed the multiples implied by its valuation of AXA APH's Australasian financial protection business having regard to multiples for comparable listed companies and transactions involving financial services companies focussing on insurance in the Australian market. Caution should be exercised in the comparison of earnings multiples, given potential differences between the notional capital structure of AXA APH's financial protection business assumed for the purposes of estimating earnings for the business (based only on the estimated regulatory capital requirement) and the capital structures of the fully capitalised comparable companies.

The following table sets out multiples implied by selected transactions involving the acquisition of financial protection businesses since 2005:

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**Recent Australasian Transaction Evidence –
Diversified Financial Services/Financial Protection**

Date	Transaction	Equity Consideration ⁶⁶ (million)	FUMA (million)	Price Earnings Multiple (times)		Geared NTA Multiple (times)	Multiple of Embedded Value (times)	Multiple of New Business (times)
				historical ⁶⁷	Forecast			
Diversified Financial Services								
Dec 2010	Acquisition of remaining interest in Tower Australia by Dai-ichi Mutual Life Insurance Co (pending) ⁶⁸	\$1,720	\$2,750	16.5	13.9	3.0	1.3	nmf
Mar 2010	Acquisition of MBF Life and ClearView Retirement Solutions by MMC Contrarian Limited	\$195	\$2,150	28.5 ⁶⁹	na	1.2	0.9	na
Sep 2009	Acquisition of 51% interest in ANZ/ING wealth management and life insurance joint venture by Australia & New Zealand Banking Group Limited	\$3,451	\$45,000	11.1	13.8	na ⁷⁰	1.2	4.8
Jun 2009	Acquisition of Aviva Australia Holdings Limited by National Australia Bank Limited	\$825	\$15,700	13.6	na	1.4	1.1	na
Oct 2006	Acquisition of Promina Group Limited by Suncorp-Metway Limited ⁷¹	\$7,495	\$16,300 ⁷²	15.1	17.2	3.9	na	na
Financial Protection								
Aug 2008	Acquisition of a 29.7% interest in Tower Australia Group Limited by Dai-ichi Mutual Life Insurance Co.	\$1,266	\$3,329	26.6	19.5	2.7	1.6	na
May 2008	Acquisition of a 15.3% interest in Tower Limited by Guinness Peat Group plc	NZ\$441	NZ\$3,915	12.8	11.4	1.9	nmf	nmf
Oct 2006	Acquisition of Life risk business of Promina Group by Suncorp-Metway Limited	\$1,594	na	14.1	na	na	1.4	na
Jan 2006	Acquisition of PrefSure Holdings and Life Limited by Tower Limited	\$124	na	17.9	13.8	1.1	0.8	na
Oct 2003	Acquisition of Lumley Life Limited by Capital Alliance Life	\$84	na	na	na	na	1.1	na

Source: Grant Samuel analysis (see Appendix 2)

The transaction evidence provides only general guidance as to the value of AXA APH's financial protection business, given the limited number of outright acquisitions of pure financial protection businesses:

⁶⁶ Implied equity value if 100% of the company or business had been acquired.

⁶⁷ Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date. Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.

⁶⁸ In the transaction announcement Tower Australia presented transaction multiples of 19.1 times historical earnings and 1.4 times embedded value for the financial year ended 30 September 2010. These multiples are higher than those presented as Tower Australia has assumed all unvested shares options and performance rights will vest and be exercised and Grant Samuel has adjusted earnings for the amortisation of value in-force and acquired intangibles.

⁶⁹ Excluding the impact of changes in the fair value deferred acquisition costs, the price earnings multiple would be 14.9 times.

⁷⁰ na = not available.

⁷¹ Suncorp-Metway acquired 100% of Promina Group. The consideration attributed to Promina Group, the life risk business and the wealth management business is based on the independent expert's estimate of value net of external debt (as appropriate).

⁷² Excluding \$27.6 million funds under supervision held by Promina Group's financial services business.

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- the multiples for the diversified financial services entities reflect their blend of business activities, primarily financial protection and wealth management. In particular, it should be noted that the Suncorp acquisition of Promina was focussed on Promina's substantial general insurance activities and the multiples implied by the transaction price reflected expectations of significant cost synergies;
- the transactions that involved acquisitions of non-controlling shareholdings (i.e. 29.7% of Tower Australia and 15.3% of Tower) would be expected to take place at lower multiples than acquisitions of 100% interests. Nevertheless, those transactions were strategic acquisitions by cornerstone investors;
- the historical price to earnings multiples vary significantly but (with the exception of the Dai-ichi acquisition of a 29.7% interest in Tower Australia Group and the MMC acquisition) do not exceed 17.9 times. The multiples of embedded value were in the range 0.8-1.6 times;
- the MMC acquisition of Bupa Australia's life insurance and wealth management business, MBF Life and ClearView Retirement Solutions represents a historical price to earnings multiple of 28.5 times. Excluding the impact of changes in the fair value deferred acquisition costs the historical price to earnings multiple would be 14.9 times; and
- there is limited evidence for multiples of the value of new business. The only transaction for which new business value multiples can be calculated (ANZ's acquisition of the remaining 51% of the ANZ/ING wealth management and life insurance joint venture) was at a relatively low multiple of 4.8 times the value of one year's new business.

Grant Samuel has also had reference to the multiples of listed financial services companies with significant life insurance operations in the Australian and New Zealand market. A detailed analysis of these entities is set out in Appendix 1. The following table sets out the implied trading multiples for these companies based on share prices as at 6 January 2011:

Sharemarket Ratings of Selected Listed Financial Protection Companies						
Entity	Market Capitalisation (\$ million)	PE Multiple (times)			Multiple of Embedded Value (times) Historical	Multiple of New Business (times) Historical
		Historical	1 Year Forecast	2 Year Forecast		
<i>Australia</i>						
AMP Limited	10,975	14.3	13.6	12.3	1.6-1.8 ⁷³	14.9-22.1 ⁷³
Suncorp-Metway Limited	11,122	13.5	10.9	8.9	4.6	nmf ⁷⁴
<i>New Zealand</i>						
Tower Limited	411 ⁷⁵	10.3	10.0	9.6	2.7	47.1

Source: Grant Samuel analysis (see Appendix 1)

⁷³ Calculated by reference to the range of embedded value and value of one year's new business at 30 June 2010 as presented by AMP.

⁷⁴ nmf = not meaningful.

⁷⁵ Tower Limited is a New Zealand company. Its market capitalisation has been converted to Australian dollars based on the exchange rate on 3 December 2010 of NZ\$0.77 = A\$1.00.

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The multiples for the selected comparable financial protection companies provide only very limited evidence as to value. The following factors are relevant to consideration of the multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;
- AMP is one of the five largest financial protection companies in Australia, with over 20% of its operating earnings coming from the financial protection business. AMP also conducts wealth management and banking operations. AMP's embedded value and value of one year's new business include the wealth management operations as well as AMP's insurance operations but exclude AMP Bank and AMP Capital Investors;
- Suncorp-Metway's major activities are in general insurance and banking. Less than 20% of its segment result comes from financial protection operations. As a large proportion of its enterprise value relates to non-financial protection activities, the multiples of embedded value and value of new business for Suncorp-Metway are not meaningful;
- Tower NZ is the only listed non-bank in the financial protection market in New Zealand. Its Health and Life division (which offers both health insurance and financial protection products) accounts for over 60% of the company's net profit (excluding other and eliminations), with the majority of the remainder coming from general insurance activities. Accordingly, as the embedded value and value of one year's new business for Tower NZ relate only to the Health and Life division of Tower NZ, the multiples are not particularly meaningful; and
- historical price earnings multiples (except for Suncorp-Metway, which reported very poor earnings as a result of credit-related losses in its banking business) were in the range 9-14 times, with prospective price earnings multiples in the narrower range of 9-13 times.

9.5.3 Corporate

AXA Australia's unallocated corporate costs are in the range \$20-25 million per annum. These costs represent costs associated with running AXA APH's regional offices in Australia and New Zealand and AXA APH's corporate head office located in Melbourne. Specific costs include:

- AXA APH senior executive costs such as costs associated with the offices of the Chief Executive Officer and Chief Financial Officer, company secretarial and legal, planning and development, corporate affairs, treasury and tax;
- listed company costs such as director fees, annual reports and shareholder communications, share registry and listing fees; and
- certain group shared services costs such as human resources and information technology costs, which are not fully recharged to the business operations during the year.

An acquirer of AXA APH could potentially realise very significant savings of corporate costs. However, some level of costs would remain and would need to be assumed by the acquirer.

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Grant Samuel has incorporated in its valuation of AXA APH's Australia and New Zealand business a provision of \$30-50 million in respect of corporate costs, representing the capitalised value of corporate costs that might remain following the acquisition of AXA APH.



10 Valuation of the Consideration

10.1 Summary

Under the Proposal, the Consideration to be received by AXA APH shareholders for each AXA APH share will be:

- 0.73 AMP ordinary shares; and
- a variable cash amount based on the Post Scheme AMP VWAP. If the Post Scheme AMP VWAP is equal to or greater than \$4.50 but less than \$5.60 the cash amount will be varied such that the value of the Consideration will be \$6.43. If the Post Scheme AMP VWAP is above \$5.60 then AXA APH shareholders will receive 50% of the benefit of that higher share price. If the Post Scheme AMP VWAP is below \$4.50 then the value of the Consideration will be below \$6.43 as the cash amount is capped at \$3.15 per AXA APH share.

AXA APH shareholders will also receive AXA APH's 2010 final dividend of up to 9.25 cents per share.

Grant Samuel has attributed a value to the Consideration of \$6.43 per AXA APH share based on recent AMP share prices in the range of \$5.00-5.50. The value attributed to the Consideration is summarised as follows:

Value of AMP Consideration per AXA APH Share (\$)		
	Low	High
Cash (based on AMP share price in the range \$5.00–5.50)	2.78	2.41
AMP ordinary shares (\$5.00–5.50) x 0.73	3.65	4.02
Total Consideration value per AXA APH share	6.43	6.43

While AXA APH shareholders will receive the AXA APH 2010 final dividend, the new AMP ordinary shares to be issued to AXA APH shareholders will not be entitled to the 2010 final AMP dividend. The AMP share price would be expected to fall once the shares commence trading on an ex-dividend basis (expected to be 28 February 2011). Based on median broker forecasts, the final dividend is forecast to be approximately \$0.16.

In Grant Samuel's view it is reasonable to attribute value to the Consideration of \$6.43 per AXA APH share having regard to:

- the recent trading range of AMP shares (approximately \$5.00-5.50);
- the likely fall in the AMP share price resulting from the payment of the final AMP dividend (which may be off-set, at least in part, by any AMP share price accretion up to the effective date); and
- the structure of the Consideration, in terms of which AXA APH shareholders will receive additional cash to maintain a Consideration value of \$6.43 for AMP share prices as low as \$4.50.

The after tax value of the Consideration will vary depending on the particular tax position of individual shareholders. However, Australian resident shareholders are expected to be able to utilise the "rollover relief" provisions for the share component of the Consideration and therefore defer any taxation in respect of that component of the Consideration until ultimate disposal of the AMP shares received. The cash portion of the Consideration will be subject to taxation.

It is possible that the AMP share price could move outside the range \$4.50-5.60 between the date of this report and the implementation of the Proposal (currently

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expected to be at the end of March 2011). For AMP share prices below \$4.50, the value of the Consideration would be below \$6.43 (although AXA APH can terminate the Proposal, without a break fee being payable to AMP or AXA SA, if the Post Scheme AMP VWAP for any ten consecutive trading days before the date of the Scheme Meetings falls below \$4.50). To the extent that the AMP share price was above \$5.60, AXA APH shareholders would receive 50% of the benefit of the increase in the value of the share component.

Accordingly, until the Proposal is implemented, AXA APH shareholders will continue to have some exposure to movements in the AMP share price, although there will only be a consequence in terms of the value of the Consideration if the Post Scheme AMP VWAP is less than \$4.50 or more than \$5.60. To this limited extent, AXA APH shareholders will therefore be exposed to:

- changes in overall equity market conditions; and
- specific events that could impact the AMP share price, including the release of AMP's full year results, expected to be announced on 17 February 2011 and the AMP ex-dividend date on the 28 February 2011.

10.2 Approach

The Proposal involves a change of control of AXA APH, with AMP directors and management assuming control of AXA APH's Australian businesses (AXA APH has been offered two seats on the board of the combined entity). In these circumstances, the relevant benchmark for AXA APH shareholders is the expected market value of the Consideration (i.e. the shares in AMP to be received plus the variable cash amount). The assessment requires consideration of the following:

- an estimate of the likely AMP share price during the ten trading days immediately after the effective date of the Scheme; and
- the mechanism by which the Consideration to be received by AXA APH shareholders will be at least \$6.43 for a Post Scheme AMP VWAP above \$4.50, through the provision of additional cash to compensate for movements in the AMP share price

It is normal practice to use current market price as the starting point for estimating the value of shares offered as consideration, particularly for large companies such as AMP that enjoy high levels of market liquidity and are closely followed by a wide range of analysts and other commentators.

Grant Samuel has not undertaken a "fundamental" analysis of the value of the shares to be issued under the Consideration. Grant Samuel has not had access to the detailed financial and operational information on AMP (such as earnings and operational forecasts) to undertake such a fundamental analysis of the shares. In any event, the consensus view of a well traded stock supported by extensive analytical research is likely to be a more reliable estimate than that of a single external observer.

In considering the reliability of AMP's current and recent share price as an indicator of the Post Scheme AMP VWAP, Grant Samuel has considered whether AMP's share price is a true reflection of the fair market value of AMP's shares. In particular, Grant Samuel has considered whether there is any evidence of abnormal trading activity in AMP's shares, whether there is any basis for judging that AMP's shares appear mispriced, and whether there is any important information about AMP which could affect the share price but is not in the public domain. Specifically, Grant Samuel has:

- analysed the recent trading in AMP's shares;

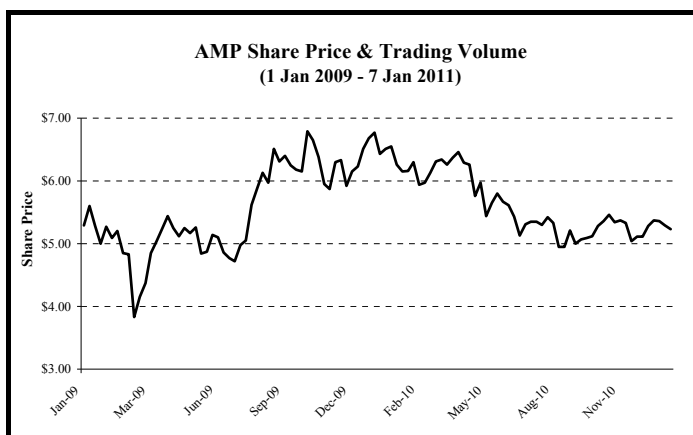
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- reviewed broker analyst research on AMP; and
- analysed the impact of the proposal on AMP's keys financial metrics.

10.3 AMP's Share Price Performance

AMP's share price performance is discussed in further detail in Section 3.6. In general, AMP shares have traded within the range \$4.50-7.50 over the last two years. The AMP share price has fallen below \$4.50 only briefly, during March 2009. The fall in AMP's share price at that time was consistent with the share price performance of its insurance peer group and reflected the challenging market and trading conditions at the time. The chart below shows movements in the AMP share price since 1 January 2009:



Source: IRESS

The table below illustrates recent trading in AMP shares, both before and after the announcement of the Proposal on 15 November 2010.

Recent AMP Share Prices (\$)		
	Pre-Proposal Announcement on 15 November 2010	Since Proposal Announcement Up to 7 January 2010
Closing	5.33	5.23
1 day VWAP	5.31	5.23
5 day VWAP	5.27	5.23
1 month VWAP	5.37	5.29
3 month VWAP	5.20	n/a
6 month VWAP	5.32	n/a

Source: IRESS and Grant Samuel analysis

For all the relevant periods, AMP shares have traded in the range \$5.00-5.50, with VWAPs in the range \$5.20-5.37. The VWAPs are all significantly higher than \$4.50, which is the lowest AMP share price for which the Consideration value is maintained at \$6.43 per AXA APH share.

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10.4 Broker Forecasts

At the AMP closing share price on 12 November 2010 of \$5.33 (the day prior to the announcement of the Proposal), AMP shares were trading well below the range of brokers' 12 month price targets set out below, the median of which is \$6.10.

AMP – Broker Target Prices			
Broker	Date of Report	Price	12 month Target Price
Broker 1	6-Jan-11	5.24	6.35
Broker 2	16-Nov-10	5.26	6.00
Broker 3	16-Nov-10	5.26	5.50
Broker 4	15-Nov-10	5.45	6.80
Broker 5	15-Nov-10	5.45	6.10
<i>Median</i>			<i>6.10</i>

Source: Brokers' reports

All of the broker's reports referenced above were published after AMP announced the Proposal. AMP shares are trading at a significant discount to the brokers' share price targets. This may reflect market concerns regarding the integration risk AMP faces in taking on such an acquisition of the size and complexity of AXA APH's Australasian business. It may also reflect market scepticism as to whether AMP will be able to achieve \$120 million (post tax) of synergies and concerns regarding revenue dis-synergies (resulting from the loss of AXA planners). In any event, there is nothing in the review of the brokers' price targets to suggest a market view that AMP shares are trading at unsupportable levels. The review of the brokers' price targets generally supports the conclusion that it is reasonable to rely on recent share prices as a reasonable indicator of the likely Post Scheme AMP VWAP, for the purpose of assessing the value of the Consideration.

10.5 Non Public Information

Grant Samuel has not had access to non public information in relation to AMP. However, as a publicly listed company operating under ASX Listing Rules, AMP is required to keep the market informed of material events and developments in a timely manner as they occur. In particular, as AMP becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its shares, AMP must immediately tell the ASX that information (subject to the exceptions set out in the ASX Listing Rules).

Accordingly, Grant Samuel believes it is reasonable to conclude that the market is fully informed in regard to AMP's business and financial position.

10.6 Share Trading

The average weekly volume of trading in AMP shares in recent times is illustrated in Section 7.6. There does not appear to be any significant deviation from historical averages.

10.7 Impact of the Proposal

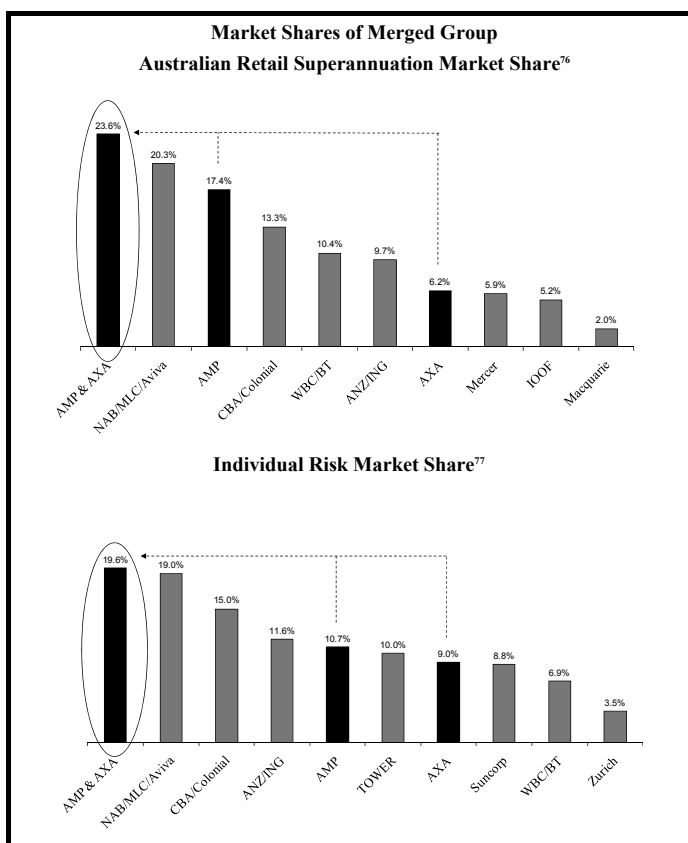
The acquisition of AXA APH would have a significant impact on AMP's operations and financial metrics.

No detailed financial information on the merged group was provided at the time of the announcement of the Proposal. The Explanatory Memorandum includes pro forma historical financial information for the merged group for the 12 months ended



30 June 2010. This pro forma information does not include any synergies or costs associated with the Proposal.

On the other hand, analysis of the AMP Proposal is reasonably straightforward and there is no real change in the nature of AMP – it will continue to be a wealth management, asset management and insurance business, albeit on a much larger scale. The charts below illustrate the impact of the Proposal on AMP’s retail superannuation and individual risk market share:



Source: AMP

At the time that it announced the Proposal, AMP provided information to the market on the components of the expected synergy benefits. As discussed in Section 6 of the Explanatory Memorandum, AMP expects the following synergies:

- assumed after tax synergy benefits of approximately \$120 million per annum, with approximately 60% of these synergies to be achieved by year two; and
- integration costs of \$285 million after tax.

⁷⁶ Plan for Life retail managed funds report, June 2010.

⁷⁷ Plan for Life detailed risk statistics, June 2010.

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Both AMP and AXA APH are followed by numerous analysts and provide extensive information regarding their operations to the market on a regular basis. A number of analysts have been able to estimate the financial performance of AMP following the Proposal. As a result, it is likely that the expected synergies (and integration costs) are at least to some extent reflected in the AMP share price, albeit at a very high level given the lack of detail in the synergy estimates provided by AMP.

There are also “soft” synergies such as process improvements and best practices that are harder to quantify. To the extent that there is an element of the synergies that is not in the public domain (or not fully understood), the AMP share price may react positively to the disclosure of additional information. However, the reality is that the market is unlikely to factor any significant additional synergies (and may well be cautious about incorporating even those already announced by AMP) until it has had an opportunity to judge AMP’s success in integrating the AXA APH businesses to be acquired through the Proposal.

10.8 Conclusion

Given ongoing share market volatility, it is not possible to be definitive about the Post Scheme AMP VWAP.

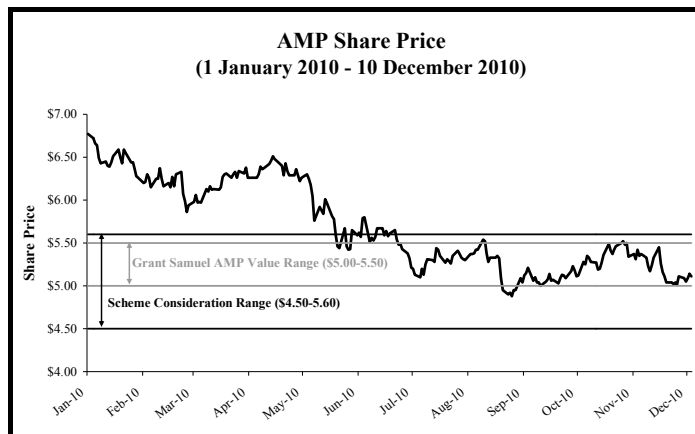
However, based on recent trading in AMP shares, in Grant Samuel’s view it is reasonable to adopt an AMP share price range of \$5.00-5.50 for the purpose of estimating the Post Scheme AMP VWAP and the value of the Consideration. At this range of share prices, AMP is trading on the following multiples:

AMP Implied Multiples at \$5.00–5.50			
Period	Broker consensus net profit after tax (\$ million)	Price earnings multiple at	
		\$5.00	\$5.50
Year ending 31 December 2010	775	13.5	14.9
Year ending 31 December 2011	851	12.3	13.5

The multiples are based on earnings before any impact of the acquisition of AXA APH.

The following chart shows AMP’s recent share price performance by comparison with the range of share prices adopted by Grant Samuel for the purpose of estimating the Post Scheme AMP VWAP (\$5.00-5.50) and the Post Scheme AMP VWAP range of \$4.50-5.60 for which the value of the Consideration will be kept constant at \$6.43 per AXA APH share:

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Source: IRESS

Grant Samuel believes it is reasonable to adopt a range of \$5.00-5.50 for the purpose of estimating the Post Scheme AMP VWAP for the following reasons:

- the range of \$5.00–5.50 reflects recent share market trading in AMP shares. It represents the market’s current assessment of the trading value of AMP shares and appears to incorporate some expectation that the Proposal will proceed;
- reasonable volumes of AMP shares have traded since the announcement of the Proposal and there is nothing to suggest that the share price does not reflect the market’s current assessment of the value of AMP shares; and
- the extent to which the market is factoring into the AMP share price the possible benefits, disadvantages and risks of the AMP Proposal is not clear. On the one hand there is an argument that the full amount of expected synergies (and any additional revenue and “soft” synergies) will only be reflected in the AMP share price once there is tangible evidence that the synergies have been achieved, and to that extent the current share price may underestimate the value of AMP shares. On the other hand, there is no doubt that the integration of AXA APH’s businesses into AMP will entail challenges and risks. The current share price could be expected to broadly reflect these risks. On balance there is nothing to suggest that the recent AMP share price overstates the value of AMP shares.

Overall, Grant Samuel has no reason to challenge the conclusion that recent AMP share prices represent an objective market based assessment of the trading value of AMP.

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11 Evaluation of the Proposal

11.1 Summary and Conclusions

In Grant Samuel's opinion:

- The Proposal is fair and reasonable and thus in the best interests of AXA APH Minority Shareholders;
- The Share Transaction is fair and reasonable to AXA APH Minority Shareholders; and
- The Asset Transaction is fair and reasonable to AXA APH Minority Shareholders.

In Grant Samuel's view the Proposal delivers significantly more value than would be available to AXA APH Minority Shareholders in the short to medium term if AXA APH was to continue on a standalone basis. Effectively, the AXA APH businesses are being sold to parties that are prepared to attribute to the businesses strategic and synergistic value not otherwise available to AXA APH shareholders. In Grant Samuel's view the value to be delivered to AXA APH shareholders under the Proposal is compelling. In the absence of a superior proposal, the Proposal (including the Scheme) is in the best interests of AXA APH Minority Shareholders.

Grant Samuel has valued AXA APH in the range \$6.03-6.64 per share. Grant Samuel has attributed a value of \$6.43 per AXA APH share to the Consideration, based on recent AMP share prices in the range \$5.00-5.50. The value attributed to the Consideration of \$6.43 per AXA APH share falls within the range of values that Grant Samuel has estimated for AXA APH. On this basis, in the absence of a superior proposal, the Scheme is fair and reasonable to AXA APH Minority Shareholders and is in their best interests.

In addition to Grant Samuel's valuation of AXA APH, there are a number of factors that suggest that the Scheme (and the Proposal generally) are in shareholders' best interests. In particular:

- the value attributed to the Consideration of \$6.43 represents a 50% premium to the price at which AXA APH shares were trading immediately before the announcement of the Initial Proposal from AMP;
- the structure of the Proposal and of the previous proposals from NAB and AMP is such that the Australasian business of AXA APH has effectively been on the market since the announcement of the Initial Proposal. In the absence of a higher offer from some third party (which in Grant Samuel's view is in any event now unlikely), it is reasonable to conclude that the value to be realised for the Australasian business under the Proposal is the highest price realisable for the business and therefore represents its full underlying value;
- Grant Samuel's valuation of AXA APH's Asian businesses represents high multiples of the value of one year's new business and high multiples of earnings. These multiples reflect Grant Samuel's judgement that potential acquirers would be prepared to pay high prices for the potential synergies and strategic benefits that the businesses offer and (in the case of AXA APH's Asian businesses outside Hong Kong) the very high growth rates expected in the region; and
- given AXA SA's controlling shareholding in AXA APH and its desire to move to full control of the Asian businesses, there is little or no prospect of the sale of the Asian businesses to a third party other than AXA SA.

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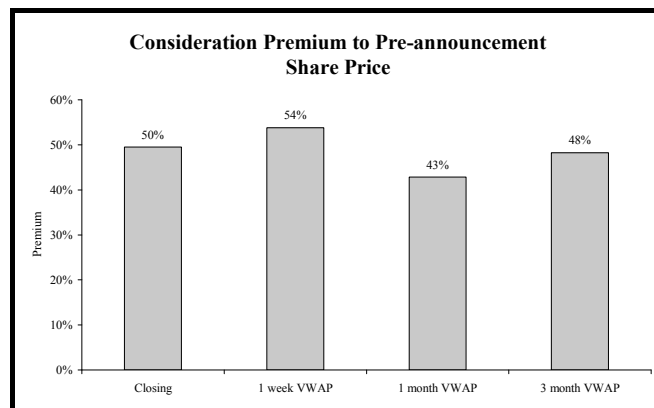
The Share Transaction and the Asset Transaction are essentially interlinked and are both integral parts of the overall Proposal. Accordingly, assessment of the Share Transaction and the Asset Transaction independently of each other and of the overall Proposal is somewhat artificial. Nonetheless, Grant Samuel has concluded that both the Share Transaction and the Asset Transaction are fair and reasonable to AXA APH shareholders other than AXA SA.

11.2 Assessment of the Scheme

Grant Samuel has valued AXA APH in the range \$6.03-6.64 per share and has attributed a value of \$6.43 per AXA APH share to the Consideration. Because the value attributed to Consideration falls within the valuation range for AXA APH, the Scheme is fair and reasonable and in the best interests of shareholders in AXA APH.

The valuations of each of AXA APH's major businesses are based on Grant Samuel's view that these businesses would have significant strategic value for potential acquirers. In particular, the valuations of AXA APH's Hong Kong and other Asian businesses represent high multiples of the value of new business and high multiples of earnings, reflecting the strategic attractiveness of their positions in rapidly growing Asian markets. The businesses outside Hong Kong are expected to continue to achieve very high rates of growth. Valuations in the context of these factors are inherently uncertain, because they necessarily require judgements that are not supported by the standalone performance and short term prospects of the businesses. In any event, there are a number of factors in addition to Grant Samuel's valuation of AXA APH that suggest that the Scheme (and the Proposal more generally) are in shareholders' best interests:

- the value attributed to the Consideration of \$6.43 per AXA APH share represents a 50% premium to the price at which AXA APH shares traded immediately before the announcement of the Initial Proposal. The following chart shows the premium relative to the VWAP for AXA APH for various periods prior to the announcement of the Initial Proposal:



Source: IRESS and Grant Samuel analysis

- any analysis of premiums needs to be treated with caution, given the significant time that has passed since the announcement of Initial Proposal. Since that time equity markets have strengthened (in early 2010), then declined significantly and more recently partially recovered, such that they are at levels broadly similar to those in late 2009. AMP's share price (as of early December 2010) is well below its share price during November/December 2009. While AXA APH's Asian businesses have traded strongly over the last twelve

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months, the strengthening of the Australian dollar against the Hong Kong dollar and other Asian currencies has had the effect of reducing the Australian dollar value of AXA APH's Asian businesses. There is no accurate basis for estimating the price at which AXA APH shares would have traded through 2010 absent the Proposal, or for assessing the current premium. However, it is noteworthy that the AXA APH shares traded as low as \$4.86 before closing at \$5.08 on 9 September 2010, when the ACCC's final opposition to the NAB Proposal was announced. Overall, it appears reasonable to conclude that the value attributed to the Consideration of \$6.43 continues to represent a substantial premium;

- the Australasian businesses of AXA APH are effectively on the market and available to be acquired by the highest bidder. The NAB Proposal followed an initial offer and then a revised offer from AMP. The Proposal effectively represents the matching by AMP and AXA SA of the NAB Proposal. Other than potential regulatory issues, there is little or no obstacle to another, still higher offer from some third party interested in acquiring the Australasian businesses. Effectively, a public auction for AXA APH's Australasian businesses has been under way since December 2009. There has been ample time for any interested third party to consider its position and submit a higher offer. (Given the ACCC attitude to the NAB Proposal, it may be that there is now a limited range of realistic potential acquirers of the Australasian businesses). In the absence of any higher offer, it appears reasonable to conclude that the price to be paid for AXA APH's Australasian businesses under the Proposal is the highest price that can be realised in the current market: that is, the price represents full underlying value; and
- given AXA SA's controlling shareholding in AXA APH and its desire to move to full control of the Asian businesses, it is extremely unlikely that AXA APH's Asian businesses would ever be sold to any party other than AXA SA. In any event, the joint venture structure of many of AXA APH's Asian businesses probably means that they could not be sold for full value to any party other than AXA SA.

In Grant Samuel's view the break-up of AXA APH achieved by the Proposal optimises value, transferring ownership of the businesses to parties prepared to attribute substantially more value to the businesses than the valuations implicit in the market capitalisation of AXA APH prior to the announcement of the Initial Proposal. The Proposal will allow AXA APH shareholders to share in the strategic and synergistic benefits that AXA SA and AMP presumably expect to extract from ownership of the businesses. This value would not be available to shareholders if AXA APH was to continue as an independent entity on a standalone basis. Simply put, AXA APH is worth more on a break-up basis than as a standalone single entity. On 9 September 2010, when it was announced that the ACCC would not approve the NAB Proposal and there was no certainty that an alternative proposal would be forthcoming from AMP, AXA APH shares traded as low as \$4.86. In the absence of the Proposal, or the expectation of some similar alternative proposal, AXA APH shares are likely to trade at levels well below the value of \$6.43 per AXA APH share attributed to the Consideration.

Although the Proposal (and the preceding proposals from NAB and AMP) have been put forward at a time when AXA APH and its businesses are still recovering from the impact of the global financial crisis, there is nothing to suggest that AXA APH shareholders are disadvantaged by the timing of the Proposal. While there is clearly upside in both the Australasian and Asian businesses, particularly if markets strengthen, AXA APH's businesses are also vulnerable to any reversal in market or investor sentiment. The performance of global equity markets in 2010 suggests that it is appropriate to be cautious about judgements regarding the possible timing and extent of any material and sustainable improvement in equity market performance.

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In any event, shareholders who believe that there is significant further upside in the wealth management/life insurance sectors can always choose to reinvest the proceeds realised through the Proposal in other companies in the sector (although Grant Samuel makes no recommendation in this regard). It may be difficult for Australian investors to get “pure play” exposure to the high growth potential of the Asian life insurance sector. On the other hand, the substantial price to be paid under the Proposal by AXA SA for the Hong Kong and other Asian businesses provides direct compensation for shareholders’ loss of exposure to the high growth Asian markets.

Overall, Grant Samuel believes that the value delivered to AXA APH shareholders through the Proposal is compelling. AXA APH Minority Shareholders will clearly be better off if the Proposal proceeds than if it does not. Accordingly, in Grant Samuel’s view, the Proposal and the Scheme are in the best interests of AXA APH Minority Shareholders.

11.3 Assessment of the Share Transaction

AMP will acquire AXA SA’s 53.9% shareholding in AXA APH through the Share Transaction. Shareholder approval and the preparation of an independent expert’s report are usually required for transactions in which a third party acquires a controlling stake (i.e. an interest of more than 20%) without making an offer to all shareholders. Although regulatory relief has been received and as a result shareholder approval of the Share Transaction is not required, AXA APH has requested that Grant Samuel provide an opinion as to whether the Share Transaction is fair and reasonable to AXA APH Minority Shareholders.

When a third party acquires a controlling shareholding through the acquisition of existing shares (as in the case of AMP’s acquisition of AXA SA’s 53.9% interest in AXA APH) there is potential for minority shareholders to be disadvantaged through not being able to participate in any control premium paid. Analysis of such a transaction normally requires an assessment as to whether there are countervailing benefits that suggest that the transaction is in shareholders’ best interests, notwithstanding that shareholders have not shared in the premium for control.

However, such an analysis does not apply in relation to the Share Transaction. AXA APH Minority Shareholders are not in any sense disadvantaged by the Share Transaction. While it is reasonable to conclude that AXA SA is being paid a premium for its 53.9% shareholding (although that premium cannot be quantified), AXA APH Minority Shareholders will receive broadly the same premium through the Scheme. If the Post Scheme AMP VWAP is \$5.32, the consideration payable by AMP to AXA SA under the Share Transaction will be \$6.43 cash per share, which is equivalent to the value attributed to the Consideration to be received by all other AXA APH shareholders. If the Post Scheme AMP VWAP is less than \$5.32, the consideration payable to AXA SA will be less than \$6.43 per share, with the cash “saved” through this reduction devoted to increasing the cash component of the Consideration. If the Post Scheme AMP VWAP is consistent with recent AMP share prices (i.e. in the approximate range \$5.20-5.30), the consideration payable by AMP to AXA SA would be around \$6.34-6.42. If the Post Scheme AMP VWAP is greater than \$5.32, the consideration to be paid by AMP to AXA SA will be more than \$6.43.

More generally, it is not particularly meaningful to analyse the Share Transaction separately from either the Asset Transaction or the overall Proposal. The Share Transaction is an integral part of the overall Proposal, which will not proceed unless the Share Transaction is approved. The Proposal could conceivably have been structured so as to effect AMP’s acquisition of AXA SA’s shareholding through the Scheme, in which case no separate approval would be required. In Grant Samuel’s

G R A N T S A M U E L



view, AXA APH Minority Shareholders will be better off if the Proposal proceeds than if it does not. Accordingly, the Share Transaction is fair and reasonable to AXA APH Minority Shareholders.

11.4 Assessment of the Asset Transaction

Following implementation of the Proposal, AXA APH's Asian businesses will be sold to AXA SA for an enterprise value of \$10.3 billion. Grant Samuel has valued the Asian businesses in the range \$9.9-10.8 billion. This valuation range represents an estimate of the full underlying value of the businesses and corresponds to the value that could be realised if the businesses were sold through a competitive process to an arms' length third party. The price to be paid by AXA SA falls within the range of values attributed to the Asian businesses. Grant Samuel has concluded that the Asset Transaction is on terms consistent with arms' length terms and that it is fair and reasonable to AXA APH Minority Shareholders.

The key question for AXA APH shareholders is whether the price to be paid by AXA SA fully reflects the growth prospects, potential synergies and strategic value of the Asian businesses. Grant Samuel's valuation of AXA APH's Asian businesses implies high multiples of earnings, particularly for the businesses outside Hong Kong. In Grant Samuel's view the valuation appropriately takes into account the attractive characteristics of the Asian businesses. It also reflects the reality that the businesses are subject to a variety of risks (including sovereign risk, regulatory risk and broader economic risks). In particular, the businesses in South-East Asia, China and India are all relatively small, in some cases with only modest market shares. A number of the businesses are loss making or only marginally profitable. There can be no certainty that the businesses will ever achieve the critical mass and profitability required to justify the price to be paid by AXA SA.

While Grant Samuel believes that its valuation of the Asian businesses appropriately reflects both the upside and the risks associated with the businesses, the valuation of the businesses (particularly those in South-East Asia, China and India) is fundamentally subjective. For a number of the businesses, current value is little more than "option value". The valuations take into account the strategic and synergistic value that acquirers might attribute to ownership of the businesses. Assessments of any strategic value are subject to considerable uncertainty, because perceptions of strategic value are necessarily a function of the particular circumstances and strategic strengths and weaknesses of potential acquirers of the businesses. As a result, a wide range of views on the value of the Asian businesses could be adopted, possibly including a view that the price to be paid by AXA SA is less than full underlying value.

On the other hand, there are factors that suggest that AXA APH would be unlikely to realise higher values through a sale of its Asian businesses to a third party. In particular, the joint venture structures through which AXA APH holds its Asian businesses (other than in Hong Kong, Singapore and certain Indonesian businesses) could be a real disincentive to potential purchasers. Moreover, there is a credible argument that the Proposal, including the price to be paid by AXA SA, is in part motivated by AXA SA's desire to be released from its undertaking (given at the time that AXA SA took its controlling shareholding through the AXA APH recapitalisation in 1995) to offer to AXA APH all Asian life insurance opportunities that become available to AXA SA. On this view the price to be paid by AXA SA includes consideration for the cancellation of the call option that AXA APH effectively enjoys over AXA SA's Asian growth ambitions. Overall, there are good grounds to conclude that the price to be paid by AXA SA exceeds the price that could be realised through sale of the Asian businesses to a third party.

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Any uncertainty regarding the theoretical full underlying value of AXA APH's Asian businesses is unlikely to affect the conclusion that the Asset Transaction is in shareholders' best interests. There is no reason to believe that greater value could be realised for the Asian businesses through some alternative transaction, given AXA SA's controlling shareholding in AXA APH and its interest in acquiring the Asian businesses. In any event, the Asset Transaction is an integral part of the overall Proposal. The overall benefits of the Proposal are, in Grant Samuel's view, compelling. Accordingly, the Asset Transaction is fair and reasonable to AXA APH shareholders other than AXA SA.

11.5 Disadvantages and Transaction Costs

In Grant Samuel's view the disadvantages of the Proposal to AXA APH Minority Shareholders are not significant.

AXA APH Minority Shareholder will lose their exposure to AXA APH's high growth Asian businesses. However, the growth prospects for these businesses are reflected both in Grant Samuel's valuation of AXA APH and in the value of the Consideration being offered to AXA APH Minority Shareholders. Moreover, while the Asian businesses have attractive growth prospects, they are also subject to a range of sovereign, regulatory and other risks.

AXA APH Minority Shareholders who continue to hold shares in AMP after the Proposal will also be exposed to different risks associated with the Merged Group. The Merged Group's business will be almost solely exposed to the Australian and New Zealand economies and markets. In addition, the Merged Group will have a greater exposure to the Australian superannuation sector and Australian asset management than does AXA APH in its current form.

The merger of AXA APH's Australian and New Zealand business and the AMP business is inherently risky. The merger synergies that AMP has announced may take longer to realise than currently expected, may never be realised or may be more costly to achieve than currently estimated. There is a risk that the merged businesses could lose customers, staff and revenue. Effective management of multiple groups of financial planners will be challenging.

However, the risks associated with the integration of AXA APH's Australian and New Zealand businesses into AMP's businesses, and with the investment characteristics of the Merged Group, are generally of relevance to the medium term prospects for the Merged Group. They are relevant to a decision as to whether to continue to hold shares in the Merged Group (a matter upon which Grant Samuel does not offer any opinion), rather than to an assessment of whether to vote in favour of the Proposal.

11.6 Ineligible Overseas Shareholders

Ineligible overseas shareholder will not receive AMP shares. New AMP shares that would otherwise have been issued to these shareholders in connection with the Scheme will be issued to a sales agent to be sold on the ASX and the net proceeds of this sale will be paid to the ineligible overseas shareholder. Ineligible overseas shareholders may also have to pay tax on any profit on the disposal of their AXA APH shares.

11.7 Evaluation of the Rights Scheme

Under the Rights Scheme, all AXA APH rights on issue will be cancelled pursuant to a rights scheme of arrangement in exchange for cash. The cash consideration for the cancellation will depend on whether the rights are in-the-money (i.e. their

GRANT SAMUEL



exercise price is lower than the Consideration) or out-of-the-money (i.e. their exercise price is equal to or greater than the Consideration).

The value of in-the-money rights will be determined on the basis of their intrinsic value: that is, the difference between the value of the Consideration and their exercise price. This approach to dealing with the in-the-money rights is fair. All rights will vest given that the Proposal represents a change of control transaction for the purposes of the right terms. Effectively, the holders of in-the-money rights are being treated on the same basis as shareholders (without having to pay the exercise price), and are sharing in the control premium offered under the Proposal on the same basis as shareholders. Grant Samuel has concluded that the Proposal is fair and reasonable to, and in the best interests of, shareholders. Given that holders of in-the-money rights are being treated on similar terms, it follows that the Rights Scheme in respect of these rightholders is fair and reasonable and in their best interests.

Analysis of the value that applies to holders of out-of-the-money rights is less straightforward. There are various theoretical option valuation methodologies available to value the rights (e.g. the Black-Scholes and binomial approaches). However, these valuation methodologies have been developed for the purposes of valuing options by reference to a security that will continue to trade in the future. The key determinants of the "optionality" value in an option are the expected volatility of the underlying security and the remaining life of the option (i.e. the time to expiry). In the context of a change of control transaction, however, these concepts are not meaningful. Under the Executive Share Scheme, in the event of a transaction such as the Proposal, the rightholders have only one month to exercise their rights, after which their rights lapse.

It could be argued that in the event of a change of control transaction out-of-the-money rights have no value. Rightholders have a right to acquire ordinary shares upon exercise of their rights, but do not have a right to a direct share of underlying value. On one view, the only way in which rightholders can share in underlying value is by exercising their rights, receiving ordinary shares and accepting a takeover offer. Accordingly, the optionality component (that part of the overall right value that reflects the right life and the volatility of the ordinary shares) is not relevant. Effectively, the optionality component of overall right value is surrendered to allow rightholders to share in underlying value. On this basis, the full underlying value attributable to the rights is equal to the estimated full underlying value per share, adjusted for the right exercise price. Any right that is out-of-the-money (for which the exercise price is greater than the prevailing price) would have no value.

An alternative view is that the estimated full underlying value of AXA APH needs to be allocated between shareholders and holders of rights on a basis that reflects the differing rights of the holders of different classes of securities. Holders of rights have a different risk/return profile from shareholders because rights, like options, offer unlimited exposure to upside but limited exposure to downside risks. It is clear that AXA APH's out-of-the-money rights had at least some value immediately prior to the announcement of the Initial Proposal. It would appear unfair that this value was effectively expropriated. On this view a minimum value for the out-of-the-money rights would be the value of the rights immediately before the announcement of the Initial Proposal, based on the share price and volatility expectations at the time. In addition, it could be argued that some further value should be attributed to the rights, to reflect some sharing in the control premium. On the other hand, there is no theoretical basis for determining how this share of control premium should be determined.

The value of the out-of-the-money rights could alternatively be assessed by assuming post-transaction announcement share prices (rather than the pre-

GRANT SAMUEL



announcement trading price) and zero or very limited volatility in the valuation analysis. Adoption of such a volatility assumption would be an attempt to reflect the fact that the volatility of the underlying security will be significantly lower once the terms of a takeover proposal have been settled. However, adoption of this assumption would essentially be an acknowledgement that theoretical approaches such as the Black-Scholes and binomial approach are not appropriate in this context. Moreover, for holders of out-of-the-money rights it could result in a lower estimate of value than estimates of value based on pre-announcement share prices and expected volatilities.

The approach used under the Rights Scheme for determining the value of out-of-the-money AXA APH rights was a combination of the binomial option valuation methodology and Monte-Carlo simulation. The Monte-Carlo simulation analysis was employed to take in to account the vesting status and applicable performance hurdles of the out-of-the-money rights.

The key assumptions required for the valuation relate to the AXA APH share price and expected share price volatility. "Correct" application of the binomial valuation methodology requires a judgement regarding the price at which AXA APH shares would have been trading immediately prior to the announcement of the Proposal, on a basis "undisturbed" by the previous proposals from AMP and NAB. There is no way to precisely estimate the price at which AXA APH shares would have been trading, but for the various AMP and NAB proposals. Accordingly, any valuation is essentially judgemental. The selection of assumptions regarding the AXA APH share price and volatility is made even more difficult by the fact that the pre transaction share price is now over twelve months old.

The value of the out-of-the-money rights has been determined based on a share price of \$4.30 (the price immediately prior to the announcement of the Initial Proposal) adjusted for general equity market movements since then, and an annualised volatility of 40%. An alternative would be to adopt a higher and more recent share price, such as the price at which AXA APH shares traded between ACCC's rejection of the NAB Proposal and the announcement of the Proposal, but a lower volatility would also need to be assumed. Grant Samuel's analysis suggests that a volatility assumption of 40% is within a range of reasonable assumptions, when taking into account AXA APH's long term historical volatility, albeit at the lower end of a range of assumptions.

The out-of-the-money rights have been divided into three groups. The rights that have vested have been valued on a simple option basis. While in the circumstances there is inevitable uncertainty relating to the assumptions adopted for the valuation, in Grant Samuel's view the assumptions are reasonable. On this basis, the consideration for the out-of-the-money rights that have vested (\$0.56) is fair and reasonable.

The out-of-the-money rights that are yet to vest are in turn divided into two sub-groups. One sub-group of rights is subject to operating earnings performance hurdles, which are not expected to be met. These rights are to be cancelled for nominal consideration. In Grant Samuel's view this is reasonable, particularly given that there are strong grounds to suggest that the rights have no value. The other group of out-of-the-money rights are subject to total shareholder return hurdles. These rights have been valued using a Monte Carlo simulation to assess the probability that the hurdles will be achieved and that the rights will therefore vest. The consideration for the cancellation of these rights (\$0.53-0.55) represents a very high percentage of the consideration for the cancellation of the out-of-the-money rights that are not subject to performance hurdles and have already vested (\$0.56). In Grant Samuel's view the consideration for the cancellation of the out-of-the-money rights that have not vested is fair and reasonable.

GRANT SAMUEL



Overall, Grant Samuel has concluded that the Rights Scheme is fair and reasonable and accordingly is in the best interests of rightholders.

11.8 Taxation Issues

Details of the taxation consequences of the Proposal for Australian resident and foreign securityholders are set out in the Explanatory Memorandum. In any event, the taxation consequences for securityholders will depend upon their individual circumstances. If in any doubt, securityholders should consult their own professional adviser.

11.9 Securityholder Decision

The decision whether to vote for or against the Proposal is a matter for individual securityholders based on each securityholder's views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from securityholder to securityholder. If in any doubt as to the action they should take in relation to the Proposals, securityholders should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell securities in AXA APH or AMP. This is an investment decision that is independent of a decision on whether to vote for or against the Proposal. Grant Samuel does not offer any opinion in relation to such investment decisions. Securityholders should consult their own professional adviser in this regard.



12 Qualifications, Declarations and Consents

12.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally), property advisory services, manages specialist funds and provides marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 440 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Cooper BCom (Hons) ACA CA(SA) ACMA, Cameron Stewart LLB BCom and Sarah Morgan BE (Hons) MBA MAusIMM. Each has a significant number of years of experience in relevant corporate advisory matters. Tina De Young, Warwick Earl, Sophie Ferris and Lachlan Whittaker assisted in the preparation of the report. Each of the above persons is an authorised representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

12.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Proposal is in the best interests of AXA APH Minority Shareholders or the Share Transaction and Asset Transaction are fair and reasonable to AXA APH Minority Shareholders. Grant Samuel expressly disclaims any liability to any AXA APH shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by AXA APH and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

Grant Samuel has had no involvement in AXA APH's due diligence investigation in relation to the Explanatory Memorandum and does not accept any responsibility for the completeness or reliability of the process which is the responsibility of AXA APH.

12.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with AXA APH, AXA SA or AMP that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

G R A N T S A M U E L



Grant Samuel was retained by AXA APH to prepare an independent expert's report in relation to AXA SA's proposed acquisition of the minority interests in AXA APH in 2004. The transaction was not completed and the report was not completed. Grant Samuel was also retained by AXA APH in 2006 to prepare an independent expert's report in relation to the acquisition of Winterthur Life (Hong Kong) Limited.

Grant Samuel commenced analysis for the purposes of this report in January 2010 after the announcement of the Initial Proposal. This work did not involve Grant Samuel's participation in the setting of the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$2,100,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 October 2007.

12.4 Declarations

AXA APH has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. AXA APH has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by AXA APH are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Drafts of this report were provided to AXA APH and its advisers. Drafts of Section 7 and 8 of this report were also provided to AMP. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

12.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to shareholders of AXA APH. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

12.6 Other

The accompanying letter dated 14 January 2011 and the Appendices form part of this report.

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Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
14 January 2011

Grant Samuel & Associates

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Appendix 1

Market Evidence - Comparable Listed Companies

AXA APH is an Australian headquartered financial services group specialising in the financial protection and wealth management in Australia, New Zealand and Asia. In terms of the Australian and New Zealand markets there are a number of companies with activities similar to AXA APH although the range and scale of their activities need to be considered in comparing them to AXA APH. The scale and international activities of AXA APH means that any value review needs to encompass a range of international companies involved (at least in part) in similar activities in Asia. In this regard, evidence from the international companies needs to be treated with caution as differences between Australian and international growth and inflationary expectations, industry and market conditions and differing tax regimes impact on share market valuations and implied multiples. Nevertheless, a review of these companies provides some valuation guidance.

Value analysis for banks and financial institutions involves review of multiples of net profit after tax ("price earnings multiples") and NTA. These benchmarks are considered to be easily observable and to involve a degree of objectivity. NTA multiples are more meaningful in the banking and finance industry than other businesses because their net assets are generally represented by income producing assets and (for capital adequacy reasons) are correlated with the overall size of the businesses. NTA multiples are accordingly an indicator of the productivity of a banking or insurance business relative to the shareholders' funds employed to support the business. Furthermore, value analysis of the financial services industry typically involves a comparison of:

- multiples of reported embedded value and reported value of one year's new business for companies in the financial protection segment;
- EBIT multiples and multiples of FUMA are for wealth management businesses.

Grant Samuel's analysis set out in this appendix has been split between the selected Australasian and international companies and, within that split by activity, namely banking, financial services and wealth management. Notwithstanding this categorisation of companies, the following applies when analysing the data presented in the tables:

- the multiples are based on sharemarket prices as at 6 January 2011¹ and do not reflect a premium for control;
- the companies selected have a variety of year ends. The data analysed for each company included the most recent annual historical result plus the subsequent three forecast years. As the analysis is being prepared for comparison with AXA APH which has a 31 December year end, the data presented in most cases needs to be notionally adjusted for the difference in year end;
- the selected international Asian companies have substantial financial services activities in the Asian markets in which AXA APH operates; and
- full descriptions for each company are not presented. Rather, details are provided where necessary to assist in understanding the data presented.

The selected Australasian banking and financial services companies are set out below:

¹ The share price of AMP Limited on 6 November 2009 (the day prior to announcement of its initial proposal) was \$5.87 in comparison to the share price of \$5.33 on 12 November 2010 (the day prior to announcement of its second proposal). At the conclusion of the trading halt on 15 November 2010 the share price closed at \$5.45 but has since declined to \$5.24 as at 6 January 2011.

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Sharemarket Ratings of Selected Listed Australian Major Banks and Financial Services Companies									
Company	Year End	Market Capitalisation (\$ millions)	Price Earnings Multiple ² (times)				Geared NTA Multiple ³ (times)	Multiple of Embedded Value ⁴ (times)	Multiple of New Business ⁵ (times)
			Historical	Forecast	Forecast	Forecast			
Major Banks									
CBA	30 Jun	77,348	12.7	11.8	10.7	9.9	3.0		
Westpac ⁶	30 Sep	66,759	11.1	10.6	10.0	9.4	2.5		
ANZ	30 Sep	60,070	11.8	10.5	9.7	9.0	2.2		
NAB	30 Sep	51,553	11.0	9.8	9.0	8.4	1.6		
<i>Median</i>			<i>11.4</i>	<i>10.5</i>	<i>9.8</i>	<i>9.2</i>	<i>2.3</i>		
<i>Weighted average⁷</i>			<i>11.7</i>	<i>10.8</i>	<i>9.9</i>	<i>9.3</i>	<i>2.4</i>		
Financial Services									
AMP	31 Dec	10,975	14.3	13.6	12.3	11.2	5.9	1.6-1.8 ⁸	14.9-22.1 ⁸
Suncorp	30 Jun	11,122	13.5	10.9	8.9	8.1	1.6	4.6	nml ⁹
Challenger	30 Jun	2,570	9.0	10.4	10.0	9.6	2.8		
Tower	30 Sep	411 ¹⁰	10.3	10.0	9.6	9.0	1.4	2.7	47.1
<i>Median</i>			<i>11.9</i>	<i>10.6</i>	<i>9.8</i>	<i>9.3</i>	<i>2.2</i>		
<i>Weighted average</i>			<i>13.3</i>	<i>12.0</i>	<i>10.5</i>	<i>9.6</i>	<i>3.6</i>		

Source: Grant Samuel analysis¹¹

When considering the data presented above the following should be noted:

- all of the financial services companies have a range of activities and therefore the earnings multiples represent their particular blend of activities. In this regard:
 - Australia and New Zealand Banking Group Ltd (“ANZ”) provides a range of financial products and services through its financial network across Asia and the Pacific. ANZ delivered a solid result relative to peers for the year ended 30 September 2010 and its forecast multiples reflect its increased exposure to Asian markets and stronger lending volumes and margins;
 - AMP Limited (“AMP”) is a wealth management company that provides a range of financial services and products. AMP’s historical multiple is for the year ended 31 December 2009 while for all other companies multiples reflect earnings six to nine months later. In 2009, life insurance fees contributed approximately 38% of revenue. AMP’s contemporary wealth protection segment (which includes personal term, disability and income protection insurance products) accounted for approximately 22% of profit after tax;
 - Suncorp Group Limited (“Suncorp”) operates general insurance, life insurance, banking and wealth management activities. In 2010, the general insurance business contributed in excess of 60% of profits;
 - Challenger Financial Services Group Limited (“Challenger”) is an investment management firm

² Represents market capitalisation divided by net profit after tax (before significant and non-recurring items and amortisation of acquired intangibles). For the banks, net profit after tax is cash earnings and is also adjusted for distributions paid on preference or hybrid capital.

³ Represents market capitalisation divided by NTA. NTA is net tangible assets (i.e. net assets less intangible assets).

⁴ Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus corporate borrowings less corporate cash (where applicable) as at the latest balance date) divided by reported embedded value as at latest date.

⁵ Represents gross consideration less latest reported embedded value divided by the latest reported value of one year’s new business.

⁶ Westpac consolidates BT Investment Management Limited.

⁷ Weighted by market capitalisation.

⁸ Calculated by reference to the range of embedded value and value of one year’s new business presented by AMP on 19 August 2010.

⁹ nml = not meaningful.

¹⁰ Tower Limited is a New Zealand company. Its market capitalisation has been converted to Australian dollars based on the exchange rate on 6 January 2011 of NZ\$0.7609 = A\$1.00.

¹¹ Grant Samuel analysis based on data obtained from IRESS, Capital IQ, company announcements and, in the absence of company published financial forecasts, brokers’ reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

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focussed on annuities and funds management. In 2010, Challenger's annuities business contributed around 75% of revenue and 85% of profits. Brokers are not forecasting significant growth in Challenger's business in the short term. Challenger's low historic multiple reflects a \$51.3 million investment experience net gain recognised during the year; and

- Tower Limited ("Tower") primarily operates in the life, health and general insurance segments in New Zealand with around 60% of profit derived from its health and life activities;
- Guinness Peat Group plc ("GPG") holds a 35% interest in Tower; and
- the multiples of embedded value and the value of one year's new business for the financial services companies are not meaningful for valuation purposes primarily as a consequence of the mix of activities of each of the companies.

The selected Australasian wealth management companies are set out below:

Sharemarket Ratings of Selected Listed Wealth Management Companies												
Company	Year End	Market Capitalisation (\$ millions)	FUMA ¹² (\$ millions)	Market Capitalisation/FUMA (%)	EBIT Multiple ¹³ (times)			Price Earnings Multiple (times)				
					Historical	Forecast	Forecast	Historical	Forecast	Forecast	Forecast	
Platinum	30 Jun	2,728	18,416	14.8%	13.2	11.0	9.9	9.5	19.9	16.4	14.8	13.6
IOOF	30 Jun	1,814	74,200	2.4%	14.7	11.0	9.8	9.7	20.4	16.0	14.5	13.5
Perpetual	30 Jun	1,362	35,900	3.8%	12.7	10.8	9.5	8.5	18.4	17.5	14.6	13.0
BTIM	30 Sep	407	35,400	1.2%	11.1	8.7	7.3	6.7	18.7	13.1	11.1	10.1
Count	30 Jun	336	10,140	3.3%	10.4	9.7	8.6	7.7	14.0	13.7	12.8	11.4
WHK	30 Jun	280	7,885	3.5%	6.8	6.6	6.2	5.8	10.2	9.0	8.3	7.7
<i>Median</i>					<i>11.9</i>	<i>10.2</i>	<i>9.0</i>	<i>8.1</i>	<i>18.5</i>	<i>14.8</i>	<i>13.7</i>	<i>12.2</i>
<i>Weighted average</i>					<i>13.0</i>	<i>10.6</i>	<i>9.4</i>	<i>9.0</i>	<i>19.0</i>	<i>15.9</i>	<i>14.1</i>	<i>12.9</i>

Source: Grant Samuel analysis

When considering the data presented above the following should be noted:

- two of the companies have majority shareholders and therefore have relatively limited free floats:
 - Westpac Banking Corporation ("Westpac") holds a 60% interest in BT Investment Management Limited ("BTIM"); and
 - interests associated with Mr Kerr Neilson (Managing Director) hold around 58% of Platinum Asset Management Limited ("Platinum"). Other Platinum executives own around 6%;
- Platinum is a global equities asset management company and does not provide other financial services. Its relatively high multiples reflects both its business operations, its restricted free float, strong fund inflows, high profit margins and respected management team;
- Perpetual Limited ("Perpetual") is more diversified than Platinum, offering an array of wealth management, investment fund, financial advice and trustee services. In October 2010 Perpetual announced that it had received a conditional proposal from Kohlberg Kravis Roberts & Co. ("KKR") to acquire all of its shares at a price of \$38-40 per share. The Perpetual directors considered the proposed price not reflective of Perpetual's value and discussions concluded in December 2010 after mutually acceptable terms were unable to be developed;
- BTIM maintains a close relationship with Westpac with approximately half of its FUMA attributable to Westpac superannuation, life insurance and retirement products;
- Count Financial Limited ("Count") and WHK Group Limited ("WHK") are engaged in a range of activities including financial planning and advice, accounting and taxation compliance, business and corporate

¹² Funds under management, administration and advice. Excluding funds under supervision and trustee services.

¹³ Represents earnings before interest, tax and significant and non-recurring items divided by gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date).

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advisory, risk and general insurance, and finance broking. However, Count derives approximately 55% of its revenue from asset based activities while the similar activities for WHK account for only around 20-25% of revenue. Furthermore, in recent times Count has been aggregating and warehousing accounting and financial planning businesses practices in preparation for a separate listing on the ASX which it launched in November 2010.

The selected international financial services companies are set out below:

Sharemarket Ratings of Selected Listed International Financial Services Companies										
Company	Year End	Market Capitalisation (billions)	FUMA (billions)	Price Earnings Multiple (times)				Geared NTA Multiple (times)	Multiple of Embedded Value ¹⁴ (times)	Multiple of New Business ¹⁴ (times)
				Historical	Forecast	Forecast	Forecast			
China										
China Life	31 Dec	CNY650	na ¹⁵	19.8	20.0	17.1	13.9	3.2	2.3	19.8
Ping An	31 Dec	CNY458	CNY570	33.0	26.3	20.9	17.3	4.5	2.5	19.1
China Pacific	31 Dec	CNY205	na	27.8	26.2	20.8	17.5	2.6	2.0	18.4
China Taiping	31 Dec	HK\$43	na	51.5	39.3	30.0	23.4	4.4	3.3	31.5
Hong Kong										
AIA Group	30 Nov	HK\$269	HK\$44	18.9	16.1	14.8	13.0	2.1	1.6	20.5
Hang Seng Bank	31 Dec	HK\$252	na	19.1	17.6	15.2	13.5	4.2	na	na
Singapore										
Great Eastern	31 Dec	S\$7	na	14.4	15.4	14.5	13.7	1.9	1.2	5.3
India										
ICICI Bank	31 Mar	INR1,221	INR810	26.0	23.6	16.9	14.2	2.4	na	na
Reliance Capital	31 Mar	INR162	INR1,508	37.3	29.4	22.3	19.2	2.0	na	na
Multinationals¹⁶										
HSBC ¹⁷	31 Dec	£188	£525	30.9	12.6	9.7	8.8	1.7	nmf	nmf
AXA S.A.	31 Dec	€31	€1,089	7.5	7.7	6.7	6.1	1.3	1.6	15.4
Prudential	31 Dec	£18	£105	13.4	15.8	12.8	11.3	1.3	1.4	4.2
Sun Life	31 Dec	C\$18	C\$455	32.7	11.5	10.5	9.4	1.6	2.5	14.2

Source: Grant Samuel analysis

When considering the data presented above the following should be noted:

- a number of the companies have majority shareholders and/or relatively low free floats:
 - all of the Chinese companies have restricted free floats either as a result of majority shareholdings, substantial investments by state owned entities or non-controlling interests held by other parties. The free float for these companies is therefore limited ranging between 5% and 45%;
 - China Life Insurance Group holds around 93% of China Life Insurance Co Ltd (“China Life”);
 - HSBC Holdings plc (“HSBC”) holds a 43% interest in the H shares of Ping An Insurance Group Co. of China Ltd (“Ping An”) (equal to around 19% of all issued share capital);
 - China Taiping Insurance Group Co. Limited holds around 53% of China Taiping Insurance Holdings

¹⁴ The data for embedded value and value of one year’s new business is as reported by the companies and, as far as can be ascertained, based on the traditional method except that the data presented for Prudential and AXA S.A. is based on the European Embedded Value (“EEV”) method. The embedded value and new business data is the latest reported by each company as follows:

- Chinese companies as at 30 June 2010;
- AIA Group as at 31 May 2010;
- Great Eastern as at 31 December 2009;
- AXA S.A. as at 31 December 2009
- Prudential as at 30 June 2010; and
- Sun Life as at 30 September 2010.

¹⁵ na = not available

¹⁶ Multinational financial services companies have been included where they have significant operations in Asia particularly the markets in which AXA APH operates in Asia.

¹⁷ HSBC consolidates Hang Seng Bank Limited.

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- Co. Limited ("China Taiping");
- HSBC holds a 62% interest in Hang Seng Bank Limited ("Hang Seng Bank");
- AIA Aurora LLC holds a 33% interest in AIA Group Limited ("AIA Group");
- Oversea-Chinese Banking Corp. Limited holds around 85% of Great Eastern Holdings Limited ("Great Eastern");
- Deutsche Bank holds around 28% of ICICI Bank Limited ("ICICI Bank"); and
- AAA Enterprises Pvt. Ltd. Holds around 43% of Reliance Capital Limited ("Reliance Capital").
- all of the companies operate a range of activities and therefore the earnings multiples represent their particular blend of activities. In this regard:
 - life insurance activities account for in excess of 70% of revenue and profits for China Life, Ping An and China Taiping with their activities predominantly in the People's Republic of China ("PRC"). China Life is rated the largest life insurer in China with an estimated 36% market share;
 - all of the Chinese companies are diversifying their activities either into a wider range of insurance products or other financial services. In this regard, China Pacific Insurance (Group) Co., Ltd ("China Pacific") is the most advanced with around 64% of gross revenue but 74% of profits derived from life insurance. Ping An has also moved into banking services and investment products and services (with CN¥570 billion of FUMA) but these activities are relatively minor contributors to revenue and profit;
 - China Taiping trades at a premium to its Chinese peers due to its higher new business growth profile;
 - AIA Group listed in Hong Kong on 29 October 2010 and has embedded businesses in 15 Asian markets with exposure to life, accident and health insurance;
 - Hang Seng Bank is the largest Hong Kong incorporated bank but is a subsidiary of HSBC. Its activities are predominantly based in Hong Kong and life insurance is part of its personal financial services business segment which accounts for around 47% of profits;
 - Great Eastern is a Singapore based insurance company. Its activities are primarily in Singapore and Malaysia although it also operates in China, Indonesia and Vietnam. It is the largest life insurer in Singapore and Malaysia and insurance accounts for the majority of its profits;
 - ICICI Bank is India's second largest bank and provides a full range of banking and financial services in India. It is estimated to have around 9% share of the Indian life insurance market. Life insurance accounts for around 30% of ICICI Bank revenue but less than 5% of profits;
 - Reliance Capital is a diversified financial services company based in India with life insurance operations through wholly owned subsidiary, Reliance Life Insurance Company Ltd ("Reliance Life"). Reliance Life is one of India's fastest growing life insurers with its market share having increased from 1% to 10% between 2004 and 2010;
 - HSBC is one of the largest banking and financial services groups in the world. Its Hong Kong and other Asia Pacific operations account for approximately 36% of group operating income. During 2009 HSBC was Hong Kong's leading bancassurer, growing the value of new life insurance business by 38%. Growth in HSBC's other Asia Pacific operations, in particular Singapore, were also strong during 2009 with net earned insurance premiums, which includes life insurance, increasing by 91%;
 - Prudential plc is primarily a life insurance business and its Asian activities contribute a significant contributor to profits (around 40%). Asian activities comprise a much smaller component of group earnings for AXA S.A. and Sun Life Financial Inc;
- AXA S.A.'s low multiples reflect a material decline in its share price following European macroeconomic concerns raised during the first half of 2010. Low multiples may also reflect the regulatory uncertainty associated with the development of the Solvency 2 capital regulations;
- the historical multiples for the Indian companies are based on earnings for the year ended 31 March 2010. Forecast multiples are for the three subsequent years and are based on broker forecasts which reflect trading performance for the nine months ended 31 December 2010 for these companies; and
- the multiples of embedded value and of the value of one year's new business should be treated with some caution as they reflect the mix of activities for each company and as the basis for the reported embedded value and new business data is not consistent between companies. For example, the data reported by China Life is for its entire business (although over 90% of revenue and profits are from the insurance segment) while the embedded value data for Ping An and China Pacific is for the entire business but the value of one year's new business appears to be only for the life segment.



Appendix 2

Market Evidence - Transactions

Australasian Transactions

The Australian financial services industry has experienced considerable change since the introduction of compulsory superannuation. The industry structure and the activities of industry players have increasingly reflected a clear distinction between financial protection and wealth management/investment products. Moreover, there has been a growing trend towards a “deconstruction” of the wealth management value chain, with industry participants choosing to be active in some or all of three major activities, asset management (wholesale and retail), asset administration (platforms and wraps) and advice based distribution.

The prices paid in transactions in the financial services industry have varied significantly, depending (amongst other factors) on the exposure of the business to the financial protection segment versus the higher growth wealth management segment, or the parts of the wealth management value chain where the business is focused. Nevertheless, such transactions provide some guidance as to the prices which potential acquirers of financial services businesses may be willing to pay.

Diversified Financial Services and Financial Protection Transactions

A selection of relevant Australian transactions since 2003 for which there is sufficient information to calculate meaningful valuation parameters for diversified financial services and financial protection businesses is set out below:

Recent Australasian Transaction Evidence – Diversified Financial Services/Financial Protection									
Date	Target	Transaction	Equity Consideration ¹ (millions)	FUMA ² (millions)	Price Earnings Multiple ³ (times)		Geared NTA Multiple ⁴ (times)	Multiple of Embedded Value ⁵ (times)	Multiple of New Business ⁶ (times)
					Historical ⁷	Forecast			
Diversified Financial Services									
Dec 2010	Tower Australia Group Limited	Acquisition of remaining interest by Dai-ichi Mutual Life Insurance Co (pending) ⁸	AS\$1,720	\$2,750	16.5	13.9	3.0	1.3	nmf
Mar 2010	MBF Life and ClearView Retirement Solutions	Acquisition by MMC Contrarian Limited	AS\$195	\$2,150	28.5 ⁹	na	1.2	0.9	na
Sep 2009	ANZ/ING wealth management and life insurance joint venture	Acquisition of 51% by Australia & New Zealand Banking Group Limited	AS\$3,451	AS\$45,000	11.1	13.8	na ¹⁰	1.2	4.8
Jun 2009	Aviva Australia Holdings Limited	Acquisition by National Australia Bank Limited	AS\$825	AS\$15,700	13.6	na	1.4	1.1	na
Oct 2006	Promina Group Limited ¹	Acquisition by Suncorp-Metway Limited	AS\$7,495	AS\$16,300 ¹²	15.1	17.2	3.9	na	na
Financial Protection									
Aug 2008	Tower Australia Group Limited	Acquisition of 29.7% by Dai-ichi Mutual Life Insurance Co.	AS\$1,266	AS\$3,329	26.6	19.5	2.7	1.6	na
May 2008	Tower Limited	Acquisition of 15.3% by Guinness Peat Group plc	NZ\$441	NZ\$3,915	12.8	11.4	1.9	nmf	nmf
Oct 2006	Life risk business of Promina Group ¹	Acquisition by Suncorp-Metway Limited	AS\$1,594	na	14.1	na	na	1.4	na
Jan 2006	PrefSure Holdings and Life Limited	Acquisition by Tower Limited	AS\$124	na	17.9	13.8	1.1	0.8	na
Oct 2003	Lumley Life Limited	Acquisition by Capital Alliance Life	AS\$84	na	na	na	na	1.1	na

Source: Grant Samuel analysis¹³

¹ Implied equity value if 100% of the company or business had been acquired.

² Funds under management, administration and advice.

³ Represents equity consideration divided by net profit after tax.

⁴ Represents equity consideration divided by net tangible assets (that is, net assets less intangibles).

⁵ Represents gross consideration divided by embedded value as at latest date.

⁶ Represents gross consideration less embedded value as at latest date divided by the value of one year's new business as at latest date.

⁷ Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date. Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.

⁸ In the transaction announcement Tower Australia presented transaction multiples of 19.1 times historical earnings and 1.4 times embedded value for the financial year ended 30 September 2010. These multiples are higher than those presented as Tower Australia (footnote continued)

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The following observations are made in relation to the multiples implied by the Australasian diversified financial services/financial protection transactions:

- the multiples implied for the diversified financial services entities reflect a blend of business activities, primarily financial protection and wealth management activities. In particular, it should be noted the multiples implied by the Suncorp acquisition of Promina reflect Promina's substantial general insurance activities, the significant potential for cost synergies and the equities market conditions prevailing in 2006;
- transactions involving acquisitions of less than 50% (e.g. 29.7% of Tower Australia, 15.3% of Tower) would be expected to take place at lower multiples than acquisitions of 100%. Nevertheless, those transactions are strategic acquisitions by cornerstone investors;
- the transactions involving acquisition of a 100% interest in Australian financial protection businesses have been undertaken at historical multiples of around 14-18 times net profit after tax and 0.8-1.4 times embedded value; and
- there is limited evidence for multiples of the value of new business. The only evidence (being the multiple implied by ANZ's acquisition of the remaining 51% of the ANZ/ING wealth management and life insurance joint venture) at 4.8 times is relatively low but this would be expected given the maturity of the financial protection industry in Australasia.

A summary of each of the transactions is set out below.

MBF Life and ClearView Retirement Services / MMC Contrarian Limited

In March 2010, MMC Contrarian Limited ("MMC") entered an agreement to acquire Bupa Australia's life insurance and wealth management businesses, MBF Life and ClearView Retirement Solutions, for cash consideration of A\$195 million. At 31 December 2009 MBF Life had an embedded value of A\$213 million (A\$252 million including future franking credits), in force premiums of around \$40.3 million and below industry lapse rates but low new business sales (A\$2 million per annum). ClearView Retirement Solutions had A\$2.15 billion of FUMA at 31 December 2009. The consideration represents an 8.5% discount to embedded value (a 22.6% discount including future franking credits).

ANZ/ING Wealth Management and Life Insurance Joint Venture/Australia & New Zealand Banking Group

In September 2009, Australia & New Zealand Banking Group Limited ("ANZ") announced the acquisition of ING Group's ("ING") 51% shareholding in the ANZ/ING wealth management and life insurance joint venture in Australia and New Zealand. The joint venture was established by the parties in May 2002. Consideration for the acquisition was \$1,760 million cash. The acquisition delivered ANZ 100% of a business with \$1.3 billion of in-force premiums and \$45 billion of funds under management.

Aviva Australia Holdings Limited / National Australia Bank Limited

In June 2009, National Australia Bank Limited ("NAB") announced the acquisition of Aviva Australia Holdings Limited ("Aviva") from Aviva plc for \$825 million (subject to net asset adjustments). The Aviva business acquired included Norwich Union life insurance, the Navigator investment administration platform and a strategic stake in four independent advisory firms but excluded Aviva's asset management business and PIH, a financial advisory business partially owned by Aviva.

Promina Group Limited/Suncorp-Metway Limited

In October 2006, Suncorp-Metway Limited ("Suncorp") acquired all of the outstanding shares of Promina Group Limited ("Promina") via a scheme of arrangement. Transaction consideration was 0.2618 Suncorp shares plus \$1.80 cash per Promina share, valuing Promina at around \$7.5 billion. At the time of acquisition, Promina

has assumed all unvested shares options and performance rights will vest and be exercised and Grant Samuel has adjusted earnings for the amortisation of value in-force and acquired intangibles.

⁹ Excluding the impact of changes in the fair value deferred acquisition costs, the price earnings multiple would be 14.9 times.

¹⁰ na = not available

¹¹ Suncorp-Metway acquired 100% of Promina Group. The consideration attributed to Promina Group, the life risk business and the wealth management business is based on the independent expert's estimate of value net of external debt (as appropriate).

¹² Excluding \$27.6 million funds under supervision held by Promina Group's financial services business.

¹³ Grant Samuel analysis based on data obtained from IRESS, Capital IQ, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

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operated a diversified financial services business including general insurance (both direct and intermediated), life insurance and wealth management with the general insurance business accounting for 69% of net profit after tax in the year ended 31 December 2005.

Tower Australia Group Limited/Dai-ichi Mutual Life Insurance Co.

In August 2008, Dai-ichi Mutual Life Insurance Co (“Dai-ichi”), a major Japanese life insurance company, acquired a 29.7% interest in Tower Australia from Guinness Peat Group plc (“GPG”) for \$376 million. On 29 December 2010, Dai-ichi announced it had agreed terms to acquire all shares not already owned in Tower Australia (29% interest) via a scheme of arrangement. Scheme implementation is anticipated to be finalised in May 2011.

Tower Australia was demerged from Tower Limited (“Tower”) in November 2006. Tower Australia is involved in life insurance services and funds management in Australia. Dai-ichi is Japan’s oldest mutual life insurance company and one of the world’s top ten life insurers based on premium income. Although not a controlling interest, the cornerstone investment was a strategic acquisition representing Dai-ichi’s entry into the Australian life insurance market.

Tower Limited/Guinness Peat Group plc

In May 2008, Tower received a partial takeover offer from GPG. Under the offer GPG was seeking an additional 15.3% interest in Tower to add to its existing shareholding of 19.7%. Tower shareholders were offered NZ\$2.30 per share, implying a value for Tower of NZ\$441 million. Tower’s business operations predominantly involve general, health and life insurance but also include wealth management services in New Zealand. The GPG offer was below the full underlying value of NZ\$2.45-2.89 per share assessed by the independent expert for Tower and therefore does not reflect a full premium. Nevertheless, GPG was successful in increasing its interest in Tower to 35%.

PrefSure Holdings and Life Limited/Tower Limited

In January 2006, Tower announced the acquisition of PrefSure Holdings and Life Limited (“PrefSure”) from Liberty Group Limited (“Liberty”) for \$145 million representing a multiple of 1.1 times estimated embedded value. PrefSure is a specialist life business with \$271 million of in-force premiums. The final purchase consideration was \$111.2 million (net of \$13.2 million of cash acquired). PrefSure’s embedded value at completion was \$133 million, implying a final price to embedded value multiple of 0.8 times.

Lumley Life Limited/Capital Alliance Holdings (Australia) Pty Limited

In June 2003, Wesfarmers Limited (“Wesfarmers”) acquired Edward Lumley Holding Limited, an operator of general and life insurance businesses across Australia and New Zealand, for \$320 million plus the assumption of \$55 million in external debt. Wesfarmers subsequently announced the sale of the life insurance business, Lumley Life Limited, to Capital Alliance Holdings (Australia) Pty Limited, a subsidiary of South African based Capital Alliance Holdings Limited, for \$84 million.

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Wealth Management Transactions

A selection of transactions in the Australasian wealth management industry since 2003 for which there is sufficient information to calculate meaningful valuation parameters is set out below. Many of the transactions are relatively small and cannot meaningfully be compared to a business the scale of AXA APH's wealth management business. For other transactions, there is limited meaningful information available. The transactions have been categorised according to their major activity, with a separate category for transactions involving businesses operating in two or more of the major activities in the wealth management value chain (which are referred to as integrated wealth management companies).

Recent Australasian Transaction Evidence – Wealth Management									
Date	Target	Transaction	Equity Consideration (millions)	FUMA (millions)	Consideration /FUMA (%)	Price Earnings Multiple (times)		EBIT Multiple ¹⁴ (times)	
						Historical	Forecast	Historical	Forecast
<i>Integrated Businesses</i>									
Sep 2009	ANZ/ING wealth management and life insurance joint venture	Acquisition of 51% by Australia & New Zealand Banking Group Limited	AS3,451	AS45,000	7.7	11.1	13.8	na	na
Jul 2009	Private wealth business of Goldman Sachs JBWere Pty Limited	Acquisition of 80.1% by National Australia Bank Limited	AS124	AS48,000	0.3 ¹⁵	na	na	na	na
Mar 2009	Centric Wealth Advisers Pty Ltd	Acquisition of 75% by CHAMP Private Equity	AS107	AS5,000	2.1	na	na	na	na
Feb 2009	Next Financial Limited	Acquisition by Wilson HTM Investment Group	AS32	AS1,536	2.1	4.0	na	na	na
Nov 2008	Australian Wealth Management Limited ¹⁶	Merger with IOOF Holdings Limited	AS545	AS75,900 ¹⁷	0.7 ¹⁵	7.9	11.1	5.1	7.2
Jun 2008	Genesys Wealth Advisers and Synergy Platform	Acquisition by AXA Asia Pacific Holdings	AS150	AS7,840	1.9	20.5	20.2	14.9	14.9
May 2008	Wealth management business of St George Bank Limited ¹⁸	Acquisition by Westpac Banking Corporation	AS2,250	AS42,000	5.4	21.2	na	15.0	na
Aug 2007	Lonsdale Financial Group Limited/Wrap Account Limited	Acquisition by DKN Financial Group Limited	AS121	AS6,900	1.8	22.0	na	na	na
May 2007	Plan B Group Holdings Limited	Initial public offering	AS75	AS1,554	4.8	17.8	13.9	10.2	9.3
May 2007	Wilson HTM Investment Group	Initial public offering	AS191	AS3,300	5.8	17.6	13.8	11.3	7.7
Oct 2006	Wealth management business of Promina ¹¹	Acquisition by Suncorp-Metway Limited	AS650	AS16,300	4.0	28.3	na	na	na
Sep 2006	Tynan MacKenzie Pty Limited	Acquisition of 67% by AXA Asia Pacific	AS199	AS2,100	9.5	na	na	na	na
Jan 2006	Select Managed Funds Limited	Merger with Australian Wealth Management	AS397	AS7,900	5.0	26.4	18.0	18.0	13.3
Mar 2005	Select Managed Funds Limited	Initial public offering	AS308	AS6,800	4.2	17.4	15.1	12.5	10.8
Nov 2004	Australian Wealth Management business	Demerger by Tower Limited	AS250	AS8,700	2.5	16.2	15.1	11.8	10.1
Apr 2004	Associated Planners Group Limited	Acquisition by Challenger Financial Services Group	AS100 ¹⁹	AS4,845	2.1	nmf	nmf	nmf	nmf
Dec 2003	IOOF Holdings Limited	Initial public offering	AS200	AS11,800	0.9	7.5	8.9	3.8	4.2

¹⁴ Represents gross consideration divided by EBIT. EBIT is earnings before net interest, tax, investment income and significant and non-recurring items.

¹⁵ The low percentage of FUMA reflects the high proportion (>50%) of funds under supervision and administration rather than active management.

¹⁶ The merger was implemented by way of IOOF acquiring AWM although after the event the securityholders of AWM held 70% of the merged entity. Therefore, the value attributed to AWM may not reflect a control value. In addition, the historical earnings multiples have been calculated by reference to pro forma earnings which assume that AWM consolidated Ord Minnett for the full year. However, the forecast earnings may reflect that AWM will consolidate Ord Minnett and therefore the forecast multiples may be overstated.

¹⁷ Including 100% of Ord Minnett's FUMA as Australian Wealth Management consolidates its 70% interest in Ord Minnett.

¹⁸ Westpac acquired 100% of St George Bank. The consideration attributed to the wealth management business of St George Bank is based on the independent expert's estimate of value.

¹⁹ Represents the face value of the scrip consideration. Approximately 11% of the scrip consideration was subject to an 18 month lock-up and 25% is subject to a 3 year lock-up. Consequently a discount for lack of marketability applied to the face value of these shares may be appropriate. If a discount was applied, the consideration as a percentage of FUMA would be lower.

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Recent Australasian Transaction Evidence – Wealth Management									
Date	Target	Transaction	Equity Consideration (millions)	FUMA (millions)	Consideration /FUMA (%)	Price Earnings Multiple (times)		EBIT Multiple ¹⁴ (times)	
						Historical	Forecast	Historical	Forecast
Asset Management									
Nov 2010	Tyndall Investment Management Limited	Acquisition by Nikko Asset Management	AS\$129 ²⁰	AS\$24,900	0.5	12.6	na	na	na
Oct 2007	BT Investment Management Limited	Initial public offering	AS\$768	AS\$42,400	1.8	21.2	16.8	14.2	11.7
May 2007	Platinum Asset Management Ltd	Initial public offering ²¹	AS\$2,805	AS\$22,172	12.7	15.0	15.0	10.6	11.8
Oct 2006	Perennial Investment Partners Limited	Acquisition of 21.85% by IOOF Holdings Limited	AS\$320	AS\$20,570	1.6	na	32.0 ²²	na	na
May 2005	452 Capital Pty Limited	Acquisition of 30% by Commonwealth Bank	AS\$100 ²³	AS\$4,000	2.5	na	na	na	na
Mar 2005	HSBC Asset Management (Australia) Limited	Acquisition by Challenger Financial Services Group	AS\$22	AS\$3,500	0.6	na	na	na	na
Asset Administration									
Mar 2009	Skandia and Intech businesses	Acquisition by IOOF Holdings Limited	AS\$34	AS\$8,100	0.4	na	na	na	na
Mar 2006	Oasis Asset Management	Acquisition of 76% by ING Australia	AS\$72	AS\$3,600	2.1	na	na	na	na
Nov 2003	AustChoice Financial Services Limited	Merger with Deakin Financial Services Group	AS\$27	AS\$1,323	2.0	9.9	na	6.6	na
Advice/Distribution (Financial Planners)									
Dec 2009	Fordham Group	Acquisition by Perpetual Limited	AS\$35	AS\$500	7.0	na	na	na	na
May 2008	Ord Minnett Holdings Pty Limited	Acquisition of 70% by Australian Wealth Management Limited	AS\$119	AS\$17,500	0.7	11.0	na	na	na
May 2008	Financial Lifestyle Solutions Pty Limited	Acquisition by ING Australia	AS\$14	AS\$1,100	1.3	na	na	na	na
Apr 2008	Yarra Financial Group Pty Limited	Acquisition by Snowball Group Limited	AS\$4	AS\$130	2.8	na	na	na	na
Jun 2007	Community and Corporate Financial Services	Acquisition by Tolhurst Group Limited	AS\$31	AS\$1,700	1.8	na	na	na	na
Aug 2006	Western Pacific Financial Group Pty Limited	Acquisition by Snowball Group Limited	AS\$50	AS\$2,100	2.4	16.6	13.9	11.7	9.8

Source: Grant Samuel analysis¹³

The following observations are made in relation to the multiples implied by integrated wealth management transactions:

- transactions involving integrated wealth management businesses tend to take place at higher multiples than transactions involving “pure” funds managers or asset administrators. This reflects that integrated businesses would be able to generate back office efficiencies as well as provide “captive” business;
- initial public offers of integrated wealth management companies, demerger transactions and acquisitions of interests of less than 50% have taken place at lower multiples than trade sales of 100% interests. These transactions represent portfolio values and therefore exclude a premium for control; and
- the other transactions involving integrated businesses have generally taken place at:
 - historical multiples in the range 14.9-18.0 times EBIT and 20.5-28.3 times net profit after tax;
 - forecast multiples in the range 13.3-14.9 times EBIT and 13.8-20.2 times net profit after tax; and
 - 1.8-9.5% of FUMA.

The range of multiples is relatively wide and the following factors should be taken into account:

- a number of the transactions (e.g. the ANZ/ING wealth management and life insurance joint venture) involve substantial businesses with significant non wealth management operations. As a

²⁰ Maximum consideration payable including possible payment in three years time.

²¹ The IPO of Platinum Asset Management Ltd was restricted to members of existing Platinum funds, employees and retail clients of Bell Potter and CommSec. The high percentage of FUMA reflects both high profit margins of the business and the emphasis on retail funds under management.

²² The acquisition of the remaining 21.85% of Perennial Investment Partners occurred at high multiples reflecting the importance to IOOF of owning 100% of the business.

²³ This is rumoured consideration. No public announcement has been made.

G R A N T S A M U E L



consequence, the percentages of FUMA implied by these transactions are higher;

- a number of the acquisitions have been strategic either by achieving a quantum leap in the acquirer's funds under management (e.g. Westpac's acquisitions of St George Bank, AXA's acquisition of Genesys), by strengthening existing alliances or achieving 100% ownership (e.g. IOOF acquisition of the remaining 21.85% of Perennial); and
- when equities markets and earnings are weak acquirers may be able to justify paying higher multiples of earnings given the strong long term growth outlook for wealth management businesses and the low current earnings (e.g. AXA's acquisition of Genesys and Synergy in June 2008 which, while a comparatively small acquisition, implied multiples of around 20 times forecast earnings).

A summary of each transaction is set out below.

ANZ/ING Wealth Management and Life Insurance Joint Venture/Australia & New Zealand Banking Group

In September 2009, ANZ announced the acquisition of ING's 51% shareholding in the ANZ/ING wealth management and life insurance joint venture in Australia and New Zealand. The joint venture was established by the parties in May 2002. Consideration for the acquisition was \$1,760 million cash. The acquisition delivered ANZ 100% of a business with \$1.3 billion of in-force premiums and \$45 billion of funds under management.

Private wealth management business of Goldman Sachs JBWere Pty Limited/National Australia Bank

In July 2009, NAB and Goldman Sachs JB Were Pty Limited ("GSJBW") announced that NAB had acquired an 80.1% stake in GSJBW's private wealth business in Australia and New Zealand. Consideration was an initial \$99 million with an additional amount subject to performance hurdles over an ensuing three year period (to a maximum of \$123.6 million). GSJBW's wealth advisory business has funds under advice in excess of \$38 billion with funds under management of approximately \$10 billion.

Centric Wealth Advisers Pty Limited/CHAMP Private Equity

In March 2009, CHAMP Private Equity acquired a 75% stake in Centric Wealth Advisors Pty Limited ("Centric Wealth") for \$80 million. The rationale behind the transaction was to reduce Centric Wealth's funding constraints through deleveraging the balance sheet. Centric Wealth is a high-end wealth advisory and accounting services firm with funds under advice of approximately \$5 billion.

Next Financial Limited/Wilson HTM Investment Group Limited

In February 2009, Wilson HTM Investment Group Limited ("Wilson HTM") acquired Next Financial Limited ("Next Financial"), a structured financial product manufacturer and investment manager that offers protected equity, and discretionary and non-discretionary investment accounts. The transaction valued Next Financial at \$32.3 million. At 31 January 2009, Next Financial funds under management and administration were in excess of \$1.5 billion.

Australian Wealth Management Limited/IOOF Holdings Limited

In November 2008, IOOF Holdings Limited ("IOOF") and Australian Wealth Management Limited ("AWM") announced an intention to merge through a scheme of arrangement. The merger was effected through the issue of one IOOF share for every 3.73 shares held in AWM. The transaction created a merged entity with funds under management and advice of approximately \$75 billion.

Genesys Wealth Advisers Limited and Synergy Capital Management Limited/AXA Asia Pacific Holdings

In June 2008, AXA Asia Pacific Holdings Limited ("AXA") acquired the financial planning business of Challenger Financial Services Group Limited ("Challenger") for \$150 million. This included the dealer group Genesys Wealth Advisers Limited ("Genesys") and investment platform Synergy Capital Management Limited ("Synergy"). Genesys had approximately 350 advisers with \$12 billion in funds under advice as at 31 December 2007, while Synergy had \$2.1 billion in funds under administration as at 30 April 2008. This acquisition further reinforced AXA's position of owning one of the largest financial adviser networks.

Wealth management business of St. George Bank Limited/Westpac Banking Corporation

In May 2008, Westpac Banking Corporation Limited ("Westpac") and St. George Bank Limited ("St. George") entered into an agreement to merge via a scheme of arrangement. Under terms of the transaction St. George

GRANT SAMUEL



ordinary shareholders received 1.31 Westpac ordinary shares for each St.George ordinary share, resulting in transaction value of \$12.1 billion. St.George operated a portfolio of banking and wealth management businesses. At March 2008, St.George's wealth management business had funds under management and advice of \$43.9 billion.

Lonsdale Financial Group Limited and Wrap Account Limited/DKN Financial Group Limited

In August 2007, DKN Financial Group Limited ("DKN") acquired Lonsdale Financial Group Limited ("Lonsdale") and Wrap Account Limited ("Wrap") from Zurich Australia Limited ("Zurich") for approximately \$120 million. Lonsdale is a dealer group supporting a network of over 100 financial planning practices and 250 financial advisers across Australia. Wrap is an investment administration platform business with \$4.2 billion in funds under administration. The acquisition provided DKN with significantly increased scale with a network of over 300 associated financial planning practices and \$8.2 billion in total funds under administration as at June 2007. As part of the transaction, DKN also negotiated a marketing arrangement for the distribution of key Zurich products, enhancing the product range available to its financial advisers.

Plan B Group Holdings Limited – IPO

In July 2007, Plan B Group Holdings Limited ("Plan B") listed on the ASX at an offer price of \$1.00 per share implying a market capitalisation of \$75 million. The offer was significantly oversubscribed and the volume weighted average price for the first seven trading days was materially higher than the offer price at \$1.44 per share. Plan B is an Australian and New Zealand diversified wealth management business with more than 20,000 clients and over \$1.6 billion in funds under management and administration. Plan B's activities include financial planning, investment management and administration, custodial and trustee services and independent financial advisor support. Approximately 75% of Plan B's revenue is generated from its operations in Australia with the balance generated from operations in New Zealand.

Wilson HTM Investment Group Limited – IPO

In June 2007, Wilson HTM listed on the ASX at an offer price of \$2.00 per share implying a market capitalisation of \$191.4 million. The VWAP over the first seven days of trading was materially higher at \$3.30 per share, which partially reflected the limited number of shares on offer to the public. Wilson HTM is an integrated investment house with activities in investment management and investment banking. Its investment management activities are primarily funds management through a number of subsidiaries and associates, including Pinnacle Investment Management. Wilson HTM had \$3.3 billion in funds under management as at 31 March 2007. The investment banking activities focus on corporate finance, equity research, equity capital markets and stockbroking services for middle market companies. The relatively high consideration as a percentage of FUMA reflects Wilson HTM's significant non funds management operations.

Wealth management business of Promina Group Limited/Suncorp-Metway Limited

In October 2006, Suncorp-Metway Limited ("Suncorp") acquired all of the outstanding shares of Promina Group Limited ("Promina") via a scheme of arrangement. Transaction consideration was 0.2618 Suncorp shares plus \$1.80 cash per Promina share, valuing Promina at around \$7.5 billion. At the time of acquisition, Promina operated a diversified financial services business including general insurance (both direct and intermediated), life insurance and wealth management with the general insurance business accounting for 69% of net profit after tax in the year ended 31 December 2005.

Tynan MacKenzie Pty Limited/AXA Asia Pacific Holdings Limited

In September 2006, AXA acquired the remaining 67% stake in Tynan MacKenzie Pty Limited ("Tynan MacKenzie") for cash consideration in a transaction that valued 100% of Tynan MacKenzie at \$198.5 million. Tynan MacKenzie is an Australian investment services firm that provides financial advice and investment management services.

Select Managed Funds Limited/Australian Wealth Management Limited

In January 2006, Select Managed Funds Limited ("Select") and AWM merged by way of a scheme of arrangement. Select shareholders received seven AWM shares for every two Select shares held, reflecting the nature of the transaction as a nil premium merger (the merged group would be 53% owned by AWM shareholders and 47% owned by Select shareholders). Both Select and AWM were vertically integrated wealth management businesses with activities in distribution, platform and investment. The high multiples reflect the

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significant scale of the combined business (with FUMA of approximately \$22 billion), the expected benefits from combining the two businesses and the growth opportunities from an expanded distribution network and product offering.

Select Managed Funds Limited – IPO

In March 2005, Select listed on the ASX at \$4.00 per share, implying a market capitalisation of \$297.1 million. Select was a vertically integrated provider of wealth management services (investment management, investment platforms and financial advice). As at 31 December 2004, Select had approximately \$1.9 billion in funds under management and approximately \$3.6 billion in funds under administration. Select's distribution network consisted of wholly owned dealer groups, associates and third party financial planners which in total comprised approximately 700 financial planners with \$1.3 billion in funds under advice.

Australian Wealth Management Limited – Demerger from Tower Limited

In November 2004, Tower announced its intention to separate its Australian wealth management businesses from its New Zealand and Australian insurance business and list its wealth management business on the ASX. Tower transferred its Australian wealth management businesses into a new company, AWM. Tower transferred all of its shares in AWM to Tower shareholders and raised \$130 million by way of an entitlements issue. The demerger sought to realise underlying value by enabling each entity to focus on its own business (i.e. Tower on its insurance and investment businesses in New Zealand and Australia, and AWM on the Australian wealth management businesses).

Associated Planners Group Limited/Challenger Financial Services Group Limited

In April 2004, Challenger announced a merger with Associated Planners Group Limited ("Associated Planners"). Associated Planners was a financial planning business with approximately 85 firms looking after more than 100,000 individual, business and corporate clients. Combined with Challenger's other financial services business, Garisson, Associated Planners increased Challenger's retail distribution network to approximately 450 planners with funds under advice exceeding \$7.5 billion. The consideration of \$100 million represents the face value of the scrip, of which approximately 11% was subject to an 18 month lock up and 25% was subject to a three year lock up. As a result, it may be appropriate to apply a discount for lack of marketability to the face value of these shares, in which case the consideration as a percentage of FUMA would be lower.

IOOF Holdings Limited - IPO

In December 2003, IOOF listed on the ASX following demutualisation. IOOF is an investment management and administration firm. At the time of its initial public offer, it was Australia's third largest independent fund manager with \$11.8 billion in funds under management and administration. Its distribution network consists of aligned dealer groups (wholly owned dealer group Winchcombe Carson), independent financial advisers, alliances (Bendigo Bank) and third party administration arrangements. The relatively low earnings multiples may in part be explained by weakness in equity markets at the time.

Tyndall Asset Management Limited/Nikko Asset Management

In November 2010, Suncorp announced the sale of Tyndall Investment Management Limited ("Tyndall") to Nikko Asset Management ("Nikko"). Tyndall is an investment manager in Australia and New Zealand with A\$24.9 billion in fund under management, of which approximately A\$18 billion is directed by Suncorp. Suncorp will remain Tyndall's major client and has negotiated lower ongoing fees for these funds. The total potential consideration is A\$128.5 million including A\$80 million upfront cash, a A\$5 million access fee, a A\$30 million option payment in three years time and A\$13.5 million for employee equity interests. Nikko is an Asian mutual fund management company owned by The Sumitomo Trust & Banking Co. Ltd and Nikko employees. The price earnings multiple is calculated based on normalised net profit after tax at 30 June 2010 (i.e. reflecting the lower management fees) and the maximum consideration payable.

BT Investment Management Limited – IPO

In October 2007, Westpac announced the spin off of BT Financial Group Pty Limited's ("BT") investment management business to form the separate entity BT Investment Management Limited ("BTIM"). Westpac retained 60% of the equity in BTIM, with the balance held by BTIM staff and other investors as part of an initial public offer. The indicative offer price of \$4.80-\$5.50 per share implied a market capitalisation of \$768-\$880 million. BTIM is an Australian based funds management business and at the time of its initial public offer had \$42 billion in funds under management.

GRANT SAMUEL



Platinum Asset Management Limited - IPO

In May 2007, Platinum Asset Management Limited (“Platinum”) listed on the ASX at an offer price of \$5.00 per share. Platinum is an Australian based fund manager specialising in international equities and had \$20 billion in funds under management as at 13 August 2006. The initial public offer was restricted to members of existing Platinum funds, employees and retail clients of Bell Potter and CommSec. The VWAP for the first seven days of trading was \$8.02, a significant increase in the \$5.00 offer price. The high percentage of FUMA reflects both the high profit margins generated by the business and the emphasis on retail funds under management.

Perennial Investment Partners Limited/IOOF Holdings Limited

In October 2006, IOOF announced it had acquired the outstanding 21.85% of equity in asset management business Perennial Investment Partners Limited (“Perennial”) that it did not already own. Perennial is a holding company specialising in the provision of funds management services to wholesale clients. The acquisition valued 100% of Perennial at \$320 million. Perennial managed approximately \$19.4 billion of external wholesale and retail funds (for IOOF) which it invested in fixed interest, Australian equities and international equities. The minority shareholding in Perennial Investment Partners was held by company executives. The high price earnings multiple reflected the importance to IOOF of owning 100% of the business.

452 Capital Pty Limited/Commonwealth Bank of Australia

In May 2005, Commonwealth Bank of Australia (“CBA”) acquired 30% of 452 Capital Pty Limited (“452 Capital”) for a consideration rumoured to be \$30 million. 452 Capital is a funds management company with investments focusing on Australian equities and at the time of the acquisition, had approximately \$4 billion in funds under management. Prior to the minority investment, CBA had an alliance with 452 Capital which gave its retail investors access to 452 Capital’s investment products.

HSBC Asset Management (Australia) Limited/Challenger Financial Services Group Limited

In March 2005, HSBC Holdings plc agreed to sell its Australian asset management business, HSBC Asset Management (Australia) Limited (“HSBC Asset Management”) to Challenger, for \$21.9 million. At the time of the acquisition, HSBC Asset Management had funds under management of approximately \$3.5 billion and provided a range of products and investment advice including unit trusts, wholesale funds, personal superannuation and allocated pensions.

Skandia and Intech businesses of OM Group (UK) Limited/IOOF Holdings Limited

In March 2009, IOOF acquired the Skandia and Intech businesses in Australia from OM Group (UK) Limited (“Old Mutual”) for \$34 million. Skandia is a platform administration business with \$3.9 million of FUMA as at 31 December 2008. It provides long term savings products to the retail investment sector. Intech is a provider of multi manager and investment portfolio solutions and specialist capital markets research. At 31 December 2008 Intech had approximately \$4.2 billion of FUMA.

Oasis Asset Management Limited/ING Australia Limited

In March 2006, ING acquired a 76% interest in Oasis Asset Management Limited (“Oasis”) from Pacific Equity Partners in a transaction that valued 100% of Oasis at \$72 million (the remaining 24% interest in Oasis was retained by Oasis management). Oasis is a financial services platform that provides securities dealers with the ability to develop and distribute their own customised financial products. It provides super and non super wrap products, direct share services, cash management trusts, margin lending and administration services.

AustChoice Financial Services Limited/Deakin Financial Services Group Limited

In November 2004, dealer group Deakin Financial Services Group Limited (“Deakin”) merged with Austchoice Financial Services Limited (“Austchoice”) to form DKN Financial Group Limited. The transaction valued Austchoice at approximately \$27 million. Austchoice operated investment administration platforms and had over \$1 billion in funds under administration as at June 2003.

Fordham Group/Perpetual Limited

In December 2009, Perpetual Limited (“Perpetual”) acquired Fordham Group for approximately \$35 million. Fordham Group is a Melbourne based advisory firm for private business owners and at 30 November 2009 it had approximately \$500 million of funds under management and advice.

GRANT SAMUEL



Ord Minnett Holdings Pty Limited/Australian Wealth Management Limited

In May 2008, AWM acquired a 70% stake in Ord Minnett Holdings Pty Limited ("Ord Minnett") from the Ord Minnett Staff Trust and Directors of Ord Minnett. Consideration paid was \$83.5 million through the issuance of 47.6 million AWM shares, to be escrowed over a three year period with one third vesting annually. Ord Minnett is a specialist private wealth business. Funds under management and advice at the time of acquisition were approximately \$17.5 billion.

Financial Lifestyle Solutions Pty Limited/ING Australia Limited

In May 2008, Millennium3 Financial Services Pty Limited ("Millennium3"), one of Australia's largest financial services adviser groups and a wholly owned subsidiary of ING Australia, acquired Financial Lifestyle Solutions Pty Limited ("FLS") for \$14 million. FLS was a national dealer group with \$1.1 billion in funds under advice and over 140 financial planners and general insurance brokers. As part of the sale agreement, Millennium3 agreed to sell FLS's general insurance business to Insurance Advisernet Australia Pty Limited.

Yarra Financial Group Pty Limited/Snowball Group Limited

In April 2008, Snowball Group Limited ("Snowball"), a specialised financial services company, acquired Yarra Financial Group Pty Limited ("Yarra") for a consideration of \$3.7 million, comprised of both cash and deferred consideration. Yarra is a Melbourne based financial planning business. At the time of acquisition, Yarra's funds under advice totalled approximately \$130 million.

Community and Corporate Financial Services Pty Limited/Tolhurst Group Limited

In June 2007, Tolhurst Group Limited ("Tolhurst") announced that it had agreed to acquire Community and Corporate Financial Services Pty Limited ("ComCorp") for \$31.3 million (50% in cash and 50% in shares in Tolhurst). ComCorp was a national independent financial planning group with \$1.7 billion in funds under advice and over 600,000 clients at the time of the acquisition. This transaction greatly increased Tolhurst's distribution capability, especially along the Australian east coast, as well as providing an established relationship with a number of credit unions and superannuation funds including Hunter United Credit Union, Qantas Staff Credit Union and Prime Super.

Western Pacific Financial Group Pty Limited/Snowball Group Limited

In August 2006, Snowball announced the acquisition of Western Pacific Financial Group Pty Limited ("Western Pacific") for \$50.1 million. Western Pacific was a national dealer group comprising 19 practices, 55 advisers and had approximately \$2.1 billion in funds under administration as at 30 June 2006. In addition, Western Pacific operated an investment administration platform badged from St.George's platform, Asgard. This acquisition significantly increased the scale of Snowball's business which prior to the transaction had 25 salaried advisers and \$2 billion in funds under management.

Asian Transactions

The Asian financial services industry has been developing rapidly during the last two decades both organically and as a result of the expansion of international financial services companies. However, individual markets are developing at different rates and with different product focuses. To date the financial protection segment has led the way with the wealth management segment developing in association with financial protection, albeit lagged. In comparison to the Australasian market there is a less clear distinction between the two industry segments and little deconstruction of the wealth management value chain. Consequently, most transactions undertaken are for diversified financial services businesses with a strong emphasis on the financial protection segment.

There has been considerable transaction activity in the Asian financial services industry in recent years although there is limited useful financial data for many of them. Set out below is a selection of relevant Asian transactions since 2003 for which there is sufficient information to calculate meaningful valuation parameters. The transactions have been categorised by market due to the differences in maturity and growth profiles between markets and focus has been placed on transactions in the Asian markets in which AXA has established business activities.

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Recent Asian Transaction Evidence – Financial Services								
Date	Target	Transaction	Equity Consideration (millions)	Price Earnings Multiple (times)		Geared NTA Multiple (times)	Multiple of Embedded Value (times)	Multiple of New Business (times)
				Historical	Forecast			
Hong Kong								
Jul 2010	AIA Group Limited	Initial public offering	HK\$237,026	16.8	14.3	1.9	1.2-1.6	29.3-45.4
Mar 2010	AIA Group Limited	Failed acquisition by Prudential plc	US\$35,500	24.7	19.7	2.4	1.7	25.4
Jun 2007	Hang Seng Life Limited	Acquisition of 50% by Hang Seng Bank Limited	HK\$4,800	15.2	na	2.6	na	na
Jun 2007	MetLife Fubon Limited ²⁴	Acquisition of 50% by MetLife Inc	US\$112	na	na	9.3	1.1	na
Mar 2007	Pacific Century Insurance Holdings Ltd	Acquisition by Fortis N.V.	HK\$6,986	21.4	32.2	2.4	1.5	20.0
Dec 2006	Winterthur Life (Hong Kong) Limited	Acquisition by AXA Asia Pacific Holdings Limited	HK\$1,900 ²⁵	20.0	na	10.3	1.6-1.8	10.0-14.3
Apr 2006	BOC Group Life Assurance Company	Acquisition of 51% by BOC Hong Kong (Holdings)	HK\$1,765	12.5	na	1.8	na	na
Feb 2006	MLC Hong Kong Limited	Acquisition by AXA Asia Pacific Holdings Limited	A\$544	15.9	na	2.0	1.5	13.0
Jul 2005	Hong Kong life insurance, pensions and financial planning businesses of Commonwealth Bank	Acquisition of Sun Life Financial Inc	A\$600	na	12.9	na	1.2	na
China								
Dec 2007	China Pacific Insurance (Group) Co., Ltd	Initial public offering	RMB231,000	20.6	na	3.2	na	na
May 2005	Ping An Insurance (Group) Company of China, Ltd	Acquisition of 9.91% by HSBC Holdings plc	RMB86,813	27.9	21.2	3.2	2.3	12.5
June 2004	Ping An Insurance (Group) Company of China, Ltd	Initial public offering	RMB70,217	29.3	24.6	5.3	3.5-3.9	9.5-14.9
India								
Dec 2007	HDFC Standard Life Insurance Co., Ltd	Acquisition of 7.15% by Standard Life plc	INR19,890	nmf	na	2.4	na	na
Indonesia								
Mar 2009	PT Commercial International	Acquisition of 49% by Sun Life Financial Inc	IDR551,020	na	na	7.6	na	na
Feb 2006	MLC Indonesia Limited	Acquisition by AXA Asia Pacific Holdings Limited	A\$22	na	na	1.0	na	na
Malaysia								
Nov 2008	AmLife Insurance Berhad	Acquisition of 30% by Friends Provident plc	RM567	37.8	na	nmf	na	na

Source: Grant Samuel analysis¹³

The following observations are made in relation to the multiples implied by the Asian financial services transactions:

- there are few transactions since the commencement of the global economic downturn in late 2007 for which meaningful valuation parameters can be calculated;
- a number of transactions have involved the acquisition of the remaining 50% interest in the businesses (e.g. Hang Seng Life, MetLife Fubon) or acquisitions from related companies (e.g. Hang Seng Life, Winterthur Life (Hong Kong), BOC Group Life). Consequently, these transactions may not reflect prices which would be achieved in competitive sales processes (although it should be noted that the related party transactions were all subject to the approval of non associated shareholders);
- the initial public offerings (e.g. AIA Group Limited, China Pacific Insurance, Ping An Insurance) and the acquisition of interests of less than 50% ((e.g. 9.91% of Ping An Insurance, 49% of PT Commercial International, 30% of AmLife Insurance) reflect portfolio interests and therefore exclude a premium for control. Furthermore, the acquisition of an additional 7.15% in HDFC Standard Life by Standard Life plc was undertaken on a pre-determined price basis and may not reflect market value;

²⁴ Limited financial information is available for this transaction. Multiples have been calculated by reference to the fair value of net assets acquired and disclosures in relation to the value attributed to in-force insurance contracts. Therefore the multiple of embedded value may be overstated.

²⁵ Multiples calculated based on the upfront consideration of HK\$1.9 billion.

GRANT SAMUEL



- the transactions involving arm's length acquisitions of 100% of a business have generally taken place in the Hong Kong market at:
 - historical multiples in the range of 15.9-27.9 times net profit after tax;
 - forecast multiples in the range of 12.9-32.2 times net profit after tax;
 - 1.0-2.4 times net tangible assets;
 - 1.1-1.6 times embedded value; and
 - 13-20 times the value of new business.

The range of multiples for these transactions is relatively wide with the high end of the ranges corresponding to transactions which have been strategic in increasing the acquirer's business footprint in Asia (e.g. AXA's acquisitions of MLC's Hong Kong and Indonesia businesses and Fortis' acquisition of Pacific Century).

A summary of each of the transactions is set out below.

AIA Group Limited – IPO

In July 2010 American International Group Inc ("AIG") announced that, following the termination of the proposed sale of AIA Group to Prudential plc, it would seek to list AIA Group Limited ("AIA Group") on the Hong Kong Stock Exchange. AIA Group is a leading financial protection business in the Asian Pacific region operating in 15 markets (Hong Kong, Korea, Thailand, Singapore, China, Malaysia, the Philippines, Australia, Indonesia, Vietnam, Taiwan, New Zealand, India, Macau and Brunei). In 2009 AIA Group was the market leader in the Asia Pacific region based on life insurance premiums and held number one positions in 6 of its 15 markets. The initial public offering was completed in October 2010.

Hang Seng Life Limited/Hang Seng Bank Limited

In June 2007, Hang Seng Bank Limited ("Hang Seng Bank") acquired the remaining 50% of Hang Seng Life Limited ("Hang Seng Life") from a wholly-owned subsidiary of HSBC Holdings plc ("HSBC") (Hang Seng Bank's ultimate parent company) for HK\$2,400 million. Hang Seng Life provides life insurance services to customers in Hong Kong (including life insurance policies connected to investment products and retirement scheme management). Hang Seng Bank considered it strategically important to own 100% of Hang Seng Life as wealth management activities (including life insurance and investment services) is a core business and development focus for its future growth. As Hang Seng Life adopts the "bancassurance" business model with its products distributed by Hang Seng Bank and insurance agents employed by Hang Seng Bank, it leverages Hang Seng Bank's brand, distribution network and customer base.

No embedded value or new business value multiples are publicly available for this transaction. However, the terms of the transaction were negotiated on arm's length terms by reference to an appraisal valuation prepared by Trowbridge Deloitte Limited as at 31 March 2007. The appraisal valuation of HK\$4.919-5.455 billion was derived by employing the traditional actuarial appraisal approach (calibrated to the market comparables approach). The appraisal valuation reflects the adjusted net asset value (after allowance for cost of capital in respect of statutory reserve requirement), the value of the business in force and the value of future new business. The acquisition was transacted at a discount of 2-12% to the appraisal valuation.

MetLife Fubon Limited/MetLife Inc

In June 2007, MetLife Inc ("MetLife"), a major United States based life insurance and financial services company, acquired the remaining 50% interest in MetLife Fubon Limited ("MetLife Fubon"), its Hong Kong joint venture, from Taiwanese company, Fubon Life Assurance Co Ltd. MetLife Fubon offers a range of life, health, accident and credit insurance products in Hong Kong. No historical and forecast earnings, embedded value or new business value multiples are publicly available for this transaction. However, the fair value of net assets acquired was US\$112 million including \$100 million of intangibles (\$90 million attributed to in-force contracts and \$10 million to distribution agreements), implying that net tangible assets of \$12 million and embedded value (ignoring any allowance for statutory capital) of \$102 million were acquired. On this basis, the transaction implies a geared NTA multiple of 9.3 times and a multiple of embedded value of 1.1 times.

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Pacific Century Insurance Holdings Limited/Fortis N.V.

In March 2007, Fortis N.V. (“Fortis”) acquired a 50.45% interest in Pacific Century Insurance Holdings Ltd (“Pacific Century”) for HK\$3,526.6 million. Following the acquisition, a mandatory general offer at the same price was initiated in May 2007 to acquire the remaining shares and options in Pacific Century. As a result, Fortis acquired 100% of Pacific Century for \$6,986 million. Pacific Century is primarily involved in individual and group life insurance and asset management and had an embedded value of HK\$5,076 million at 31 December 2006. Following the transaction, Pacific Century was rebranded Fortis Insurance Company (Asia) Limited. The acquisition was a significant expansion of Fortis’ Asian footprint and important to its overall strategy of expanding outside its home market (Benelux countries) through selective acquisitions. At the time of acquisition Pacific Century was ranked the 7th largest life insurer in Hong Kong in terms of in-force policies with an estimated market share of 2.5%.

Winterthur Life (Hong Kong) Limited/AXA Asia Pacific Holdings Limited

In December 2006, AXA APH announced that it had reached in principle agreement to acquire Winterthur Life (Hong Kong) Limited (“Winterthur”) from AXA S.A. for consideration in the range of HK\$1.7-2.4 billion depending on the future performance of the business. AXA APH agreed to pay upfront consideration of HK\$1.9 billion (plus accumulated interest from 31 December 2006) on completion. This amount was subject to adjustment based on performance of the Swiss Privilege channel for the three years to 31 December 2009. Winterthur is a provider of financial protection and insurance focussed investment products with a significant share in the unit linked market. As part of the transaction, an independent actuary estimated Winterthur’s embedded value and value of one year’s new business based upon which the independent expert adopted HK\$1,250-1,350 million and HK\$60-75 million respectively for the purposes of analysis.

BOC Group Life Assurance Company Limited/BOC Hong Kong (Holdings) Limited

In April 2006, BOC Hong Kong (Holdings) Limited (“BOC”) entered an agreement to acquire 51% of the share capital of BOC Group Life Assurance Company Limited (“BOC Life”) from Bank of China Insurance Company Limited (“BOC Insurance”) for HK\$900 million cash. BOC Life is primarily a provider of life insurance policies exclusively in Hong Kong but is also engaged in writing life insurance policies linked to retirement scheme management and investment products. No embedded value or new business value multiples are publicly available for this transaction although KPMG determined an appraisal value of HK\$1.2-1.5 billion for BOC Life. The acquisition was a key component of BOC’s long term strategic plan to offer comprehensive financial services including commercial banking, insurance, asset management, stock brokerage and certain investment banking services. The ongoing relationship between BOC Life and BOC Insurance is to be governed by a shareholders agreement under which BOC gained control of the board of BOC Life but pre-emptive rights were created. The acquisition occurred at a premium to the assessed appraisal value with significant goodwill being recognised by BOC. Notwithstanding that, the historical earnings multiple is relatively low at 12.5 times which may reflect the existence of the pre-emptive rights.

MLC Hong Kong Limited/AXA Asia Pacific Holdings Limited

In April 2006, AXA APH acquired MLC Hong Kong Limited (“MLC HK”) from NAB for A\$544 million. The acquisition accelerated AXA APH’s exposure to Asian markets. MLC HK was engaged in the financial protection and wealth management markets in Hong Kong. The acquisition was expected to increase AXA APH’s existing agency and adviser distribution force in Hong Kong from around 2,400 to 3,200 people.

Hong Kong life insurance, pensions and financial planning businesses of Commonwealth Bank of Australia/Sun Life Financial Inc

In July 2005, Sun Life Financial Inc (“Sun Life”) (a major Canadian insurance company) acquired the Hong Kong based life insurance, pensions administration and financial planning businesses for C\$560 million (around A\$600 million). The transaction provided entry for Sun Life into the retirement planning market in Hong Kong and ranked Sun Life among the top 10 life insurance companies in Hong Kong, as measured by premiums from new sales.

China Pacific Insurance (Group) Co., Ltd – IPO

In December 2007, China Pacific Insurance (Group) Co., Ltd (“China Pacific”) completed an initial public offering and was listed on Shanghai Stock Exchange. The listing included an offering of 1 billion A Shares at RMB30 each, raising RMB29.0 billion. A Shares are only available to be held by legal or natural persons or

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other entities in the People's Republic of China ("PRC"), qualified foreign institutional investors or foreign strategic investors, subject to applicable PRC laws and regulations. China Pacific, together with four other promoters, established CPIC Life and CPIC Property in November 2001. CPIC Life operates a life insurance business while CPIC Property engages in property and casualty insurance both primarily in the PRC. China Pacific also holds a 50% equity interest in Pacific Antai, an underwriter of various types of life insurance products in the PRC and engages in asset management through subsidiary, CPIC Asset Management. No embedded value or new business value multiples are publicly available for this initial public offering. In December 2009 China Pacific completed an initial offering of H shares on the Hong Kong Stock Exchange.

Ping An Insurance (Group) Company of China, Ltd/HSBC Holdings plc

In May 2005, HSBC acquired an additional 9.91% shareholding in Ping An Insurance (Group) Company of China, Ltd ("Ping An") for HK\$13.20 per share or RMB8,603 million, increasing its interest to 19.9%. The shares were acquired from The Goldman Sachs Group, Inc. and an entity controlled by funds managed by Morgan Stanley's private equity business. Ping An is listed as the holding company of Ping An Life Insurance Company of China, Ltd and Ping An Property and Casualty Insurance Company of China, Ltd, which are the second and third largest insurers in terms of gross written premiums respectively, in their insurance segments in the PRC.

Ping An Insurance (Group) Company of China, Ltd – IPO

In June 2004, Ping An completed an initial public offering and was listed on Hong Kong Stock Exchange. At total of 1.39 billion H shares were made available under the Global Offering, of which 1.32 billion shares were placed internationally with the remaining 0.7 billion shares being offered to the public of Hong Kong. H shares are not available to be held by legal or natural persons in the PRC except for in Hong Kong and Macau. An indicative price range for the offering was set at between HK\$9.59 and HK\$11.88 per share. The execution of the offering involved the issue of 1.27 billion shares at HK\$10.33 per share. Proceeds from the offering were expected to be predominantly used for strengthening of Ping An's capital base, meeting future solvency requirements, business expansion, potential strategic transactions and other general corporate expenses. In March 2007 Ping An completed an initial public offering of A shares on the Shanghai Stock Exchange.

HDFC Standard Life Insurance Company Limited / Standard Life plc

In December 2007, Standard Life plc ("Standard Life") increased its interest held in HDFC Standard Life Insurance Company Limited ("HDFC Standard Life") to 26.0% by the acquisition of approximately 7.15% of issued shares from joint venture partner, Housing Development Finance Corporation Limited for approximately INR2.0 billion (around £25.7 million). The consideration was based on a pre-determined basis set out in the joint venture agreements and therefore may not reflect market value. HDFC Standard Life started business in 2000 and is one of India's leading life insurance companies offering a range of individual and group insurance solutions with an estimated market share of around 4%. No embedded value or new business value multiples are publicly available for this transaction.

PT Commercial International/Sun Life Financial Inc

In March 2009, Sun Life announced it had acquired a 49% stake in PT Commerce International from Commerce International Group Berhad ("CIMB"), a Malaysian insurance services provider. The signing of the agreement in July 2009 formed the joint venture and resulted in renaming the business PT CIMB Sun Life. PT CIMB Sun Life is a provider of life, accident and health insurance products and services in Indonesia through the Bank CIMB Niaga network. No earnings, embedded value or new business value multiples are publicly available for this transaction.

MLC Indonesia Limited/AXA Asia Pacific Holdings Limited

In April 2006, AXA APH acquired MLC Indonesia Limited ("MLC Indonesia") from NAB for A\$22 million. MLC Indonesia offers life insurance, investments, and pensions for corporations and individuals. The acquisition was expected to increase AXA APH's existing agency and adviser distribution force in Indonesia from 1,300 to 2,200 people. No earnings, embedded value or new business value multiples are publicly available for this transaction.

G R A N T S A M U E L



AmLife Insurance Berhad/Friends Provident plc

In November 2008, Friends Provident plc (“Friends Provident”) acquired a 30% interest in AmLife Insurance Berhad (“AmLife”), a Malaysian insurance provider, for RM170 million. AmLife is the life assurance operations of AmAssurance Berhad (“AmAssurance”), a life and general insurance joint venture between AAMB and Insurance Australia Group Limited (“IAG”). As part of a restructure, IAG agreed to sell its 30% interest in the life insurance business and retain a 49% interest in the general insurance operations. The historical earnings multiple of 37.8 times reflects the growth profile of the AmLife business.

GRANT SAMUEL



Appendix 3

Broker Consensus Forecasts

AXA Asia Pacific Holdings

AXA APH has not publicly released earnings forecasts for the year ending 31 December 2010 or beyond. Accordingly, the prospective multiples implied by the valuation of AXA APH in the Grant Samuel report are based on median broker forecasts.

Set out below is a summary of forecasts prepared by brokers that follow AXA APH in the Australian share market:

AXA APH – Broker Forecasts (\$ millions)					
NPAT before non recurring and amortisation of intangibles	Date	Year ending 31 December			
		2010 forecast	Increase from 2009	2011 forecast	Increase from 2010
Broker 1	6 Jan 11	567	(16%)	632	11%
Broker 2	18 Nov 10	601	(11%)	671	12%
Broker 3	16 Nov 10	532	(21%)	645	21%
Broker 4	16 Nov 10	626	(7%)	710	13%
Broker 5	15 Nov 10	638	(5%)	661	4%
Broker 6	29 Oct 10	550	(18%)	634	15%
Broker 7	29 Oct 10	589	(12%)	715	21%
Broker 8	13 Oct 10	614	(9%)	654	7%
<i>Minimum</i>		532	(21%)	633	19%
<i>Maximum</i>		638	(5%)	715	12%
<i>Median</i>		595	(12%)	658	11%
<i>Average</i>		590	(12%)	665	13%

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data the following should be noted:

- the forecasts presented above represent the latest available broker forecasts for AXA APH; and
- five of the eight brokers presented are those who have published research on AXA APH following the announcement of the AMP Proposal on 15 November 2010.

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Appendix 4

Independent Actuarial Report

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Private and Confidential

14 January 2011

Mr Stephen Cooper
Director
Grant Samuel & Associates
Level 6
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MELBOURNE VIC 3000

Dear Mr Cooper,

INDEPENDENT ACTUARY'S REPORT ON COMPONENTS OF ECONOMIC VALUE OF AXA ASIA
PACIFIC HOLDINGS LIMITED AND FINANCIAL SERVICES GUIDE

1. BACKGROUND

AXA Asia Pacific Holdings Limited ("AXA APH") has engaged Towers Watson Australia Pty Ltd ("Towers Watson", "we", "us"), to provide an opinion on AXA APH's embedded value and value of one year's new business in connection with the Proposal.

We have been instructed by AXA APH to address our report to Grant Samuel & Associates in its capacity as Independent Expert in connection with the Proposal. We understand that our report is to be appended to both the concise and long form versions of the Independent Expert's Report on the Proposal which, in turn, will be included in the Explanatory Memorandum and Explanatory Memorandum Supplement respectively. Unless stated to the contrary, terms appearing in our report have the same meaning as those defined in the Explanatory Memorandum.

In this report, references to material territories of operation encompass Australia, Hong Kong, Indonesia, New Zealand, Singapore and Thailand. The less material territories of operation comprise China, India, Malaysia, the Philippines and ipac Asia. All monetary amounts shown in this report are expressed in Australian dollars. Foreign exchange amounts were translated to Australian dollars using exchange rates as at 30 June 2010.

In Section 2 of this report, we set out our scope of work. In Section 3 we provide a description of the valuation methodology adopted. In Section 4 we summarise embedded value and value of one year's new business results for AXA APH and provide our opinion on these values. In Section 5 we outline the basis for the assumptions adopted. In Section 6 we discuss our review of the valuation results and processes. In Section 7 we set out the approximate impact of changes in exchange rates from 30 June 2010 to 30 September 2010. Finally, we draw the reader's attention to Section 8, which sets out certain reliances and limitations relating to the use of this report.

2. SCOPE OF WORK

We have been engaged to provide an opinion on AXA APH's embedded value ("EV") as at 30 June 2010 and value of one year's new business ("V1YNB") for the 12 months to 30 June 2010 as set out in this report. These values were determined by us using a "traditional" EV methodology (defined in Section 3 below), based on calculations prepared by AXA APH. The scope of our work entailed:

- specifying a range of risk discount rates that are consistent with established practice for setting discount rates in the context of traditional EVs and, additionally, that make adequate allowance in this same context for the risk characteristics of the business;
- specifying economic assumptions (investment returns by asset class and inflation rates) that are consistent with established practice for setting such assumptions in the context of traditional EVs;
- reviewing the methodology and operating assumptions used by AXA APH to calculate its traditional EV and V1YNB, and modifying these where we considered it appropriate;
- for the material territories of operation, performing a high level review of the results of the calculations prepared by AXA APH using the risk discount rates and economic assumptions specified by us;
- performing a high level review of the governance and control processes applied by AXA APH in managing its valuation systems and in producing valuation results; and
- based on the above, providing an opinion as to the reasonableness of the traditional EV and V1YNB for AXA APH's business as set out in this report.

Our scope of work excluded testing the accuracy of the underlying valuation models used by AXA APH, and reviewing AXA APH's policy-related liabilities and regulatory capital requirements. Further, our scope of work did not extend to assessing the overall value of AXA APH or considering whether the Proposal is in the best interests of any of AXA APH's shareholders.

3. VALUATION METHODOLOGY

3.1 Overview

In this section we provide a summary of the key aspects of the methodology used in determining the values shown in this report. In the main, the methodology used is that adopted by AXA APH for the purposes of determining its traditional EVs. However, we modified the methodology in the following areas: the risk discount rates used, the level of capital allowed for, the valuation of imputation credits in Australia and New Zealand and the valuation of the guaranteed benefits for the North product.

3.2 Description of Embedded Value and Value of One Year's New Business

The EV and V1YNB presented in this report were determined using a traditional EV methodology. This is the most common methodology used historically in Asia Pacific for presenting economic valuations of life insurance and wealth management entities.

An EV is a measure of the value of the shareholders' interests in the current and estimated future distributable profits arising from the existing portfolio of in-force business. The EV is typically determined as the sum of two components:

- the adjusted net worth ("ANW"); and
- the value of in-force business ("VIF").

The ANW presented in this report was based on the Australian IFRS balance sheet value of AXA APH's assets in excess of amounts required to meet policy liabilities, capital requirements and non-policy liabilities. The ANW was gross of any provision for shareholder dividends as at the valuation date. The ANW was also adjusted to remove amounts of goodwill and certain other intangible assets and to include the value of AXA APH shares held as part of the Employee Share Plan.

The VIF is the present value of estimated future after-tax distributable profits arising from the existing portfolio of in-force business. The VIF includes the present value of the release, over time, of required capital margins together with after-tax investment earnings on assets backing required capital.

The V1YNB is the present value, measured at point of sale, of estimated future after-tax distributable profits arising from new business sold in the relevant 12 month period. Given the purpose of this report, the V1YNB presented in this report was determined on a basis that provides a measure of the estimated long-run contribution to value determined by reference to new business sold in the period.

A traditional EV is a deterministic discounted cash flow valuation, which entails projecting future after-tax distributable profits using real-world best estimate assumptions and discounting these using a risk-adjusted discount rate. This methodology generally makes implicit allowance for the cost of risk and policyholder options and guarantees and for the economic cost of capital, through the use of an appropriate risk-adjusted discount rate (typically, the higher the risk discount rate, the greater the allowance for these factors). However, in the case of AXA APH's North and Vertex products, the values presented in this report allow explicitly for the cost of policyholder guarantees.

As a relatively recent development, some companies have begun using alternative market-consistent valuation methodologies that make explicit allowance for the factors described above. AXA APH prepares market-consistent valuations in addition to traditional EVs, and publishes both sets of values in its Investor Compendium. In developing the range of risk discount rates used to determine the values shown in this report, we also made use of the results of AXA APH's market-consistent valuations as at 30 June 2010 to satisfy ourselves that, for each geographical region defined in Section 4, our selected risk discount rates made adequate allowance (in the context of a traditional EV) for the risk characteristics of the business.

3.3 Risk Discount Rates

As part of our scope of work, we specified the risk discount rates used in determining the values shown in this report.

The process we used to set risk discount rates for each territory involved two steps. The first step entailed determining a base risk discount rate as the sum of a risk free rate and a risk margin. The risk margin took into account a "top-down" assessment of the risk characteristics of the business being valued, the other valuation assumptions being adopted, market conditions prevailing in each territory, and market practice for performing traditional valuations in each territory.

The second step entailed confirming whether the base risk discount rates made adequate allowance, in the context of a traditional EV, for the risk characteristics of the business, or whether the business has special characteristics that warrant the use of a higher risk margin. For the material territories of operation, we did this by comparing AXA APH's published market-consistent valuation results with results on a traditional EV basis determined using the base risk discount rates. For this purpose, we made a number of approximate adjustments to AXA APH's published market-consistent values to reflect the fact that these values do not contain an explicit allowance for any residual non-hedgeable risks. On this basis, we were satisfied that, for each geographical region defined in Section 4, the traditional EV results determined using the base risk discount rates made adequate allowance (in the context of a traditional EV) for the risk characteristics of the business. Hence, we made no adjustments to our base risk discount rates.

As part of this process, while we reviewed AXA APH's market-consistent valuation methodology for reasonableness, our scope of work did not extend to reviewing AXA APH's published market-consistent valuation results.

The results in this report are presented under three alternative risk discount rate scenarios entitled "High", "Central" and "Low". The Central risk discount rates correspond with our base rates described above. The High and Low risk discount rate scenarios are intended to illustrate the sensitivity of the valuation results to changes in this parameter within a reasonable range. However, the range is not intended to represent the upper or lower bounds for the possible values.

The selected risk discount rates for the material territories of operation are shown in the table below. Typically, the higher the risk discount rate, the lower the value.

TABLE 3.1

Risk Discount Rates¹

Territory of Operation	High	Central	Low
Australia	11.2%	10.2%	9.2%
Hong Kong	10.5%	9.5%	8.5%
Indonesia ²	22%/17.75%	19.5%/15.25%	17%/12.75%
New Zealand	11.4%	10.4%	9.4%
Singapore	12.0%	10.0%	8.0%
Thailand	15.0%	12.5%	10.0%

Note 1: As indicated above, we assessed the adequacy of the allowance for risk in these risk discount rates based on results at the geographical region level (as defined in Section 4).

2: These risk discount rates apply to Indonesian Rupiah and US Dollar denominated business respectively.

3.4 Required Capital

The values shown in this report make allowance for the cost of holding required capital over and above the amounts needed to meet policyholder and other liabilities. A cost of holding required capital arises because the assets backing required capital are assumed to earn an after-tax investment return, whereas these returns, together with the projected future releases of required capital, are discounted using a higher risk discount rate. The level of required capital allowed for in each of the material territories of operation was set by us to be consistent with general market practice and with our selected risk discount rates, and is shown below:

TABLE 3.2

Required Capital

Territory of Operation	Required Capital
Australia	100% of regulatory capital adequacy requirement
Hong Kong	150% of required minimum solvency margin
Indonesia	120% of risk based capital solvency margin requirement (standard basis)
New Zealand	100% of local capital requirement (per NZ Society of Actuaries standard)
Singapore	150% of regulatory risk based capital requirement
Thailand	150% of EU Solvency 1 basis

It should be noted that the level of required capital allowed for in certain territories differs from that adopted by AXA APH in determining the traditional EV presented in its Investor Compendium.

The Australian life insurance regulator has announced details of a review of regulatory capital requirements for Australian life insurers, with a targeted implementation date of early 2012. While the Australian industry is expecting that regulatory capital requirements will increase as a consequence of this review (on the basis of current proposals), the values in this report make no explicit allowance for such a change. Similarly, the regulatory capital basis for life insurers in Thailand is under review, and is expected to increase as a result. The values in this report make no explicit allowance for such a change (although we note that the required capital basis that we adopted is higher than the current regulatory minimum basis).

3.5 Imputation Credits

In Australia and New Zealand, an imputation credit system operates whereby domestic end investors receive credit for tax paid by the domestic entities in which they invest. Thus, although such credits may have limited direct value for foreign investors, it is common practice to include a portion of the value of such credits within valuations of Australian and New Zealand life insurance and wealth management businesses.

For the Australia and New Zealand valuations shown in this report, the ANW includes 70% of the value of imputation credits in the company's franking accounts at the valuation date as well as 70% of the value of imputation credits associated with net shareholder tax liabilities on the balance sheet as at 30 June 2010. The VIF and V1YNB each include 70% of the value of imputation credits associated with projected future tax payments relating to the in-force business and new business respectively. The use of a 70% factor is in line with common practice for economic valuations in Australia and New Zealand.

It should be noted that this approach differs in some minor respects from the treatment of imputation credits by AXA APH in determining the traditional EV presented in its Investor Compendium.

3.6 North Guaranteed Unit Linked Product

AXA APH launched the North guaranteed unit linked product in Australia in November 2007. For this product, AXA APH uses a methodology for valuing the guaranteed benefits which allows explicitly for the cost of the guarantee, the associated hedging costs, the economic cost of capital supporting the guarantee and the cost of non-hedgeable risk.

A key assumption in valuing the guarantee is the level of implied equity volatility. There is no widely accepted approach to determining an assumed level of volatility for products of this kind, and practice varies from using the prevailing level of implied volatility at the valuation date, to using an assumed long-term average level, or to grading from the current short-term level of implied equity volatility to an assumed long-term level over a period of time. AXA APH uses an assumed long-term average level of implied equity volatility, which is lower than the level of implied equity volatilities prevailing during the 12 months to 30 June 2010.

Our preferred approach for products of this kind for this type of valuation is to grade from the current short-term level of implied equity volatility to an assumed long-term level, since this reflects a best-estimate view of future conditions. Hence, for the EV and V1YNB, we assessed the value of the North guaranteed benefits based on an assumption that implied equity volatilities grade from current levels to an assumed long-term level of 15% over a 10 year period. We also modified other aspects of AXA APH's calculations to align more closely with the traditional EV framework. (We note that we did not consider it necessary to modify AXA APH's methodology for valuing the guarantees associated with the Vertex product).

Because prevailing implied equity volatilities in the 12 months to 30 June 2010 were significantly higher than AXA APH's assumed level, the V1YNB for the North guaranteed benefit on our preferred approach was lower than on AXA APH's basis. While we consider that our value represents a reasonable measure of the value of new business sold during this period, it does not necessarily represent a reasonable

indicator of the long-run contribution to value by the guaranteed benefit, since AXA APH has the option to reprice the benefit should the actual level of implied equity volatility remain above its assumed level (although any repricing may, in turn, have implications for new business volumes).

Given the purpose of this report, we consider that it is appropriate to include a V1YNB that is a more reasonable indicator of the long-run contribution to value by this benefit. We therefore included a V1YNB for the North guaranteed benefit that is mid-way between the value on AXA APH's basis and the value on our preferred approach described above.

3.7 Definition of New Business

For the purposes of the results presented in this report, new business generally comprises the sale of new contracts during the period, additional single premium payments on recurring single premium contracts and increments to existing contracts that are not anticipated within the calculation of the VIF.

The business which forms the basis for the V1YNB calculation includes new policies issued during the 12 months to 30 June 2010 but which subsequently terminated before 30 June 2010.

4. RESULTS AND OPINION

4.1 Valuation Results

In this section, we set out a summary of the valuation results for AXA APH's business. The values were determined by us based on calculations prepared by AXA APH using the methodology described in Section 3 and the assumptions outlined in Section 5. The results are presented under the three alternative risk discount rate scenarios entitled "High", "Central" and "Low". The risk discount rates for each of the material territories of operation are set out in Table 3.1 of this report.

All values shown represent AXA APH's share of the relevant value, after third party interests.

The values shown below were determined on a going concern basis and made no allowance for the impact of the Proposal proceeding. Hence, for example, the values made no allowance for the impact of any potential synergy benefits that might arise.

The results are grouped into three geographical regions:

- Australia & New Zealand;
- Hong Kong; and
- Asia (ex Hong Kong).

The results presented in some of the tables below may appear not to add due to rounding.

AXA APH's EV as at 30 June 2010 is summarised in Table 4.1. It should be noted that the geographical results are gross of group debt and the value of corporate overhead expenses, which are shown as separate items in the table. Further, the results for Australia & New Zealand include the residual ANW of AXA APH.

TABLE 4.1
AXA APH Embedded Value as at 30 June 2010 (A\$m)

	Risk Discount Rate		
	High	Central	Low
Australia & New Zealand¹			
ANW	389	389	389
VIF			
<i>Wealth Management</i>	852	895	942
<i>Financial Protection</i>	1,204	1,269	1,343
<i>Mature</i>	630	655	681
VIF Subtotal	2,686	2,819	2,966
EV	3,075	3,208	3,356
Hong Kong			
ANW	782	782	782
VIF	2,836	3,051	3,325
EV	3,619	3,833	4,108
Asia (ex Hong Kong)			
ANW	277	277	277
VIF	432	472	521
EV	709	749	798
Group Debt	(1,288)	(1,288)	(1,288)
Corporate Expenses¹			
Australia & New Zealand	(323)	(345)	(371)
Hong Kong	(348)	(373)	(400)
Total	(671)	(718)	(770)
Total Business			
ANW	160	160	160
VIF	5,284	5,624	6,042
EV	5,444	5,784	6,203

Note 1: These values include the value of associated imputation credits.

AXA APH's V1YNB for the 12 months to 30 June 2010 is summarised in Table 4.2:

TABLE 4.2

AXA APH Value of One Year's New Business for 12 months to 30 June 2010 (A\$m)

	Risk Discount Rate		
	High	Central	Low
Australia & New Zealand¹			
Wealth Management	69	78	88
Financial Protection	48	56	64
Mature	8	9	10
Subtotal	125	143	162
Hong Kong	167	181	198
Asia (ex Hong Kong)²	98	112	129
Total Business	390	436	489

Note 1: These values include the value of associated imputation credits.

2: These values are before allowance for acquisition expense overruns incurred in the 12 months to 30 June 2010 of \$72 million (see Section 5.4).

The value of imputation credits (with the 70% valuation factor applied) included in the EV and V1YNB results are set out below. Imputation credits arise in relation to the Australia & New Zealand business, corporate expenses attributable to the Australia & New Zealand business and corporate expenses attributable to Hong Kong but which are deductible for tax purposes in Australia.

TABLE 4.3

Value of Imputation Credits Included in EV and V1YNB (A\$m)

	Risk Discount Rate		
	High	Central	Low
Imputation Credits in ANW (A&NZ)	(174)	(174)	(174)
Imputation Credits in VIF			
Wealth Management (A&NZ)	193	203	213
Financial Protection (A&NZ)	190	200	214
Mature (A&NZ)	118	124	131
Corporate Expenses (A&NZ)	(74)	(80)	(86)
Corporate Expenses (HK)	(80)	(86)	(92)
Subtotal	346	361	380
Imputation Credits in EV	172	187	206
Imputation Credits in V1YNB (A&NZ)	34	38	42

4.2 Opinion on Components of Economic Values

Based on the scope of work outlined in this report, and subject to the reliances and limitations set out in Section 8, it is our opinion that the range of values shown in Tables 4.1 and 4.2 are reasonable estimates of the EV of AXA APH as at 30 June 2010 and the V1YNB of AXA APH for the 12 months to 30 June 2010, based on the traditional EV methodology described in Section 3 and the assumptions described in Section 5 of this report. We consider that the adopted valuation methodology, taken as a whole, is in line with that typically used for performing traditional valuations in the Asia Pacific region.

In forming this opinion, we have relied, without independent review, on the accuracy of the underlying valuation models used by AXA APH. In Section 6 below, we discuss the steps we took to satisfy ourselves that it was reasonable to make use of the results generated by AXA APH's valuation models.

5. VALUATION ASSUMPTIONS

5.1 Overview

In this section we provide an outline of the basis for the assumptions used in determining the values shown in this report.

The economic assumptions (investment returns by asset class and inflation rates) were set by us. For the remaining assumptions, we reviewed AXA APH's assumptions and, for the most part, adopted these without modification. Assumptions that were modified by us relate to acquisition expenses for Australia and Hong Kong, and certain policy decrements.

The operating assumptions are intended to represent best estimates of expected future experience. The economic assumptions are intended to be consistent with established practice for setting such assumptions in the context of traditional EVs in the Asia Pacific region, and the government bond and equity return assumptions are intended to be consistent with the economic parameters underlying our selected risk discount rates.

5.2 Investment Returns

Investment return assumptions were set for each territory of operation for each major asset class. In broad terms, the asset class returns were determined by adding an appropriate risk margin to the assumed long term government bond yield. For Australia and New Zealand, the assumed long term government bond yield was taken as the prevailing 10 year government bond yield at the valuation date. For the other material territories of operation, the assumed long term government bond yield was derived by reference to the forward rates implied by prevailing yield curves as at the valuation date, having regard to the timing of reinvestment of net cashflows expected to occur over the projection period.

For corporate bonds, the assumed returns allow for a normalised additional spread (net of defaults) above the long term government bond yield. Effectively, this approach treats any current excess yield to maturity on the existing portfolio of corporate bonds (above that reflected in our normalised additional spread) as an additional allowance for expected defaults.

Product-level investment returns were determined by applying the asset class returns to the assumed asset mix for each product. For this purpose, current asset mixes were used, unless these were significantly out of line with the targeted asset mixes.

The assumed investment returns for the major asset classes within the material territories of operation are summarised in the table below:

TABLE 5.1

Assumed Investment Returns

Territory of Operation	Government Bonds	Corporate Bonds (A Rated)	Domestic Equities¹
Australia	5.2%	5.9%	10.2%
Hong Kong ²	3.5% (USD)	4.8% (USD)	8.5%
Indonesia ³	10.0%	11.0%	16.5%
New Zealand	5.4%	6.1%	10.4%
Singapore	2.75%	n/a	7.75%
Thailand	4.0%	4.5%	10.5%

Note 1: In the case of Australia and New Zealand, the assumed domestic equity return comprises capital growth, dividends and attaching imputation credits.

2: US dollar rates have been used as most bond assets are denominated in US dollars.

3: These returns apply to Indonesian Rupiah denominated assets.

5.3 Policy Decrements

Policy decrement assumptions include mortality rates, morbidity rates, lapse rates, surrender rates, paid-up rates and premium holidays.

Decrement rates were generally developed for each territory of operation based on an analysis of recent past experience and best estimate expectations of current and future experience. Where there was insufficient historical experience to perform a meaningful analysis, assumptions were based on experience for similar products or on general industry experience.

In the case of mortality, no allowance was made for future improvements in experience, except in the case of products exposed to longevity risk, where an allowance for future improvements was made.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

For the purposes of determining the values shown in this report, we made relatively minor adjustments to certain of AXA APH's policy decrement assumptions.

5.4 Expenses

For the more mature operations, expense assumptions were set based on an analysis of actual expenses incurred during the 12 months to 30 June 2010. For this purpose, expenses were allocated between acquisition and maintenance activities; these amounts were then allocated to product categories and expressed in the form of unit costs.

The Australian acquisition expense assumptions determined by AXA APH excluded expenses incurred in certain dealerships that were in excess of the standard allowances paid to those dealerships. We adjusted AXA APH's acquisition expense assumptions to include such amounts.

The Hong Kong acquisition expense assumptions determined by AXA APH included an allowance in relation to the cost of the company's Experienced Hire Programme (a programme targeted at growing distribution capacity). This allowance was based on an amortisation of the company's committed costs under the programme, arising prior to 30 June 2010. We increased the allowance for the cost of the programme, to reflect our estimate of the long-run annualised cost of such a programme.

Certain corporate expenses were not included in the unit costs but were nevertheless allowed for in the valuation. Certain expenses of a one-off nature were excluded from the analysis.

Unit costs were expressed in a variety of forms, e.g. as a percentage of sum insured, percentage of premium, percentage of account balance or as a monetary amount per policy. The valuation made no allowance for future expense efficiencies. Per policy unit costs were assumed to increase each year in line with the assumed rate of inflation.

For AXA APH's operations in China, India, Indonesia, ipac Asia, Malaysia, Singapore and the Philippines, expense assumptions were based on assumed long term levels of unit costs. The difference between current expense levels and the levels implied by the long term unit costs is termed an expense overrun. The EVs of these operations included explicit allowance for the run-off of maintenance expense overruns in line with each company's business plans. However, the acquisition expense overruns in the 12 months to 30 June 2010 were not allowed for in determining the V1YNB. For information, AXA APH's share of acquisition expense overruns for these operations during this period (net of tax as appropriate) was \$72 million.

5.5 Inflation

An inflation assumption is required both in relation to product features that provide for periodical increases in premiums and/or benefit levels and in relation to per policy unit costs. The assumed inflation rate for each territory of operation was based on expectations of the long term rate of price inflation. The assumed rates for the material territories of operation are shown in the table below:

TABLE 5.2

Assumed Inflation Rates

Territory of Operation	Rate
Australia	2.5%
Hong Kong	2.0%
Indonesia	6.0%
New Zealand	2.5%
Singapore	2.0%
Thailand	3.0%

5.6 Policyholder Dividends, Bonuses, Interest Credits and Profit Sharing

The assumptions relating to policyholder dividends, bonuses, interest credits and profit sharing were based on contractual obligations, policyholders' reasonable benefit expectations (where these have been clearly articulated) and AXA APH's best estimate of future policies, strategies and practices consistent with the investment return assumptions used in the valuation.

The shareholder's share of profits from participating business was determined on a basis that is consistent with the company's current and intended future practices, and applicable regulatory requirements.

5.7 Taxation

The projections of distributable profits underlying the values presented in this report are net of corporate tax, based on current tax legislation (or announced legislative changes) and current corporate tax rates. No allowance was made for withholding taxes (if any) on distributions from territories of operation outside Australia.

In New Zealand, for business sold prior to 1 July 2010, a new tax basis will apply from 1 July 2015. Both the VIF and V1YNB results in this report include allowance for this change, with no allowance being made for any potential related increase in premium rates for this business. For new business sold from 1 July 2010 onwards, the new tax basis applies immediately. In determining the V1YNB, no explicit allowance was made for the fact that new business sold from 1 July 2010 would be taxed differently from the business sold prior to 1 July 2010, since we consider it likely that future new business would be repriced in due course in response to the change in tax basis.

Tax on investment income and other forms of policyholder tax were allowed for based on current tax legislation (or announced legislative changes) and current tax rates.

5.8 Changes to Product Terms

The values shown in this report made no allowance for reductions in the future level of product charges beyond any allowance that is implicit in the risk discount rates adopted for the valuation.

Further, there was no explicit allowance for any regulatory changes that might occur in the future. In particular, given the uncertainty surrounding potential developments associated with the industry reviews conducted in Australia in the past year (Henry Review, Ripoll Inquiry and Cooper Review) the values in this report made no explicit allowance for any changes to future product terms or margins (or to any other aspect of the expected future operating experience of AXA APH) as a consequence of these reviews.

6. REVIEW OF VALUATION RESULTS AND PROCESSES

The values shown in this report are based on calculations prepared by AXA APH. In order to satisfy ourselves that it was reasonable to make use of the results generated by AXA APH's valuation models, we undertook the following:

- a high level review of the valuation results prepared by AXA APH. This review covered only the material territories of operation. Our review comprised a number of high level checks on the projected cash flows from AXA APH's valuation models, key value ratios and the compilation of results; and
- a high level review of the processes used by AXA APH to develop and maintain its valuation models and the controls applied by AXA APH in the production of valuation results.

Based on the above, we are satisfied that it was reasonable to make use of the results generated by AXA APH's valuation models.

However, our scope of work excluded testing the accuracy of AXA APH's underlying valuation models, and we have relied on the accuracy of these models.

7. MOVEMENTS IN EXCHANGE RATES POST 30 JUNE 2010

The monetary amounts shown in this report are expressed in Australian dollars, and foreign exchange amounts were translated to Australian dollars using exchange rates as at 30 June 2010.

Post 30 June 2010, the Australian dollar has appreciated against a number of other currencies, and this has resulted in a reduction in the EV and V1YNB of AXA APH expressed in Australian dollars (ignoring the potential impact on value of changes in any other factors post 30 June 2010).

Based on exchange rates as at 30 September 2010, the 30 June 2010 EV would have reduced by approximately 9% and the 30 June 2010 V1YNB would have reduced by approximately 8% relative to the aggregate AXA APH values shown in Tables 4.1 and 4.2 of this report.

8. RELIANCES AND LIMITATIONS

In performing our work, we have relied upon audited and unaudited information supplied to us by, or on behalf of, AXA APH for periods up to 30 June 2010 and on information from a range of public sources. In particular, we have relied on:

- policy data covering the numbers and types of policies issued and in force (including policy details) as at 30 June 2010;
- policy data covering the numbers and types of policies (including policy details) written during the 12 months to 30 June 2010;
- premium rates, base commission rates, override allowances and other compensation payments made to agents and other distributors;
- details of product terms and conditions including surrender and cash values;
- information regarding reinsurance arrangements and terms and conditions;
- statistical data and experience investigations relating to the current and historical operating experience of AXA APH;
- information on expenses incurred by AXA APH during the 12 months to 30 June 2010 and earlier years;
- information on the amount of expense overruns incurred during the 12 months to 30 June 2010;
- information on forecast future expense levels and new business volumes;
- financial statements as at 30 June 2010;
- policy liabilities and regulatory capital requirements as at 30 June 2010;
- asset values as at 30 June 2010;
- information on current and future investment strategies;
- information on AXA APH's practices in determining bonus rates and credited interest rates;
- certain external economic data as at 30 June 2010;

- information regarding currency exchange rates as at 30 June 2010 and 30 September 2010; and
- information on AXA APH's economic interest in each of its operating entities.

Our scope of work did not extend to an independent verification, or audit, of the accuracy or completeness of the policy data and other information supplied to us.

As noted in Section 6, our scope of work excluded testing of the accuracy of the underlying valuation models used by AXA APH.

Our scope of work also did not extend to a review of the value or quality of the asset portfolio of AXA APH, nor to the adequacy of balance sheet provisions, the determination of policy-related liabilities or regulatory capital requirements, or AXA APH's market-consistent valuation results.

The financial projections underlying the results shown in this report only consider claims by policyholders in the normal course of business under the terms of the policies issued to them. No attempt has been made to determine the effect on the results of any other claims by or against AXA APH and, in particular, no attempt has been made to assess the basis for, or quantum of, any potential claims associated with proceedings issued in 2002 and further proceedings in 2009 arising out of AXA APH's Prosperity Bonds issued to what became known as the Investment Club.

The results shown in this report are not intended to represent an opinion of market value and should not be interpreted in that manner. This report does not purport to encompass all of the many factors that may bear upon a market value.

The results shown in this report are based on a series of assumptions as to the future. It should be recognised that actual future results will differ from those shown, on account of changes in the operating and economic environments and natural variations in experience. No warranty is given by Towers Watson that future experience will be in line with the assumptions made.

The opinions contained in this report are provided solely to AXA APH and Grant Samuel & Associates in accordance with our engagement terms.

Judgements as to the contents of this report should be made only after studying the report in its entirety together with the rest of the Independent Expert's Report, the Explanatory Memorandum and the Explanatory Memorandum Supplement, as a review of a single section or sections on an isolated basis may not provide sufficient information to draw appropriate conclusions.

This report and the results, opinions and conclusions herein are presented as at 30 June 2010 and may be rendered inaccurate by developments after this date.

9. DISCLOSURES AND CONSENTS

Towers Watson and its related companies have provided, and may continue to provide, a range of professional services to AXA APH, AXA SA and AMP Limited or to entities within these groups. Further details are provided in our Financial Services Guide which is attached as an appendix to this report.

For our role in connection with the Proposal, including this report, Towers Watson is being remunerated on a combination of time-charge and fixed fee bases. No part of our remuneration is contingent upon the outcome of the vote on the Proposal. Further details on our remuneration are provided in our Financial Services Guide.

Under the terms of our engagement by AXA APH, and subject to a limited set of exclusions, Towers Watson, AXA APH and Grant Samuel & Associates have agreed a cap on the maximum liability of Towers Watson (including its employees) to AXA APH and Grant Samuel & Associates for claims by AXA APH and Grant Samuel & Associates in relation to this report. Towers Watson (including its employees) has also been indemnified by AXA APH and Grant Samuel & Associates, on terms generally consistent

with Towers Watson's limitation of liability to AXA APH and Grant Samuel & Associates, in respect of any claims made against Towers Watson by third parties.

Towers Watson has given, and not withdrawn, its written consent to the inclusion of this report and its name within the Explanatory Memorandum and Explanatory Memorandum Supplement in the form and context in which they are included. Towers Watson does not authorise or cause the issue of the Explanatory Memorandum or Explanatory Memorandum Supplement and takes no responsibility for its content, other than this report.

Yours sincerely
For Towers Watson Australia Pty Ltd



Mark Saunders
Fellow of the Institute of Actuaries
Fellow of the Actuarial Society of Hong Kong
Fellow of the Singapore Actuarial Society
Fellow of the Society of Actuaries of Thailand
Fellow of the Institute of Actuaries of India
Fellow of the Society of Actuaries



Anton Kapel
Fellow of the Institute of Actuaries of Australia

APPENDIX

FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Actuary's Report and has been issued in accordance with ASIC Class Order CO 04/1572.

Issue date: 14 January 2011

This Financial Services Guide ("FSG") provides important information about Towers Watson Australia Pty Ltd, ABN 45 002 415 349, AFSL 229921, hereafter referred to as "Towers Watson", "we", "us" or "our".

This FSG is designed to provide information about Towers Watson, the financial services we offer, how we are remunerated and our dispute resolution process. This FSG is also designed to assist you to understand the nature of the general financial product advice provided in the report ("Report") which accompanies this FSG and to assist you in deciding whether to use that advice.

About Towers Watson

Towers Watson is ultimately wholly-owned by Towers Watson & Co., a publicly listed company incorporated in the USA. Towers Watson & Co. is a leading global professional services company that helps organisations improve performance through effective people, risk and financial management.

Towers Watson & Co. has professional indemnity insurance in place which covers advice provided by Towers Watson. In common with current market practice, this insurance cover is provided on a "claims-made" basis. An employee who ceases to be employed by the firm continues to be covered by this professional indemnity insurance in respect of work previously undertaken as an employee of the firm, to the extent that this claims-made professional indemnity insurance is successfully renewed from year to year.

About Our Services

We hold an Australian Financial Services Licence ("AFSL") which authorises us to provide financial product advice (wholesale and retail) in relation to securities, derivatives, life products, general insurance products, managed investment schemes and superannuation. This FSG relates to the provision of general financial product advice for securities.

General Financial Product Advice

The Report provides general financial product advice only. The Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of the Report having regard to your own objectives, financial situation and needs before you act on the advice provided in the Report. You should also consider obtaining separate professional advice to assist you in assessing the Report in the context of your own personal circumstances. In addition, you should consider the Independent Expert's Report, Explanatory Memorandum and Explanatory Memorandum Supplement in their entirety before making any decision about how to proceed.

We have been engaged to prepare the Report in connection with the Proposal. The Report includes a description of the nature of our engagement and identifies AXA APH as the party who has engaged us. We act for ourselves in providing the Report.

We have consented to persons other than AXA APH being provided with a copy of the Report because of their connection to the matters set out in the Report.

Remuneration for our Services

We will charge professional fees for preparing the Report. These fees have been agreed with, and will be paid by, AXA APH and will be determined on a combination of time-charge and fixed fee bases. We estimate that these fees will amount to \$1,435,000. These fees are not contingent upon the outcome of the Proposal and we will not receive any form of commission payment in relation to the services provided to AXA APH in connection with the Proposal.

Our professional staff receive an annual salary and a performance bonus. The performance bonus will depend, in part, on fees received by Towers Watson for the services we provide. In addition, certain employees own shares in Towers Watson & Co.

Other than the professional fees, benefits and other matters referred to above, neither Towers Watson, nor any of its directors, employees or associated entities, will receive any fees or other benefits, directly or indirectly, for or in connection with the provision of the Report.

Existing Relationship with Interested Parties

Towers Watson and its related companies have provided, and may continue to provide, a range of professional services to AXA APH, AXA SA and AMP Limited ("AMP") or to entities within these groups. These services are, in the main, specialist actuarial and investment consulting services. We receive professional fees for such services. Towers Watson and its related companies have not undertaken any work for AXA SA, AMP or AXA APH (other than the preparation of the Report) in connection with the Proposal.

The majority of the services undertaken for AXA APH, AXA SA and AMP are project-based; hence the nature of the services varies from year to year. Below is an indication of the general nature of services provided recently:

AXA APH and group companies

- Investment consulting services
- Actuarial due diligence on potential acquisitions
- Strategic reviews of business operations
- Market entry studies
- Actuarial advice in connection with the management of participating business
- Provision of economic scenarios for stochastic modelling
- Review of embedded value using European Embedded Value ("EEV") Principles
- Advice on product development and pricing

AXA SA and group companies

- Annual review of embedded values of primary life insurance operations determined using EEV Principles, and provision of opinion on whether AXA SA's methodology and assumptions conform with the EEV Principles
- Assistance with implementation of actuarial modelling and valuation tools and processes
- Provision of economic scenarios for stochastic modelling
- Assistance with reinsurance programs
- Product development and pricing assistance
- Statutory actuarial services
- Actuarial due diligence assistance with potential acquisitions
- Actuarial advice in connection with business divestments
- Advice on compensation and benefits
- Employee engagement survey
- Assistance with Solvency II implementation

AMP and group companies

- Strategic advice in connection with potential new financial services market
- Actuarial due diligence support in connection with merger and acquisition activities

TOWERS WATSON 

Mr Stephen Cooper
14 January 2011

- Support in implementation of actuarial modelling systems
- Actuarial advice in connection with management of participating business
- Actuarial advice in relation to capital management
- Advice on employee benefits in respect of offshore markets

Associations with Providers of Financial Products

Within Australia, Towers Watson has no affiliation or association with providers of financial products. Towers Watson may at any time provide professional services to providers of financial products in the ordinary course of our business and we will receive fees for any such services provided.

Complaints Process

As the holder of an AFSL, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing, addressed to the Complaints Officer and sent to the address below.

We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service, whose contact details are set out below.

The Complaints Officer
Towers Watson Australia Pty Ltd
Level 4, 1 Collins Street
Melbourne VIC 3000
Telephone: (03) 9655 5222

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808

GRANT SAMUEL



Appendix 5

Value of In-force, Value of One Year's New Business and Exchange Rate Comparison

Towers Watson reported estimates of value of in-force and value of one year's new business are based on converting local currency values for AXA APH's New Zealand and Asian businesses into Australian dollar equivalents using the relevant spot exchange rates at 30 June 2010. Grant Samuel has re-stated these values by converting currency values into Australian dollar equivalents using the relevant spot exchange rates at 8 December 2010. The exchange rates have not changed materially since then. The estimates of value of in-force and value of one year's new business are summarised below, together with the relevant exchange rates:

Value of in-force and Value of one year's new business (\$ million)				
Value of in-force	High	Central	Low	Mid Point
Tower Watson (excluding Corporate) at 30 June 2010 Exchange Rates				
Australia and New Zealand				
- Wealth Management (including Mature)	1,482	1,550	1,623	1,553
- Financial Protection	1,204	1,269	1,343	1,273
- Total Australia and New Zealand	2,686	2,819	2,966	2,826
Hong Kong	2,836	3,051	3,325	3,081
Other Asia	432	472	521	477
Total Asia	3,269	3,523	3,846	3,558
Total	5,955	6,342	6,812	6,384
Grant Samuel at 8 December Exchange Rates				
Australia and New Zealand				
- Wealth Management (including Mature)	1,475	1,542	1,615	1,546
- Financial Protection	1,192	1,257	1,330	1,261
- Total Australia and New Zealand	2,667	2,799	2,945	2,808
Hong Kong	2,453	2,638	2,875	2,664
Other Asia	387	423	467	427
Total Asia	2,840	3,061	3,342	3,091
Total	5,507	5,860	6,287	5,898
Value of one year's new business	High	Central	Low	Mid Point
Tower Watson (excluding Corporate) at 30 June 2010 Exchange Rates				
Australia and New Zealand				
- Wealth Management (including Mature)	77	87	98	88
- Financial Protection	48	56	64	56
- Total Australia and New Zealand	125	143	162	143
Hong Kong	167	181	198	182
Other Asia	98	112	129	114
Total Asia	265	293	327	296
Total	390	436	489	440
Grant Samuel at 8 December Exchange Rates				
Australia and New Zealand				
- Wealth Management (including Mature)	77	87	97	87
- Financial Protection	47	55	63	55
- Total Australia and New Zealand	124	142	161	143
Hong Kong	144	157	171	158
Other Asia	88	100	116	101
Total Asia	232	257	287	259
Total	356	399	447	402

Note: Numbers may not add up due to rounding.

Independent Expert's Report

GRANT SAMUEL



Exchange Rates as at	30 June 2010	8 December 2010
Australia	1.00	1.00
New Zealand	1.23	1.31
Hong Kong	6.58	7.61
Indonesia	7633.59	8850.00
Thailand	27.35	29.50
Singapore	1.18	1.29
Malaysia	2.73	3.08
Philippines	39.15	42.84
India	39.23	44.31
China	5.73	6.53
United States	0.84	0.98



Framework Deed

CLAYTON UTZ

Framework Deed

AXA Asia Pacific Holdings Limited
AXA APH

AMP Limited
AMP

AXA
AXA

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Our reference 13530/14604/80097690
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Contents

1.	Definitions and interpretation	1
1.1	Definitions	1
1.2	Interpretation	29
1.3	Best and reasonable endeavours	31
1.4	Business Day	31
2.	Transactions and Asian Transactions	31
2.1	Transactions and Asian Transactions	31
2.2	Restrictions on amendments to Transaction Documents	32
3.	Conditions	32
3.1	Scheme Conditions for Share Scheme	32
3.2	Scheme Conditions for Option Scheme	37
3.3	General obligations in relation to Scheme Conditions	38
3.4	Limitations on obligations in relation to Scheme Conditions	38
3.5	Obligations in relation to ASIC joint bid relief	39
3.6	Obligations in relation to Regulatory Approvals	39
3.7	AMP obligations in relation to Regulatory Approvals	40
3.8	Taxation matters	41
3.9	Active Foreign Business Asset Percentage	42
3.10	Notice in relation to satisfaction of Scheme Conditions	43
3.11	Waiver of Scheme Conditions	44
3.12	Failure of Scheme Conditions	45
3.13	Certificates in relation to Scheme Conditions	46
3.14	General power to adjourn, cancel or convene meetings and court hearings	47
3.15	Removal of AXA APH from official list of ASX	48
4.	Confirmatory Due Diligence	49
4.1	Background	49
4.2	Conduct of Confirmatory Due Diligence	49
4.3	Termination	50
5.	AMP Due Diligence	51
5.1	Background	51
5.2	Conduct of Confirmatory Due Diligence	51
5.3	Termination	52
6.	Implementation of the Transactions	53
6.1	AXA APH's obligations	53
6.2	Bona fide Competing Proposal	56
6.3	AMP's obligations	56
6.4	AXA's obligations	58
6.5	Share Sale Completion	60
6.6	Preparation of Explanatory Memorandum	60
6.7	Amendments to Timetable	61
7.	Obligations regarding conduct of business	62
7.1	AXA APH conduct of ANZ Businesses	62
7.2	Conduct of Asian Businesses	62
7.3	Ring fencing of AXA APH Group Asia and AXA APH Group ANZ	63
7.4	Access to information	72
7.5	Implementation Committee	76

7.6	Information required for substantial holding notices	76
7.7	Co-operation in relation to insurance	77
7.8	AMP conduct of business	77
8.	Recommendation, intentions and announcements	78
8.1	Independent Directors Committee recommendation	78
8.2	AXA APH director intentions	78
8.3	Change of recommendation or intentions	78
8.4	Limitation of liability	79
8.5	Announcements	79
9.	Lock-up arrangements	79
9.1	No shop	79
9.2	No talk and no due diligence	79
9.3	Access provided to Third Parties	80
10.	Liability of directors, officers and employees	81
10.1	Liability of directors, officers and employees	81
10.2	Directors' and officers' insurance	81
10.3	Obligations in relation to directors' and officers' insurance	81
10.4	Directors' and officers' indemnities	81
10.5	Benefit	82
11.	Employee Plans	82
11.1	Acknowledgements	82
11.2	Treatment after date of this deed	82
11.3	Issue of AXA APH Shares pursuant to the exercise of AXA APH Options	83
11.4	Treatment before date of this deed	83
11.5	Repayment of loans	84
11.6	Deferred Incentive Plan	84
12.	Representations, warranties and indemnities	84
12.1	AMP Scheme representations and warranties	84
12.2	AMP indemnities	86
12.3	AXA Scheme representations and warranties	87
12.4	AXA indemnities	88
12.5	AXA APH representations and warranties	88
12.6	AXA APH indemnity	91
12.7	Notifications	91
12.8	Status of representations and warranties	91
12.9	Status and enforcement of indemnities	91
13.	Termination	92
13.1	Termination	92
13.2	Automatic termination if no joint bid relief	95
13.3	Effect of termination	95
14.	Remedies	95
14.1	Cumulative	95
14.2	Specific performance	95
14.3	Limitation on liability of AXA APH to AXA	96
15.	Confidentiality and Communications	96
15.1	Confidentiality Agreement	96
15.2	AMP Subsidiary	96

15.3	Communications	97
15.4	Disclosure on termination of agreement	97
16.	Notices.....	98
16.1	How notice to be given	98
16.2	When notice taken to be received	99
17.	GST	99
17.1	Interpretation.....	99
17.2	Reimbursements and similar payments.....	100
17.3	GST payable.....	100
18.	General	100
18.1	Amendments.....	100
18.2	Waiver.....	100
18.3	Costs.....	101
18.4	Further acts and documents	101
18.5	Consents.....	101
18.6	Counterparts	101
18.7	No assignment.....	101
18.8	No representation or reliance	101
18.9	Severability	101
19.	Governing law, jurisdiction and service of process.....	101
19.1	Governing law	101
19.2	Jurisdiction.....	102
19.3	Service of process	102
	Schedule 1 – Timetable.....	103
	Schedule 2 – AXA APH Group ANZ and AXA APH Group Asia	104
	Schedule 3 – AXA APH Asia Regulatory Approvals	106
	Schedule 4 – APF Swaps.....	116

Amended and restated Framework Deed dated

Parties **AXA Asia Pacific Holdings Limited ABN 78 069 123 011** of 750 Collins Street, Docklands VIC 3008 (**AXA APH**)

AMP Limited ABN 49 079 354 519 of 33 Alfred Street, Sydney, NSW, 2000 (**AMP**)

AXA of 21-25 Avenue Matignon 75008, Paris (**AXA**)

Background

- A. AMP, through AMP Subsidiary, proposes to acquire all of the AXA APH Shares (other than the AXA Holding) pursuant to a scheme of arrangement under section 411 of the Corporations Act between AXA APH and the holders of those AXA APH Shares, subject to the satisfaction or waiver of the Scheme Conditions for the Share Scheme.
- B. AXA APH and AMP have also agreed that AXA APH will propose a further scheme of arrangement under section 411 of the Corporations Act between AXA APH and AXA APH Optionholders pursuant to which all of the AXA APH Options on issue at the Scheme Record Date for the Option Scheme will be cancelled.
- C. AMP and AXA APH have on or about the date of this deed entered into an agreement in relation to the implementation of the schemes of arrangement referred to above (**Merger Implementation Deed**).
- D. AMP and AXA have on or about the date of this deed entered into an agreement under which AMP Subsidiary will acquire from AXA (and, potentially, from a Subsidiary of AXA) all of the AXA Holding, subject to the satisfaction or waiver of the Scheme Conditions for the Share Scheme (**AAPHL Share Sale Deed**).
- E. AXA, AMP, AXA APH and NMI have on or about the date of this deed entered into a deed under which AXA APH and NMI grant AXA rights, subject to certain conditions, for AXA (or the Nominees) to acquire all of the shares held by AXA APH or NMI (as the case may be) in each Asian Subsidiary (**Asian Subsidiary Deed**).
- F. AXA APH has agreed, at the request of AMP and AXA, to propose the Schemes, issue the Explanatory Memorandum, convene and hold the AXA APH General Meeting for the purposes of approving the AXA APH Group Asia Resolutions and arrange for the convening and holding of the Scheme Meetings for the purposes of approving the Schemes. The parties have agreed to implement the Transactions on the terms and conditions of this deed and the respective Transaction Documents.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed:

AAPHL Share Sale Deed has the meaning given in Recital D.

AB Entity means Alliance Bernstein Australia Ltd or Alliance Bernstein New Zealand Ltd.

Alliance Bernstein Agreements means the subscription and shareholders agreement between AXA APH, Alliance Bernstein Corporation of Delaware, Alliance Bernstein Investment

Management Australia Limited, National Mutual Funds Management Limited, Alliance Bernstein Australia Limited and Alliance Bernstein New Zealand Limited dated on or about 18 January 2001 (**JV Agreement**), and each of the ACM Delegation Agreement, Adherence Agreement, Fees Deed, Sub-Distributor Agreements, NMF M Delegation Agreement and NMF M New Zealand Delegation Agreement as defined in the JV Agreement.

ACR has the meaning given in the Asian Subsidiary Deed.

AFBAP means Active Foreign Business Asset Percentage as determined in accordance with Subdivision 768-G of the Income Tax Assessment Act 1997 (Cth).

AFBAP Calculation means a calculation of AFBAP in respect of a member of AXA APH Group Asia (other than NMI) or which is otherwise relevant to the preparation or lodgement of a tax return by any party to this deed or any of its Subsidiaries.

Affiliate means a company, trust or other entity that is shown in the structure diagram in Schedule 2 but which is not a Subsidiary of AXA APH.

AMP Announcement means a press release to be released by AMP in accordance with clause 8.4 (Announcements) in the form agreed by the parties.

AMP Board means the board of directors of AMP.

AMP Confirmatory Due Diligence has the meaning given to that term in clause 5.

AMP Due Diligence Adverse Change means facts or matters identified or discovered in the AMP Due Diligence Period which, when aggregated with all such facts and matters, have resulted in or could reasonably be expected to result (whether now or in the future) in:

- (a) a reduction in the Total Equity Attributable to Shareholders of AMP Group of more than \$280m (representing an amount that is 10% of the Total Equity Attributable to Shareholders of AMP Group as at 30 June 2010 as disclosed in the AMP Investor Report); or
- (b) a reduction in the BU Operating Earnings of AMP Group of more than \$76m on an annualised basis (representing an amount that is 10% of the BU Operating Earnings of AMP Group for the immediate 12 months to 30 June 2010 as disclosed in the AMP Investor Report) that results or could reasonably be expected to result in a reduction in AMP's value in-force (as defined in the AMP Investor Report) of more than \$700 million,

other than an event, occurrence or matter which was Fairly Disclosed (excluding any sensitivity analysis) in any announcement on ASX made by AMP prior to the date of this deed and disregarding the effect of any:

- (c) change in equity markets, interest rates, exchange rates or credit spreads;
- (d) changes in lapse rates, claims rates, mortality rates or morbidity rates arising from changes in economic or business conditions in Australia and New Zealand; or
- (e) change in laws, regulations or Taxes that affects participants in the life insurance and wealth management industry in Australia and/or New Zealand generally.

AMP Due Diligence Information means the written information and documents fairly disclosed by AMP or its Representatives to AXA APH or its Representatives during the AMP Due Diligence Period in connection with the AMP Confirmatory Due Diligence (including any

written notes of oral presentations, meetings and interviews between AXA APH or its Representatives and members of AMP management agreed by AXA APH acting reasonably).

AMP Due Diligence Period has the meaning given to that term in clause 5.

AMP Due Diligence Scope means the 'AMP Due Diligence Request List' provided by AXA APH to AMP and initialled by the parties prior to the date of this deed.

AMP Group means AMP and each of its Subsidiaries.

AMP Indemnified Parties means the directors, officers and employees of AMP and each of its Subsidiaries.

AMP Information means all information regarding AMP, its Subsidiaries, the Merged Group and the AMP Shares that is required to be included in the Explanatory Memorandum under the Corporations Act, the Listing Rules and the Policy Statements and all other applicable laws (including in relation to the AAPHL Share Sale Deed and statements of intention in relation to the ANZ Businesses following the Effective Date for the Share Scheme) that is provided by or on behalf of AMP to AXA APH or its Representatives for inclusion in the Explanatory Memorandum, except to the extent that it is based on information provided by AXA APH, and any updates to that information provided in accordance with clause 6.3(g).

AMP Investor Report means the AMP investor report for the Half Year 2010.

AMP Leadership Team means the persons occupying the following positions within the AMP Group: Chief Executive Officer; Managing Director, AMP Financial Services; Managing Director, AMP Capital Investors; Chief Financial Officer; General Counsel & Company Secretary; General Manager, Strategy; General Manager, Human Resources; Chief Information Officer; General Manager, Public Affairs; Director, Treasury and M&A.

AMP Material Adverse Change means events, occurrences or matters, which individually, or when aggregated with all such events, occurrences or matters have resulted in or could reasonably be expected to result (whether now or in the future) in:

- (a) a reduction in the Total Equity Attributable to Shareholders of AMP Group of more than \$280m (representing an amount that is 10% of the Total Equity Attributable to Shareholders of AMP Group as at 30 June 2010 as disclosed in the AMP Investor Report) at any time on or after 30 June 2010;
- (b) a reduction in the BU Operating Earnings of AMP Group of more than \$76m on an annualised basis (representing an amount that is 10% of the BU Operating Earnings of AMP Group for the immediate 12 months to 30 June 2010 as disclosed in the AMP Investor Report) at any time on or after 30 June 2010 that results or could reasonably be expected to result in a reduction in AMP's value in-force (as defined in the AMP Investor Report) of more than \$700 million,

other than an event, occurrence or matter which:

- (c) was Fairly Disclosed (excluding any sensitivity analysis) in:
 - (i) any announcement on ASX made by AMP prior to the date of this deed; or
 - (ii) the AMP Due Diligence Information; or
- (d) is required to be undertaken or procured by the AMP Group either:
 - (i) pursuant to the Transaction Documents; or

(ii) as a result of, or in order to implement, the Transactions,

and disregarding the effect of any:

- (e) change in equity markets, interest rates, exchange rates or credit spreads;
- (f) changes in lapse rates, claims rates, mortality rates or morbidity rates arising from changes in economic or business conditions in Australia and New Zealand; or
- (g) change in laws, regulations or Taxes that affects participants in the life insurance and wealth management industry in Australia and/or New Zealand generally.

AMP Material Subsidiary means:

- (a) AMP Life Limited;
- (b) AMP Bank Limited;
- (c) AMP Capital Holdings Limited;
- (d) AMP Services Limited;
- (e) AMP Group Finance Services Limited; and
- (f) AMP Group Holdings Limited.

AMP Portfolio Investments means:

- (a) Investor Directed Portfolio Service client directed investments;
- (b) policyholder funds;
- (c) unit trusts or other collective investment schemes for which AMP and its Subsidiaries act as trustee, responsible entity, custodians or investment managers;
- (d) client funds under management;
- (e) portfolios managed under investment management agreements; or
- (f) investment assets (whether of an equity, fixed interest, cash or property fund nature) held and traded for the benefit of the shareholders in the ordinary course of business on the advice of investment managers.

AMP Prescribed Occurrence means the occurrence of any of the following events (other than as required to be undertaken or procured by the AMP Group pursuant to and in accordance with the Transaction Documents or to the extent agreed to in writing by AXA APH and AXA):

- (a) AMP converts all or any of its securities into a larger or smaller number of securities;
- (b) AMP or a Subsidiary of AMP (other than an AMP Portfolio Investment or a wholly-owned Subsidiary of AMP) resolves to reduce its capital in any way;
- (c) AMP or a Subsidiary of AMP (other than an AMP Portfolio Investment or a wholly-owned Subsidiary of AMP):
 - (i) enters into a buy-back agreement; or

- (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act or, if applicable, takes equivalent action under the laws of its place of incorporation or registration;
- (d) AMP or any Subsidiary of AMP (other than an AMP Portfolio Investment) issues shares, or grants an option over or to subscribe for its shares, or agrees to make such an issue or grant such an option, other than:
 - (i) to a wholly-owned Subsidiary of AMP, or to AXA or any of its Subsidiaries;
 - (ii) in connection with the subordinated notes which clause 4 of the Co-operation Deed contemplates will be issued by a member of AMP Group; or
 - (iii) in connection with a dividend reinvestment plan (including pursuant to any underwriting of that plan) or an employee incentive arrangement (including any share issued upon conversion or exercise of rights attaching to any share issued under an employee incentive arrangement);
- (e) AMP or any Subsidiary of AMP (other than an AMP Portfolio Investment) issues, or agrees to issue, convertible notes or any other security convertible into shares, other than:
 - (iv) to a wholly-owned Subsidiary of AMP, or to AXA or any of its Subsidiaries;
 - (v) the subordinated notes which clause 4 of the Co-operation Deed contemplates will be issued by a member of AMP Group; or
 - (vi) in connection with an employee incentive arrangement;
- (f) AMP or a Subsidiary of AMP (other than an AMP Portfolio Investment) agrees to pay, declares or pays a dividend or any other form of distribution of profits or capital, other than:
 - (i) the declaration or payment by AMP of the Permitted AMP Dividend;
 - (ii) to AMP or a wholly-owned Subsidiary of AMP;
 - (iii) in the case of a Subsidiary of AMP which is not wholly-owned by AMP, to a third party shareholder of the entity on a proportionate basis; or
 - (iv) a dividend or any other form of distribution of profits or capital constituting AMP Portfolio Investments;
- (g) AMP or a Subsidiary of AMP (other than an AMP Portfolio Investment or a wholly-owned Subsidiary of AMP) makes any material change to its constitution;
- (h) any Insolvency Event occurs in relation to AMP or any AMP Material Subsidiary;
- (i) a material change is made by AMP or an AMP Subsidiary (other than an AMP Portfolio Investment) to the risk profile or asset class mix of the shareholder fund or statutory funds of the AMP Group, or to the bonus and crediting rates of the AMP Group that:

- (i) causes the risk profile or asset class mix of the shareholder fund or statutory funds to be materially different to either policyholder reasonable expectations (**PRE**) or such company's policies or guidelines, in each case as disclosed in the AMP Due Diligence Information; or
 - (ii) causes the excess of regulatory capital resources above MRR or the excess of regulatory capital resources above MRR plus the target surplus to be materially more sensitive to equity markets or bond yields to that which is disclosed in the AMP Due Diligence Information;
- (j) AMP or a Subsidiary of AMP acquires, leases, agrees to acquire or lease, or offers, proposes or announces a bid for, any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the AMP Group (other than as attributable to AMP Portfolio Investments) whether in one transaction or a number of such transactions, where the amounts or value involved in such transaction, transactions, commitments or series of commitments exceeds \$600 million in aggregate;
- (k) AMP or a Subsidiary of AMP disposes of, or agrees to dispose of, or offers, proposes or announces tenders for:
- (i) any assets, properties or businesses, (other than as attributable to an AMP Portfolio Investment); or
 - (ii) shares or other securities in a member of AMP Group other than:
 - (A) to another wholly-owned member of the AMP Group; or
 - (B) shares which constitute AMP Portfolio Investments;
- whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions of the same or substantially the same kind or which are related exceeds \$600 million in aggregate (however, in the case of a Subsidiary of AMP which is not wholly-owned, only the portion of the amount or value that is attributed to the relevant member of the AMP Group is to count towards the \$600 million limit);
- (l) AMP or a Subsidiary of AMP (other than AMP Bank Limited or an AMP Portfolio Investment) incurs any financial indebtedness or issues any indebtedness or debt securities of more than \$300 million, other than where:
- (i) it incurs trade payables in the ordinary course of business;
 - (ii) it does so in favour of another member of the AMP Group;
 - (iii) it does so to refinance existing debt of AMP or a Subsidiary of AMP;
 - (iv) it does so by the issue of the subordinated notes contemplated by clause 4 of the Co-operation Deed;
 - (v) it does so in connection with any bridging facility entered into for the purposes of funding the payment of the Share Scheme Consideration and Option Scheme Consideration or any other transaction required to be undertaken in order to implement the Transactions or Asian Transactions;

- (vi) it incurs indebtedness as a result of a short term settlement error or similar event or occurrence relating to hedging arrangements or derivative instruments entered into in the ordinary course of business which was not the result of an act or omission of a Subsidiary of AMP or their Representatives; or
- (vii) it does so as part of its business in relation to AMP Portfolio Investments, where the lender or holder of debt securities has recourse only to AMP Portfolio Investments in respect of the relevant indebtedness or debt securities.

AMP Scheme Warranties means the representations and warranties given by AMP in clause 12.1 (AMP Scheme representations and warranties).

AMP Shares means fully paid ordinary shares in the capital of AMP.

AMP Subsidiary means AMP Financial Services Holdings Limited, a wholly-owned subsidiary of AMP within the meaning of section 9 of the Corporations Act.

ANZ Businesses means the businesses of AXA APH Group ANZ.

ANZ Leadership Team means the persons occupying the following positions within the AXA APH Group: Chief Executive Officer Australia; General Manager Product; Chief Operations Officer; HR Director Australia; Chief Investment Officer; Chief Executive Officer Advice; Chief Financial Officer Australia; General Manager Sales & Marketing; General Manager Financial Advice Network; Chief Financial Officer NZ; Group Chief Actuary; Group Taxation Manager; Group General Counsel.

APF Loans means the following loans from AXA to AXA APF:

- (a) \$US225 million loan (\$US100 million Tranche C maturing in 2012 and \$US125 million E2 Tranche maturing in 2013); and
- (b) \$A480 million loan (\$A80 million Tranche D1 maturing in 2012 and \$A400 million tranche D3 maturing in 2012),

with both items (a) and (b) pursuant to the Loan Facility Agreement dated 25 September 2001 (as amended from time to time) between APF (as borrower), AXA APH (as guarantor) and AXA (as lender), containing a revolving \$A facility of \$400 million and term facilities of \$US395 million and A\$80 million; and

- (c) A\$280 million subordinated debt (maturing in 2011) pursuant to the Subordinated Loan Agreement dated 25 September 2001 between AXA APF (as borrower), AXA APH (as guarantor) and AXA (as lender), containing a facility of A\$280 million.

APRA means the Australian Prudential Regulation Authority.

Asian Affiliate means any Affiliate that is a member of AXA APH Group Asia.

Asian Businesses means the businesses of AXA APH Group Asia.

Asia Due Diligence Information means the information and documents fairly disclosed by AXA APH or its Representatives to AXA or its Representatives prior to the date of this deed.

Asian Subsidiary has the meaning given in the Asian Subsidiary Deed.

Asian Subsidiary Deed has the meaning given in Recital E.

Asian Transaction Documents means those documents relating to the Asian Transactions fully and fairly notified to AXA APH in writing by both AMP and AXA before execution of this deed as constituting "Asian Transaction Documents" for the purposes of this deed.

Asian Transactions means the transactions and arrangements (as agreed or contemplated by AMP and AXA) relating to the sale of the Asian Businesses and AXA APH Group Asia to AXA and/or the Nominees, and associated transactions and arrangements (as agreed or contemplated by AMP and AXA) relating to the separation of the AXA APH Group ANZ from AXA and of AXA APH Group Asia from AXA APH Group ANZ.

ASIC means the Australian Securities and Investments Commission.

ASIC Review Draft has the meaning given in clause 6.1(e).

Associate has the meaning given in sections 10 to 17 of the Corporations Act or Listing Rule 14.11 (as the context requires) but, when used in relation to AXA in connection with the Share Scheme Meeting or the AXA APH General Meeting, excludes a Subsidiary of AXA that holds AXA APH Shares on behalf of a party, or as trustee for a party, that is not AXA or a Subsidiary of AXA, but only to that extent and where permitted under any applicable law.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ATO means the Australian Taxation Office.

ATO Draft Ruling Request means the draft ATO ruling request dated 25 November 2010 prepared by KPMG on behalf of AMP and provided to AXA APH on 25 November 2010.

AXA Announcement means the press release to be released by AXA in accordance with clause 8.5 (*Announcements*) in the form agreed by the parties.

AXA APF means AXA Asia Pacific Finance Limited ACN 006 363 837.

AXA APH Announcement means the press release to be released by AXA APH in accordance with clause 8.5 (*Announcements*) in the form agreed by the parties.

AXA APH Asia Regulatory Approvals means:

- (a) the Regulatory Approvals as set out in Schedule 3 required by (as the case may be) AXA (and/or the Nominees and/or any shareholder(s) of AXA), AMP (or AMP Subsidiary and/or any shareholder(s) of AMP), AXA APH and/or any of the relevant Asian Subsidiaries or the relevant Asian Affiliates for the purposes of the:
 - (i) acquisition by AMP Subsidiary of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and/or
 - (ii) direct or indirect acquisition by AXA (and/or the Nominees) of the shares in the relevant Asian Subsidiary and/or the relevant Asian Affiliate whether under the Asian Transaction Documents or under the Asian Subsidiary Deed; and
- (b) any other consent and/or approval required from any Regulatory Authority which, based on legal advice received by a party (a copy of which is to be provided to the other parties if requested) the parties (acting reasonably) agree in writing:
 - (i) is necessary for the Asian Transactions or the sale of any of the Asian Subsidiaries and/or the Asian Affiliates to AXA and/or the Nominee

under the Asian Subsidiary Deed, or in respect of the Share Scheme or the acquisition of the AXA Holding (as applicable) (including, without limitation, as a result of any change to the structure or steps involved in the Asian Transactions or the sale of any of the Asian Subsidiaries and/or the Asian Affiliates to AXA and/or the Nominees under the Asian Subsidiary Deed); and

- (ii) should be considered an 'AXA APH Asia Regulatory Approval' for the purposes of this deed.

AXA APH Board means the board of directors of AXA APH.

AXA APH Due Diligence Adverse Change means facts or matters identified or discovered in the Confirmatory Due Diligence Period which, when aggregated with all such facts and matters, have resulted in or could reasonably be expected to result (whether now or in the future) in:

- (a) a reduction in the consolidated net assets (excluding goodwill and intangible assets, but including, for the avoidance of doubt, deferred tax assets, and on an ungeared basis) of AXA APH Group ANZ of more than \$200 million; or
- (b) a reduction in the Operating Earnings of AXA APH Group ANZ of more than \$23 million on an annualised basis (representing an amount that is 10% of the Operating Earnings of AXA APH Group ANZ for the immediate 12 months to 30 June 2010 as disclosed in the AXA APH Investor Compendium) that results or could reasonably be expected to result in a reduction in AXA APH Group ANZ's value of in-force calculated using the traditional approach (as defined in the AXA APH Investor Compendium) of more than \$300 million,

other than an event, occurrence or matter which:

- (c) was Fairly Disclosed (excluding any sensitivity analysis) in:
 - (i) any announcement on ASX made by AXA APH prior to the date of this deed; or
 - (ii) the AXA APH Initial Due Diligence Information,

and disregarding the effect of any:

- (d) change in equity markets, interest rates, exchange rates or credit spreads;
- (e) changes in lapse rates, claims rates, mortality rates or morbidity rates arising from changes in economic or business conditions in Australia and New Zealand; or
- (f) change in laws, regulations or Taxes that affects participants in the life insurance and wealth management industry in Australia and/or New Zealand generally.

AXA APH Due Diligence Information means:

- (a) the AXA APH Initial Due Diligence Information; and
- (b) the written information and documents fairly disclosed by AXA APH or its Representatives to AMP or its Representatives during the Confirmatory Due Diligence Period in connection with the Confirmatory Due Diligence (including any written notes of oral presentations, meetings and interviews between AMP or its Representatives and members of AXA APH management agreed by AMP acting reasonably).

AXA APH Executive Deal Team means Andy Penn, Geoff Roberts, Kevin Keenan, David Rowe, Jo Swaby and Kirk Wilks.

AXA APH General Meeting means the meeting of AXA APH Shareholders to be convened by AXA APH as required by clause 6.1 (*AXA APH's obligations*) or any substitute meeting convened by AXA APH in accordance with clause 3.14(b)(iii), as the context requires.

AXA APH Group means AXA APH and each of its Subsidiaries.

AXA APH Group ANZ means AXA APH and its Subsidiaries or Affiliates that conduct the life insurance and wealth management business in Australia and New Zealand and the run-off business operated in Taiwan, comprising the entities shown in the structure diagram in Schedule 2 as AXA APH Group ANZ members.

AXA APH Group ANZ Material Adverse Change means an event, occurrence or matter which when aggregated with all such events, occurrences or matters, has resulted in or could reasonably be expected to result (whether now or in the future) in:

- (a) a reduction in the consolidated net assets (excluding goodwill and intangible assets, but including, for the avoidance of doubt, deferred tax assets, and on an ungeared basis) of AXA APH Group ANZ of more than \$200 million at any time on or after 30 September 2010; or
- (b) a reduction in the Operating Earnings of AXA APH Group ANZ of more than \$23 million on an annualised basis (representing an amount that is 10% of the Operating Earnings of AXA APH Group ANZ for the immediate 12 months to 30 June 2010 as disclosed in the AXA APH Investor Compendium) at any time on or after 30 September 2010 that results or could reasonably be expected to result in a reduction in AXA APH Group ANZ's value of in-force calculated using the traditional approach (as defined in the AXA APH Investor Compendium) of more than \$300 million,

other than an event, occurrence or matter which:

- (c) was Fairly Disclosed (excluding any sensitivity analysis) in:
 - (i) any announcement on ASX made by AXA APH prior to the date of this deed; or
 - (ii) the AXA APH Due Diligence Information; or
- (d) is required to be undertaken or procured by the AXA APH Group either:
 - (i) pursuant to the Transaction Documents; or
 - (ii) as a result of, or in order to implement, the Transactions,

and disregarding the effect of any:

- (e) change in equity markets, interest rates, exchange rates or credit spreads;
- (f) changes in lapse rates, claims rates, mortality rates or morbidity rates arising from changes in economic or business conditions in Australia and New Zealand; or
- (g) change in laws, regulations or Taxes that affects participants in the life insurance and wealth management industry in Australia and/or New Zealand generally.

AXA APH Group ANZ Operating Segment means each of the operating segments of AXA APH Group ANZ being Financial Protection, Mature, New Zealand and Wealth Management.

AXA APH Group ANZ Prescribed Occurrence means the occurrence of any of the following events (other than as required to be undertaken or procured by the AXA APH Group pursuant to the Transaction Documents, including without limitation clause 7.3 (*Ring fencing of AXA APH Group Asia and AXA APH Group ANZ*), or to the extent agreed to in writing by AMP):

- (a) AXA APH converts all or any of its shares into a larger or smaller number of shares;
- (b) AXA APH, an AXA APH Group ANZ Subsidiary (other than a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ) or an AB Entity resolves to reduce its capital in any way;
- (c) AXA APH or an AXA APH Group ANZ Subsidiary (other than a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ) or an AB Entity:
 - (i) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act; or
 - (ii) takes equivalent action under the laws of its place of incorporation or registration,
in respect of its own capital;
- (d) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity issues shares, or grants an option over or to subscribe for its shares, or agrees to make such an issue or grant such an option other than:
 - (i) pursuant to the exercise of AXA APH Options that are on issue as at the date of this deed, where such issue is permitted under clause 11 (*Employee Plans*);
 - (ii) to AXA APH or a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ;
 - (iii) in the case of an AXA APH Group ANZ Subsidiary which is not wholly-owned by AXA APH, the issue or grant of an option, or agreement to issue or grant an option, being on equal terms and on a pro rata basis for all the shareholders of that entity; or
 - (iv) pursuant to:
 - (A) the offer and issues of shares in Genesys Holdings Limited to member firms as part of the second round offer under the Genesys Member Firms Participation Plan; or
 - (B) the employee option scheme operated by Tynan Mackenzie Pty Ltd;
- (e) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity issues, or agrees to issue, convertible notes or any other security convertible into shares, other than:

- (i) to AXA APH or a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ; or
 - (ii) in the case of an AXA APH Group ANZ Subsidiary which is not wholly-owned by AXA APH, the issue or agreement to issue is on equal terms and on a pro rata basis for all the shareholders of that entity;
- (f) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity agrees to pay, declares or pays a dividend or any other form of distribution of profits or capital, other than:
- (i) the declaration or payment by AXA APH of the Permitted AXA APH Dividend;
 - (ii) to AXA APH or a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ;
 - (iii) in the case of an AXA APH Group ANZ Subsidiary which is not wholly-owned by AXA APH, to a third party shareholder of the entity on a proportionate basis; or
 - (iv) provided that clause 7.1(b) is complied with, a dividend or any other form of distribution of profits or capital constituting Portfolio Investments;
- (g) AXA APH, an AXA APH Group ANZ Subsidiary (other than a wholly-owned Subsidiary of AXA APH which is a member of AXA APH Group ANZ) or an AB Entity makes any material change to its constitution (other than as required to give effect to the Transactions or in relation to unit trusts and collective investment schemes);
- (h) a material change is made by AXA APH or an AXA APH Group ANZ Subsidiary to the risk profile or asset class mix of the shareholder fund or statutory funds of the AXA APH Life Company and other members of the AXA APH Group ANZ, or to the bonus and crediting rates of the AXA APH Life Company and other members of the AXA APH Group ANZ that:
- (i) causes the risk profile or asset class mix of the shareholder fund or statutory funds to be materially different to either policyholder reasonable expectations (**PRE**) or such company's policies or guidelines, in each case as disclosed in the AXA APH Initial Due Diligence Information; or
 - (ii) causes the excess of regulatory capital resources above MRR or the excess of regulatory capital resources above MRR plus the target surplus to be materially more sensitive to equity markets or bond yields to that which is disclosed in the AXA APH Initial Due Diligence Information;
- (i) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity enters into, terminates or varies in a material respect the terms of any agreement, arrangement or understanding which:
- (i) requires or would be likely to result in expenditure by an AXA APH Group ANZ Subsidiary (either alone or together with any Subsidiary of AXA APH Group ANZ) or an AB Entity (as the case may be) of \$5 million or more in any year;

(ii) in the case of AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity entering into investment management agreements (or substantially similar agreements) to appoint a person as investment manager, advisor, sub-manager or sub-advisor (**IMA**), relates to funds under management of more than \$50 million in the case of any particular IMA or which relates to funds under management of more than \$200 million in aggregate in the case of all IMAs entered into after the date of this deed; or

(iii) is otherwise material to the business or operations of the AXA APH Group ANZ as a whole,

other than:

(iv) except in the case of an IMA where that agreement can be terminated by the relevant member of the AXA APH Group ANZ on less than 6 months' notice without penalty;

(v) in the case of an IMA, where the IMA can be terminated by the relevant member of the AXA APH Group ANZ on less than 3 months' notice without penalty;

(vi) in the case of variations to an IMA, where those variations are made in the ordinary course of business and relate to the provision of new products (other than variations in respect of the ability of the relevant member of AXA APH Group ANZ to terminate the IMA);

(vii) in relation to IMAs for the purposes of mandates or any alternative assets program selected by the AXA APH Multimanager business; or

(viii) in the case of variations to, or termination of, an IMA, where to do so would result in any member of AXA APH Group ANZ breaching its fiduciary or regulatory obligations; or

(iii) except in respect of IMAs and provided that clause 7.1(b) is complied with, where that agreement, arrangement or understanding is in respect of a Portfolio Investment;

(j) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity acquires, leases, agrees to acquire or lease, or offers, proposes or announces a bid for, any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a contingent commitment or a series of commitments or contingent commitments involving capital expenditure by the AXA APH Group ANZ whether in one transaction or a number of such transactions, where the amounts or present value involved in such transaction, transactions, commitments, contingent commitments or series of commitments or contingent commitments exceeds \$40 million in aggregate, other than:

(i) in connection with guarantees or indemnities provided by a member of AXA APH Group ANZ in favour of another member of AXA APH Group ANZ; or

(ii) provided that clause 7.1(b) is complied with, as attributable to a Portfolio Investment;

(k) without limiting paragraph (l), AXA APH an AXA APH Group ANZ Subsidiary or an AB Entity disposes of, or agrees to dispose of, or offers, proposes or announces

tenders for, any assets, properties or businesses, (other than, provided that clause 7.1(b) is complied with, as attributable to a Portfolio Investment) whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions of the same or substantially the same kind or which are related exceeds \$25 million in aggregate (however, in the case of an AXA APH Group ANZ Subsidiary which is not wholly-owned by AXA APH, only the portion of the amount or value that is attributed to the relevant member of the AXA APH Group ANZ is to count towards the \$25 million limit);

- (l) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity disposes, or agrees to dispose, of shares or other securities in a member of AXA APH Group ANZ other than:
 - (i) to another wholly-owned member of the AXA APH Group ANZ;
 - (ii) in the case of entities that operate the Ipac, Genesys or Financial Advice Network businesses, where the disposal, or agreement to dispose, is in the ordinary course of business of the relevant entity and the amount or value involved in all disposals or under all agreements to dispose of securities does not exceed \$25 million in aggregate; or
 - (iii) provided that clause 7.1(b) is complied with, AXA APH Shares which constitute Portfolio Investments.
- (m) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity creates, or agrees to create, any mortgage, charge, lien or other encumbrance over its business or any part of its property (other than, provided that clause 7.1(b) is complied with, assets constituting Portfolio Investment) other than where it does so in the ordinary course of its business;
- (n) AXA APH, an AXA APH Group ANZ Subsidiary or an AB Entity incurs any financial indebtedness or issues any indebtedness or debt securities, other than where:
 - (i) it incurs trade payables in the ordinary course of business;
 - (ii) it does so in favour of another member of AXA APH Group ANZ;
 - (iii) it does so to refinance with AXA or a Subsidiary of AXA existing debt with AXA or a Subsidiary of AXA;
 - (iv) it does so pursuant to advances under bank overdraft facilities in existence as at the date of this deed, where the funds drawn pursuant to those advances are used in the ordinary course of business and the aggregate amount of such advances does not exceed \$10 million at any given time;
 - (v) it incurs indebtedness as a result of a short term settlement error or similar event or occurrence relating to hedging arrangements or derivative instruments entered into in the ordinary course of business which was not the result of an act or omission of a Subsidiary of the AXA APH Group or their Representatives; or
 - (vi) provided that clause 7.1(b) is complied with, it does so as part of its business in relation to Portfolio Investments, where the lender or holder of debt securities has recourse only to Portfolio Investments in respect of the relevant indebtedness or debt securities;

- (o) AXA APH or an AXA APH Group ANZ Subsidiary:
 - (i) makes or repays any loans or advances (other than trade receivables or advances pursuant to bank overdraft facilities contemplated by paragraph (n)(iii)) to any other person; or
 - (ii) makes capital contributions to, or investments in, any other person other than in the ordinary course of business,

other than where it does so:
 - (iv) in favour of another member of the AXA APH Group ANZ or, provided that clause 7.1(b) is complied with, as part of its business in relation to Portfolio Investments where the repayment, capital contribution or investment is made out of Portfolio Investments; or
 - (v) in the ordinary course of AXA APH Group ANZ's Ipac, Genesys or Financial Advice Network businesses; or
- (p) AXA APH or an AXA APH Group ANZ Subsidiary:
 - (i) pays any bonus, retention payment or termination benefit to any director or executive of AXA APH or any AXA APH Group ANZ Subsidiary or AXA APH Group Asia Subsidiary;
 - (ii) increases the remuneration or compensation of any executive director or executive of AXA APH or any AXA APH Group ANZ Subsidiary or AXA APH Group Asia Subsidiary other than in accordance with AXA APH's normal salary review procedure;
 - (iii) grants to any director or executive of AXA APH or any AXA APH Group ANZ Subsidiary or AXA APH Group Asia Subsidiary any increase in severance or termination pay or superannuation entitlements; or
 - (iv) makes or agrees to make any material change to the terms of, or waives any claims or rights under, or waives the benefit of any provisions of, any contract of employment with any executive director or executive of AXA APH or any AXA APH Group ANZ Subsidiary or AXA APH Group Asia Subsidiary,

other than:
 - (v) paying or granting retention payments to certain directors and executives of the AXA APH Group ANZ up to an aggregate amount of \$15.5 million, provided no such payment (or payment pursuant to any such grant) may be made unless:
 - (A) this deed is terminated; or
 - (B) the Share Scheme has not become Effective before the End Date;
 - (vi) paying or granting rights to deferred cash payments, in place of the participation by certain directors and executives of AXA APH Group ANZ in the AXA APH long-term incentive plan for 2011, to those directors and executives up to an aggregate amount of \$6.5 million and

pursuant to terms and conditions fully and fairly disclosed to AMP or its Representatives before the date of this deed;

- (vii) in accordance with the requirements of the employment terms of, and AXA APH policies applying to, that director or executive in existence as at the date of this deed, as fully and fairly disclosed to AMP or its Representatives before the date of this deed;
- (viii) in the ordinary and usual course of business on the basis of principles consistent with those applied in prior years, as fully and fairly disclosed to AMP or its Representatives before the date of this deed (including to fill roles of directors or executives of AXA APH Group as at the date of this deed which become vacant, other than a role the current occupant of which is to receive a termination payment in respect of which the approval of AXA APH Shareholders is to be sought after the date of this deed and before the Implementation Date);
- (ix) on an ad hoc basis to individual directors or executives, as a result of exceptional or unforeseen circumstances, up to an aggregate limit of \$2 million; or
- (x) under the deferred incentive plan referred to in clause 11.6;
- (q) an Insolvency Event occurs in relation to:
 - (i) AXA APH; or
 - (ii) any material AXA APH Group ANZ Subsidiary or an AB Entity; or
- (r) the trustee of any trust in which AXA APH or another member of AXA APH Group ANZ has an interest of more than 50% and that would, if it were a company, be an AXA APH Group ANZ Subsidiary undertaking an action in respect of that trust if the corresponding action, in the case of AXA APH or any member of AXA APH Group ANZ, would (mutatis mutandis) constitute an AXA APH Group ANZ Prescribed Occurrence.

In respect of each AXA APH Group ANZ Prescribed Occurrence that extends to an AB Entity, that AXA APH Group ANZ Prescribed Occurrence will only be triggered if AXA APH (based on the actual knowledge of any member of the AXA APH Executive Deal Team, any member of the ANZ Leadership Team or any AXA APH nominee on the board of an AB Entity) was aware of the relevant event before it occurred and failed to take such action available to it under the constituent documents, shareholders' agreements or joint venture agreements (as applicable) to which the relevant AB Entity is subject to prevent the AXA APH Group ANZ Prescribed Occurrence from occurring.

AXA APH Group ANZ Subsidiary means any member of AXA APH Group ANZ which is a Subsidiary of AXA APH.

AXA APH Group Asia means the Subsidiaries or Affiliates of AXA APH (including, without limitation, NMI) that conduct the life insurance and wealth management businesses outside of Australia and New Zealand (excluding the run-off business operated in Taiwan) comprising the entities shown in the structure diagram in Schedule 2 as AXA APH Group Asia members.

AXA APH Group Asia Material Adverse Change means an event, occurrence or matter which when aggregated with all such events, occurrences or matters, has resulted in or could reasonably be expected to result in:

- (a) a reduction in the consolidated net assets (ungeared) of AXA APH Group Asia of more than \$362 million (representing an amount that is 10% of the consolidated net assets (ungeared) of AXA APH Group Asia as at 30 June 2010) at any time on or after 30 September 2010; or
- (b) an annual reduction in the Operating Earnings of AXA APH Group Asia of more than \$34 million (representing an amount that is 10% of the Operating Earnings of AXA APH Group Asia for the immediate 12 months to 30 June 2010 as disclosed in the AXA APH Investor Compendium) at any time on or after 30 September 2010 that results or is reasonably likely to result in a reduction in AXA APH Group Asia's value of in-force calculated using the traditional approach (as defined in the AXA APH Investor Compendium) of more than \$387 million,

other than an event, occurrence or matter which:

- (c) AXA was aware of prior to the date of this deed. For the purposes of this paragraph (c), AXA is "aware" of an event, occurrence or matter if it or a director or executive of AXA or a Subsidiary of AXA (other than a member of the AXA APH Group) is aware of the event, occurrence or matter, including, without limitation, as a result of any knowledge obtained as a result of:
 - (i) the AXA Holding; or
 - (ii) a Representative of AXA being a director of an entity in the AXA APH Group;
- (d) was Fairly Disclosed (excluding any sensitivity analysis) in:
 - (i) any announcement on ASX made by AXA APH prior to the date of this deed; or
 - (ii) the Asia Due Diligence Information; or
- (e) is required to be undertaken or procured by the AXA APH Group pursuant to the Transaction Documents or which results directly or indirectly from the announcement or implementation of the Transactions,

and disregarding the effect of any:

- (f) change in equity markets, interest rates, exchange rates or credit spreads;
- (g) event, occurrence or matter arising from changes in economic or business conditions in any of the jurisdictions in which the Asian Businesses operate; or
- (h) change in laws, regulations, interest rates or Taxes that affects participants in the life insurance and wealth management industry generally in any of the jurisdictions in which the Asian Businesses operate.

AXA APH Group Asia Prescribed Occurrence means the occurrence of any of the following events (other than as required to be undertaken or procured by the AXA APH Group pursuant to the Transaction Documents, to the extent agreed to in writing by AXA, or where the relevant event had been fully and fairly disclosed to AXA by AXA APH or its Representatives prior to the date of this deed):

- (a) any AXA APH Group Asia Subsidiary (other than a member which is wholly-owned by another member or members of AXA APH Group Asia or AXA APH (as the case may be)) or an Asian Affiliate resolves to reduce its capital in any way;

- (b) any AXA APH Group Asia Subsidiary (other than a member which is wholly-owned by another member of AXA APH Group Asia) or Asian Affiliate:
 - (i) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act; or
 - (ii) takes equivalent action under the laws of its place of incorporation or registration,
 in respect of its own capital;
- (c) any AXA APH Group Asia Subsidiary or Asian Affiliate issues shares, or grants an option over or to subscribe for its shares, or agrees to make such an issue or grant such an option, other than as permitted by clause 7.3 (*Ring fencing of AXA APH Group Asia*) or in the case of an Asian Affiliate or AXA APH Group Asia Subsidiary which is not wholly-owned by AXA APH, the issue or grant of an option, or agreement to issue or grant an option, being on equal terms and on a pro rata basis for all the shareholders of that entity;
- (d) any AXA APH Group Asia Subsidiary or Asian Affiliate issues, or agrees to issue, convertible notes or any other security convertible into shares other than as permitted by clause 7.3 (*Ring fencing of AXA APH Group Asia*) or in the case of an Asian Affiliate or AXA APH Group Asia Subsidiary which is not wholly-owned by AXA APH, the issue or agreement to issue, being on equal terms and on a pro rata basis for all the shareholders of that entity;
- (e) any AXA APH Group Asia Subsidiary or Asian Affiliate agrees to pay, declares or pays a dividend or any other form of distribution of profits or capital, other than:
 - (i) payment to a member of AXA APH Group Asia or a third party shareholder of the Asian Affiliate existing as at the date of this deed (on a proportionate basis);
 - (ii) a dividend or any other form of distribution of profits or capital constituting Portfolio Investments;
 - (iii) payments required to be made in respect of the Permitted AXA APH Dividend in accordance with clause 7.3(p);
- (f) any AXA APH Group Asia Subsidiary (other than a member of AXA APH Group Asia which is wholly-owned by another member or members of AXA APH Group Asia or AXA APH (as the case may be)) or an Asian Affiliate makes any material change to its constitution (other than as required to effect the Transactions or the Asian Transactions or in relation to unit trusts and collective investment schemes);
- (g) any AXA APH Group Asia Subsidiary or Asian Affiliate enters into, terminates, renews or varies the terms of any contract which is material to the business of AXA APH Group Asia (as a whole), other than in the ordinary course of its business or where the contract is in respect of a Portfolio Investment relating to the Asian Businesses;
- (h) any AXA APH Group Asia Subsidiary acquires or agrees to acquire any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the AXA APH Group Asia (other than as attributable to a Portfolio Investment), whether in one transaction or a number of such transactions, where the amounts or present value involved in such

transaction, transactions, commitments or series of commitments of the same or substantially the same kind exceeds \$100 million in aggregate, other than in the ordinary course of its business;

- (i) any AXA APH Group Asia Subsidiary or Asian Affiliate disposes of, or agrees to dispose of, any assets, properties or businesses (other than as attributable to a Portfolio Investment), whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions of the same or substantially the same kind exceeds \$100 million in aggregate (however, in the case of an Asian Affiliate or AXA APH Group Asia Subsidiary which is not wholly-owned by AXA APH, only the portion of the amount or value that is attributed to the relevant member of the AXA APH Group Asia is to count towards the \$100 million limit), other than in the ordinary course of business;
- (j) any AXA APH Group Asia Subsidiary or Asian Affiliate creates, or agrees to create, any mortgage, charge, lien or other encumbrance over its business or any part of its property (other than assets constituting Portfolio Investments) other than where it does so in favour of another member of AXA APH Group Asia or in the ordinary course of its business;
- (k) any AXA APH Group Asia Subsidiary or Asian Affiliate incurs any financial indebtedness or issues any indebtedness or debt securities, other than where it does so:
 - (i) in the ordinary course of business;
 - (ii) in favour of another member of AXA APH Group Asia which is wholly-owned by another member or members of AXA APH Group Asia or AXA APH (as the case may be); or
 - (iii) as part of its business in relation to Portfolio Investments, where the lender or holder of debt securities has recourse only to Portfolio Investments in respect of the relevant indebtedness or debt securities;
- (l) an Insolvency Event occurs in relation to any member of AXA APH Group Asia and the insolvency of that member of AXA APH Group Asia is material to AXA APH Group Asia (taken as a whole);
- (m) the trustee of any trust in which any member of AXA APH Group Asia has an interest of more than 50% and which would, if it were a company, be an AXA APH Group Asia Subsidiary or Asian Affiliate undertaking an action in respect of that trust if the corresponding action, in the case of the member of AXA APH Group Asia, would (mutatis mutandis) constitute an AXA APH Group Asia Prescribed Occurrence; or
- (n) any event described in paragraphs (a) or (d) of the definition of AXA APH Group ANZ Prescribed Occurrence.

In respect of any AXA APH Group Asia Prescribed Occurrence that extends to an Asian Affiliate, that AXA APH Group Asia Prescribed Occurrence will only be triggered if:

- (i) AXA APH (based on the actual knowledge of the AXA APH Executive Deal Team or any AXA APH nominee on the board of an Asian Affiliate) was aware of the relevant event before it occurred and failed to take such action available to it under the constituent documents, shareholders' agreements or joint venture agreements (as applicable) to

which the Asian Affiliate is subject to prevent the AXA APH Group Asia Prescribed Occurrence from occurring; and

- (ii) the AXA APH Group Asia Prescribed Occurrence has had or is likely to have a material effect on the business or operations of AXA APH Group Asia as a whole.

AXA APH Group Asia Resolutions means:

- (a) an ordinary resolution of AXA APH Shareholders (excluding AXA and its Associates) for the purposes of satisfying the requirements of the Listing Rules in relation to the Asian Transactions or the sale of the Asian Subsidiaries to AXA or the Nominees under the Asian Subsidiary Deed, pursuant to Listing Rules 10.1, 10.5, 11.1 and 11.2 (as applicable); and
- (b) an ordinary resolution of AXA APH Shareholders (excluding AXA and its Associates) for the purposes of satisfying the requirements of Chapter 2E of the Corporations Act in relation to the Asian Transactions or the sale of the Asian Subsidiaries to AXA or the Nominees under the Asian Subsidiary Deed.

AXA APH Group Asia Subsidiary means any member of AXA APH Group Asia which is a Subsidiary of AXA APH.

AXA APH Indemnified Parties means the directors, officers and employees of AXA APH and each of its Subsidiaries.

AXA APH Information means all information included in the Explanatory Memorandum, and any updates to that information prepared by or on behalf of AXA APH in accordance with clause 6.1(i), other than the AMP Information, the AXA Information, the Investigating Accountant's Report and the Independent Expert's Report. For the avoidance of doubt, this includes information that has been provided by AMP to AXA APH that is based on information provided by AXA APH to AMP and which is consequently excluded from the definition of AMP Information.

AXA APH Initial Due Diligence Information means the written information and documents (including any written notes of oral presentations, meetings and interviews between AMP or its Representatives and members of AXA APH management agreed by AMP acting reasonably) disclosed by AXA APH or AXA APH's Representatives to AMP or AMP's Representatives, before the date of this deed, an index of which has been initialled by AXA APH, AXA and AMP, with the precise set of written information and documents the subject of that index to be agreed between AXA APH and AMP as soon as practicable after the date of this deed (and held by AXA APH's lawyers).

AXA APH Investor Compendium means the AXA APH investor compendium for the 6 months ended 30 June 2010.

AXA APH Life Company means The National Mutual Life Association of Australasia Limited.

AXA APH-NMI Loan means:

- (a) the loan from AXA APH to NMI, which had an outstanding principal amount of approximately A\$2,748 million as at 30 June 2010; and
- (b) any other loans from AXA APH to NMI made between 1 July 2010 and the second Business Day after the Implementation Date (both inclusive).

AXA APH Option means a performance right or allocation right granted pursuant to the AXA APH Option Plan.

AXA APH Optionholder means a person who is registered in the AXA APH Option Register as a holder of AXA APH Options.

AXA APH Option Plan means the Executive Performance Plan 2004 operated by AXA APH.

AXA APH Option Register means the register of holders of AXA APH Options maintained by or on behalf of AXA APH in accordance with section 168(1) of the Corporations Act.

AXA APH Scheme Warranties means the representations and warranties given by AXA APH at clause 12.5 (*AXA APH representations and warranties*).

AXA APH Share Register means the register of members of AXA APH maintained by or on behalf of AXA APH in accordance with section 168(1) of the Corporations Act.

AXA APH Shareholder means a person who is registered in the AXA APH Share Register as a holder of AXA APH Shares.

AXA APH Shares means fully paid ordinary shares in the capital of AXA APH.

AXA Holding means the Sale Shares (as defined in the AAPHL Share Sale Deed), being the AXA APH Shares which AMP Subsidiary will acquire upon completion of the transactions contemplated by the AAPHL Share Sale Deed.

AXA Indemnified Parties means the directors, officers and employees of AXA and each of its Subsidiaries (other than members of the AXA APH Group).

AXA Information means all information regarding AXA and its Subsidiaries (other than the AXA APH Group) as is required to be included in the Explanatory Memorandum under the Corporations Act, the Listing Rules and the Policy Statements (including in relation to the Asian Subsidiary Deed, the AAPHL Share Sale Deed and statements of intention in relation to the Asian Businesses (following the Effective Date) that is provided by or on behalf of AXA to AXA APH or its Representatives for inclusion in the Explanatory Memorandum, and any updates to that information provided in accordance with clause 6.4(g).

AXA Scheme Warranties means the representations and warranties given by AXA at clause 12.3 (*AXA Scheme representations and warranties*).

AXA Share Sale Warranties means the warranties given by AXA in the AAPHL Share Sale Deed.

Beneficiary means a present or former director or officer of the AXA APH Group in respect of whom the Policy applies.

BU Operating Earnings means the shareholder attributable profits or losses that relate to the performance of the AMP Financial Services and AMP Capital Investors business units and excludes investment earnings on shareholder capital, interest costs on debt and one-off items such as transformation costs and assets sales and value adjustments.

Business Day is any day that is a Business Day within the meaning given in the Listing Rules.

Claim means, in relation to any person, any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature made against the person howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Competing Proposal means a transaction or arrangement which is proposed by a Third Party pursuant to which (other than as contemplated pursuant to the Transactions or the Asian Transactions) a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) acquire a Relevant Interest in any AXA APH Shares, as a result of which the Third Party will have a Relevant Interest in 20% or more of the AXA APH Shares or voting power of more than 20% in any member of the AXA APH Group;
- (b) otherwise acquire control of AXA APH or the AXA APH Group or any member of the AXA APH Group within the meaning of section 50AA of the Corporations Act; or
- (c) directly or indirectly acquire, merge with, or acquire (or have the right to so merge with or acquire) a significant economic interest in AXA APH or all or a significant part of the business of the AXA APH Group, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the AXA APH Group or other synthetic merger or any other transaction or arrangement.

For the avoidance of doubt, but without limitation, for the purposes of paragraph (c) above:

- (d) the whole or a significant part of the Asian Businesses will be taken to be a significant part of the business of the AXA APH Group; and
- (e) the whole or a significant part of the ANZ Businesses will be taken to be a significant part of the business of the AXA APH Group.

Confidentiality Agreement means the confidentiality agreement entered into between AXA APH, AMP and AXA on 18 November 2010.

Confirmatory Due Diligence has the meaning given to that term in clause 4.1.

Confirmatory Due Diligence Period has the meaning given to that term in clause 4.1.

Confirmatory Due Diligence Scope means the 'Phase 2 Due Diligence Request List' provided by AMP to AXA APH and initialled by the parties prior to the date of this deed.

Co-operation Deed means the deed of that name between AMP and AXA dated on or about the date of this deed.

Corporations Act means the Corporations Act 2001 (Cth).

Court has the meaning given in the Merger Implementation Deed.

Deeds Poll means the Deeds Poll as defined in the Merger Implementation Deed.

Detura has the meaning given in the Asian Subsidiary Deed.

Effective means, when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means, when used in relation to a Scheme, the date on which the Scheme becomes Effective.

Employee Plans means the following employee equity plans operated by AXA APH:

- (a) the AXA APH Option Plan;
- (b) Australian General Employee Share Plan – Tax Deferred; and
- (c) Australian General Employee Share Plan – Tax Exempt.

End Date means 30 June 2011 or such later date as is agreed by the parties in writing.

Exercise Deadline has the meaning defined in the Merger Implementation Deed.

Explanatory Memorandum means the explanatory memorandum to be prepared in respect of the Schemes and the AXA APH Group Asia Resolutions in accordance with the terms of this deed and to be despatched by AXA APH to relevant AXA APH Shareholders and AXA APH Optionholders.

First Court Date has the meaning defined in the Merger Implementation Deed.

Implementation Date has the meaning defined in the Merger Implementation Deed.

Independent Directors Committee means the committee of independent directors of AXA APH established by the AXA APH Board in connection with the Transactions.

Independent Expert means the independent expert to be engaged by AXA APH to express an opinion on whether:

- (a) the Share Scheme is in the best interests of Scheme Shareholders;
- (b) the Option Scheme is fair and reasonable to, and in the best interests of, Scheme Optionholders; and
- (c) each of the transactions the subject of the AXA APH Group Asia Resolutions are fair and reasonable to, and in the best interests of, AXA APH Shareholders other than AXA and its Associates.

Independent Expert's Report means the report from the Independent Expert for inclusion in the Explanatory Memorandum, and any update to such report that the Independent Expert issues. To avoid doubt, a reference to the 'Independent Expert's Report' also includes the report of the independent actuary which will form part of the Independent Expert's Report.

Indonesia has the meaning given in the Asian Subsidiary Deed.

Insolvency Event means, in relation to a person:

- (a) the person resolves that it be wound up or an application is made for the winding up or dissolution of the person other than where the application is set aside within 14 days;
- (b) a liquidator or provisional liquidator of the person is appointed;
- (c) a court makes an order for the winding up or dissolution of the person;
- (d) an administrator of the person is appointed under sections 436A, 436B or 436C of the Corporations Act or under any applicable law;
- (e) the person ceases, or threatens to cease, to carry on business;

- (f) the person executes a deed of company arrangement under the Corporations Act;
- (g) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the person;
- (h) the person is deregistered as a company or otherwise dissolved; or
- (i) the person is or becomes unable to pay its debts when they fall due,

or any analogous procedure, occurrence or step that occurs in relation to the person in any jurisdiction.

Investigating Accountant means an accounting firm to be appointed by AMP to prepare the Investigating Accountant's Report.

Investigating Accountant's Report means the report prepared by the Investigating Accountant in relation to the financial information regarding the Merged Group to be included in the Explanatory Memorandum.

IOOF means IOOF Ltd.

Listing Rules means the official listing rules of ASX.

Lock-up Period means the period commencing on the date of this deed and ending on the earlier of:

- (a) the date this deed is terminated in accordance with its terms; and
- (b) the Implementation Date.

Merged Group means the AMP Group after implementation of the Transactions and the Asian Transactions.

Merger Implementation Deed has the meaning defined in Recital C.

MRR means shareholder minimum regulatory capital requirements.

NAB means National Australia Bank Limited.

NMI means National Mutual International Pty Limited.

Nominee means any wholly owned subsidiary of AXA nominated by AXA.

NZX means NZX Limited or the relevant exchange operated by NZX Limited, as the context requires.

Operating Earnings means the shareholder attributable profit or loss (based upon long term normalised investment assumptions) that relate to the performance of AXA APH Group ANZ or AXA APH Group Asia, as the context requires, and excludes:

- (a) normalised investment earnings on shareholder capital (based upon long term normalised investment assumptions);
- (b) interest expense on debt;
- (c) corporate expenses;
- (d) executive share plan expenses;

- (e) amortisation of value of businesses acquired;
- (f) investment experience (from normalised investment earnings); and
- (g) one-off items, such as transformation costs, assets sales and value adjustments.

Option Scheme has the meaning defined in the Merger Implementation Deed.

Option Scheme Consideration has the meaning defined in the Merger Implementation Deed.

Permitted AMP Dividend means the final dividend declared by AMP for the year ended 31 December 2010 of not more than 16 cents per AMP Share.

Permitted AXA APH Dividend means the final dividend declared by AXA APH for the year ended 31 December 2010 of not more than 9.25 cents per AXA APH Share provided that the record date for the dividend is prior to the Effective Date.

Philippines has the meaning given in the Asian Subsidiary Deed.

Policy means the AXA APH Group directors and officers insurance policy in effect at the date of this deed.

Policy Statements means all regulatory guides published by ASIC and in force at the date of this deed.

Portfolio Investments means assets attributable to:

- (a) Investor Directed Portfolio Service client directed investments;
- (b) policyholder funds;
- (c) unit trusts or other collective investment schemes for which AXA APH, its Subsidiaries and Affiliates act as trustee, responsible entity, custodians or investment managers;
- (d) client funds under management;
- (e) portfolios managed under investment management agreements; and
- (f) (solely for the purposes of the references to "Portfolio Investments" in paragraphs (i), (k) and (l) of the definition of "AXA APH Group ANZ Prescribed Occurrence" and paragraphs (h) and (i) of the definition of "AXA APH Group Asia Prescribed Occurrence" in this clause 1.1) investment assets (whether of an equity, fixed interest, cash or property fund nature) held and traded for the benefit of the shareholders in the ordinary course of business on the advice of investment managers.

Pre-meeting VWAP means:

- (a) subject to paragraph (b) below, an arithmetic average (calculated to 2 decimal places) of the daily volume weighted average share prices for AMP Shares traded on ASX (excluding any and all special crossings, crossings made prior to the commencement of normal trading, crossings made during the closing phase or the after hours adjust phase, overseas trades and overnight crossings or trades pursuant to the exercise of options over AMP Shares, any trading of AMP Shares on a deferred settlement basis, and any other trades which AXA APH, AMP and AXA reasonably agree to exclude on the basis that they are not representative of the general price at which AMP Shares are trading on ASX in the context of trading in

AMP Shares on any day on which the trades took place) on each of the Trading Days comprising a Pre-meeting VWAP Period; and

- (b) if AMP declares any final dividend in respect of the full year ending 31 December 2010, then, for the purpose of calculating the Pre-meeting VWAP under paragraph (a), in calculating the volume weighted average share price for AMP Shares on any Trading Day during the Pre-meeting VWAP Period on which AMP Shares did not trade ex the entitlement to receive that dividend, the volume weighted average share price for AMP Shares on that Trading Day will be reduced by the cash amount of that dividend (and, for this purpose, if the ex date for that dividend is after the end of the Pre-meeting VWAP Period, the AMP Shares will be taken to not have traded ex-dividend during the Pre-meeting VWAP Period and the volume weighted average share price on the Trading Days during that period will be reduced in accordance with this paragraph accordingly).

Pre-meeting VWAP Period means any 10 consecutive Trading Days all of which are during the period between the date of this deed and the date of the Scheme Meetings (excluding those two dates).

Prescribed Majority means the Chairman, and a majority of the other members, of the Independent Directors Committee.

Regional Leadership Team means the persons occupying the following positions within the AXA APH Group Asia: Regional CEO; Regional CFO; Regional GM, Human Resources; CEO, South East Asia; Regional GM, Corporate Development and Strategy; Regional COO.

Regulatory Approval means any approval, consent, notification, notice, confirmation, written ruling, authorisation or act referred to in the Scheme Conditions that is to be obtained from or performed by a Regulatory Authority.

Regulatory Authority means:

- (a) APRA, ASX, ACCC, ASIC, the Takeovers Panel, ATO and the other regulators referred to in the Scheme Conditions and the definition of "AXA APH Asia Regulatory Approvals";
- (b) a government or governmental, semi-governmental or judicial entity, whether foreign, federal, state, territorial or local;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (d) any regulatory organisation established under statute.

Relevant Interest has the meaning given in the Corporations Act.

Representative means, in respect of a person, its Subsidiaries and each director, officer, employee, adviser, agent or representative of that person and its Subsidiaries.

Ruling means any written final ruling, determination, arrangement, clearance, agreement, consent or advice, issued by, or negotiated with, any Tax Authority in respect of any Tax or Tax Law.

Sale Agreement has the meaning given in the Asian Subsidiary Deed.

Sale of Asian Subsidiaries means the sale by AXA APH or NMI to AXA or the Nominees of all the shares held directly by a member of the AXA APH Group in one or more of the Asian

Subsidiaries under the Asian Subsidiary Deed in the event that AXA exercises its rights under the Asian Subsidiary Deed.

Scheme Conditions means:

- (a) in relation to the Share Scheme - the conditions precedent to the Share Scheme becoming Effective set out and separately itemised in the table in clause 3.1 (*Scheme Conditions for Share Scheme*);
- (b) in relation to the Option Scheme - the conditions precedent to the Option Scheme becoming Effective set out and separately itemised in the table in clause 3.2 (*Scheme Conditions for Option Scheme*); and
- (c) unless otherwise indicated - the conditions precedent referred to in both paragraphs (a) and (b) above.

Scheme Meetings has the meaning defined in the Merger Implementation Deed.

Scheme Optionholder has the meaning defined in the Merger Implementation Deed.

Scheme Record Date has the meaning defined in the Merger Implementation Deed.

Scheme Resolutions has the meaning defined in the Merger Implementation Deed.

Scheme Share has the meaning defined in the Merger Implementation Deed.

Scheme Shareholder has the meaning defined in the Merger Implementation Deed.

Schemes has the meaning defined in the Merger Implementation Deed.

Second Court Date has the meaning defined in the Merger Implementation Deed.

Share Sale Completion means completion of the AAPHL Share Sale Deed in accordance with its terms and conditions.

Share Scheme has the meaning defined in the Merger Implementation Deed.

Share Scheme Consideration has the meaning defined in the Merger Implementation Deed.

Singapore means AXA Financial Services (Singapore) Pte Ltd.

Subsidiary has the meaning given to that term in the Corporations Act, provided that:

- (a) an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by that body corporate; and
- (b) a trust may be a Subsidiary (for the purposes of which a unit or other beneficial interest will be deemed to be a share in the capital of a body corporate) and a body corporate or a trust may be a Subsidiary of a trust.

Superior Proposal means a Competing Proposal that is publicly announced after the date of this deed which a Prescribed Majority of the Independent Directors Committee, acting in good faith and in order to satisfy what the Prescribed Majority of the Independent Directors Committee considers to be its fiduciary and statutory duties (and after having taken advice from its financial and legal advisers) determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- (b) more favourable to Scheme Shareholders (as a whole) than the Transactions, taking into account all the terms and conditions of the Competing Proposal,

and after taking into account a qualitative assessment of the identity, reputation and financial standing of the party making the Competing Proposal.

Tax means any income tax, capital gains tax, goods and services tax, value added tax, levy, excise, fee, duty (without limitation any stamp duty, transaction or registration duty or similar charge), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect or by payment or deduction, levied, assessed, imposed, collected, recovered or withheld by whatever method under any legislation or by any Tax Authority in any jurisdiction, including any penalties, fines, interest or statutory charges.

Tax Assessment means any notice, demand, assessment, amended assessment, determination, Tax Return or other document issued by a Tax Authority or lodged with a Tax Authority under a system of self-assessment as a result of which AMP or AXA APH may be required to make a payment of Tax.

Tax Authority means any:

- (a) government or local authority and any department, minister or agency of any government; and
- (b) other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation,

for the assessment, collection, imposition, charging, withholding or administration of Tax in any country or jurisdiction.

Tax Law means any law relating to the charging, calculation, assessment, administration or collection of any Tax.

Tax Return means any Tax return or similar document relating to the Tax affairs of any company required to be prepared and lodged under a Tax Law, including any document such as a Ruling request, that it is reasonable to assume could give rise to an amendment to a Tax Assessment.

Third Party means any of the following:

- (a) a person other than AMP or any of its Subsidiaries; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which neither AMP nor any of its Subsidiaries participate.

Timetable means the timetable in relation to the Transactions set out in Schedule 1, or such other indicative timetable as may agreed in writing by AXA APH, AXA and AMP.

Trading Day has the meaning given in the Listing Rules.

Transaction Documents means:

- (a) this deed;
- (b) the Merger Implementation Deed;

- (c) the Share Scheme;
- (d) the Option Scheme;
- (e) the Deeds Poll;
- (f) the Asian Subsidiary Deed and the Sale Agreements;
- (g) the AAPHL Share Sale Deed;
- (h) the Co-operation Deed; and
- (i) such other documents that are agreed by the parties in writing to be considered "Transaction Documents" for the purposes of this deed.

Transactions means the transactions that are contemplated by the Transaction Documents.

1.2 Interpretation

In this deed headings and words in bold are for convenience only and do not affect the interpretation of this deed and, unless the contrary intention appears:

- (a) a word importing the singular includes the plural and vice versa, and a word indicating a gender includes every other gender;
- (b) the word "**including**" or any other form of that word is not a word of limitation;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to a "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership, a trust, other bodies corporate and bodies politic, substitutes (including, without limitation, persons taking by novation) and assigns;
- (e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (f) a reference to a document (including this deed) is to that document as varied, novated, ratified or replaced from time to time;
- (g) a reference to a party, paragraph, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this deed, and a reference to this deed includes all schedules, exhibits, attachments and annexures to it;
- (h) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (j) a reference to a time is to that time in Melbourne, Australia;
- (k) a reference to a statute includes any regulations or other instruments made under it and a reference to a statute or any regulation or other instrument made under it or a

provision of any such statute, regulation or instrument includes consolidations, amendments, re-enactments and replacements;

- (l) a reference to a "**liability**" incurred by any person includes any liability of that person arising from or in connection with any obligation (including indemnities and all other obligations owed as principal or guarantor) whether liquidated or not, whether present, prospective or contingent and whether owed, incurred or imposed by or to or on account of or for the account of that person alone, severally or jointly or jointly and severally with any other person;
- (m) a reference to an event, occurrence, matter or fact being "**Fairly Disclosed**" in particular information means fully and fairly disclosed in all respects and in sufficient detail so that the nature, scope and effect of the relevant event, occurrence, matter or fact on:
 - (i) where the reference appears in the definition of AMP Due Diligence Adverse Change or AMP Material Adverse Change, the Total Equity Attributable to Shareholders or BU Operating Earnings (as relevant) of the AMP Group;
 - (ii) where the reference appears in the definition of AXA APH Due Diligence Adverse Change, the consolidated net assets (excluding goodwill and intangible assets, but including, for the avoidance of doubt, deferred tax assets and on an ungeared basis) or Operating Earnings (as relevant) of AXA APH Group ANZ;
 - (iii) where the reference appears in the definition of AXA APH Group ANZ Material Adverse Change, the consolidated net assets (excluding goodwill and intangible assets, but including, for the avoidance of doubt, deferred tax assets and on an ungeared basis) or Operating Earnings (as relevant) of AXA APH Group ANZ; and
 - (iv) where the reference appears in the definition of AXA APH Group Asia Material Adverse Change, the consolidated net assets (ungeared) or Operating Earnings (as relevant) of AXA APH Group Asia,could reasonably have been deduced, concluded or inferred from that information by a sophisticated buyer (or its Representatives) having experience with transactions similar to the Transactions or Asian Transactions and experience in businesses similar to the businesses of the AXA APH Group or AMP Group (as relevant);
- (n) a reference to a "**loss**" incurred by any person includes any loss, liability, damage, cost, charge, expense which the person pays, incurs or is liable for and any other diminution of value of any description which the person suffers, including all liabilities on account of taxes or duties, all interest, penalties, fines and other amounts payable to third parties and all reasonable legal expenses and other expenses in connection with investigating or defending any claim, action, demand or proceeding, whether or not resulting in any liability, and all amounts paid in settlement of any such claims;
- (o) unless otherwise defined, a reference to a term in the definitions of AXA APH Group ANZ Material Adverse Change, AXA APH Group ANZ Prescribed Occurrence, AXA APH Group Asia Material Adverse Change or AXA APH Group Asia Prescribed Occurrence, which has an accounting or actuarial meaning is a reference to the same term in the AXA APH Group financial statements for the full year ended 31 December 2009 or, if the term is not referred to in those financial

statements, it is a reference to the generally understood accounting or actuarial meaning;

- (p) a reference to "\$", "A\$" or "dollar" is to Australian currency;
- (q) a reference to "US\$" is to currency of the United States of America; and
- (r) this deed, or a provision of this deed, must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.3 Best and reasonable endeavours

Any provision of this deed which requires a party to use best endeavours, or reasonable endeavours, or to take all steps reasonably necessary, to procure that something is performed or occurs does not include any obligation:

- (a) to pay any significant sum of money or to provide any significant financial compensation, valuable consideration or any other incentive to or for the benefit of any person, except for payment of any applicable fee for the lodgement or filing of any relevant application with any Regulatory Authority or fees to any professional advisers; or
- (b) to commence any legal action or proceeding against any person, to procure that that thing is done or happens,

except where that provision expressly specifies otherwise.

1.4 Business Day

Except where otherwise expressly provided, where under this deed the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the next Business Day.

2. Transactions and Asian Transactions

2.1 Transactions and Asian Transactions

Subject to the terms and conditions of this deed, the parties agree to implement the Transactions, and AMP and AXA agree to implement the Asian Transactions, in accordance with the Timetable and, without limitation, generally as follows:

- (a) AXA APH agrees to:
 - (i) propose the Schemes in accordance with the Merger Implementation Deed;
 - (ii) issue the Explanatory Memorandum, convene and hold the AXA APH General Meeting for the purposes of approving the AXA APH Group Asia Resolutions and any other resolutions which the relevant AXA APH Shareholders may be required to approve under applicable law for the purposes of the Transactions and the Asian Transactions; and
 - (iii) arrange for the convening and holding of the Scheme Meetings for the purposes of approving the Schemes in accordance with the Merger Implementation Deed;

- (b) AXA agrees to complete the sale and, if applicable, procure its Subsidiaries to complete the sale, and AMP agrees to procure AMP Subsidiary to complete the purchase of all the AXA Holding in accordance with the AAPHL Share Sale Deed;
- (c) AXA APH agrees to implement the Schemes and AMP will provide, or procure the provision of, the Share Scheme Consideration to Scheme Shareholders and the Option Scheme Consideration to Scheme Optionholders (as applicable), in accordance with the Merger Implementation Deed and the Deeds Poll,

substantially in accordance with the Timetable.

For the avoidance of doubt, nothing in this clause 2.1 requires AXA APH to take any action or perform any obligations under an agreement or document to which it is not a party.

2.2 Restrictions on amendments to Transaction Documents

- (a) AXA APH must not, and must procure that its Subsidiaries do not:
 - (i) amend, or agree to amend, the Alliance Bernstein Agreements, the Asian Subsidiary Deed or a Sale Agreement (including through any amendment contemplated by clause 4.3(a) of the Asian Subsidiary Deed); or
 - (ii) waive, or agree to waive, any right it enjoys under the Alliance Bernstein Agreements, the Asian Subsidiary Deed or a Sale Agreement,
 without the prior written consent of AMP (not to be unreasonably withheld).
- (b) AMP and AXA must not amend, or agree to amend, any Transaction Document to which AXA APH is not a party or any Asian Transaction Document, where such amendment would materially affect or prejudice the rights or obligations of AXA APH under the Transaction Documents with effect before the Implementation Date, without the prior written consent of AXA APH (not to be unreasonably withheld).

3. Conditions

3.1 Scheme Conditions for Share Scheme

The rights and obligations of the parties under the Transaction Documents to implement the Share Scheme and complete the Transactions (excluding the Option Scheme) (as the case may be), and in particular, the obligations of AXA APH under clause 4.1(j) (*Implementation of Share Scheme*) and of AMP under clause 4.3(i) (*Share Scheme Consideration*) of the Merger Implementation Deed, are subject to each of the conditions precedent listed in the first column of the following table having either been satisfied or waived in accordance with clause 3.11 (*Waiver of Scheme Conditions*), but, for the avoidance of doubt, the Share Scheme is not conditional upon the Option Scheme becoming Effective:

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
(1) (Share Scheme Approval) the AXA APH Shareholders (excluding the holders of the AXA Holding) approve the Share Scheme by the majorities required under section 411(4)(a)(ii) of the Corporations Act;	None	AXA APH

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
(2) (AXA APH Group ANZ Material Adverse Change) no AXA APH Group ANZ Material Adverse Change has occurred or become known to AMP after the date of this deed and before 8.00 am on the Second Court Date;	AMP	AXA APH
(3) (AXA APH Group ANZ Prescribed Occurrence) except for any event which was, before the date of this deed, fully and fairly disclosed in writing by AXA APH to AMP in connection with the Transactions or the subject matter of this deed, no AXA APH Group ANZ Prescribed Occurrence has occurred after the date of this deed and before 8.00 am on the Second Court Date;	AMP	AXA APH
(4) (AXA APH Scheme Warranties) before 8.00 am on the Second Court Date, the AXA APH Scheme Warranties: (a) that are qualified as to materiality, are true and correct; and (b) that are not so qualified, are true and correct in all material respects, as at the time they are given;	AXA and AMP	AXA APH
(5) (AMP Scheme Warranties) before 8.00 am on the Second Court Date, the AMP Scheme Warranties: (a) that are qualified as to materiality, are true and correct; and (b) that are not so qualified, are true and correct in all material respects, as at the time they are given;	AXA APH and AXA	AMP
(6) (AXA Scheme Warranties) before 8.00 am on the Second Court Date, the AXA Scheme Warranties: (a) that are qualified as to materiality, are true and correct; and (b) that are not so qualified, are true and correct in all material respects, as at the time they are given;	AXA APH and AMP	AXA
(7) (Quotation of AMP Shares) the AMP Shares to be issued to Scheme Shareholders pursuant to the Share Scheme have been approved for official quotation by ASX (any such approval may be subject to customary conditions and to the Share Scheme becoming Effective) before 8:00 am on the Second Court Date;	AXA APH	AMP

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
<p>(8) (FIRB approval) before 8:00 am on the Second Court Date, either:</p> <p>(a) the Treasurer of the Commonwealth of Australia has issued a notice stating that the Commonwealth Government does not object to AXA acquiring the shares in NMI (where such approval is subject to conditions, those conditions must be acceptable to AXA, acting reasonably); or</p> <p>(b) the Treasurer of the Commonwealth of Australia has become precluded from making an order in respect of AXA's acquisition of the shares in NMI under the Foreign Acquisitions and Takeovers Act 1975 (Cth); or</p> <p>(c) if an interim order has been made under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in respect of the acquisition of the shares in NMI, the subsequent period for making a final order prohibiting the transaction has elapsed without a final order being made.</p>	<p>(a) If AXA gives a notice under section 25 or 26 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) in connection with any acquisition referred to in this item – None; and</p> <p>(b) otherwise – AXA, AXA APH and AMP</p>	AXA
(9) Not used	Not used	Not used
(10) (FSSA approval) before 8.00 am on the Second Court Date, all necessary approvals or consents are provided in respect of the acquisition by AMP Subsidiary of the AXA Holding and the Scheme Shares, pursuant to the Financial Sector (Shareholdings) Act 1998 (Cth). If such approvals are subject to conditions, those conditions must be acceptable to AMP, acting reasonably;	AMP	AXA APH and AMP
(11) (IATA approval) before 8.00 am on the Second Court Date, all necessary confirmations that the acquisition by AMP Subsidiary of the AXA Holding and the Scheme Shares is not contrary to the public interest are provided and a "go-ahead" decision is made under the Insurance Acquisitions and Takeovers Act 1991 (Cth). If such approvals are subject to conditions, those conditions must be acceptable to AMP, acting reasonably;	AMP	AXA APH and AMP
(12) (NZ OIO) before 8.00 am on the Second Court Date, AMP has received, in writing, on terms which are acceptable to AMP acting reasonably, all consents required under the Overseas Investment Act 2005 (NZ) for the implementation of the Transactions (excluding the Option Scheme);	AMP	AXA APH and AMP
(13) Not used	Not used	Not used

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
(14) (ATO tax ruling) before 8:00 am on the Second Court Date, the ATO has issued a binding private ruling to AMP which provides a favourable response on questions (a)(i)-(ii), (b)(i)-(ii), (e), (g)(i)-(ii) and (l)(i)-(iv) of Section J of the ATO Draft Ruling Request;	AMP and AXA	AMP
(15) (ASIC and ASX consents) before 8:00 am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals or have done such other acts which AMP, AXA and AXA APH agree are reasonably necessary to implement the Transactions (excluding the Option Scheme) and the Asian Transactions. If such consents, approvals or doing of other acts are subject to conditions those conditions must be acceptable to AMP, AXA and AXA APH, acting reasonably;	AMP, AXA and AXA APH	AMP, AXA and AXA APH
(16) (No restraint) no Court or Regulatory Authority has issued, enacted or promulgated or taken steps to issue, enact or promulgate an order, temporary restraining order, preliminary or permanent injunction, decree, ruling, judgment, law, ordinance, rule or regulation or taken any action restraining or making illegal or otherwise imposing a legal restraint or prohibition preventing any Transaction (excluding the Option Scheme) or Asian Transaction which remains in effect as at 8:00 am on the Second Court Date;	AMP, AXA and AXA APH	AMP, AXA and AXA APH
(17) (AXA APH Group Asia Resolutions) before 8:00 am on the Second Court Date, relevant AXA APH Shareholders approve the AXA APH Group Asia Resolutions by the majority required by law, the Listing Rules and the Corporations Act;	AMP, AXA and AXA APH	AMP, AXA and AXA APH
(18) (AXA APH Asia Regulatory Approvals) before 8:00 am on the Second Court Date, all AXA APH Asia Regulatory Approvals required as a consequence of the Transactions (excluding the Option Scheme) and the Asian Transactions are received. If such approvals are subject to conditions, those conditions must be acceptable to AXA (to the extent they affect AXA, the Nominees or AXA APH Group Asia) and AMP (to the extent they affect the AMP Group or AXA APH Group ANZ), each acting reasonably;	AXA and AMP	See Schedule 3
(19) (AMP Material Adverse Change) no AMP Material Adverse Change has occurred or become known to AXA APH after the date of this deed and before 8:00am on the Second Court Date;	AXA APH and AXA	AMP
(20) (AMP Prescribed Occurrence) except for any event which was, before the date of this deed, fully and fairly disclosed in writing by AMP to AXA APH in connection	AXA APH and AXA	AMP

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
with the Transactions or the subject matter of this deed, no AMP Prescribed Occurrence has occurred after the date of this deed and before 8.00am on the Second Court Date;		
(21) (AXA APH Group Asia Material Adverse Change) no AXA APH Group Asia Material Adverse Change has occurred after the date of this deed and before 8:00 am on the Second Court Date;	AXA	AXA APH
(22) (AXA APH Group Asia Prescribed Occurrence) except for any event which was, before the date of this deed, fully and fairly disclosed in writing by AXA APH to AXA in connection with the Transactions or the subject matter of this deed, no AXA APH Group Asia Prescribed Occurrence has occurred after the date of this deed and before 8:00 am on the Second Court Date;	AXA	AXA APH
(23) (Joint bid relief) before 8:00 am on the Second Court Date, ASIC grants AMP relief under section 655A of the Corporations Act exempting from the provisions of Chapter 6 of the Corporations Act any acquisition by AMP of a Relevant Interest in the AXA APH Shares comprising the AXA Holding and securities in which AXA APH has a Relevant Interest arising as a result of entry into or completion of the Transaction Documents. If such relief is subject to conditions, any conditions which are less favourable to AMP than the conditions imposed as a condition to ASIC Instrument 10-0206 must be acceptable to AMP, acting reasonably;	AXA, AMP and AXA APH	AXA, AMP and AXA APH
(24) (Court approval) the Court approves the Share Scheme in accordance with section 411(4)(b) of the Corporations Act;	None	AMP and AXA APH
(25) (Independent Expert's Report) before the date the Explanatory Memorandum is lodged with ASIC, the Independent Expert issues a report that concludes that: (a) the Share Scheme is in the best interests of Scheme Shareholders; and (b) each of the transactions the subject of the AXA APH Group Asia Resolutions is fair and reasonable to, and in the best interests of, AXA APH Shareholders (other than AXA and its Associates);	AXA APH	AXA APH, AXA and AMP
(26) (execution of Deeds Poll) before the date of sending the Explanatory Memorandum to relevant AXA APH Shareholders, AMP and AMP Subsidiary validly sign,	AXA APH	AMP

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
seal and deliver the Deeds Poll.		

3.2 Scheme Conditions for Option Scheme

The rights and obligations of the parties under the Transaction Documents to implement the Option Scheme, and in particular, the obligations of AXA APH under clause 4.1(k) (*Implementation of Option Scheme*) of the Merger Implementation Deed and of AMP under clause 4.3(j) (*Option Scheme Consideration*) of the Merger Implementation Deed, are subject to each of the conditions precedent listed in the first column of the following table having either been satisfied or waived in accordance with clause 3.11 (*Waiver of Scheme Conditions*):

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
(1) (Share Scheme becoming Effective) the Share Scheme has become Effective;	None	AXA APH, AMP and AXA
(2) (Option Scheme Approval) the AXA APH Optionholders approve or, if applicable, each class of AXA APH Optionholders approves, the Option Scheme by the majorities required under section 411(4)(a)(ii) of the Corporations Act;	None	AXA APH
(3) (Court approval) the Court approves the Option Scheme in accordance with section 411(4)(b) of the Corporations Act;	None	AXA APH and AMP
(4) (ASX waiver) before 8:00 am on the Second Court Date, to the extent required ASX grants a waiver of any requirement under Listing Rule 6.23 to obtain the approval of AXA APH Shareholders for the cancellation of the Scheme Options pursuant to the Option Scheme;	None	AXA APH
(5) (ASIC and ASX consents) before 8:00 am on the Second Court Date, ASIC and ASX issue or provide such other consents or approvals or have done such other acts which AMP and AXA APH agree are reasonably necessary to implement the Option Scheme. If such consents, approvals or doing of other acts are subject to conditions those conditions must be acceptable to AMP and AXA APH, acting reasonably;	AMP and AXA APH	AMP and AXA APH
(6) (No restraint) no Court or Regulatory Authority has issued, enacted or promulgated or taken steps to issue, enact or promulgate an order, temporary restraining order, preliminary or permanent injunction, decree, ruling, judgment, law, ordinance, rule or regulation or taken any action restraining or making illegal or otherwise imposing a legal restraint or prohibition preventing the Option Scheme which remains in effect as	AXA APH and AMP	AXA APH and AMP

Scheme Condition	Right to benefit & waive	Responsibility to satisfy
at 8.00 am on the Second Court Date.		

3.3 General obligations in relation to Scheme Conditions

Without prejudice to any other obligations of the parties under this deed, but subject to clause 3.4 (*Limitations on obligations in relation to Scheme Conditions*), in respect of a Scheme Condition:

- (a) if one party is specified (expressly or by reference) in the third column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, that party must use their best endeavours to procure that that Scheme Condition is satisfied as soon as practicable after the date of this deed and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require);
- (b) if more than one party is specified (expressly or by reference) in the third column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, each of those parties must, to the extent that it is within their respective control or influence, use their best endeavours to procure that that Scheme Condition is satisfied as soon as practicable after the date of this deed and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require); and
- (c) each party must, to the extent that it is within their respective control or influence, use its best endeavours to procure that there is no occurrence that would prevent the Scheme Condition being satisfied and no party shall take any action that will or is likely to hinder or prevent the satisfaction of the Scheme Condition except to the extent that such action is required to be done or procured pursuant to the Transaction Documents or, in the case of AMP and AXA, the Asian Transaction Documents, or is required by law.

3.4 Limitations on obligations in relation to Scheme Conditions

Notwithstanding anything else in this deed to the contrary, in obtaining any Regulatory Approval, AMP or AMP Subsidiary will not be required to agree to conditions (and will be considered to be acting reasonably if it does not agree to conditions):

- (a) requiring AMP or AMP Subsidiary to agree to or proffer to:
 - (i) divest or hold separate any business or asset that is material from a business, operational, financial or strategic perspective to the AMP Group or AXA APH Group ANZ (or an AXA APH Group ANZ Operating Segment); or
 - (ii) cease to conduct or materially reduce the scope of any material business or operations in any country in which any member of the AMP Group or any member of AXA APH Group ANZ conducts business or operations as at the date of this deed; or
 - (iii) limit in a material respect the type or scope of any proposed or potential business or operations in any country (whether or not any member of the AMP Group or any member of AXA APH Group ANZ conducts business or operations in that country as at the date of this deed) that are

likely to be material from a business, operational, financial or strategic perspective to the AMP Group or AXA APH Group ANZ (or an AXA APH Group ANZ Operating Segment); or

- (b) that would impose a material financial burden, or any material restriction on the manner in which any business or operations that are material from a business, operation, financial or strategic perspective to the AMP Group or the AXA APH Group ANZ (or an AXA APH Group ANZ Operating Segment) is conducted.

3.5 Obligations in relation to ASIC joint bid relief

- (a) Without limiting clause 3.3 (*General obligations in relation to Scheme Conditions*), in relation to the Scheme Condition in item 23 (*Joint bid relief*) in clause 3.1 (*Scheme Conditions for Share Scheme*) each of AXA APH, AMP and AXA must:
 - (i) use all reasonable endeavours to obtain as soon as practicable after the date of this deed, relief granted by ASIC under section 655A of the Corporations Act which exempts from the provisions of Chapter 6 of the Corporations Act any acquisition by AMP of a Relevant Interest in the AXA APH Shares comprising the AXA Holding, or securities in which AXA APH has a Relevant Interest, arising as a result of entry into or completion of the Transaction Documents;
 - (ii) consult with each other in advance in relation to all communications with ASIC relating to the relief referred to in clause or 3.5(a)(i) and provide each other party with all such information it reasonably requires in relation to such relief;
 - (iii) keep each other informed of progress in relation to the request for such relief; and
 - (iv) provide copies of all documents provided to and received from ASIC in connection with such relief (including before the date of this deed), on a confidential basis.
- (b) For the avoidance of doubt, nothing in this deed or any of the other Transaction Documents shall be construed as controlling, influencing, limiting or restricting in any way any person's exercise or enjoyment of their rights in relation to the voting of securities.

3.6 Obligations in relation to Regulatory Approvals

Without limiting clause 3.3 (*General obligations in relation to Scheme Conditions*), but subject to clause 3.4 (*Limitations on obligations in relation to Scheme Conditions*), AXA must in relation to the Scheme Condition in item 15 (*ASIC and ASX consents*) in clause 3.1 (*Scheme Conditions for Share Scheme*), AMP must in relation to the Scheme Conditions in items 14 (*ATO tax ruling*) and 15 (*ASIC and ASX consents*) in clause 3.1 (*Scheme Conditions for Share Scheme*) and in item 5 (*ASIC and ASX consents*) in clause 3.2 (*Scheme Conditions for Option Scheme*), AXA APH must in relation to the Scheme Conditions in item 15 (*ASIC and ASX consents*) in clause 3.1 (*Scheme Conditions for Share Scheme*) and in items 4 (*ASX Waiver*) and 5 (*ASIC and ASX consents*) in clause 3.2 (*Scheme Conditions for Option Scheme*), and each party who has a responsibility to satisfy item 18 (*AXA APH Asia Regulatory Approvals*) in clause 3.1 (*Scheme Conditions for Share Scheme*) in relation to a particular AXA APH Asia Regulatory Approval must:

- (a) promptly apply for those Regulatory Approvals and take all procedural steps it is responsible for as part of such approval process, including responding to requests

for information at the earliest practicable time and use all reasonable endeavours to obtain such approvals as soon as practicable after the date of this deed;

- (b) consult with the other parties, in advance, in relation to all communications with any Regulatory Authority relating to any such Regulatory Approval (other than those of a purely mechanical or housekeeping type) and, except in respect of communications with the ATO (which are instead governed by clause 3.8 (*Taxation matters*)), make such amendments as the other party reasonably requires;
- (c) keep the other parties informed of progress in relation to each such Regulatory Approval including any material matters raised by, or conditions or other arrangements proposed by, or to, any Regulatory Authority which relate to any such Regulatory Approval; and
- (d) provide copies of all documents (other than purely mechanical or housekeeping documents) provided to and received from each relevant Regulatory Authority in relation to each such Regulatory Approval (including before the date of this deed), on a confidential basis, to the other parties,

provided that, in each case:

- (e) the party applying for the approval may withhold or redact information or documents if and to the extent that the information or document is subject to any existing confidentiality obligations owed to a third party or is commercially sensitive and confidential to the applicant;
- (f) nothing in this clause 3.6 or any other provision of this deed requires a party to disclose materially commercially sensitive information to the other parties; and
- (g) the party applying for the approval will not be prevented from taking procedural steps or communicating with or providing documents to a Regulatory Authority if the other parties have not responded promptly under clause 3.6(b).

Each other party must provide the relevant applicant with all assistance and information reasonably requested by the applicant in connection with the application for and obtaining the relevant approval, in each case subject to any existing confidentiality obligations owed to third parties. Nothing in this clause requires a party to provide an applicant with any information that is commercially sensitive and confidential to that party or to provide information where that places an unreasonable burden on the party to run its business.

3.7 AMP obligations in relation to Regulatory Approvals

Subject to clause 3.4 (*Limitations on obligations in relation to Scheme Conditions*), AMP must, in relation to the Scheme Conditions in items 10 to 12 (inclusive) in clause 3.1 (*Scheme Conditions for Share Scheme*):

- (a) promptly apply for and use its best endeavours to obtain the approvals referred to in those Scheme Conditions as soon as practicable after the date of this deed;
- (b) consult with AXA APH and AXA in advance in relation to all communications with the regulatory authorities (other than APRA) referred to in those Scheme Conditions (other than those of a purely mechanical or housekeeping type) and make such amendments as AXA APH or AXA reasonably require;
- (c) keep AXA APH and AXA informed of progress in obtaining the approvals including any material matters raised by, or conditions or other arrangements

proposed by, or to, the relevant Regulatory Authority which relate to the approval;
and

- (d) provide copies of all documents provided to and received from each Regulatory Authority (other than APRA), in relation to each approval (including before the date of this deed) on a confidential basis, to AXA APH and AXA,

provided that, in each case:

- (e) AMP may withhold or redact information or documents if and to the extent that the information or document is subject to any existing confidentiality obligations owed to a third party or is commercially sensitive and confidential to AMP;
- (f) nothing in this clause 3.7 or any other provision of this deed requires AMP to disclose materially commercially sensitive information to AXA APH or AXA or to provide information where that places an unreasonable burden on AMP to run its business; and
- (g) AMP will not be prevented from taking procedural steps or communicating with or providing documents to a Regulatory Authority if the other parties have not responded promptly under clause 3.7(b).

3.8 Taxation matters

- (a) Each of AXA APH and AMP (as applicable) must use its best endeavours to obtain the following rulings from the ATO as soon as practicable after the date of this deed:
 - (i) a class ruling given by the ATO to AXA APH confirming that the Scheme Shareholders may elect to obtain scrip for scrip rollover in accordance with Subdivision 124-M of the Income Tax Assessment Act 1997 in relation to the exchange of their shares in AXA APH for shares in AMP;
 - (ii) a class ruling given by the ATO to AXA APH in a form to be agreed between AXA APH and AMP in connection with the Australian General Employee Share Plan - Tax Deferred and the Australian General Employee Share Plan - Tax Exempt;
 - (iii) a private binding ruling given by the ATO to AMP in substantially the form requested in the ATO Draft Ruling Request;
 - (iv) any other ATO rulings or confirmation that all the parties mutually agree should be obtained including a private binding ruling given by the ATO to AXA APH on certain matters covered by the ATO Draft Ruling Request.
- (b) To the extent that they have not already been filed by the date of this deed, AXA APH and AMP must, except in relation to the class ruling referred to in clause 3.8(a)(i), file or cause to be filed with the ATO any applications or submissions which are required in order to obtain such rulings or confirmations by no later than 5 Business Days after the date of this deed. AXA APH must file the class ruling referred to in clause 3.8(a)(i) within 5 Business Days of the granting of Royal Assent for Tax Laws Amendment (2010 Measures No. 4) Bill 2010.

- (c) AXA APH, AMP and AXA must provide to each other a copy of all documents to be supplied to, or received from, the ATO, and where practicable in the circumstances, prior to submitting each such document:
- (i) allow the other parties and their Representatives a reasonable opportunity to review and comment on them, provided that any comments are received as soon as reasonably practicable and no later than 1 Business Day before submission of such documents; and
 - (ii) amend any factual or legal inaccuracy or omission, and consider in good faith any other comments, notified to it by another party or its Representatives following the review of such documents by them; and
 - (iii) provide all reasonable assistance and support in the applications made under this clause,
- in each case, to the extent that it is reasonably practicable to do so and provided that:
- (iv) a party may withhold or redact information or documents if and to the extent that they are confidential to a third party or commercially sensitive and confidential to that party; and
 - (v) nothing in this clause 3.8 or any other provision of this deed requires a party to disclose materially commercially sensitive information to another party.
- (d) AXA APH, AMP and AXA must exchange information and generally co-operate in relation to, and discuss and agree (acting reasonably) the AFBAP Calculations undertaken in respect of the sale of ACR, Detura and the Asian Subsidiaries, as relevant.

3.9 Active Foreign Business Asset Percentage

- (a) Without limiting its obligations under clause 7.3, AXA APH must consult with AMP and AXA with a view to monitoring and identifying any contemplated transactions or business decisions or more generally any event which may impact on or alter the outcome of the AFBAP Calculations.
- (b) Without limiting its obligations under clause 7.3, AXA APH will procure that AXA APH Group Asia does not undertake any new business, a change of business or cease any business which may impact on or alter the outcome of the AFBAP Calculations, without first notifying and consulting with AMP and AXA in accordance with clause 3.9(c).
- (c) If any notification or consultation required under paragraph (a) or (b) indicates an impact or potential impact on any AFBAP Calculation, then AXA APH, AMP and AXA will, as soon as practicable and in any event within 5 Business Days of any notification or consultation, engage in discussions as to the appropriate course of action.
- (d) AXA APH must take, and must procure AXA APH Group Asia takes, as soon as practicable and in any event within 5 Business Days of a request, all actions reasonably requested by AMP or AXA to assist AMP or AXA in determining the outcome from the AFBAP Calculations unless such action is unreasonable, including placing an unreasonable burden on the ability of AXA APH to run its business in the ordinary course.

- (e) AXA APH must use its best endeavours to prepare a draft of the AFBAP Calculations as soon as practicable and in any event at least 10 Business Days prior to the Implementation Date and AXA APH must involve AMP and AXA in the preparation of draft AFBAP Calculations and, once the draft is finalised, must give it to AMP and AXA. The parties acknowledge that the final AFBAP Calculations cannot be calculated until such time that binding transaction documents, either under the Transaction Documents or for the purposes of the Asian Transactions, are entered into for the sale of some or all of the entities in AXA APH Group Asia.
- (f) Subject to binding transaction documents, either under the Transaction Documents or for the purposes of the Asian Transactions, being entered into for the sale of some or all of the entities in AXA APH Group Asia, AMP or AXA may request that AXA APH amend the draft of the AFBAP calculations and AXA APH must amend any factual or legal inaccuracy or omissions and consider in good faith any other amendments requested by AMP or AXA unless it is unreasonable, including placing an unreasonable burden on the ability of AXA APH to run its business in the ordinary course.
- (g) Without limiting any provision of the Asian Subsidiary Deed, AXA APH will complete and lodge its Tax Return for the period that includes (if AXA or AMP exercises their rights under the Asian Subsidiary Deed) completion of the sale of some or all of the entities in AXA APH Group Asia on the basis of the amended AFBAP calculation.
- (h) If AXA, AMP and AXA APH agree that an application should be made to the ATO for a ruling in respect of the AFBAP Calculations, AXA APH, AMP and AXA must exchange information, engage in discussions with the ATO and generally co-operate in relation to, and discuss, agree (acting reasonably) and implement all steps relevant to, the AFBAP Calculations applicable to the sale of some or all of the entities in AXA APH Group Asia.

3.10 Notice in relation to satisfaction of Scheme Conditions

Each party must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Scheme Conditions;
- (b) in relation to any Scheme Condition, promptly notify the other parties in writing upon becoming aware of:
 - (i) the satisfaction of that Scheme Condition, in which case the notifying party must also provide reasonable evidence the Scheme Condition has been satisfied; and
 - (ii) any fact or circumstance that it becomes aware of which results in, or may result in, that Scheme Condition becoming incapable of satisfaction or may result in that Scheme Condition not being satisfied in accordance with its terms; and
- (c) in relation to any Scheme Condition, immediately notify the other parties in writing of a breach or non-fulfilment of a Scheme Condition or any occurrence or event that will prevent a Scheme Condition from being satisfied and where a party is entitled to waive that Scheme Condition upon receipt or delivery of such a notice (as applicable) that party must notify the other parties in accordance with clause 3.11 (*Waiver of Scheme Conditions*) as soon as possible, (in any event before 5:00 pm on the Business Day before the Second Court Date) as to whether the party waives the

breach or non-fulfilment of the Scheme Condition resulting from the occurrence or event.

3.11 Waiver of Scheme Conditions

- (a) A Scheme Condition is only for the benefit of:
 - (i) if one party is specified in the second column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, that party; or
 - (ii) if more than one party is specified in the second column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, all of those parties.
- (b) A Scheme Condition may be waived and may only be waived:
 - (i) if one party is specified in the second column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, by that party by written notice to each other party; or
 - (ii) if more than one party is specified in the second column of a table in clause 3.1 (*Scheme Conditions for Share Scheme*) or 3.2 (*Scheme Conditions for Option Scheme*) opposite that Scheme Condition, by written agreement between all of those parties.
- (c) A party entitled to waive or to agree to waive a Scheme Condition under this clause 3.11 may do so in its absolute discretion and the provision of written notice to the other parties.
- (d) A party entitled to waive or to agree to waive a Scheme Condition under this clause 3.11 may partially waive that Scheme Condition by expressing the waiver of the Scheme Condition to be conditional on satisfaction of any of the outstanding matters or events required to be satisfied for that particular Scheme Condition to be satisfied.
- (e) A party that waives or agrees to waive a Scheme Condition is not prevented from bringing a Claim against any other party in respect of any breach of this deed that caused that Scheme Condition not to be satisfied.
- (f) If a waiver by a party of a Scheme Condition is itself expressed to be conditional on matters or events not required to be satisfied in order to satisfy the relevant Scheme Condition and the other parties do not accept those additional conditions thereto, the relevant Scheme Condition has not been waived.
- (g) Waiver of a breach or non-fulfilment in respect of one Scheme Condition does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Scheme Condition resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that Scheme Condition resulting from any other event.

3.12 Failure of Scheme Conditions

- (a) **(Scheme Conditions relating to Regulatory Approvals)** Without limiting the termination event in clause 13.1(p), if any Scheme Condition in items 7 to 16 (inclusive) and item 18 of clause 3.1 (*Scheme Conditions for Share Scheme*):

- (i) becomes incapable of satisfaction; or
- (ii) has not been satisfied, or otherwise waived in accordance with clause 3.11 (*Waiver of Scheme Conditions*), by 8:00 am on the day that is 6 Business Days before the End Date,

any party may serve notice on the other parties requiring them to consult in good faith with a view to the matters referred to in clause 3.12(c) and, if the parties are unable to reach agreement on the matters referred to in that clause:

- (iii) any party for the benefit of whom the Scheme Condition operates may, no earlier than 5 Business Days after delivery of the notice; and
- (iv) any other party may, no earlier than the earlier of the End Date and the date that is six weeks after delivery of the notice,

subject to clause 3.12(d) and provided that the relevant Scheme Condition has not been validly waived in the interim, terminate this deed by notice in writing to the other parties with immediate effect.

- (b) **(Other Scheme Conditions)** If any Scheme Condition for the Share Scheme not referred to in clause 3.12(a) becomes:

- (i) incapable of satisfaction; or
- (ii) has not been satisfied, or otherwise waived in accordance with clause 3.11 (*Waiver of Scheme Conditions*), by 8:00 am on the day that is 6 Business Days before the End Date,

any party for the benefit of whom the Scheme Condition operates may serve notice on the other parties requiring them to consult in good faith with a view to the matters referred to in clause 3.12(c) and, if the parties are unable to reach agreement on the matters referred to in that clause by the earlier of 5 Business Days after the delivery of the notice and the End Date, any party may, subject to clause 3.12(d), terminate this deed by notice in writing to the other parties with immediate effect.

- (c) **(Relevant matters)** For the purposes of clauses 3.12(a) and 3.12(b), the relevant matters are:

- (i) determining whether the Scheme Condition could be waived;
- (ii) determining whether the Transactions or the Asian Transactions could be structured by alternative means;
- (iii) extending the date for satisfaction of the relevant Scheme Condition;
- (iv) adjourning or changing the date of any shareholder or optionholder meeting in respect of the Transactions or the Asian Transactions;
- (v) adjourning or changing the date of the application to the Court for an order pursuant to section 411(4)(b) of the Corporations Act; or

- (vi) extending the End Date.
- (d) **(Restrictions on termination)** A party may not terminate this deed pursuant to clause 3.12(a) or 3.12(b) as a result of a Scheme Condition becoming incapable of satisfaction, or not being satisfied by the relevant time or date:
 - (i) if a failure by such party to comply with its obligations under this deed directly and materially contributed to the relevant Scheme Condition becoming incapable of satisfaction, or not being satisfied before the relevant time or date; or
 - (ii) after 8:00 am on the Second Court Date.
- (e) **(Interpretation)** For the purposes of this clause 3.12, a Scheme Condition will be incapable of satisfaction if:
 - (i) in the case of a Scheme Condition relating to a Regulatory Approval – the relevant Regulatory Authority makes or has made a final adverse determination in writing to the effect that it will not provide the Regulatory Approval;
 - (ii) in all other cases there is an act, failure to act or occurrence that will prevent the Scheme Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this deed).

3.13 Certificates in relation to Scheme Conditions

On the Second Court Date:

- (a) AXA APH must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00 am on the Second Court Date:
 - (i) the Scheme Conditions set out in items 1 (*Share Scheme Approval*), 4 (*AXA APH Scheme Warranties*), 15 (*ASIC and ASX consents*), 17 (*AXA APH Group Asia Resolutions*) and 25 (*Independent Expert's Report*) in clause 3.1 (*Scheme Conditions for Share Scheme*) have been satisfied or waived; and
 - (ii) to the best of AXA APH's knowledge whether the Scheme Conditions set out in items 2 (*AXA APH Group ANZ Material Adverse Change*), 3 (*AXA APH Group ANZ Prescribed Occurrence*), 16 (*No restraint*), 21 (*AXA APH Group Asia Material Adverse Change*) and 22 (*AXA APH Group Asia Prescribed Occurrence*) in clause 3.1 (*Scheme Conditions for Share Scheme*) have been satisfied or waived; and
 - (iii) the conditions referred to in items 2 (*Option Scheme Approval*), 4 (*ASX waiver*) and 5 (*ASIC and ASX consents*) in clause 3.2 (*Scheme Conditions for Option Scheme*) have been satisfied or waived; and
 - (iv) to the best of AXA APH's knowledge whether the Scheme Condition set out in item 6 (*No restraint*) in clause 3.2 (*Scheme Conditions for Option Scheme*) has been satisfied or waived;

- (b) AMP must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00 am on the Second Court Date:
- (i) the Scheme Conditions set out in items 5 (*AMP Scheme Warranties*), 7 (*Quotation of AMP Shares*), 10 (*FSSA approval*), 11 (*IATA approval*), 12 (*NZ OIO*), 14 (*ATO tax ruling*), 15 (*ASIC and ASX consents*), 18 (*AXA APH Asia Regulatory Approvals*) (to the extent that AMP was responsible for satisfying the Scheme Condition), 23 (*Joint bid relief*) and 26 (*execution of Deeds Poll*) in clause 3.1 (*Scheme Conditions for Share Scheme*) have been satisfied or waived; and
 - (ii) to the best of AMP's knowledge whether the Scheme Conditions set out in items 16 (*No restraint*), 19 (*AMP Material Adverse Change*) and 20 (*AMP Prescribed Occurrence*) in clause 3.1 (*Scheme Conditions for Share Scheme*) have been satisfied or waived; and
 - (iii) the condition referred to in item 5 (*ASIC and ASX consents*) in clause 3.2 (*Scheme Conditions for Option Scheme*) has been satisfied or waived; and
 - (iv) to the best of AMP's knowledge whether the Scheme Condition set out in item 6 (*No restraint*) in clause 3.2 (*Scheme Conditions for Option Scheme*) has been satisfied or waived; and
- (c) AXA must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00 am on the Second Court Date:
- (i) the Scheme Conditions set out in items 6 (*AXA Scheme Warranties*), 8 (*FIRB approval*), 15 (*ASIC and ASX consents*) and 18 (*AXA APH Asia Regulatory Approvals*) (to the extent that AXA was responsible for satisfying the Scheme Condition) in clause 3.1 (*Scheme Conditions for Share Scheme*) have been satisfied or waived; and
 - (ii) to the best of AXA's knowledge whether the Scheme Condition set out in item 16 (*No restraint*) in clause 3.1 (*Scheme Conditions for Share Scheme*) has been satisfied or waived.

Each party must provide to the other parties a draft of the relevant certificate to be provided by it pursuant to this clause 3.13 by 5:00 pm on the day that is 2 Business Days prior to the Second Court Date, and must provide to the other parties on the Second Court Date a copy of the final certificate or other evidence provided to the Court.

3.14 General power to adjourn, cancel or convene meetings and court hearings

- (a) Despite any provision to the contrary in this deed, if on or following 5:00 pm on the day which is 5 Business Days before the date on which the AXA APH General Meeting and Scheme Meetings have been scheduled to be held:
- (i) any of the Scheme Conditions in item 7 (*Quotation of AMP Shares*), item 10 (*FSSA approval*), item 11 (*IATA approval*), item 12 (*NZ OIO*), item 14 (*ATO tax ruling*), item 15 (*ASIC and ASX consents*), item 16 (*No restraint*) or item 18 (*AXA APH Asia Regulatory Approvals*) of clause 3.1 (*Scheme Conditions for Share Scheme*) has not been satisfied or, where possible, waived in accordance with clause 3.11 (*Waiver of*

Scheme Conditions), before the date on which the Scheme Meetings have been scheduled to be held; or

- (ii) AMP or AXA is in breach of a provision of this deed that results in a right of termination for AXA APH pursuant to clause 13 (*Termination*),

AXA APH may, after consulting with AMP and AXA in good faith and acting reasonably, take one or more of the steps set out in clause 3.14(b).

- (b) If any of the events referred to in clause 3.14(a) occurs, AXA APH may do any or a number of the following:
 - (i) adjourn, postpone or otherwise delay the holding of the AXA APH General Meeting and apply to the Court for orders adjourning, postponing, or otherwise delaying the holding of the Scheme Meetings;
 - (ii) if clause 3.14(a)(ii) applies and AXA APH has terminated this deed pursuant to clause 13 (*Termination*), cancel the AXA APH General Meeting and apply to the Court for orders cancelling the Scheme Meetings;
 - (iii) if clause 3.14(a)(i) applies, cancel the AXA APH General Meeting and apply to the Court for orders cancelling the Scheme Meetings and convene a new general meeting for the purposes of approving the AXA APH Group Asia Resolutions and arrange for the convening of new scheme meetings for the purposes of approving the Schemes (such meetings to be held on the same day);
 - (iv) hold the AXA APH General Meeting and, following the opening of the meeting, adjourn such meeting before a vote of the relevant AXA APH Shareholders is taken on the AXA APH Group Asia Resolution and hold each Scheme Meeting in accordance with the relevant order of the Court pursuant to section 411(1) of the Corporations Act and, following the opening of the meeting, adjourn such meeting before a vote of the relevant AXA APH Shareholders or AXA APH Optionholders (as the case requires) is taken on the relevant Scheme; or
 - (v) seek an adjournment of the hearing of any application to the Court for an order under section 411(4)(b) of the Corporations Act approving a Scheme.
- (c) AMP and AXA must provide all assistance reasonably required by AXA APH in connection with the steps referred to in this clause 3.14 on or before the End Date.
- (d) If any of the events referred to in clause 3.14(a) occurs and AXA APH has not elected to exercise its right under clause 3.14(b):
 - (i) AMP or AXA may request that AXA APH exercises that right as soon as practicable; and
 - (ii) AXA APH must consider that request in good faith and acting reasonably after consultation with AMP or AXA (as the case may be).

3.15 Removal of AXA APH from official list of ASX

If directed by AMP, the parties must take all steps necessary for AXA APH to be removed from the official list of the ASX on the day immediately following the Implementation Date

and AXA APH and/or AMP satisfying any conditions reasonably required by the ASX for it to act on that request.

4. Confirmatory Due Diligence

4.1 Background

- (a) AMP will undertake confirmatory due diligence on AXA APH Group ANZ (**Confirmatory Due Diligence**) in accordance with the Confirmatory Due Diligence Scope during the period which commences on 29 November 2010 and, subject to clause 4.2(e), ends at 5:00pm (Melbourne time) on the date which is 10 Business Days after the later of:
- (i) 29 November 2010; and
 - (ii) the earliest date on which the information identified in the Confirmatory Due Diligence Scope has been provided to AMP having regard to clause 4.1(b),
- (the **Confirmatory Due Diligence Period**).
- (b) For the purposes of clause 4.1(a), the information identified in the Confirmatory Due Diligence Scope will be deemed to have been provided to AMP on the date which AXA APH and AMP, acting reasonably, agree in writing that such information has been made available to AMP. Either of AXA APH or AMP may require the other to consult for a period of one Business Day regarding the scope and volume of information provided in the Confirmatory Due Diligence for the purpose of seeking to reach agreement under this clause 4.1(b) and, in doing so, AXA APH must reasonably consider any concerns raised by AMP that the information identified in the Confirmatory Due Diligence Scope has not been made available to AMP, and AMP must reasonably consider any reasons AXA APH gives as to why such information has been made available to AMP.

4.2 Conduct of Confirmatory Due Diligence

- (a) Subject to clause 4.2(f), AXA APH will, during the Confirmatory Due Diligence Period, promptly make available to AMP and its Representatives (who reasonably require access and are approved by AXA APH (acting reasonably)):
- (i) information reasonably requested by AMP; and
 - (ii) access to appropriate senior management for management interviews reasonably requested by AMP,
- to enable AMP to conduct the Confirmatory Due Diligence in accordance with the Confirmatory Due Diligence Scope.
- (b) During the Confirmatory Due Diligence Period, AMP may reasonably request further materials and information from AXA APH that are not included in the Confirmatory Due Diligence Scope provided that the request:
- (i) is limited to and arises out of the subject matter of the materials set out in the Confirmatory Due Diligence Scope or the materials provided pursuant to clause 4.2(a); or
 - (ii) is reasonably necessary to determine whether there is an AXA APH Due Diligence Adverse Change,

(Supplementary Due Diligence Information).

- (c) Subject to clause 4.2(f), AXA APH will, promptly following AMP's request under 4.2(b), make available and allow access to AMP and its Representatives (who reasonably require access and who are approved by AXA APH (acting reasonably)) the Supplementary Due Diligence Information during the Confirmatory Due Diligence Period.
- (d) The information and access provided by AXA APH under clauses 4.2(a) or 4.2(c) must be provided by such time as is necessary to allow AMP a sufficient period of time before expiry of the Confirmatory Due Diligence Period to reasonably consider and assess the information for the purposes of determining whether an AXA APH Due Diligence Adverse Change has occurred, provided that:
 - (i) AMP may only reasonably make a request under those clauses if it is acting in good faith and has not unreasonably delayed in making that request; and
 - (ii) any request from AMP is received by AXA APH at a time which reasonably allows AXA APH time to provide the information before the end of the Confirmatory Due Diligence Period.
- (e) Without limiting the obligation of AXA APH to provide information and access under this clause 4.2, to the extent that information and access requested under clauses 4.2(a) or 4.2(c) which is material to AMP determining whether an AXA APH Due Diligence Adverse Change has occurred is not provided by such time as is required by clause 4.2(d), the Confirmatory Due Diligence Period will be extended to end at 5:00pm on the date that is 12 Business Days after the later of the dates described in paragraphs 4.1(a)(i) and 4.1(a)(ii).
- (f) AXA APH's obligations under clause 4.2(a) and 4.2(c) are subject to:
 - (i) any confidentiality obligations owed to third parties (however, AXA APH must use reasonable endeavours to obtain the necessary third party consents to allow AXA APH to make available to AMP the information in accordance with clause 4.2(a) and 4.2(c)); and
 - (ii) any applicable laws.

4.3 Termination

- (a) At any time before 5:00pm (Melbourne time) on the day two Business Days after the last day of the Confirmatory Due Diligence Period, AMP:
 - (i) may terminate this deed by giving notice to AXA APH and AXA in writing if it has reasonably formed the opinion that an AXA APH Due Diligence Adverse Change has occurred or become known to AMP during the Confirmatory Due Diligence Period; and
 - (ii) if AMP issues a notice under clause 4.3(a)(i), AMP must include in any such notice details of the information upon which that opinion is based and particulars regarding the AXA APH Due Diligence Adverse Change.
- (b) If AMP does not provide a notice in accordance with clause 4.3(a), then there will be deemed to be no AXA APH Due Diligence Adverse Change arising from the Confirmatory Due Diligence and AMP will cease to be entitled to claim that there

has been any matter arising from Confirmatory Due Diligence which falls within the terms of an AXA APH Due Diligence Adverse Change.

5. AMP Due Diligence

5.1 Background

- (a) AXA APH will undertake confirmatory due diligence on AMP (**AMP Confirmatory Due Diligence**) in accordance with the AMP Due Diligence Scope during the period which commences on 29 November 2010 and, subject to clause 5.2(e), ends at 5:00pm (Melbourne time) on the date which is 10 Business Days after the later of:
- (i) 29 November 2010; and
 - (ii) the earliest date on which the information identified in the AMP Due Diligence Scope has been provided to AXA APH having regard to clause 5.1(b),
- (the **AMP Due Diligence Period**).
- (b) For the purposes of clause 5.1(a), the information identified in the AMP Due Diligence Scope will be deemed to have been made available to AXA APH on the date which AMP and AXA APH, acting reasonably, agree in writing that such information has been provided to AXA APH. Either of AXA APH or AMP may require the other to consult for a period of one Business Day regarding the scope and volume of information provided in the AMP Confirmatory Due Diligence for the purpose of seeking to reach agreement under this clause 4.1(b) and, in doing so, AMP must reasonably consider any concerns raised by AXA APH that the information identified in the AMP Due Diligence Scope has not been made available to AXA APH, and AXA APH must reasonably consider any reasons AMP gives as to why such information has been made available to AXA APH.

5.2 Conduct of Confirmatory Due Diligence

- (a) Subject to clause 5.2(f), AMP will, during the AMP Due Diligence Period, promptly make available to AXA APH and its Representatives (who reasonably require access and are approved by AMP (acting reasonably)):
- (i) information reasonably requested by AXA APH; and
 - (ii) access to appropriate senior management for management interviews reasonably requested by AXA APH,
- to enable AXA APH to conduct the AMP Confirmatory Due Diligence in accordance with the AMP Due Diligence Scope.
- (b) During the AMP Due Diligence Period, AXA APH may reasonably request further materials and information from AMP that are not included in the AMP Due Diligence Scope provided that the request:
- (i) is limited to and arises out of the subject matter of the materials set out in the AMP Due Diligence Scope or the materials provided pursuant to clause 5.2(a); or
 - (ii) is reasonably necessary to determine whether there is an AMP Due Diligence Adverse Change,

(AMP Supplementary Due Diligence Information).

- (c) Subject to clause 5.2(f), AMP will, promptly following AXA APH's request under 5.2(b), make available and allow access to AXA APH and its Representatives (who reasonably require access and who are approved by AMP (acting reasonably)) the Supplementary Due Diligence Information during the AMP Due Diligence Period.
- (d) The information and access provided by AMP under clauses 5.2(a) or 5.2(c) must be provided by such time as is necessary to allow AXA APH a sufficient period of time before expiry of the AMP Due Diligence Period to reasonably consider and assess the information for the purposes of determining whether an AMP Due Diligence Adverse Change has occurred, provided that:
 - (i) AXA APH may only reasonably make a request under those clauses if it is acting in good faith and has not unreasonably delayed in making that request; and
 - (ii) any request from AXA APH is received by AMP at a time which reasonably allows AMP time to provide the information before the end of the AMP Due Diligence Period.
- (e) Without limiting the obligation of AXA APH to provide information and access under this clause 5.2, to the extent that information and access requested under clauses 5.2(a) or 5.2(c) which is material to AXA APH determining whether an AMP Due Diligence Adverse Change has occurred is not provided by such time as is required by clause 5.2(d), the AMP Due Diligence Period will be extended to end at 5:00pm on the date that is 12 Business Days after the later of the dates described in paragraphs 5.1(a)(i) and 5.1(a)(ii).
- (f) AMP's obligations under clauses 5.2(a) and 5.2(c) are subject to:
 - (i) any confidentiality obligations owed to third parties (however, AMP must use reasonable endeavours to obtain the necessary third party consents to allow AMP to make available to AXA APH the information in accordance with clause 5.2(a) and 5.2(c)); and
 - (ii) any applicable laws.

5.3 Termination

- (a) At any time before 5:00pm (Melbourne time) on the day two Business Days after the last day of the AMP Due Diligence Period, AXA APH:
 - (i) may terminate this deed by giving notice to AMP and AXA in writing if it has reasonably formed the opinion that an AMP Due Diligence Adverse Change has occurred or become known to AXA APH during the AMP Due Diligence Period; and
 - (ii) if AXA APH issues a notice under clause 5.3(a)(i), AXA APH must include in any such notice details of the information upon which that opinion is based and particulars regarding the AMP Due Diligence Adverse Change.
- (b) If AXA APH does not provide a notice in accordance with clause 5.3(a), then there will be deemed to be no AMP Due Diligence Adverse Change arising from the AMP Confirmatory Due Diligence and AXA APH will cease to be entitled to claim

that there has been any matter arising from AMP Confirmatory Due Diligence which falls within the terms of an AMP Due Diligence Adverse Change.

6. Implementation of the Transactions

6.1 AXA APH's obligations

AXA APH must take all steps reasonably necessary to implement the Schemes and to enable the Sale of Asian Subsidiaries (if relevant) and Share Sale Completion to occur as soon as is reasonably practicable after the date of this deed and so as to complete the Transactions substantially in accordance with the Timetable, and in particular AXA APH must:

- (a) **(Explanatory Memorandum)** as soon as practicable after the date of this deed, prepare the Explanatory Memorandum in accordance with clause 6.6 (*Preparation of Explanatory Memorandum*);
- (b) **(Form of Explanatory Memorandum)** do each of the following:
 - (i) make available to AMP and AXA drafts of the Explanatory Memorandum (including any draft of the Independent Expert's Report, but excluding those sections containing the Independent Expert's opinions or conclusions) a reasonable time before the draft Explanatory Memorandum is provided to ASIC in accordance with clause 6.1(f) to allow AMP, AXA and their respective Representatives a reasonable opportunity to provide comments on those drafts in accordance with this clause 6.1(b);
 - (ii) consult with AMP and AXA in relation to the contents of those drafts (including the inclusion of any AMP Information or AXA Information and any information derived solely from, or prepared solely in reliance on, AMP Information or AXA Information); and
 - (iii) where appropriate (acting reasonably and in good faith) take into account, for the purpose of amending those drafts, any comments from AMP, AXA and their respective Representatives on the contents of the draft previously provided to AMP and AXA, provided that such comments are received within a reasonable time before the draft Explanatory Memorandum is provided to ASIC in accordance with clause 6.1(f);
- (c) **(Independent Expert)** promptly appoint the Independent Expert (if the Independent Expert has not been appointed prior to the date of this deed) and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Explanatory Memorandum;
- (d) **(Investigating Accountant)** promptly provide all assistance and information reasonably requested by the Investigating Accountant or AMP in connection with the preparation of the Investigating Accountant's Report for inclusion in the Explanatory Memorandum;
- (e) **(Approval of draft Explanatory Memorandum)** procure that a meeting of the AXA APH Board is convened to approve the draft Explanatory Memorandum as being in a form appropriate to be provided to ASIC for its review (**ASIC Review Draft**) and provide a copy of the ASIC Review Draft to each of AMP and AXA for approval in accordance with clauses 6.3(e) and 6.4(e) respectively;

- (f) **(Liaise with ASIC)** as soon as reasonably practicable after the date of this deed but no later than 14 days before the First Court Date, provide the ASIC Review Draft to ASIC for its review and approval including for the purposes of section 411(2) of the Corporations Act and (to the extent reasonably practicable) keep AXA and AMP reasonably informed of any material matters raised by ASIC in relation to the ASIC Review Draft (and of any resolution of those matters), and use all reasonable endeavours to resolve any such matters in co-operation with AMP and AXA (which will include allowing AMP and AXA to participate in AXA APH's meetings and discussions with ASIC);
- (g) **(Approval of Explanatory Memorandum)** as soon as practicable after ASIC has confirmed that it has no objection to the Schemes or, if ASIC raises any objection to the Schemes, after that objection has been resolved, procure that a meeting of the AXA APH Board is convened to approve the Explanatory Memorandum for despatch to relevant AXA APH Shareholders and AXA APH Optionholders and provide AMP and AXA with confirmation that the AXA APH Board has approved despatch of the Explanatory Memorandum;
- (h) **(Convening AXA APH General Meeting)** take all reasonable steps necessary to convene and hold the AXA APH General Meeting for the purposes of approving the AXA APH Group Asia Resolutions on the date of the Scheme Meetings, in accordance with the Transaction Documents, AXA APH's constitution, the Corporations Act and the Listing Rules, substantially in accordance with the Timetable;
- (i) **(Update Explanatory Memorandum)** if it becomes aware of information after the date of despatch of the Explanatory Memorandum, which is required to be disclosed to relevant AXA APH Shareholders or AXA APH Optionholders under any applicable law, as expeditiously as practicable:
 - (i) inform relevant AXA APH Shareholders and AXA APH Optionholders of the information in an appropriate and timely manner, and in accordance with applicable law and, to the extent reasonably practicable, after consultation with AMP and AXA as to the manner of provision of that information to relevant AXA APH Shareholders and AXA APH Optionholders; and
 - (ii) to the extent it is reasonably practicable to do so, provide AXA and AMP with drafts of any documents that it proposes to issue to relevant AXA APH Shareholders and AXA APH Optionholders under this clause 6.1(i) and consider in good faith (for the purposes of amending those drafts) any reasonable comments received in a timely manner from AXA and/or AMP and their respective Representatives on those drafts;
- (j) **(Keep informed)** from the First Court Date until the Implementation Date, promptly inform AMP and AXA if it becomes aware, having made all reasonable inquiries, that the Explanatory Memorandum contains a statement which is, or has become, misleading or deceptive in a material respect (including because of any material omission);
- (k) **(AMP Information and AXA Information)** during the period until the AMP Information and AXA Information (or any information solely derived from, or prepared solely in reliance on, the AMP Information or AXA Information) becomes publicly available, only use that information for the purpose of preparing the Explanatory Memorandum (including providing that information to the Independent Expert) or otherwise as permitted by the Confidentiality Agreement;

- (l) **(Shareholder communications)** where practicable and reasonable, consult with AMP and AXA in good faith to ensure that there is effective communication with all relevant AXA APH Shareholders and AXA APH Optionholders in relation to the Transactions and the Asian Transactions;
- (m) **(SISA notification)** at least 14 days before the Implementation Date, notify APRA under the *Superannuation Industry (Supervision) Act 1993* (Cth) of the change in person controlling N.M. Superannuation Proprietary Limited ACN 008 428 322 and Synergy Capital Management Ltd ACN 062 264 108, being registrable superannuation entity licensees, which will occur on the Implementation Date;
- (n) **(AXA Holding share transfer)** take all necessary steps to register the transfer of all of the shares comprising the AXA Holding to AMP Subsidiary under the terms of the AAPHL Share Sale Deed on the Implementation Date, before the registration of the transfers of the Scheme Shares to AMP Subsidiary in accordance with the Share Scheme; and
- (o) **(Vote tracking)** record separately the manner in which:
 - (i) AXA APH and any of its Subsidiaries; and
 - (ii) those entities notified to it by AMP or AXA in accordance with clause 6.3(l) or 6.4(l),

vote AXA APH Shares at the Scheme Meeting for the Share Scheme, and report this information to:
 - (iii) ASIC, as soon as practicable after the Scheme Meeting for the Share Scheme, and in any event by no later than one Business Day immediately prior to the Second Court Date; and
 - (iv) the Court, as soon as practicable, but no later than at the Second Court Date; and
- (p) **(Appointment of directors)** AXA APH must:
 - (i) promptly following a request from AXA, inform AXA of any current director of a member of AXA APH Group Asia that, to the best of AXA APH's knowledge at that time, will or is likely to resign as a director on or before the Implementation Date;
 - (ii) use its best endeavours, and do all things reasonably necessary, to cause:
 - (A) the resignation of any director of any member of AXA APH Group Asia (other than NMI) designated in writing by AXA with effect from, or as soon as practicable after, the Implementation Date; and
 - (B) the appointment to the board of each member of AXA APH Group Asia (other than NMI) such persons as nominated by AXA with effect from, or as soon as practicable after, the Implementation Date, subject to those persons having provided a consent to act as directors of the relevant companies and any Regulatory Approvals required in connection with their appointment having been obtained; and

- (iii) provide any reasonable assistance requested by AXA in connection with the Regulatory Approvals referred to in paragraph (ii), including where applicable procuring that the relevant member of the AXA APH Group Asia files and processes the application for the Regulatory Approval.

For the avoidance of doubt, nothing in this clause 6.1 requires AXA APH to take any action or perform any obligations under an agreement or document to which it is not a party.

6.2 Bona fide Competing Proposal

- (a) If a Competing Proposal (one which the Independent Directors Committee acting reasonably considers to be a bona fide proposal) is publicly announced at any time between the date on which the Explanatory Memorandum is dispatched to the relevant AXA APH Shareholders and the date on which the Scheme Meetings are to be held, AXA APH must ensure that the relevant AXA APH Shareholders are provided with all information which is known to AXA APH and which is material to the consideration of the Share Scheme by those AXA APH Shareholders, including any material information concerning the Competing Proposal (**New Information**).
- (b) AXA APH agrees to consult in a timely manner with ASIC in relation to the New Information and the time by which the New Information is to be dispatched to the relevant AXA APH Shareholders prior to the date on which the Scheme Meetings are to be held.
- (c) Where New Information is dispatched to the relevant AXA APH Shareholders in accordance with paragraphs (a) and (b), AXA APH will take such steps as reasonably required to adjourn the holding of the Scheme Meetings to allow the relevant AXA APH Shareholders at least 10 Business Days prior to the last date on which proxies can be lodged with AXA APH in relation to the Scheme Meetings to consider the New Information.
- (d) The parties agree that the Explanatory Memorandum will contain prominent disclosure of AXA APH's obligations under this clause.

6.3 AMP's obligations

AMP must take all steps reasonably necessary to assist AXA APH to implement the Schemes and to enable the Sale of Asian Subsidiaries (if relevant) and Share Sale Completion to occur as soon as is reasonably practicable and so as to complete the Transactions substantially in accordance with the Timetable, and in particular AMP must:

- (a) (**AMP Information**) provide to AXA APH and AXA the AMP Information as soon as practicable after the date of this deed and otherwise substantially in accordance with the Timetable. The AMP Information must be in a form:
 - (i) for inclusion in the Explanatory Memorandum; and
 - (ii) that includes all information regarding AMP, its Subsidiaries, the AAPHL Share Sale Deed and the AMP Shares that is required by the Corporations Act, Policy Statements and Listing Rules to be included in the Explanatory Memorandum, including all the information that would be required under sub-sections 636(1)(c), (f), (g), (h), (i), (k)(ii), (l) and (m) of the Corporations Act to be included in a bidder's statement if AMP were offering the Share Scheme Consideration as consideration under a takeover bid;

- (b) **(AMP assistance)** provide such assistance as AXA APH may reasonably require in order to adapt the AMP Information for inclusion in the Explanatory Memorandum as soon as practicable after the date of this deed and otherwise substantially in accordance with the Timetable;
- (c) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert or AXA APH to enable the Independent Expert to prepare its report for inclusion in the Explanatory Memorandum;
- (d) **(Investigating Accountant)** promptly appoint the Investigating Accountant and promptly provide all assistance and information reasonably requested by the Investigating Accountant or AXA APH in connection with the preparation of the Investigating Accountant's Report for inclusion in the Explanatory Memorandum;
- (e) **(Review Explanatory Memorandum)** as soon as practicable after receipt from AXA APH of the draft of the Explanatory Memorandum provided in accordance with clause 6.1(e), review the draft prepared by AXA APH and provide comments on that draft in good faith;
- (f) **(Approval of AMP Information)** as soon as practicable after receipt from AXA APH of the ASIC Review Draft provided in accordance with clause 6.1(e) (and any changes to that draft required by ASIC), procure that a meeting of the AMP Board or its authorised delegate(s) is convened to approve those sections of the ASIC Review Draft that comprise AMP Information as being in a form appropriate for despatch to relevant AXA APH Shareholders and AXA APH Optionholders, and provide a consent in such form as AXA APH reasonably requires in relation to the inclusion of AMP Information in the Explanatory Memorandum (in each case, subject to compliance by AXA APH with its obligations under clauses 6.6(d) and 6.6(e));
- (g) **(Keep AXA APH informed)** from the First Court Date until the Implementation Date, promptly inform AXA APH if it becomes aware, having made all reasonable inquiries, that the AMP Information (other than to the extent that it consists of information relating to AXA APH that was provided by or on behalf of AXA APH or information relating to AXA that was provided by or on behalf of AXA) in the form and context in which it appears in the Explanatory Memorandum, having regard to applicable disclosure requirements, is or has become misleading or deceptive in any material respect or contains any material omission, and provide such further or new information as is required to ensure that such information is no longer misleading or deceptive in any material respect or contains any material omission;
- (h) **(AXA APH Information and AXA Information)** during the period until the AXA APH Information and the AXA Information (or any information solely derived from, or prepared solely in reliance on, the AXA APH Information or the AXA Information) becomes publicly available, only use that information for the purpose of preparing the AMP Information (including providing that information to the Independent Expert for the purpose of preparing the Independent Expert's Report) or otherwise as permitted by the Confidentiality Agreement;
- (i) **(AXA APH's liaisons with ASIC)** promptly and in good faith provide to AXA APH all information and any assistance reasonably required by AXA APH to resolve any matter raised by ASIC regarding the AMP Information, the Transactions or the Asian Transactions. Without limitation, so far as is reasonably practicable and appropriate, AMP must provide any information in writing and in a

form appropriate for consideration by ASIC and, where appropriate, inclusion in the Explanatory Memorandum;

- (j) **(Provide comments)** where AMP provides substantive or material comments to AXA APH regarding draft documents under this clause 6.3 or clause 6.6 (*Preparation of Explanatory Memorandum*), do so in writing and in a form appropriate for inclusion in such draft documents, and in all other cases, comments to AXA APH must be provided in writing by AMP unless it is impractical to do so;
- (k) **(Shareholder communications)** cooperate and work with AXA APH and AXA in good faith to ensure that there is effective communication with all relevant AXA APH Shareholders and AXA APH Optionholders in relation to the Transactions and the Asian Transactions; and
- (l) **(Vote tracking)** notify AXA APH of any entities (as well as the relevant holder identification numbers or securityholder reference numbers for those entities) the votes of which are to be recorded in accordance with clause 6.1(o), at least 2 Business Days before the Scheme Meetings, as required to satisfy the conditions of any exemption or modification granted to AMP by ASIC in connection with the Transactions that is fully and fairly disclosed to AXA APH before execution of this deed.

6.4 AXA's obligations

AXA must take all steps reasonably necessary to assist AXA APH to implement the Schemes and to enable the Sale of Asian Subsidiaries (if relevant) and Share Sale Completion to occur as soon as is reasonably practicable and so as to complete the Transactions substantially in accordance with the Timetable and in particular AXA must:

- (a) **(AXA Information)** provide to AXA APH and AMP the AXA Information as soon as practicable after the date of this deed and otherwise substantially in accordance with the Timetable. The AXA Information must be in a form:
 - (i) appropriate for inclusion in the Explanatory Memorandum; and
 - (ii) that includes all information in relation to AXA and its Subsidiaries, the Asian Subsidiary Deed and the AAPHL Share Sale Deed that is required by the Corporations Act, Policy Statements and Listing Rules to be included in the Explanatory Memorandum;
- (b) **(AXA assistance)** provide such assistance as AXA APH may reasonably require in order to adapt the AXA Information for inclusion in the Explanatory Memorandum as soon as practicable after the date of this deed and otherwise substantially in accordance with the Timetable;
- (c) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert or AXA APH to enable the Independent Expert to prepare its report for inclusion in the Explanatory Memorandum;
- (d) **(Investigating Accountant)** promptly provide all assistance and information reasonably requested by the Investigating Accountant, AXA APH or AMP in connection with the preparation of the Investigating Accountant's Report for inclusion in the Explanatory Memorandum;
- (e) **(Review Explanatory Memorandum)** as soon as practicable after receipt from AXA APH of the draft of the Explanatory Memorandum provided in accordance

with clause 6.1(e), review the draft prepared by AXA APH and provide written comments on that draft in good faith;

- (f) **(Approval of AXA Information)** as soon as practicable after receipt from AXA APH of the ASIC Review Draft provided in accordance with clause 6.1(e) (and any changes to that draft required by ASIC), procure that a duly authorised representative of AXA or its authorised delegate(s) approves those sections of the ASIC Review Draft that comprise AXA Information as being in a form appropriate for despatch to relevant AXA APH Shareholders and AXA APH Optionholders, and provide a consent in such form as AXA APH reasonably requires in relation to the inclusion of AXA Information in the Explanatory Memorandum;
- (g) **(Keep AXA APH and AMP informed)** from the First Court Date until the Implementation Date, promptly inform AXA APH and AMP if it becomes aware, having made all reasonable inquiries, that the AXA Information (other than to the extent that it consists of information relating to AXA APH that was provided by or on behalf of AXA APH or information relating to AMP that was provided by or on behalf of AMP) in the form and context in which it appears in the Explanatory Memorandum, having regard to applicable disclosure requirements, is or has become misleading or deceptive in any material respect or contains any material omission, and provide such further or new information as is required to ensure that such information is no longer misleading or deceptive in any material respect or contains any material omission;
- (h) **(AXA APH's liaisons with ASIC)** promptly and in good faith provide to AXA APH all information and any assistance reasonably required by AXA APH or AMP to resolve any matter raised by ASIC regarding the AXA Information, the Transactions or the Asian Transactions. Without limitation, so far as is reasonably practicable and appropriate, AXA must provide any information in writing and in a form appropriate for consideration by ASIC and, where appropriate, inclusion in the Explanatory Memorandum;
- (i) **(AMP Information and AXA APH Information)** during the period until the AMP Information and AXA APH Information (or any information solely derived from, or prepared solely in reliance on, the AMP Information or AXA APH Information) becomes publicly available, only use that information for the purpose of preparing the Explanatory Memorandum (including providing that information to the Independent Expert for the purpose of preparing the Independent Expert's Report) or otherwise as permitted by the Confidentiality Agreement;
- (j) **(Provide comments)** where AXA provides substantive or material comments to AXA APH or AMP regarding draft documents under this clause 6.4 or clause 6.6 (*Preparation of Explanatory Memorandum*), do so in writing and in a form appropriate for inclusion in such draft documents and in all other cases, comments to AXA APH or AMP must be provided in writing by AXA unless it is impractical to do so;
- (k) **(Shareholder communications)** cooperate and work with AXA APH and AMP in good faith to ensure that there is effective communication with all relevant AXA APH Shareholders and AXA APH Optionholders in relation to the Transactions and the Asian Transactions; and
- (l) **(Vote tracking)** notify AXA APH of any entities (as well as the relevant holder identification numbers or securityholder reference numbers for those entities) the votes of which are to be recorded in accordance with clause 6.4(l), at least 2 Business Days before the Scheme Meetings, as required to satisfy the conditions of

any exemption or modification granted to AMP by ASIC in connection with the Transactions that is fully and fairly disclosed to AXA APH before execution of this deed.

6.5 Share Sale Completion

AXA and AMP agree (and agree for the benefit of AXA APH) that, subject to the Scheme Conditions for the Share Scheme being satisfied or waived in accordance with clause 3.11 (*Waiver of Scheme Conditions*), AXA and AMP must each comply with their respective obligations under the AAPHL Share Sale Deed.

6.6 Preparation of Explanatory Memorandum

- (a) **(AXA APH to prepare)** Subject to AMP and AXA complying with their obligations under clauses 6.3(a), 6.3(b), 6.4(a) and 6.4(b), AXA APH must prepare the Explanatory Memorandum as soon as is reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable.
- (b) **(Compliance requirements)** AXA APH must ensure that the Explanatory Memorandum complies with the requirements of the Corporations Act, the Listing Rules and the Policy Statements applicable to the Transactions, except that the obligation to do so in respect of the AMP Information and the AXA Information is subject to AMP and AXA complying with their obligations under clauses 6.3(a), 6.3(b), 6.4(a) and 6.4(b).
- (c) **(Content of Explanatory Memorandum)** Without limiting clause 6.6(b), the Explanatory Memorandum will include or be accompanied by:
 - (i) the Share Scheme;
 - (ii) the Option Scheme;
 - (iii) notices of meeting in relation to the Scheme Meetings and the AXA APH General Meeting;
 - (iv) a copy of this deed (without the schedules and annexures) or a summary of it;
 - (v) a copy of the executed Deeds Poll;
 - (vi) the Independent Expert's Report;
 - (vii) the Investigating Accountant's Report;
 - (viii) a statement that the Independent Directors Committee considers the Transactions to be in the best interests of AXA APH Shareholders and AXA APH Optionholders (other than AXA and its Associates) and unanimously recommends that AXA APH Shareholders (other than AXA and its Associates) vote in favour of the relevant Scheme Resolution and the AXA APH Group Asia Resolutions in the absence of a Superior Proposal and that AXA APH Optionholders vote in favour of the relevant Scheme Resolution in the absence of a Superior Proposal (as applicable), unless prior to the issue of the Explanatory Memorandum the Independent Directors Committee has changed or withdrawn those statements and recommendations in accordance with clause 8.3 (*Change of recommendation or intentions*); and

- (ix) a statement that each member of the AXA APH Board who is able to control voting rights in relation to AXA APH Shares or AXA APH Options intends to vote those AXA APH Shares or voting rights in relation to AXA APH Options (as applicable), or procure that those AXA APH Shares or voting rights in relation to AXA APH Options (as applicable) are voted, in favour of the relevant Scheme Resolution and, with respect to the AXA APH Shares, the AXA APH Group Asia Resolutions in the absence of a Superior Proposal, unless prior to the issue of the Explanatory Memorandum the member of the AXA APH Board has changed his or her voting intention in accordance with clause 8.3 (*Change of recommendation or intentions*).
- (d) **(Dispute as to Explanatory Memorandum)** If, after a reasonable period of consultation and compliance by each of the parties with this clause 6, AXA APH, AMP and AXA, acting reasonably and in good faith, are unable to agree on the form or content of the Explanatory Memorandum, then:
 - (i) if the disagreement relates to the form or content of the AMP Information (or any information solely derived from, or prepared solely in reliance on, the AMP Information), AXA APH will, acting in good faith, make such amendments to that information in the Explanatory Memorandum as AMP may reasonably require;
 - (ii) if the disagreement relates to the form or content of the AXA Information (or any information solely derived from, or prepared solely in reliance on, the AXA Information), AXA APH will, acting in good faith, make such amendments to that information in the Explanatory Memorandum as AXA may reasonably require; and
 - (iii) if the disagreement relates to the form or content of the AXA APH Information, AXA APH will, acting in good faith, decide the final form of that information in the Explanatory Memorandum.
- (e) **(Consent of AMP and AXA)** Without limiting clause 6.6(d), AXA APH must obtain written consent from AMP and AXA in relation to the form and context in which any AMP Information or AXA Information (and any information solely derived from, or prepared solely in reliance on, the AMP Information or AXA Information) respectively, is used, such consent not to be unreasonably withheld by AMP or AXA.

6.7 Amendments to Timetable

If:

- (a) the Court indicates that it will not grant orders directing AXA APH to convene a Scheme Meeting, or may not grant orders approving the Share Scheme; or
- (b) ASX indicates that it will not provide a consent, approval or waiver required in order to enable the Transactions to proceed in accordance with the Timetable,

as a result of concerns regarding the Timetable, the parties must consult together in good faith and acting reasonably, with a view to agreeing such amendments to the Timetable and the Schemes as would be required to address any concerns raised by the Court or ASX (as applicable).

7. Obligations regarding conduct of business

7.1 AXA APH conduct of ANZ Businesses

From the date of this deed up to and including the Implementation Date, AXA APH must:

- (a) procure that the business and operations of the ANZ Businesses of AXA APH, the AXA APH Group ANZ Subsidiaries and the AB Entities are conducted in the ordinary course, substantially consistent (subject to any applicable laws, regulations and licence conditions or fiduciary or similar duties owed to clients in connection with Portfolio Investments) with the manner in which each such business and operation is conducted prior to the date of this deed and in accordance with the draft strategy papers discussed with the AXA APH Board relating to AXA APH Group ANZ and disclosed by AXA APH to AMP before the date of this deed;
- (b) ensure that the Portfolio Investments are dealt with and managed in accordance with any applicable mandates or investment management agreements; and
- (c) ensure that no AXA APH Group ANZ Prescribed Occurrence occurs (except for any event which was, before the date of this deed, fully and fairly disclosed in writing by AXA APH to AMP in connection with the Transactions or the subject matter of this deed),

except:

- (d) in relation to clauses 7.1(a), 7.1(b) and 7.1(c), in relation to any matter required to be done or procured by AXA APH pursuant to, or which is otherwise expressly permitted by, the Transaction Documents, or the undertaking of which AMP has approved in writing, such approval not to be unreasonably withheld or delayed; or
- (e) in relation to clause 7.1(a) in respect of an AB Entity or any AXA APH Group ANZ Subsidiary that is not a wholly-owned Subsidiary of AXA APH, this clause will only be breached if AXA APH (based on the actual knowledge of any member of the AXA APH Executive Deal Team or any member of the ANZ Leadership Team) was aware of the activity proposed to be conducted outside the ordinary course and failed to take such action available to it under the constituent documents, or the relevant shareholders' agreements or joint venture agreements to which it is subject to ensure that the relevant AB Entity's or AXA APH Group ANZ Subsidiary's businesses and operations are conducted in accordance with clause 7.1(a).

7.2 Conduct of Asian Businesses

From the date of this deed up to (and including) the second Business Day after the Implementation Date, AXA APH must:

- (a) procure that the business and operations of the Asian Businesses of the AXA APH Group Asia Subsidiaries or Asian Affiliates are conducted in the ordinary course and substantially consistent (subject to any applicable laws, regulations and licence conditions or fiduciary or similar duties owed to clients in connection with Portfolio Investments) with the manner in which each such business and operation is conducted prior to the date of this deed; and
- (b) ensure that no AXA APH Group Asia Prescribed Occurrence occurs (except for any event which was, before the date of this deed, fully and fairly disclosed in writing by AXA APH to AXA in connection with the Transactions or the subject matter of this deed),

except:

- (c) in relation to clauses 7.2(a) or 7.2(b), in relation to any matter required to be done or procured by AXA APH pursuant to, or which is otherwise expressly permitted by, the Transaction Documents, or the undertaking of which AXA (and, if the matter materially affects the interests of AMP in its capacity as the prospective ultimate holding company or head company (as defined in the Corporations Act and Income Tax Assessment Act 1997 respectively) of AXA APH, AMP) has approved in writing, such approval not to be unreasonably withheld or delayed; or
- (d) in relation to clause 7.2(a) in respect of any AXA APH Group Asia Subsidiary or Asian Affiliate that is not a wholly-owned Subsidiary of AXA APH, this clause will only be breached if AXA APH (based on the actual knowledge of any member of the AXA APH Executive Deal Team or any member of the Regional Leadership Team) was aware of the activity proposed to be conducted outside the ordinary course and failed to take such action available to it under the constituent documents, or the relevant shareholders' agreements or joint venture agreements to which it is subject to ensure that the relevant AXA APH Group Asia Subsidiary's or Asian Affiliate's business and operations are conducted in accordance with clause 7.2(a).

7.3 Ring fencing of AXA APH Group Asia and AXA APH Group ANZ

Notwithstanding anything else in the definition of 'AXA APH Group ANZ Prescribed Occurrence' or 'AXA APH Group Asia Prescribed Occurrence', AXA APH is not permitted to undertake any action that is prohibited by this clause 7.3.

- (a) **(Future capital injections, dividends and loans)** Except as expressly contemplated by this clause 7.3, from the date of this deed up to (and including) the earlier of termination of this deed and the second Business Day after the Implementation Date:
 - (i) subject to clauses 7.3(a)(iii)(A) and 7.3(b), AXA APH will not inject, and will procure that no other member of AXA APH Group ANZ injects, any equity capital into a member of AXA APH Group Asia;
 - (ii) AXA APH will procure that no member of AXA APH Group Asia injects any equity capital into a member of AXA APH Group ANZ;
 - (iii) any injections of equity capital made into:
 - (A) any member of AXA APH Group Asia is made only by the entity that is already the legal and beneficial owner of shares in that member of AXA APH Group Asia; and
 - (B) any member of AXA APH Group ANZ is made only by the entity that is already the legal and beneficial owner of shares in that member of AXA APH Group ANZ;
 - (iv) AXA APH will procure that no member of AXA APH Group Asia (other than NMI) declares or pays any dividends or makes any other form of distribution of profits or capital to any member of AXA APH Group ANZ except if such dividend is required to be declared or paid under an existing provision of the constituent documents, shareholders' agreement or joint venture agreement relating to a member of AXA APH Group Asia in which AXA APH controls 50% or less of the voting power (unless that requirement has been waived by third parties entitled to the dividend);

- (v) AXA APH will not loan, and will procure that no other member of AXA APH Group ANZ loans, any money to a member of AXA APH Group Asia (excluding, for the avoidance of doubt, any trade payables incurred in the ordinary course of business); and
 - (vi) AXA APH will procure that no member of AXA APH Group Asia loans any money to a member of AXA APH Group ANZ (excluding, for the avoidance of doubt, any trade payables incurred in the ordinary course of business).
- (b) **(NMI Subsidiary dividends)** From the date of this deed up to (and including) the earlier of termination of this deed and the second Business Day after the Implementation Date, AXA APH must procure that no direct Subsidiary or direct Affiliate of NMI declares or pays any dividend or undertakes any other form of distribution of profits, except if such dividend is required to be declared or paid under an existing provision of the constituent documents, shareholders' agreement or joint venture agreement relating to a direct Subsidiary or direct Affiliate in which AXA APH controls 50% or less of the voting power (unless that requirement has been waived by third parties entitled to the dividend). In respect of a direct Affiliate, this paragraph will only be breached if AXA APH (based on the actual knowledge of the AXA APH Executive Deal Team or any AXA APH nominee on the board of that Affiliate) was aware of the relevant event before it occurred and failed to take such action available to it under the constituent documents, shareholders' agreements or joint venture agreements (as applicable) to which that Affiliate is subject to prevent the relevant dividend or other form of distribution of profits from being declared or paid.
- (c) **(Information relating to transactions since 1 July 2010)** AXA APH must provide the following information to AXA and AMP 5 Business Days after the date of this deed, on the Second Court Date for the Share Scheme, on the day that is 2 Business Days prior to the Implementation Date and on the Implementation Date:
- (i) details of any matter referred to in clause 7.3(a) which occurred in the period since 1 July 2010;
 - (ii) details of any funds drawn down, or repayments of interest or principal, under the AXA APH-NMI Loan since 1 July 2010;
 - (iii) details of any dividends paid or declared, or other form of distribution of profits or capital undertaken by, a member of AXA APH Group Asia since 1 July 2010;
 - (iv) details of any equity capital injected by a member of AXA APH Group Asia into another member of AXA APH Group Asia since 1 July 2010;
 - (v) details of any equity capital injected by AXA APH into a member of AXA APH Group Asia since 1 July 2010;
 - (vi) details of any interest on the APF Loans or the AXA APH-NMI Loan accrued or paid since 1 July 2010;
 - (vii) details of expenses for AXA Hong Kong regional office paid for by AXA APH since 1 July 2010; and
 - (viii) details of any indebtedness owing by:
 - (A) a member of AXA APH Group Asia to NMI;

(B) a member of AXA APH Group Asia to a member of AXA APH Group ANZ; and

(C) a member of AXA APH Group ANZ to a member of AXA APH Group Asia,

at that date.

(d) **(APF Loans)** From the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business Day after the Implementation Date, AXA and AXA APH must procure that:

(i) the US\$225 million APF Loan is converted into an A\$ loan (and the principal and accrued interest under that loan is converted into A\$) based on the Relevant Exchange Rate as at 11:00 am (London time) on the date prior to the date of signing this deed. For the avoidance of doubt, the reference rate for the calculation of interest under that loan remains LIBOR;

(ii) AXA APF pays interest to AXA in A\$ on each APF Loan which is accrued but unpaid as at the date of this deed (including the accrued interest referred to in clause 7.3(d)(i)) or which accrues after this deed:

(A) on the interest payment dates under the relevant loan facility; and

(B) in respect of any interest that accrues between an interest payment date immediately prior to the day after the Implementation Date and the day after the Implementation Date, or any other interest or any other amounts owing in accordance with the APF Loans, that is unpaid on the day after the Implementation Date, on the day after the Implementation Date; and

(iii) AXA APF repays to AXA any amount drawn down with any accrued interest under an APF Loan after the date of this deed, in A\$ in immediately available funds on the day after the Implementation Date,

and AXA must, and AXA APH must procure that AXA APF will, negotiate, agree and execute documentation to make amendments to the terms of the APF Loans to give effect to these principles, provided that if this deed is terminated before the Implementation Date:

(iv) the waivers and amendments to the terms of the APF Loans referred to above will cease to have effect; and

(v) AXA must take, and AXA APH must procure that AXA APF takes, whatever steps and makes whatever payments are necessary to put them in the same position as if the waivers and amendments to the terms of the APF Loans referred to above had not been made.

References in this clause 7.3(d) to the payment of interest include the payment of any additional amounts that, under the terms of the APF Loan, are required to be paid to gross up for any amount of withholding tax payable in respect of such interest equal to the sum otherwise required to be paid.

(e) **(AXA APH-NMI Loan)** From the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business Day after the Implementation Date, AXA APH must procure that:

(i) no interest has accrued, or will accrue, and no payments (of principal or interest) have been made, or are made, by NMI to AXA APH under the AXA APH-NMI Loan in respect of the period since 1 January 2010, other than repayments of principal paid before the date of this deed; and

(ii) NMI does not repay or draw down any funds under the AXA APH-NMI Loan (other than a repayment for the purposes of funding part of the Permitted AXA APH Dividend in accordance with clause 7.3(p)),

and AXA APH must, and must procure that NMI will, negotiate, agree and execute documentation to make amendments to the terms of the AXA APH – NMI Loan to give effect to these principles, provided that if this deed is terminated before the Implementation Date:

(iii) the amendments to the terms of the AXA APH – NMI Loan referred to above will cease to have effect; and

(iv) AXA APH must take, and AXA APH must procure that NMI takes, whatever steps and makes whatever payments are necessary to put them in the same position as if the amendments to the terms of the AXA APH-NMI Loan referred to above had not been made.

(f) **(APF Swaps)**

(i) As soon as practicable following a request from AXA, AXA APH must procure AXA APF to unwind the APF Swaps.

(ii) If this deed is terminated before the Implementation Date, AXA must take, and AXA APH must procure that AXA APF takes, whatever steps and make whatever payments (either from AXA to AXA APF or from AXA APF to AXA) as are necessary so that AXA APF is in the same position as if the APF Swaps had not been unwound by AXA APF in accordance with this clause.

(g) **(Future capital injections into NMI Subsidiaries)** If, in the period from the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business Day after the Implementation Date, NMI is required (on a basis consistent with past practice) to inject equity capital into a Subsidiary of NMI, then the required equity capital will be funded firstly from any available cash reserves of NMI and if, and to the extent that the cash reserves of NMI are inadequate to fund the equity injection, AXA will loan NMI the funds pursuant to the NMI Facility.

(h) **(Capital injections into direct Asian APH Subsidiaries)** If, in the period from the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business Day after the Implementation Date, AXA APH is required (on a basis consistent with past practice) to inject equity capital into a member of AXA APH Group Asia that is not a Subsidiary of NMI, then (without limiting the operation of the Asian Transaction Documents) the required equity capital will be funded from the available cash reserves of AXA APH.

(i) **(Hong Kong regional office expenses)** From the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business

Day after the Implementation Date, AXA APH must continue to meet the expenses for AXA Hong Kong regional office on a basis consistent with past practice and in accordance with any conditions prescribed in the terms of Advance Pricing Arrangements outlined by the ATO in its letter dated 22 December 2009 permitting the deduction of those expenses from the taxable income of the AXA APH Group.

- (j) **(ACR RPS)** AXA and AXA APH must procure that the following steps occur at any time before the Implementation Date:
- (i) the parties to the RPS Transaction Documents make such amendments to, or grant such waivers in respect of, the RPS Transaction Documents, as may be necessary to enable the parties to unwind the RPS Transaction as contemplated by the remainder of this clause 7.3(j);
 - (ii) before the RPS Completion Date, ACR, in accordance with clause 9 of Bye-Law 3A of ACR's Bye-Laws, gives to AXA an RPS Redemption Notice (as defined in ACR's Bye-Laws) in respect of all of the RPS;
 - (iii) before the RPS Completion Date, AXA delivers a Put Option Notice (as defined in the Put Option Agreement) to AXA APF in respect of all of the RPS;
 - (iv) AXA contributes the Deferred RPS Completion Price (defined below) to ACR on the RPS Completion Date by issuing a promissory note on terms acceptable to AXA and ACR (**RPS Contribution**);
 - (v) all the RPS are transferred from AXA to AXA APF on the RPS Completion Date (prior to completion of the transactions referred to in paragraphs (vii) and (viii)) in accordance with the Put Option Agreement (except that AXA APF may pay the Put Option Completion Price (as defined in the Put Option Agreement, but subject to the remainder of this clause 7.3(j)) to AXA by issuing a promissory note or other evidence of indebtedness acceptable to AXA) (**Deferred RPS Completion Price**);
 - (vi) the RPS Swap is terminated on the RPS Completion Date (such date to be the 'Early Termination Date' referred to in the terms of the RPS Swap) and any amount payable by AXA to AXA APF in accordance with the RPS Swap in respect of that early termination is paid by AXA; and
 - (vii) on the RPS Completion Date, in accordance with ACR's Bye-Laws, ACR redeems all the RPS in full by payment of the aggregate RPS Redemption Amount (as defined in the Bye-Laws) (including all deferred dividends and dividends on deferred dividends) to AXA APF (**RPS Redemption Amount**) by assigning the benefit of the promissory note referred to in paragraph (iv) and cash payment and gives AXA APF a notice specifying the amount paid up on the RPS immediately before the redemption and debits this amount to its share capital account (in accordance with paragraph (e) of the definition of "dividend" in section 6(1) of the Income Tax Assessment Act 1936),

and in the period prior to redemption of the RPS, dividends will continue to accrue on the RPS, and payment of those accrued dividends will be deferred, in accordance with the terms of the RPS and on a basis consistent with past practice until redemption.

If one of the steps in this clause 7.3(j) to unwind the RPS Transaction cannot be carried out in the manner contemplated, the parties agree to amend the RPS

Transaction Documents or the steps contemplated in this clause 7.3(j), in order to achieve the unwind with substantially the same effects as originally contemplated.

Without limiting clause 7.3(j)(iv), the terms of the RPS Contribution must be in compliance with all relevant laws and place the AXA APH Group in at least as good an economic position (on an after tax basis) as it would have been in had the RPS Transaction remained on foot until the Scheduled Put Option Completion Date (as defined in the Put Option Agreement).

- (k) **(Ring fencing)** From the date of this deed up to (and including) the earlier of the date of termination of this deed and the second Business Day after the Implementation Date (except as expressly contemplated by this clause 7.3 or any other provision of this deed) AXA APH must not take any step which has the effect of transferring any assets, risks, debts, liabilities, profits, costs, expenses, revenue or capital or any member of the ANZ Leadership Team or the Regional Leadership Team (or their respective direct reports) of:
- (i) AXA APH Group ANZ to AXA APH Group Asia; or
 - (ii) AXA APH Group Asia to AXA APH Group ANZ,
- and must ensure that corporate costs continue to be paid in a manner consistent with past practice.
- (l) **(Transaction costs)** AXA APH:
- (i) must procure that from the date of this deed up to (and including) the earlier of the termination of this deed and the second Business Day after the Implementation Date none of the costs associated with the Transactions, including the cost of making cash payments to holders of AXA APH Options (**Transaction Costs**) are incurred or paid by any member of AXA APH Group Asia; and
 - (ii) represents and warrants to AXA (on its own behalf and separately as trustee for each of the AXA Indemnified Parties) that prior to the date of this deed none of the Transaction Costs were incurred or paid by any member of AXA APH Group Asia.
- (m) **(NMI Tax Receivable)** AXA APH must procure that at least one day prior to the Implementation Date:
- (i) the NMI Tax Receivable is paid in full by AXA APH; and
 - (ii) NMI and AXA APH execute documents (in a form acceptable to AXA and AMP, each acting reasonably) to confirm payment in full of the NMI Tax Receivable by AXA APH and to release each other from any obligations (current or future) in respect of the NMI Tax Receivable.
- (n) **(Exit of NMI from APH Tax Consolidated Group)** Prior to the Implementation Date:
- (i) AXA APH must provide NMI, AXA and AMP with a notice setting out the Exit Payment and Leaving Contribution Amount and showing the amounts of the AXA APH Exit Payment and the AXA APH Leaving Contribution Amount;

- (ii) AXA APH must subscribe for ordinary shares in NMI for an aggregate subscription price equal to the sum of the amounts of the AXA APH Exit Payment and the AXA APH Leaving Contribution Amount;
 - (iii) if NMI is unable to pay the amount equal to the excess of the sum of the Exit Payment and Leaving Contribution Amount over the sum of the amounts of the AXA APH Exit Payment and the AXA APH Leaving Contribution Amount, AXA may loan to NMI the amount required by NMI to make that payment;
 - (iv) AXA APH must procure that NMI applies the subscription monies received under clause 7.3(n)(ii) and any of its own funds and/or the loan funds received under clause 7.3(n)(iii) to pay the Exit Payment and Leaving Contribution Amount; and
 - (v) on full payment by NMI to AXA APH of the Exit Payment and Leaving Contribution Amount in the manner required under this clause 7.3(n), AXA APH must release NMI from the AXA APH Tax Sharing and Contribution Agreement.
- (o) **(Guangzhou)** Promptly following a request from AXA (which request AXA agrees to provide promptly following execution of this deed and in any event within 10 Business Days after execution of this deed), AXA APH must:
- (i) enter into an agreement with ACR to transfer the equity interest in Guangzhou from AXA APH to ACR (such agreement to be in the form agreed between AXA APH, AXA and AMP, each acting reasonably and otherwise on substantially the same terms as the form of the Guangzhou Equity Transfer Agreement initialled by AXA APH, AXA and AMP at the time of execution of this deed), but on the basis that the consideration for the transfer of the equity interest in Guangzhou from AXA APH to ACR will be paid by ACR on the later of completion of the transfer of the equity interest in Guangzhou and the Business Day after AXA (or a Nominee) acquires ACR);
 - (ii) apply for and seek to obtain, as soon as practicable, all necessary approvals to effect the transfer of the equity interest in Guangzhou to ACR (including the approval of the Ministry of Commerce of the People's Republic of China);
 - (iii) seek to complete the sale of the equity interest in Guangzhou as soon as practicable; and
 - (iv) consult with, and keep AXA and AMP informed, of the matters referred to in this clause 7.3(o).

AXA agrees to indemnify AXA APH and ACR in respect of any costs (including legal and tax advisory costs) and Tax that is payable by AXA APH or ACR (as applicable) as a result of the transfer contemplated under this clause 7.3(o), or as a result of such transfer being unwound (at the option of AXA APH) due to the termination of this deed.

If any payment made by AXA under this clause 7.3(o) is subject to Tax (whether by way of deduction or withholding or direct assessment or reduction of losses of the recipient), that amount must be increased by the amount necessary to ensure that after deduction, withholding or payment of Tax or reduction of losses, AXA APH

and/or ACR, as appropriate, will receive an amount equal to the sum otherwise required to be paid or the tax effect of the losses reduced.

- (p) **(Permitted AXA APH Dividend)** The Permitted AXA APH Dividend must be sourced:
- (i) as to one-third, from the earnings and profits of AXA APH Group ANZ; and
 - (ii) as to two-thirds, from the earnings and profits of AXA APH Group Asia or funding provided by AXA pursuant to the NMI Facility, provided that any earnings or profits sourced from AXA APH Group Asia (other than NMI) will be loaned to NMI.
- (q) **(Unwind of prohibited ring fencing transactions)** To the extent there is any breach of clauses 7.3(a), 7.3(d), 7.3(e) or 7.3(k), or any transaction occurring between 1 July 2010 and the date of the deed which would, if those clauses applied during that period, be a breach, AMP and AXA may require that AXA APH take, and AXA APH must take, such steps after the Effective Date but prior to the Implementation Date as are reasonably requested jointly by AMP and AXA to unwind or reverse the specific transaction which caused, or would have caused, the breach, so as to return:
- (i) the relative assets, risks, debts, liabilities, profits, costs, expenses, revenue or capital or employees of AXA APH Group ANZ and AXA APH Group Asia; and
 - (ii) any adjustment payment which is required to be paid between AXA and AMP under another Transaction Document calculated by reference to defined capital injections and defined dividends between AXA APH and each of NMI, Philippines and Indonesia,
- to the position which would have existed if the breach or transaction had not occurred.

For the purposes of this clause 7.3:

ACR means AXA China Region Limited.

APF Swaps means each of the swaps described in Schedule 4, and, for the avoidance of doubt, excludes the RPS Swap.

AXA APH Consolidated Group means the Consolidated Group of which AXA APH is the Head Company (as those terms are defined in section 995-1 of the ITAA 1997).

AXA APH Exit Payment means so much of the Exit Payment that is referable to a Group Liability (referred to in the table in section 721-10(2) of the ITAA 1997) of AXA APH that both relates to a period before 1 July 2010 and relates to a tax liability that was recorded in the AXA APH consolidated financial statements for the half year ended 30 June 2010.

AXA APH Leaving Contribution Amount means so much of the Leaving Contribution Amount that both relates to a period before 1 July 2010 and relates to a tax liability that was recorded in the AXA APH consolidated financial statements for the half year ended 30 June 2010.

AXA APH Tax Sharing and Contribution Agreement means the Tax Sharing and Contribution Agreement dated 24 March 2004 between AXA APH and the companies listed in Schedule 1 of that agreement.

Exit Payment means such payment as is necessary to ensure that NMI leaves the AXA APH Consolidated Group clear of each of the Group Liabilities (referred to in the table in section 721-10(2) of the ITAA 1997) of AXA APH which has not yet fallen due in accordance with section 721-35 of the ITAA 1997 (and, for the avoidance of doubt, may include a nil payment).

Guangzhou means AXA (Guangzhou) Software Development and Services Company Limited.

Leaving Contribution Amount means any amount payable by NMI to AXA APH under the AXA APH Tax Sharing and Contribution Agreement relating to the deconsolidation of the AXA APH Consolidated Group.

NMI Facility means the \$A100 million revolving facility agreement provided by AXA to NMI dated 12 March 2010 amended on 17 June 2010 and 27 July 2010 and maturing in 2011.

NMI Tax Receivable means tax receivable owing by AXA APH to NMI relating to the tax year ended 31 December 2009 (which, as at 30 June 2010, had a balance owing of approximately A\$29 million).

Put Option Agreement means the RPS Put Option Agreement dated 1 August 2006 between AXA, AXA APH and AXA APF (as amended from time to time).

Relevant Exchange Rate means the rate quoted by WM/Reuters, quoted on Reuters page <AUDFIX10H=WM>, or alternatively the rate quoted by Bloomberg, quoted on Bloomberg page "AFRF1".

RPS means the perpetual preference shares of par value HK\$0.05 each in the share capital of AXA China Region Limited.

RPS Completion Date means a Business Day that is no later than 7 days prior to the Share Scheme Meeting, as agreed between AXA and AXA APH and, in the absence of such agreement, will be the Business Day that is the last Business Day that is at least 7 days prior to the Share Scheme Meeting.

RPS Swap means the swap transaction documented in the Confirmation dated 1 August 2006 between AXA APF and AXA.

RPS Transaction means the transaction contemplated by the RPS Transaction Documents.

RPS Transaction Documents means:

- (a) the Bye-Laws of ACR as they relate to the RPS;
- (b) RPS subscription agreement dated 1 August 2006 between NMI and ACR;
- (c) the agreement for the sale of RPS between NMI and AXA dated 1 August 2006;
- (d) the Put Option Agreement;
- (e) the RPS call option agreement between AXA, AXA APF and AXA APH dated 1 August 2006 (as amended from time to time);
- (f) the financing agreement between NMI and AXA APF dated 1 August 2006; and

- (g) the 1992 ISDA Master Agreement (including the schedule) and confirmation between AXA and AXA APF each dated 1 August 2006.

7.4 Access to information

- (a) From the date of this deed up to and including the Implementation Date, AXA APH must, if requested by AMP:
 - (i) provide to AMP:
 - (A) monthly financial information consistent with the information which has been customarily provided to the AXA APH Board;
 - (B) minutes and board papers for the Board of Audit and Compliance Committee;
 - (C) the documents commonly referred to within AXA APH as 'the CEO dashboard'; and
 - (D) the monthly margin analysis report,

promptly after the relevant board meetings have taken place or promptly after the relevant document has been made available within AXA APH Group ANZ (as the case may be), but only those parts with respect to the AXA APH Group ANZ; and
 - (ii) subject to AXA APH considering the request for information to be reasonable, provide to AMP such further materials as AMP requires to implement the Transactions or the Asian Transactions, including for the purpose of planning separation arrangements in connection with the Transactions or the Asian Transactions.
- (b) Without limiting clause 7.4(a), during the period from (but no earlier than) the Effective Date for the Share Scheme up to and including the Implementation Date, AXA APH must consult with AMP, on a regular and ongoing basis, in relation to the conduct of material aspects of the ANZ Businesses, and consider in good faith AMP's views in relation to the same, and:
 - (i) consult with AMP in relation to any proposed extension, renewal, replacement, revocation, amendment or surrender of any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisaton, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Regulatory Authority that is material to the ANZ Businesses, and promptly take, or refrain from taking, such action in relation to that proposal as may be reasonably requested by AMP (such reasonableness to be determined having regard to the interests of the AXA APH Group); and
 - (ii) consult with AMP in relation to any material dealings with any Regulatory Authority in connection with the ANZ Businesses.
- (c) To the extent not already provided in the normal course to AXA, from the date of this deed up to and including the Implementation Date, AXA APH must promptly provide to AXA (if requested by AXA):

- (i) monthly financial information consistent with the information which has been customarily provided to the AXA APH Board for the purpose of understanding the financial position of the AXA APH Group Asia;
 - (ii) subject to AXA APH considering the request for information to be reasonable, further materials as AXA requires to implement the Transactions or the Asian Transactions, including for the purpose of planning separation arrangements in connection with the Transactions or the Asian Transactions.
- (d) Without limiting clause 7.4(c), during the period from (but no earlier than) the Effective Date for the Share Scheme up to and including the Implementation Date, AXA APH must consult with AXA, on a regular and ongoing basis, in relation to the conduct of material aspects of the Asian Businesses, and consider in good faith AXA's views in relation to the same, and:
 - (i) consult with AXA in relation to any proposed extension, renewal, replacement, revocation, amendment or surrender of any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Regulatory Authority that is material to the Asian Businesses, and promptly take, or refrain from taking, such action in relation to that proposal as may be reasonably requested by AXA (such reasonableness to be determined having regard to the interests of the AXA APH Group); and
 - (ii) consult with AXA in relation to any material dealings with any Regulatory Authority in connection with the Asian Businesses.
- (e) From (but no earlier than) the Effective Date for the Share Scheme, AXA APH must provide Representatives of AMP with reasonable opportunities to:
 - (i) conduct staff briefings with AXA APH Group ANZ employees (provided that any meetings or briefings must occur with a senior manager of AXA APH present); and
 - (ii) meet with financial planners, key account managers and financial services licensees with whom any member of the AXA APH Group ANZ has dealings provided that Representatives of AXA APH are given an opportunity to attend any such meetings.
- (f) From (but no earlier than) the Effective Date for the Share Scheme, AXA APH must provide AMP with reasonable notice and permit AMP's Representatives to attend and participate in:
 - (i) any senior management meetings which are organised with financial planners, key account managers and financial services licensees with whom any member of the AXA APH Group ANZ has dealings; and
 - (ii) any adviser roadshow or events attended by AXA APH Group ANZ product personnel.
- (g) The parties acknowledge that all information which is provided pursuant to this clause 7.4 is provided subject to the terms of the Confidentiality Agreement.

- (h) Any requests for information or access under this clause 7.4 may only be made through communications between:
 - (i) for AXA APH, Geoff Roberts or David Rowe or such other persons nominated by them to AMP and AXA from time to time;
 - (ii) for AMP, Paul Leaming, Paul Sainsbury or Ken Lockery or such other persons nominated by them and agreed by AXA APH from time to time; and
 - (iii) for AXA, Noel Richardson or Nicolas Leclercq or such other persons nominated by them and agreed by AXA APH from time to time.
- (i) Notwithstanding any other provision of this clause 7.4 (including clauses 7.4(a) and 7.4(c)):
 - (i) requests for information or access under this clause 7.4 must:
 - (A) to the extent practicable, be bundled together and provided in writing at the same time and only once per week; and
 - (B) not place an unreasonable burden on the ability of any member of the AXA APH Group to operate its business or any Representative to operate their part of the business that is under that Representative's control;
 - (ii) AXA APH's obligations under this clause 7.4 are subject to:
 - (A) privacy laws;
 - (B) any confidentiality obligations owed to third parties;
 - (C) any valid claim of legal professional privilege; and
 - (D) any other applicable laws; and
 - (iii) requests for information or access under this clause 7.4 will not require AXA APH or any of its Subsidiaries to provide information about product pricing or any other information which AXA APH reasonably determines is commercially sensitive. However, where AXA APH withholds information (other than information about product pricing) which it determines is commercially sensitive, it must notify AMP and consult with AMP in good faith with a view to identifying a mechanism which the relevant information could be provided to AMP or a Representative of AMP without material prejudice to any member of the AXA APH Group's commercial interests. Where such a mechanism cannot be agreed between AXA APH and AMP, AXA APH will be under no obligation to provide that information to AMP or any of its Representatives.
- (j) From the date of this deed until the earlier of:
 - (i) the Implementation Date; and
 - (ii) the later of 3 months after the date on which this deed is terminated and 9 months after the date of this deed,

AMP must not solicit or endeavour to entice away any person currently employed in a senior or management role by the AXA APH Group from such employment, other than as a result of:

- (iii) a person applying for a position that was advertised bona fide by or on behalf of AMP or any Subsidiary of AMP;
 - (iv) a person applying for a position through a recruitment agent, provided that the recruitment agent had not approached any such employee or employees of the AXA APH Group;
 - (v) a person approaching any member of the AMP Group; or
 - (vi) where the solicitation or endeavours to entice were made by a person who was unaware of the Transactions or the Asian Transactions, or to whom any Confidential Information (as defined in the Confidentiality Agreement) has not been disclosed by AXA APH or on its behalf.
- (k) AXA APH represents and warrants on each day from the date of this deed until (and including) the Implementation Date, that it has diligently enforced all rights under any document agreed with NAB (whether before or after the date of this deed) in relation to or arising out of a Competing Proposal, including clause 5.4(j) of the deed named "Framework Deed" between AXA APH, NAB and AXA dated 30 March 2010.
- (l) For a period of 18 months following the Implementation Date (or, in respect of information relevant to Tax Returns, such longer period as is granted by the ATO to prepare and lodge the Tax Returns referred to below) AMP must, on reasonable notice from AXA:
- (i) procure the provision to AXA and its Representatives and auditor of reasonable access to:
 - (A) the books, records, reports and documentation relating to the Transactions or the Asian Transactions (including the income tax consolidation calculations and all valuations prepared or obtained for that purpose or for the purpose of any purchase price allocation under Australian Accounting Standard AASB 3 or an equivalent standard prepared following implementation of the Share Scheme) and allow AXA to inspect and obtain copies or certified copies of such records at AXA's expense; and
 - (B) the personnel of AMP or AXA APH, for the purpose of assisting AXA to prepare tax returns, accounts and other financial statements, discharge statutory obligations or comply with Tax, or other legal requirements, or to conduct legal or arbitration proceedings (other than against any AMP Group entities or any AXA APH Group entities); and
 - (ii) procure AXA APH to provide relevant data and information contained in the information technology and accounting systems used, as at the date of this deed, for the production of AXA's consolidated financial statements for the purposes of preparing AXA's consolidated financial statements with respect to:

- (A) the period up to and including the Implementation Date; and
 - (B) the disposal of the AXA APH Group ANZ outside of AXA's group of Subsidiaries.
- (m) Requests for information or access under clause 7.4(l) must not place an unreasonable burden on the ability of any member of the AMP Group to operate its business or any Representative to operate their part of the business that is under that Representative's control.
 - (n) AMP's obligations under clause 7.4(l) are subject to:
 - (i) privacy laws;
 - (ii) any confidentiality obligations owed to third parties;
 - (iii) any claim of legal professional privilege; and
 - (iv) any other applicable laws or regulations.
 - (o) Requests for information or access under clause 7.4(l) will not require AMP or any of its Subsidiaries to provide information about product pricing or any other information which AMP reasonably determines is commercially sensitive.

7.5 Implementation Committee

- (a) Promptly following the execution of this deed, the parties shall establish an implementation committee (**Implementation Committee**) to act as a forum for consultation and planning between the parties in relation to:
 - (i) the implementation of the Transactions and the Asian Transactions; and
 - (ii) the separation and integration arrangements between AXA APH Group Asia and AXA APH Group ANZ.
- (b) The Implementation Committee, once established, shall remain in existence until the earlier of the Implementation Date and the termination of this deed in accordance with its terms.
- (c) The Implementation Committee shall comprise such number of representatives from each party of such level of seniority as the relevant party, acting reasonably, considers appropriate having regard to the purposes set out in clause 7.5(a) but in no case shall a party be entitled to nominate more than 3 representatives.

7.6 Information required for substantial holding notices

- (a) Each party must, within one Business Day after the date of this deed, provide to the other parties such details regarding any relevant interest in AXA APH Shares of the party as would need to be included in a notice given pursuant to Part 6C.1 of the Corporations Act if that party had a substantial holding in AXA APH.
- (b) If any party acquires or disposes of a Relevant Interest in AXA APH Shares, it must use best endeavours to, on the next Business Day after such acquisition or disposal, notify the other parties of that acquisition or disposal and provide to the other parties such information relating to the acquisition or disposal as would need to be included in a notice given pursuant to Part 6C.1 of the Corporations Act if that party had a substantial holding (as defined in the Corporations Act) in AXA APH and

that acquisition or disposal had resulted in a movement of at least 1% in that party's holding.

- (c) AXA APH must, from the Scheme Record Date for the Share Scheme, co-operate in good faith with AMP and AXA and provide such information or assistance as reasonably requested by either of them, for the purposes of assisting them in complying with their obligations under Part 6C.1 of the Corporations Act on and from the Implementation Date. Without limitation, AXA APH must use best endeavours to provide to AMP and AXA on each Business Day after the Scheme Record Date for the Share Scheme the following details in relation to voting shares or interests in a listed company or managed investment scheme (**Listed Voting Securities**) in which AXA APH had a relevant interest as at the end of the previous Business Day:
- (i) the issuer, number and class of the Listed Voting Securities;
 - (ii) the registered holder of the Listed Voting Securities;
 - (iii) the identity of any person entitled to be registered as the holder of the Listed Voting Securities;
 - (iv) the nature of AXA APH's relevant interest in the Listed Voting Securities; and
 - (v) if requested by AMP or AXA -the consideration paid for each relevant interest in the Listed Voting Securities that was acquired in the preceding 4 months.

7.7 Co-operation in relation to insurance

AXA APH must co-operate with AMP in good faith to ensure that there is no interruption to the insurance coverage of AXA APH and its Subsidiaries with respect to directors' and officers' liability, crime and professional indemnity and trustees liability (**Insured Matters**) as a result of the implementation of the Transactions. Without limitation, if the Share Scheme becomes Effective, AXA APH must use best endeavours to negotiate such amendments to its insurance policies, or take out such additional insurance policies, with respect to Insured Matters as reasonably requested by AMP in writing.

7.8 AMP conduct of business

From the date of this deed up to and including the Implementation Date, AMP must:

- (a) procure that the AMP Group conducts its business and operations in the ordinary course and substantially consistent (subject to any applicable laws, regulations and licence conditions) with the manner in which each such business and operation is conducted prior to the date of this deed; and
- (b) ensure that no AMP Prescribed Occurrence occurs,

except in relation to any matter required to be done or procured by AMP pursuant to, or which is otherwise expressly permitted by, the Transaction Documents or Asian Transaction Documents, or the undertaking of which AXA APH has approved in writing, such approval not to be unreasonably withheld or delayed.

8. Recommendation, intentions and announcements

8.1 Independent Directors Committee recommendation

AXA APH must use its best endeavours to procure that the Independent Directors Committee, in the AXA APH Announcement and in the Explanatory Memorandum, unanimously recommends that AXA APH Shareholders (other than AXA and its Associates) vote in favour of the Share Scheme and the AXA APH Group Asia Resolutions, and that the AXA APH Optionholders vote in favour of the Option Scheme, unless:

- (a) a Superior Proposal is made; or
- (b) the Independent Expert does not conclude that:
 - (i) the Share Scheme is in the best interests of Scheme Shareholders; or
 - (ii) the transactions the subject of the AXA APH Group Asia Resolutions are fair and reasonable to and in the best interests of AXA APH Shareholders (other than AXA and its Associates).

8.2 AXA APH director intentions

AXA APH must use its best endeavours to procure that each member of the AXA APH Board announces in the AXA APH Announcement and in the Explanatory Memorandum his or her intention (if eligible to do so) to vote in favour of the Schemes and the AXA APH Group Asia Resolutions any AXA APH Shares or AXA APH Options in which they have a Relevant Interest and in respect of which they have power to vote unless:

- (a) a Superior Proposal is made; or
- (b) the Independent Expert does not conclude that:
 - (i) the Share Scheme is in the best interests of Scheme Shareholders; and
 - (ii) the transactions the subject of the AXA APH Group Asia Resolutions are fair and reasonable to and in the best interests of AXA APH Shareholders (other than AXA and its Associates).

8.3 Change of recommendation or intentions

AXA APH must use its best endeavours to procure that:

- (a) no member of the Independent Directors Committee changes or withdraws his or her recommendation given under clause 8.1 (*Independent Directors Committee recommendation*); and
- (b) no member of the AXA APH Board announces his or her intention to vote any AXA APH Shares or AXA APH Options in which they have a Relevant Interest or in respect of which they control the voting rights against the Schemes or the AXA APH Group Asia Resolutions or to abstain from voting (unless required by law to abstain) on the Schemes or the AXA APH Group Asia Resolutions,

in each case, unless:

- (c) a Superior Proposal is made; or
- (d) the Independent Expert does not conclude that:

- (i) the Share Scheme is in the best interests of Scheme Shareholders; or
- (ii) the transactions the subject of the AXA APH Group Asia Resolutions are fair and reasonable to and in the best interests of AXA APH Shareholders (other than AXA and its Associates).

8.4 Limitation of liability

Notwithstanding any other provision of this deed or the Transaction Documents, AMP and AXA each acknowledge and agree that if this deed is terminated for any reason, AMP and AXA's sole and exclusive remedy for any liability of AXA APH and its Representatives in connection with the Transactions (whether under this deed, at law in equity or otherwise) will be limited to a maximum of \$35 million (in aggregate for all Claims) and each of AMP and AXA irrevocably and unconditionally releases and discharges AXA APH and its Representatives from any other Claim that may be made by it to recover from AXA APH or its Representatives any losses suffered or incurred by AMP or AXA or their Representatives (as the case may be) in connection with the Transactions.

This clause 8.4 survives termination of this deed.

8.5 Announcements

Immediately after the execution of this deed, AXA APH must issue the AXA APH Announcement to the ASX and AMP must issue the AMP Announcement to the ASX and NZX and AXA must issue the AXA Announcement to NYSE and Euronext.

9. Lock-up arrangements

9.1 No shop

During the Lock-up Period AXA APH must not, and must ensure that each of its Representatives does not, except with the prior written consent of AMP, directly or indirectly solicit, initiate or encourage any Competing Proposal or any inquiry, expression of interest, offer, proposal, negotiations or discussions by or with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal (whether by or with a person with whom AXA APH has previously been in discussions or not), or communicate any intention to do any of those things.

For the avoidance of doubt, nothing in this clause prevents AXA APH from continuing to make normal presentations to, and respond to, enquiries from brokers, portfolio investors and analysts in the ordinary course in relation to the Schemes or the AXA APH Group generally.

9.2 No talk and no due diligence

During the Lock-up Period, AXA APH must not, and must ensure that each of its Representatives does not, except with the prior written consent of AMP, directly or indirectly:

- (a) enter into, continue or participate in any negotiations or discussions with, or accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal; or
- (b) make available to any Third Party or permit any Third Party to receive any non public information relating to any member of AXA APH Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal,

unless (in either case):

- (c) the Independent Directors Committee, acting in good faith and in order to satisfy what the Independent Directors Committee considers to be its fiduciary or statutory duties determines that, where there is a Competing Proposal, the Competing Proposal is a Superior Proposal or may reasonably be expected to lead to a Superior Proposal, or, where there is not yet a Competing Proposal, the steps that the Independent Directors Committee proposes to take may reasonably be expected to lead to a Competing Proposal that is a Superior Proposal;
- (d) AXA APH has not breached clause 9.1 (*No shop*), it being acknowledged that AXA APH will not have breached clause 9.1 (*No shop*) by responding in accordance with and as permitted by clause 9.2(c) to any Competing Proposal or any inquiry, expression of interest, offer, proposal, negotiations or discussions by or with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal, if neither AXA APH nor any of its Representatives directly or indirectly solicited, initiated or encouraged the initial inquiry, expression of interest, offer, proposal, negotiations or discussions; and
- (e) if the Third Party has entered into a confidentiality agreement with AXA APH (**Third Party CA**) and to the extent that the terms of that agreement are less favourable to AXA APH than the Confidentiality Agreement, AXA APH, AXA and AMP have amended the terms of the Confidentiality Agreement so that it is no more favourable to AXA APH than the Third Party CA.

9.3 Access provided to Third Parties

- (a) AXA APH represents and warrants to AMP as at the date of this deed:
 - (i) that it has, and its Representatives have, ceased any existing negotiations or discussions with any party, and it is not, and its Representatives are not, in any negotiations or discussions with any party, which may reasonably be expected to lead to a Competing Proposal; and
 - (ii) that it has requested or will request the return, or destruction or deletion of AXA APH's confidential information in accordance with the terms of the confidentiality agreement entered into between AXA, AXA APH and NAB on 8 February 2010 as amended on 1 March 2010 and any confidentiality agreement entered into by AXA APH with IOOF Holdings Limited in relation to the agreement to acquire the North investment platform business announced to ASX on 9 August 2010.
- (b) During the Lock-up Period, AXA APH must:
 - (i) diligently enforce all its rights under each confidentiality agreement entered into with a Third Party referred to in clause 9.3(a)(ii); and
 - (ii) not grant any waivers or releases or agree to any amendments under any confidentiality agreement entered into with a Third Party referred to in clause 9.3(a)(ii).

10. Liability of directors, officers and employees

10.1 Liability of directors, officers and employees

To the maximum extent permitted by law, each party (the **first party**) releases all rights against, and agrees that it will not make any claim against, the respective past or present directors, officers and employees of each of the other parties to this deed (**other party**) or the directors, officers and employees of the other party's Subsidiaries in relation to:

- (a) information provided to the first party by or on behalf of the other party in relation to the Transactions or the Asian Transactions; or
- (b) any breach of any representations, covenants and warranties of the other party in this deed,

to the extent that the other party and the relevant director, officer or employee has acted without negligence, in good faith and has not engaged in wilful misconduct.

10.2 Directors' and officers' insurance

- (a) Prior to the Effective Date, AXA APH will arrange for run off cover (**Run Off Cover**) to be put in place for each Beneficiary on, so far as practicable, terms no less favourable than under the Policy under which each Beneficiary is insured prior to the Effective Date with one or more insurers approved by AMP (acting reasonably with consideration to the existing policies and criteria (including credit ratings) applied by the AMP Group in selecting insurers).
- (b) The Run Off Cover will be for a term of 7 years from the Implementation Date.
- (c) It is acknowledged that payment for the Run Off Cover may not be made until after the Implementation Date. AMP will, in this event, procure that AXA APH pays for the Run Off Cover as soon as practicable after the Implementation Date but in any event, no later than the last date for payment under the terms of the Run Off Cover or related invoice.

10.3 Obligations in relation to directors' and officers' insurance

From the Implementation Date, AXA and AMP must not, and AMP must procure that AXA APH does not:

- (a) vary or cancel; or
- (b) unless required under the policy, commit any act or omission that may prejudice any claim by a Beneficiary,

under the Policy or any further insurance cover obtained in compliance with clause 10.2 (Directors' and officers' insurance).

10.4 Directors' and officers' indemnities

- (a) Without limiting any other term of this deed, from the Effective Date for the Share Scheme, each of AXA and AMP undertakes that it will, in respect of each deed of indemnity, access and insurance (**Relevant Deed**) made by an AXA APH Group entity (**Relevant Entity**) in favour of a director or officer of any AXA APH Group entity (including an AXA APH Group Asia entity) (**Indemnified Person**) from time to time procure that:

- (i) the Relevant Entity complies with the Relevant Deed; and
- (ii) to the extent that the Relevant Entity ceases to exist after the Implementation Date, each Indemnified Person has the benefit of an indemnity on terms no less favourable than those contained in the Relevant Deed as at the Effective Date.

(b) This clause 10.4 applies to the maximum extent permitted by the Corporations Act and will be read down accordingly.

10.5 Benefit

Each of AMP and AXA acknowledges that AXA APH holds the benefit of this clause 10 to the extent it relates to each director and officer of an AXA APH Group entity as trustee for them, and, as such, each such director or officer of an AXA APH Group entity may enforce this clause 10 against AMP or AXA (as the case may be).

11. Employee Plans

11.1 Acknowledgements

AXA APH and AMP acknowledge and agree that the effect of the Transactions and the operation of the provisions of this clause 11 upon the AXA APH Options will be as follows:

- (a) the AXA APH Board (which term, in this clause 11, is taken to include any relevant committee of the AXA APH Board) will not take any action to extend or accelerate the period for exercise of any AXA APH Options as a consequence of the implementation or proposed implementation of the Share Scheme or the Transactions, except as contemplated by the Schemes;
- (b) neither a determination by the AXA APH Board that application is to be made to the Court for orders in connection with the Schemes, nor the granting of such orders by the Court, will result in the extension or acceleration of the period for exercise of any AXA APH Options pursuant to rules 10.4 or 10.5 of the AXA APH Option Plan;
- (c) under rule 9.3 of the AXA APH Option Plan, the AXA APH Board may satisfy its obligations in respect of any AXA APH Options that are exercised (whether such AXA APH Options constitute Performance Rights or Allocation Rights within the meaning of the rules of the AXA APH Option Plan) by paying a cash amount to the relevant AXA APH Optionholder, and that it will do so where required under this clause 11;
- (d) if the Share Scheme becomes Effective, but the Option Scheme does not become Effective, all AXA APH Optionholders will, in accordance with rule 11, but subject to rule 5, of the AXA APH Option Plan, be entitled to exercise their AXA APH Options within 1 month after the Implementation Date (**Extended Period**); and
- (e) in the circumstances referred to in clause 11.1(d), all AXA APH Options that have not been validly exercised before the end of the Extended Period will lapse immediately following the end of that period.

11.2 Treatment after date of this deed

Except as otherwise agreed in writing by AMP and AXA, AXA APH will not, and will procure that the AXA APH Board does not, as the case may be, make any amendment to the

terms of, or exercise any rights or discretions under, the AXA APH Option Plan where, as a consequence, any one or more of the following occurs:

- (a) the period for exercise of any AXA APH Options is accelerated or extended (including, without limitation, as a result of the waiver of performance conditions under rule 14.3 of the AXA APH Option Plan, or a determination under rules 10.4, 10.5 or 12 of the AXA APH Option Plan);
- (b) the number of AXA APH Options that are exercisable at any time is increased;
- (c) the exercise price of any AXA APH Options is reduced; or
- (d) the number of AXA APH Shares to be issued or transferred on exercise of any AXA APH Options is increased.

However, subject to clause 11.1 (*Acknowledgements*), nothing in this clause 11.2 will prevent the AXA APH Board from taking any action if the failure to perform that action would (in the reasonable opinion of the AXA APH Board formed after having taken advice from its legal advisers) involve a breach of the duties of those directors.

11.3 Issue of AXA APH Shares pursuant to the exercise of AXA APH Options

AXA APH must:

- (a) in respect of any AXA APH Options exercised prior to the Exercise Deadline, procure that:
 - (i) AXA APH satisfies its obligations in respect of those AXA APH Options by transferring AXA APH Shares to the relevant AXA APH Optionholder, first to the extent that any AXA APH Shares are held on trust pursuant to the trust deed between AXA APH and AXA APH Executive Plan (Australia) Pty Limited dated September 2004 and the National Mutual Group Australian Executive Plan Trust Deed dated 28 May 1997 (as amended) and are available for this purpose and thereafter by the issue of AXA APH Shares; and
 - (ii) the transfer or issue to the relevant AXA APH Optionholder of the relevant AXA APH Shares is completed promptly and, in any event, by no later than the Scheme Record Date for the Share Scheme; and
- (b) in respect of any AXA APH Options exercised after the Exercise Deadline, satisfy its obligations in respect of those AXA APH Options by making a cash payment to the holder of the AXA APH Options in accordance with rule 9.3 of the AXA APH Option Plan. This clause does not have the effect of making a determination for the purpose of the AXA APH Option Plan.

11.4 Treatment before date of this deed

Except as fully and fairly disclosed in the AXA APH Initial Due Diligence Information, AXA APH represents and warrants to AMP and AXA that AXA APH and the AXA APH Board has not, prior to the date of this deed, taken any action contemplated by clause 11.2 (*Treatment after date of this deed*) to the extent that such action affects any AXA APH Options on issue as at the date of this deed.

11.5 Repayment of loans

AXA APH must take all steps necessary to ensure that, by the Implementation Date:

- (a) all outstanding instalment payments owing on any AXA APH Shares issued or transferred pursuant to an Employee Plan are paid; and
- (b) all outstanding monies owing to any member of the AXA APH Group in respect of any loan provided by it in connection with the issue or transfer of AXA APH Shares pursuant to an Employee Plan are repaid.

11.6 Deferred Incentive Plan

Prior to the date of this deed (and as fully and fairly disclosed to AMP or its Representatives in writing prior to the date of this deed, other than by identifying details of the particular employees concerned and their individual awards), AXA APH has provided indications to certain employees of members of the AXA APH Group that they would be granted an award pursuant to a deferred incentive plan operated by AXA APH in relation to a period of service commencing prior to the date of this deed. AXA APH will ensure that, to the extent that any such award is offered or granted on or after the date of this deed, it will be in the form of a deferred cash entitlement, on terms and conditions no more favourable to the relevant employee than those fully and fairly disclosed (on the basis described above) to AMP or its Representative in writing before the date of this deed (and with the aggregate amount of all such awards not exceeding the aggregate amount so disclosed other than for the addition of interest to accrue at the RBA cash rate), and in no other form.

12. Representations, warranties and indemnities

12.1 AMP Scheme representations and warranties

Except as consented to in writing by AXA APH and AXA, AMP represents and warrants to AXA APH (on its own behalf and separately as trustee for each of the AXA APH Indemnified Parties) and AXA (on its own behalf and separately as trustee for each of the AXA Indemnified Parties):

- (a) on each date from the date of this deed until (and including) the Second Court Date that:
 - (i) it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery by AMP of the Transaction Documents to which AMP is party has been properly authorised by all necessary corporate action and AMP has full corporate power and lawful authority to execute and deliver such Transaction Documents and to perform or cause to be performed its obligations under such Transaction Documents;
 - (iii) subject to the mandatory preference of claims by law (which includes claims referred to in section 13A(3) of the *Banking Act 1959* (Cth), section 86 of the *Reserve Bank of Australia Act 1959* (Cth) and certain debts to APRA in relation to the costs of APRA), laws generally affecting creditors' rights and the principles of equity, the Transaction Documents to which AMP is party constitute legal, valid and binding obligations on it and do not conflict with or result in a breach of or default under:

- (A) the constitution or equivalent constituent documents of AMP or any of its Subsidiaries; or
 - (B) any writ, order or injunction, judgment, law, rule or regulation to which AMP or any of its Subsidiaries is party, or by which AMP or any of its Subsidiaries is bound and which could reasonably be expected to have a material adverse effect on AMP's ability to perform its obligations under this deed; and
- (iv) other than as expressly contemplated by clause 3 (*Conditions*), no shareholder or Regulatory Authority approvals are required to be obtained by the AMP Group in order for it to execute and perform the Transaction Documents to which it is a party;
- (b) as at the date of this deed there are:
 - (i) 2,094,424,200 AMP Shares on issue;
 - (ii) no partly paid ordinary shares in the capital of AMP on issue;
 - (iii) 455,174 options to acquire AMP Shares on issue; and
 - (iv) 13,226,527 performance rights in respect of AMP Shares on issue,and AMP has not issued (and is not required to issue) any other securities or instruments which are still outstanding (or may become outstanding) and which may convert into AMP Shares other than in connection with a dividend reinvestment plan (including pursuant to any underwriting of that plan), an employee incentive arrangement (including any security issued upon conversion or exercise of rights attaching to any security issued under an employee incentive arrangement);
- (c) on the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date:
 - (i) the AMP Information has been prepared and included in the Explanatory Memorandum in good faith and on the understanding that:
 - (A) AXA APH and the AXA APH Indemnified Parties have relied on that information for the purposes of considering and approving the AXA APH Information in the Explanatory Memorandum;
 - (B) AXA and the AXA Indemnified Parties have relied on that information for the purposes of considering and approving the AXA Information in the Explanatory Memorandum;
 - (C) the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report; and
 - (D) the Investigating Accountant has relied on the information for the purposes of preparing the Independent Accountant's Report;
 - (ii) the AMP Information complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant Policy Statements), and includes all information regarding AMP, its

Subsidiaries, the AAPHL Share Sale Deed and the AMP Shares that is required by the Corporations Act, Policy Statements and Listing Rules to be included in the Explanatory Memorandum, including all the information that would be required under sub-sections 636(1)(c), (f), (g), (h), (i), (k)(ii), (l) and (m) of the Corporations Act to be included in a bidder's statement if AMP were offering the Share Scheme Consideration as consideration under a takeover bid;

- (iii) the AMP Information (other than to the extent that it consists of information relating to AXA APH or AXA that was provided by or on behalf of AXA APH or AXA, or has been extracted from public announcements made by AXA APH to ASX or by AXA) in the form and context in which it appears in the Explanatory Memorandum (as consented to by AMP in accordance with clause 6.6(e)) is not misleading or deceptive in any material respect and does not contain any material omission;
 - (iv) AMP has complied with its obligations under clause 6.3(g);
 - (v) no member of the AMP Leadership Team is aware of any material information relating to any member of the AMP Group that has not been disclosed to AXA APH and is objectively necessary for AXA APH (as the case may be) or relevant AXA APH Shareholders or AXA APH Optionholders to make an informed decision as to whether to proceed with the Schemes; and
 - (vi) all information provided by or on behalf of AMP to the Independent Expert or the Investigating Accountant to enable the Independent Expert's Report and the Investigating Accountant's Report, respectively, to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert and the Investigating Accountant have relied on the information for the purposes of preparing the Independent Expert's Report and the Investigating Accountant's Report, respectively; and
- (d) on the date of this deed, the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date:
- (i) AMP Subsidiary will be a wholly-owned subsidiary (within the meaning of section 9 of the Corporations Act) of AMP; and
 - (ii) following the making by AMP of an announcement to ASX pursuant to clause 8.4 (*Announcements*), AMP has complied in all respects with its continuous disclosure obligations under Listing Rule 3.1.

12.2 AMP indemnities

- (a) AMP acknowledges that in entering into this deed AXA APH and the AXA APH Indemnified Parties and AXA and the AXA Indemnified Parties have relied on the AMP Scheme Warranties.
- (b) AMP indemnifies AXA APH (on its own behalf and separately as trustee for each of the AXA APH Indemnified Parties) and AXA (on its own behalf and separately as trustee for each of the AXA Indemnified Parties) against any loss suffered or incurred by reason of any breach of any of the representations and warranties of AMP in clause 12.1 (*AMP Scheme representations and warranties*).

12.3 AXA Scheme representations and warranties

Except as consented to by AXA APH and AMP in writing, AXA represents and warrants to AXA APH (on its own behalf and separately as trustee for each of the AXA APH Indemnified Parties) and AMP (on its own behalf and separately as trustee for each of the AMP Indemnified Parties):

- (a) on each date from the date of this deed until (and including) the Second Court Date that:
 - (i) it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery by AXA of the Transaction Documents to which AXA is party has been properly authorised by all necessary corporate action and AXA has full corporate power and lawful authority to execute and deliver such Transaction Documents and to perform or cause to be performed its obligations under such Transaction Documents;
 - (iii) subject to laws generally affecting creditors' rights and the principles of equity, the Transaction Documents to which AXA is party constitute legal, valid and binding obligations on it and do not conflict with or result in a breach of or default under:
 - (A) the constitution or equivalent constituent documents of AXA or any of its Subsidiaries; or
 - (B) any writ, order or injunction, judgment, law, rule or regulation to which AXA or any of its Subsidiaries is party, or by which AXA or any of its Subsidiaries is bound and which could reasonably be expected to have a material adverse effect on AXA's ability to perform its obligations under the Transaction Documents; and
 - (iv) other than as expressly contemplated by clause 3 (*Conditions*), no shareholder or Regulatory Authority approvals are required to be obtained by AXA or its Subsidiaries (other than a member of the AXA APH Group) in order for it to execute and perform the Transaction Documents to which it is a party.
- (b) on the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date:
 - (i) the AXA Information has been prepared and included in the Explanatory Memorandum in good faith and on the understanding that:
 - (A) AXA APH, the AXA APH Indemnified Parties, AMP and the AMP Indemnified Parties have relied on that information for the purposes of considering and approving the AXA APH Information and the AMP Information (as applicable) in the Explanatory Memorandum;
 - (B) the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report; and

- (C) the Investigating Accountant has relied on the information for the purposes of preparing the Independent Accountant's Report;
 - (ii) the AXA Information complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant Policy Statements), and includes all information in relation to AXA and its Subsidiaries, the Sale of Asian Subsidiaries and the AAPHL Share Sale Deed that is required by the Corporations Act, Policy Statements and Listing Rules to be included in the Explanatory Memorandum;
 - (iii) the AXA Information (other than to the extent that it consists of information relating to AXA APH or AMP that was provided by or on behalf of AXA APH or AMP, or has been extracted from public announcements made by AXA APH or AMP to ASX) in the form and context in which it appears in the Explanatory Memorandum (as consented to by AXA in accordance with clause 6.6(e)) is not misleading or deceptive in any material respect and does not contain any material omission;
 - (iv) AXA has complied with its obligations under clause 6.4(g); and
 - (v) all information provided by or on behalf of AXA to the Independent Expert or the Investigating Accountant to enable the Independent Expert's Report and the Investigating Accountant's Report, respectively, to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert and the Investigating Accountant have relied on the information for the purposes of preparing the Independent Expert's Report and the Investigating Accountant's Report, respectively; and
- (c) on the date of this deed, the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date, AXA is not aware of any material information relating to AXA APH Group (including AXA APH Group Asia), the Transactions or the Asian Transactions (excluding information already known to AXA APH) that has not been disclosed to AXA APH and is objectively necessary for AXA APH or relevant AXA APH Shareholders or AXA APH Optionholders to make an informed decision as to whether to proceed with the Schemes.

12.4 AXA indemnities

- (a) AXA acknowledges that in entering into this deed AXA APH and the AXA APH Indemnified Parties and AMP and the AMP Indemnified Parties have relied on the AXA Scheme Warranties.
- (b) AXA indemnifies AXA APH (on its own behalf and separately as trustee for each of the AXA APH Indemnified Parties) and AMP (on its own behalf and separately as trustee for each of the AMP Indemnified Parties) against any loss suffered or incurred by reason of any breach of any of the representations and warranties of AXA in clause 12.3 (*AXA Scheme representations and warranties*).

12.5 AXA APH representations and warranties

Except as consented to in writing by AMP and AXA, AXA APH represents and warrants to AMP (on its own behalf and separately as trustee for each of the AMP Indemnified Parties)

and AXA (on its own behalf and separately as trustee for each of the AXA Indemnified Parties):

- (a) on each date from the date of this deed until (and including) the Second Court Date that:
 - (i) AXA APH is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery by AXA APH of the Transaction Documents to which AXA APH is party has been properly authorised by all necessary corporate action and AXA APH has full corporate power and lawful authority to execute and deliver such Transaction Documents and to perform or cause to be performed its obligations under such Transaction Documents;
 - (iii) subject to laws generally affecting creditors' rights and the principles of equity, the Transaction Documents to which AXA APH is party constitute legal, valid and binding obligations on AXA APH and do not conflict with or result in a breach of or default under:
 - (A) the constitution of AXA APH or any of its Subsidiaries; or
 - (B) any writ, order or injunction, judgment, law, rule or regulation to which AXA APH or any of its Subsidiaries is party, or by which AXA APH or any of its Subsidiaries is bound and which could reasonably be expected to have a material adverse effect on AXA APH's ability to perform its obligations under this deed;
 - (iv) other than as expressly contemplated by clause 3 (*Conditions*), no shareholder or Regulatory Authority approvals are required to be obtained by the AXA APH Group in order for it to execute and perform the Transaction Documents to which it is a party;
- (b) as at the date of this deed:
 - (i) there are:
 - (A) 2,067,095,545 AXA APH Shares on issue; and
 - (B) no more than 36,961,667 AXA APH Options on issue under the Employee Plans,

and AXA APH has not issued (and is not required to issue) any other securities or instruments which are still outstanding (or may become outstanding) and which may convert into AXA APH securities; and
 - (ii) it has disclosed in writing to AMP or its Representatives the complete set of terms and conditions of the AXA APH Options;
 - (iii) on the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date;
 - (iv) the AXA APH Information has been prepared and included in the Explanatory Memorandum in good faith and on the understanding that:

- (A) AMP and the AMP Indemnified Parties have relied on that information for the purposes of considering and approving the AMP Information in the Explanatory Memorandum;
 - (B) AXA and the AXA Indemnified Parties have relied on that information for the purposes of considering and approving the AXA Information in the Explanatory Memorandum;
 - (C) the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report; and
 - (D) the Investigating Accountant has relied on the information for the purposes of preparing the Investigating Accountant's Report;
- (v) the AXA APH Information in the Explanatory Memorandum does not contain a statement which is misleading or deceptive in any material respect and does not contain any material omission;
 - (vi) AXA APH has complied with any obligations it may have under clause 6.1(i);
 - (vii) the AXA APH Information complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant Policy Statements); and
 - (viii) all information provided by or on behalf of AXA APH to the Independent Expert or the Investigating Accountant to enable the Independent Expert's Report and the Investigating Accountant's Report, respectively, to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert and the Investigating Accountant have relied on the information for the purposes of preparing the Independent Expert's Report and the Investigating Accountant's Report, respectively; and
- (c) on the date of this deed, the First Court Date, the date of the Scheme Meetings and the Second Court Date:
 - (i) following the making by AXA APH of an announcement to ASX pursuant to clause 8.4 (*Announcements*), AXA APH has complied in all respects with its continuous disclosure obligations under Listing Rule 3.1; and
 - (ii) no member of the AXA APH Executive Deal Team is aware of any material information relating to any member of the AXA APH Group that has not been disclosed to AMP (other than with respect to information made available to AMP during the Confirmatory Due Diligence Period) or AXA and is objectively necessary for AMP or AXA (as the case may be) to make an informed decision as to whether to proceed with the Asian Transactions;
 - (d) on the date of this deed no member of the AXA APH Executive Deal Team or member of the ANZ Leadership Team is aware of any material information relating to any member of the AXA APH Group that has not been disclosed to AMP or AXA (other than with respect to information to be made available to AMP and AXA during the Confirmatory Due Diligence Period) and is objectively necessary

for AMP or AXA (as the case may be) to make an informed decision as to whether to proceed with the Transactions;

- (e) on the First Court Date, the date of the Scheme Meetings and the Second Court Date no member of the AXA APH Executive Deal Team or member of the ANZ Leadership Team is aware of any material information relating to any member of the AXA APH Group that has not been disclosed to AMP or AXA and is objectively necessary for AMP or AXA (as the case may be) to make an informed decision as to whether to proceed with the Transactions;
- (f) on the date of this deed and the Implementation Date, there is no financial indebtedness owing between any member of the AXA APH Group ANZ and the AXA APH Group Asia, other than:
 - (i) the AXA APH – NMI Loan; and
 - (ii) trade payables incurred in the ordinary course of business; and
- (g) on the date of this deed, the interim dividend paid by AXA APH for the half year ended 30 June 2010 was sourced entirely from the earnings and profits of AXA APH Group Asia and was not, in respect of any part, sourced from the earnings and profits of AXA APH Group ANZ.

12.6 AXA APH indemnity

- (a) AXA APH acknowledges that in entering into this deed AMP and the AMP Indemnified Parties and AXA and the AXA Indemnified Parties have relied on the AXA APH Scheme Warranties.
- (b) AXA APH indemnifies AMP (on its own behalf and separately as trustee for the AMP Indemnified Parties) and AXA (on its own behalf and separately as trustee for the AXA Indemnified Parties) against any loss suffered or incurred by reason of any breach of any of the representations and warranties of AXA APH in clause 12.5 (*AXA APH representations and warranties*).

12.7 Notifications

Each party will promptly advise each other party in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 12.

12.8 Status of representations and warranties

Each representation and warranty in this clause 12:

- (a) is severable; and
- (b) will survive the termination of this deed.

12.9 Status and enforcement of indemnities

- (a) Each indemnity in this deed is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this deed.
- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this deed.

13. Termination

13.1 Termination

Subject to clause 13.2, this deed may only be terminated if a termination event described in the following table occurs:

- (a) except in relation to the termination event in item 13.1(t), if one party is specified in the second column of the following table opposite the termination event, by that party providing written notice to each other party at any time before 8.00 am on the Second Court Date;
- (b) only in relation to the termination event in item 13.1(t), by AXA APH giving notice to each other party at any time before the earlier of the date which is 10 Business Days after the conclusion of the relevant Pre-meeting VWAP Period and 8.00 am on the date of the Scheme Meetings; or
- (c) if more than one party is specified in the second column of the following table opposite the termination event, by any of those parties providing written notice to each other party at any time before 8.00 am on the Second Court Date, provided that for the termination events in items 13.1(c), 13.1(h), 13.1(i) and 13.1(j) of the table below, the party seeking to terminate this deed, acting reasonably and in good faith and after consultation to the extent practicable with each other party, determines that its interests have been, or are likely to be, affected in any material respect by the relevant event,

provided that a party (**Terminating Party**) may only terminate this deed in reliance on the termination event (other than the termination events described in items 13.1(a), 13.1(f), 13.1(g), 13.1(m), 13.1(p), or 13.1(t) of the table below):

- (d) if that Terminating Party has first given the other parties written notice of the occurrence of the termination event, including relevant details of the facts, matters and circumstances giving rise to the termination event (**First Notice**); and
- (e) the termination event has not been remedied to the reasonable satisfaction of that Terminating Party by the earlier of 5 Business Days from the date on which the First Notice was given and 8.00 am on the date one Business Day before the Second Court Date.

Termination event	Who may terminate
(a) if a party terminates this deed in accordance with clause 3.12 (<i>Failure of Scheme Conditions</i>);	any party entitled to terminate this deed in accordance with clause 3.12 (<i>Failure of Scheme Conditions</i>)
(b) if there is a material breach of any AXA Share Sale Warranties other than as a result of a material breach of the AAPHL Share Sale Deed by AMP;	AMP
(c) if AXA APH is in material breach of a provision of this deed (other than clauses 7.1 (<i>AXA APH conduct of ANZ Businesses</i>) or 7.2 (<i>Conduct of Asian Businesses</i>)) or the Merger Implementation Deed, taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result	AXA or AMP

Termination event	Who may terminate
of a material breach by AXA or AMP of this deed or the Merger Implementation Deed;	
(d) if AXA APH is in material breach of clause 7.1 (<i>AXA APH conduct of ANZ Businesses</i>) taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach of this deed by AXA or AMP;	AMP
(e) if AXA APH is in material breach of clause 7.2 (<i>Conduct of Asian Businesses</i>), taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach of this deed by AXA or AMP;	AXA, (or, if the breach materially affects the interests of AMP in its capacity as the prospective ultimate holding company or head company (as defined in the Corporations Act and Income Tax Assessment Act 1997 respectively)) of AXA APH, AMP)
(f) if: <ul style="list-style-type: none"> (i) each of the Chairman and a majority of the other members of the Independent Directors Committee does not, in the Explanatory Memorandum, recommend that relevant AXA APH Shareholders vote in favour of the Share Scheme and the AXA APH Group Asia Resolutions in reliance on clause 8.1(a) or 8.1(b); or (ii) the Prescribed Majority of the Independent Directors Committee publicly changes or withdraws its recommendation that AXA APH Shareholders (other than AXA and its Associates) vote in favour of the Share Scheme or the AXA APH Group Asia Resolutions pursuant to clause 8.3 (<i>Change of recommendation or intentions</i>); 	AXA APH
(g) if: <ul style="list-style-type: none"> (i) the Independent Directors Committee does not, in the Explanatory Memorandum, unanimously recommend that relevant AXA APH Shareholders vote in favour of the Share Scheme and the AXA APH Group Asia Resolutions; or (ii) either the Chairman, or at least half of the other members, of the Independent Directors Committee publicly change or withdraw their recommendation that AXA APH Shareholders (other than AXA and its Associates) vote in favour of the Share Scheme or the AXA APH Group Asia Resolutions, whether in accordance with clause 8.3 (<i>Change of</i> 	AXA or AMP

Termination event	Who may terminate
<i>recommendation or intentions</i>) or otherwise;	
(h) if AMP is in material breach of a provision of this deed or the Merger Implementation Deed, taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach by AXA APH or AXA of this deed or the Merger Implementation Deed;	AXA APH or AXA
(i) if AXA is in material breach of a provision of this deed taken in the context of the Transactions and the Asian Transactions as a whole other than as a result of a material breach of this deed by AXA APH or AMP;	AXA APH or AMP
(j) if AXA APH is in material breach of a provision of the Asian Subsidiary Deed or a Sale Agreement, or there is a material breach of a representation or warranty given by AXA APH in the Asian Subsidiary Deed or a Sale Agreement, in either case, taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach by AMP or AXA of the relevant deed or agreement;	AMP or AXA
(k) if AXA is in material breach of a provision of a Transaction Document other than this deed or the Merger Implementation Deed, or of an Asian Transaction Document, or there is a material breach of a representation or warranty given by AXA in such a Transaction Document or Asian Transaction Document, in either case, taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach by another party of a Transaction Document;	AMP
(l) if AMP is in material breach of a provision of a Transaction Document other than this deed or the Merger Implementation Deed, or of an Asian Transaction Document, or there is a material breach of a representation or warranty given by AMP in such a Transaction Document or Asian Transaction Document, in either case, taken in the context of the Transactions and the Asian Transactions as a whole, other than as a result of a material breach by another party of a Transaction Document;	AXA
(m) if the Share Scheme has not become Effective before the End Date (including, if applicable, as extended in accordance with clause 3.12);	any party
(n) if the Court makes a determination to not approve the Share Scheme in accordance with section 411(4)(b) of the Corporations Act;	any party (provided that, in the case of AMP and AXA APH, the party is not in breach of clause 3.3 (<i>General obligations in relation to Scheme Conditions</i>) as it applies to the Scheme Condition listed in item 24 (Court approval) of clause 3.1

Termination event	Who may terminate
	<i>(Scheme Conditions for Share Scheme)</i>
(o) Not used	
(p) the Scheme Condition set out in item 14 (<i>ATO tax ruling</i>) of clause 3.1 (<i>Scheme Conditions for Share Scheme</i>) is not satisfied or waived before 14 February 2011;	AXA APH (provided that, at the time AXA APH provides written notice pursuant to clause 13.1(a), the Scheme Condition has still not been satisfied or waived)
(q) Not used	
(r) Not used	
(s) Not used	
(t) if the Pre-meeting VWAP for any Pre-meeting VWAP Period is less than \$4.50.	AXA APH

13.2 Automatic termination if no joint bid relief

This deed will automatically terminate on the date which is three months after the date of this deed if the Scheme Condition set out in item 23 (*Joint bid relief*) of clause 3.1 (*Scheme Conditions for Share Scheme*) has not been satisfied by that time.

13.3 Effect of termination

In the event of termination of this deed by either AXA APH, AXA or AMP pursuant to this clause 13, this deed will become void and have no effect, other than:

- (a) this clause 13.3 and clauses 1, 7.3(d)(v), 7.3(e)(iv), 7.3(f)(ii), 7.3(o) (but only in so far as it obliges AXA to indemnify AXA APH and ACR in respect of the matters covered by the indemnity in that clause), the definitions set out in clause 7.3, 7.4(j), 8.4, 10.1, 10.5, 12.2, 12.4, 12.6 to 12.9 (both inclusive), 14, 15.1, 15.2, 15.4 and 16 to 19 (both inclusive), which shall survive termination; and
- (b) in respect of any liability for an antecedent breach of this deed.

14. Remedies

14.1 Cumulative

The rights and remedies in this deed are in addition to other rights and remedies given by law independently of this deed.

14.2 Specific performance

The parties acknowledge that damages will not be a sufficient remedy for breach of this deed. Specific performance or injunctive relief is available as a remedy for a breach or threatened breach of this deed by any party.

14.3 Limitation on liability of AXA APH to AXA

- (a) Subject to clause 14.3(b), notwithstanding any other provision of this deed or any of the Transaction Documents or the Asian Transaction Documents, on and from the Implementation Date none of AXA APH nor any member of AXA APH Group ANZ or their Representatives will be liable to AXA in respect of any claim, demand, loss or cause of action (whether arising in contract, tort, under statute or otherwise) in relation to any provision of this deed or any of the Transaction Documents arising from any acts or omissions of AXA APH or any member of AXA APH Group ANZ or their Representatives which occurred prior to the Implementation Date, regardless of whether or not that liability otherwise arose before or would otherwise have arisen on or after the Implementation Date.
- (b) For the avoidance of doubt:
 - (i) clause 14.3(a) will not apply in respect of any indemnity given in the ordinary course in relation to any of the ANZ Businesses by AXA APH or any member of AXA APH Group ANZ to AXA or any Subsidiary of AXA under a document which is not a Transaction Document provided that such indemnity has been fairly disclosed in the AXA APH Initial Due Diligence Information; and
 - (ii) the parties agree that clause 14.3(a) will in no way limit any liability AMP has or may have to AXA, or any rights AXA has or may have against AMP pursuant to the Transaction Documents or any other document.

15. Confidentiality and Communications

15.1 Confidentiality Agreement

Save as set out in clause 15.4 (*Disclosure on termination of agreement*), the parties acknowledge and agree that:

- (a) they continue to be bound by the Confidentiality Agreement after the date of this deed; and
- (b) the rights and obligations of the parties under the Confidentiality Agreement survive termination of this deed.

15.2 AMP Subsidiary

AMP must procure that:

- (a) AMP Subsidiary agrees to be bound by the obligations of AMP under the Confidentiality Agreement as if those obligations applied to AMP Subsidiary, in respect of information received by AMP Subsidiary from AXA APH and its Representatives on (or indirectly from AMP or its Representatives), before or after the date of this deed; and
- (b) AMP Subsidiary takes any necessary steps to comply with paragraph (a), including by signing a form of a deed of accession or any other document required by AXA APH.

15.3 Communications

- (a) Subject to clause 15.4 (*Disclosure on termination of agreement*), where a party is required by applicable law, the Listing Rules or any other applicable stock exchange regulation to make any announcement or to make any disclosure in connection with this deed, the Schemes, the Transactions or the Asian Transactions, it may do so only after it has given the other parties as much notice as is reasonably practicable in the context of any deadlines imposed by law or applicable requirement and has consulted with the other parties as to (and has given the other parties a reasonable opportunity to comment on) the form and content of that announcement or disclosure and taken all reasonable steps to restrict that disclosure to the greatest extent possible. Nothing in this clause requires the giving of prior notice or the taking of any action if, in the opinion of a party, doing so would lead to a party breaching an applicable law, the Listing Rules or any other stock exchange regulation.
- (b) Except in relation to communications regulated by clause 8 (*Recommendation, intentions and announcements*), clause 6 (*Implementation of the Transaction*), clause 15.3(a) (*Communications*) or 15.4 (*Disclosure on termination of agreement*) or where such communications are for the purposes of satisfying a Scheme Condition (in which case clause 3 (*Conditions*) shall apply), and to the extent permitted by applicable law:
 - (i) each of AMP and AXA must seek the prior written approval of AXA APH (acting reasonably) before sending or dispatching to an AXA APH Shareholder (other than AXA or its Subsidiaries) on or before the Implementation Date any written communication in relation to the Scheme, the Transactions or the Asian Transactions;
 - (ii) the parties must in good faith and on a timely and pragmatic basis consult with each other on all aspects (including the timing, form, content and manner) of:
 - (A) any communications with any Regulatory Authority;
 - (B) any communications with any rating agency or any other third party (other than its Representatives that are actively involved in the implementation of the Transactions or the Asian Transactions) including the media; or
 - (C) any other public announcement or disclosure in relation to the Schemes, the Transactions or the Asian Transactions;
 - (iii) each party must provide copies to the other party of any written communications sent to or received from a person referred to in clause 15.3(b)(ii) promptly upon despatch or receipt (as the case may be); and
 - (iv) each party shall have the right to be present and make submissions at or in relation to any proposed meeting with any Regulatory Authority in relation to the Transactions or the Asian Transactions.

15.4 Disclosure on termination of agreement

Notwithstanding clause 15.3 (*Communications*), the parties agree that, if this deed is terminated under clause 13 (*Termination*), any party may disclose by way of announcement to any recognised stock or securities exchange on which its shares are quoted the fact that this deed has been terminated, where such disclosure is in the reasonable opinion of that party

required to ensure that the market in its securities is properly informed, and provided, where reasonably practicable, that party consults with each other party as to (and gives the other parties a reasonable opportunity to comment on) the form of the announcement prior to its disclosure.

Nothing in this clause requires the giving of prior notice or the taking of any action if, in the opinion of a party, doing so would lead to a party breaching an applicable law, the Listing Rules or any other stock exchange regulation.

16. Notices

16.1 How notice to be given

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by that party to each other party from time to time):

- (i) if to AMP:

Address: 33 Alfred Street, Sydney, NSW, 2000, Australia

Fax number: +61 2 9257 7178

For the attention of: General Counsel and Company Secretary

Copied to: Clayton Utz, Level 19, 1 O'Connell Street, Sydney, NSW, 2000, Australia

Fax number: +61 2 8220 6700

For the attention of: Rod Halstead

- (ii) if to AXA APH:

Address: 750 Collins Street, Docklands, VIC, 3008, Australia

Fax number: +61 3 9617 2904

For the attention of: Rick Allert

Copied to: Mallesons Stephen Jaques, Level 50, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000, Australia

Fax number: +61 3 9643 5999

For the attention of: Stephen Minns

- (iii) if to AXA:

Address: 21-25 Avenue Matignon, 75008, Paris, France

Fax number: +33 1 40 75 58 28

For the attention of: General Counsel

Copied to: Freehills, Level 43, 101 Collins Street, Melbourne
VIC 3000, Australia

Fax number: +61 3 9288 1567

For the attention of: Baden Furphy

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party; and
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, in accordance with clause 16.1.

16.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed is taken to be received by the addressee:

- (a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
- (b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
- (c) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent; and
- (d) (in the case of delivery by hand) on delivery,

but (other than in respect of a notice under 13.1(d)) if the communication is taken to be received on a day that is not a Business Day or after 5.00 pm, it is taken to be received at 9.00 am on the next Business Day.

17. GST

17.1 Interpretation

- (a) Except where the context suggests otherwise, and subject to clause 17.1(b), terms used in this clause have the meanings given to those terms by the *A New Tax System (Goods and Services Tax) Act 1999* (as amended from time to time).
- (b) "Input tax credit" has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999* and a reference to an input tax credit entitlement of an entity includes an input tax credit for an acquisition made by that entity but to which another member of the same GST group is entitled.
- (c) Any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause.

- (d) Any consideration for a supply that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to that supply for the purpose of this clause.
- (e) Unless otherwise expressly stated, all amounts or consideration to be provided under or in accordance with this deed are expressed exclusive of GST.

17.2 Reimbursements and similar payments

Any payment or reimbursement required to be made under this deed that is calculated by reference to a cost, expense, or other amount paid or incurred will be limited to the total cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the cost, expense or amount relates.

17.3 GST payable

- (a) To the extent that any supply made by an entity (**Supplier**) under or in connection with this deed is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST) to another entity (**Recipient**), the Recipient must, subject to clause 17.3(b), pay in addition to the consideration provided under this deed for that supply (unless it expressly includes GST) an amount (additional amount) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must pay the additional amount at the same time as the consideration to which it is referable..
- (b) No payment of any amount pursuant to clause 17.3(a) is required until the Supplier has provided a valid tax invoice to the Recipient.
- (c) Where additional amounts are payable between parties to this deed pursuant to clause 17.3(a), amounts so payable, to the extent they are equivalent in amount, shall be set off against each other as if paid and each party shall be obliged only to provide the tax invoice referred to in clause 17.3(b) no later than the time at which any consideration is to be first provided for that supply.
- (d) If the GST payable in relation to a supply made under or in connection with this deed varies from the additional amount paid by the Recipient under clause 17.3(a) then the Supplier must promptly issue an adjustment note to the Recipient and will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this paragraph is deemed to be a payment, credit or refund of the additional amount payable under clause 17.3(a).

18. General

18.1 Amendments

This deed may only be varied by a document signed by or on behalf of each party.

18.2 Waiver

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.

- (b) A waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

18.3 Costs

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with negotiating, preparing, executing and performing this deed.

18.4 Further acts and documents

Each party must promptly do all further acts and execute and deliver all further documents (in a form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this deed.

18.5 Consents

A consent or approval required under this deed from a party may not be unreasonably withheld, unless this deed expressly provides otherwise.

18.6 Counterparts

This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this deed, and all together constitute one agreement.

18.7 No assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior consent of each other party.

18.8 No representation or reliance

Except as expressly set out in this deed, each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation, warranty or other inducement to it to enter into this deed; and
- (b) it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party.

18.9 Severability

A term or part of a term of this deed that is illegal or unenforceable may be severed from this deed and the remaining terms or parts of the term of this deed continue in full force and effect.

19. Governing law, jurisdiction and service of process

19.1 Governing law

This deed is governed by and must be construed according to the law applying in the state of Victoria, Australia.

19.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of the state of Victoria, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 19.2(a).

19.3 Service of process

AXA irrevocably appoints Freehills as its agent in Australia for service of process.

Executed as a deed

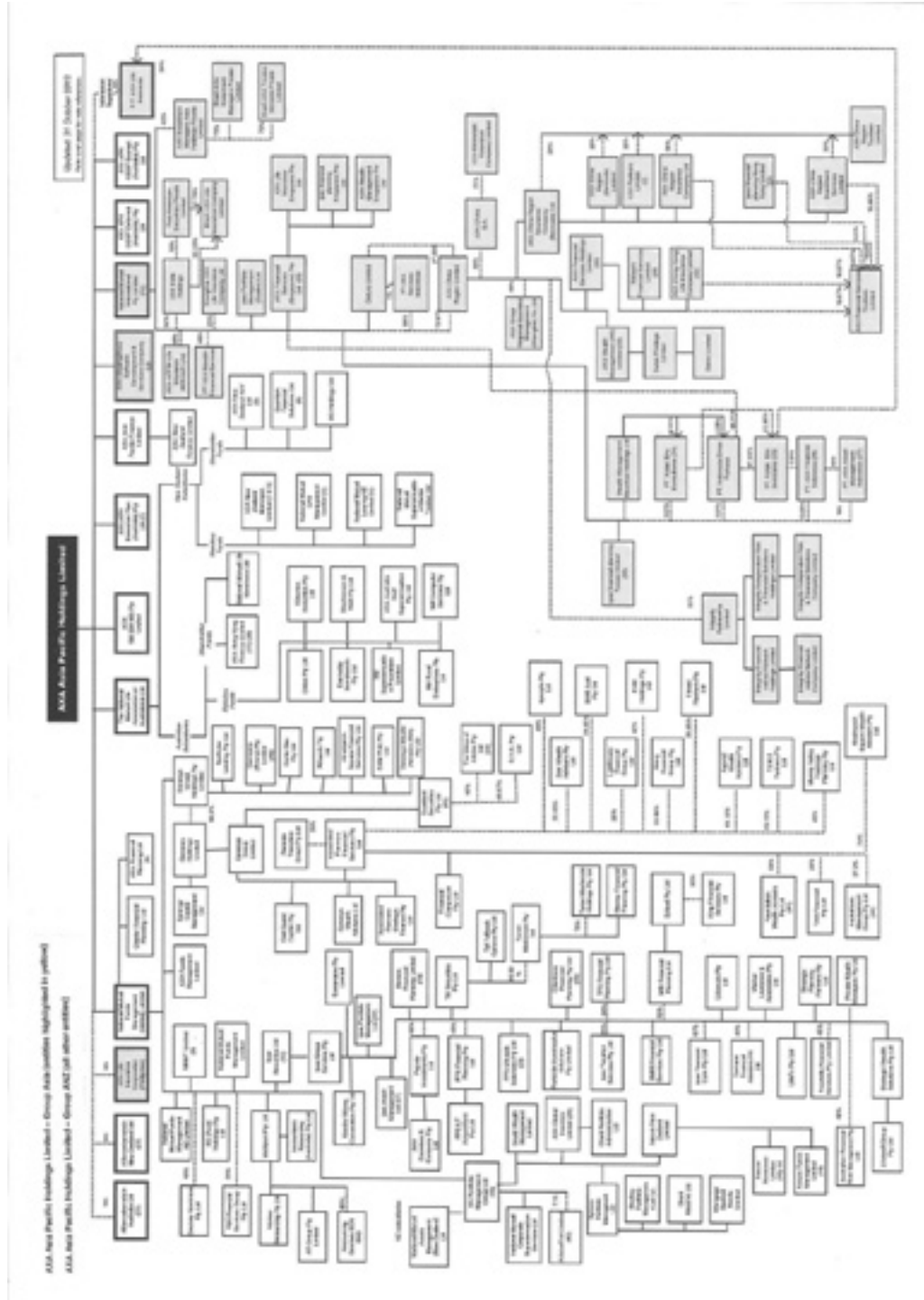
Schedule 1 – Timetable

Timetable

Event	Time (Business Days)
Lodge draft Explanatory Memorandum with ASIC	T-48
First Court Date	T-32
Despatch of Explanatory Memorandum	T-23
Scheme Meetings and AXA APH General Meeting held	T
Second Court Date	T+3
Effective Date (for both Schemes)	T+3
Exercise Deadline	T+6
Scheme Record Date (for both Schemes)	T+8
Implementation Date (for both Schemes)	T+18

Schedule 2 – AXA APH Group ANZ and AXA APH Group Asia

(Structure Diagram is current as at 27 November 2010)



Schedule 3 – AXA APH Asia Regulatory Approvals

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
Bermuda	<p>(1) AXA China Region Limited</p> <p>(2) AXA China Region (Bermuda) Limited</p> <p>(3) AXA China Region Insurance Company (Bermuda) Limited</p> <p>(4) AXA Financial Services Holdings Limited</p> <p>(together the Bermudian Businesses)</p>	<p>(1) The BMA having approved or acknowledged in writing an indirect change of ownership and control of the Bermudian Businesses to AMP and (to the extent required by the BMA) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) The BMA having approved or acknowledged in writing a direct and/or indirect change of ownership and control of the Bermudian Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of 100% of the issued share capital of AXA China Region Limited in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AMP and AXA APH</p> <p>AXA and AXA APH</p>
Hong Kong	<p>(1) AXA China Region Insurance Company Limited</p> <p>(2) AXA China Region Insurance Company (Bermuda) Limited</p> <p>(3) AXA Wealth Management (HK) Limited</p> <p>(4) AXA (Hong Kong) Life Insurance Company Limited</p> <p>(together the OCI Regulated Businesses)</p>	<p>(1) The OCI having confirmed in writing that it has "no objections" to an indirect change of control (including any consequent change of "controller" (as defined in section 13B or section 9 (as applicable) of the ICO)) of the OCI Regulated Businesses to AMP and (to the extent required by the OCI) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) The OCI having confirmed in writing that it has "no objections" to a direct and/or indirect change of control (including any consequent change of "controller" (as defined in section 13B or section 9 (as applicable) of the ICO)) of the OCI Regulated Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct</p>	<p>AMP</p> <p>AXA</p>

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		<p>100% of AXA APH Shares in accordance with the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) a direct and/or indirect change of control of the Indian Life Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of AXA India Holdings in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AXA and AXA APH</p>
	<p>(1) Bharti AXA Investment Managements Private Limited</p> <p>(2) Bharti AXA Trustee Services Private Limited</p> <p>(3) AXA Investment Managers Asia Holdings Private Limited</p> <p>(together the Indian Investment Management Businesses)</p>	<p>(1) SEBI having been notified in writing of an indirect change of control of the Indian Investment Management Businesses to AMP and (to the extent required by SEBI) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed and no objections having been raised by SEBI before 8:00 am on the Second Court Date; and</p> <p>(2) SEBI having been notified in writing of a direct and/or indirect change of control of the Indian Investment Management Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of AXA Investment Managers Asia Holdings Private Limited in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies) and no objections having been raised by SEBI before 8:00 am on the Second Court Date.</p> <p>AND</p> <p>To the extent that SEBI has indicated that its approval is required, SEBI having approved in writing:</p> <p>(1) an indirect change of control of the Indian Investment Management Businesses to AMP and (to the extent required by SEBI) AMP Subsidiary and/or AMP</p>	<p>AMP</p> <p>AXA</p> <p>AMP and AXA APH</p>

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		<p>Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of AXA APH Shares in accordance with the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) a direct and/or indirect change of control of the Indian Investment Management Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of AXA Investment Managers Asia Holdings Private Limited in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	AXA and AXA APH
Ireland	(1) Ipac Portfolio Management (Dublin) Limited	<p>(1) To the extent that the CBI has indicated that its approval is required, the CBI having approved in writing an indirect change of control of Ipac Portfolio Management (Dublin) Limited to AMP and (to the extent required by the CBI) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) The CBI having approved in writing a direct and/or indirect change of control of Ipac Portfolio Management (Dublin) Limited to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of Ipac Portfolio Management (Dublin) Limited in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AMP and AXA APH</p> <p>AXA and AXA APH</p>
Indonesia	(1) PT AXA Life Indonesia	(1) The MOF having approved in writing a direct change of control of PT AXA Life Indonesia to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) acquisition of 80% of the issued share capital of PT AXA Life Indonesia from AXA APH in accordance with the terms of the relevant Asian Transaction Document (or Sale	AXA and AXA APH

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		<p>Agreement if the Asian Subsidiary Deed applies); and</p> <p>(2) The provisions of Article 127, paragraphs 2 and 8 of the Indonesian Company Law having been complied with in respect of AXA's (and the Nominee's, if relevant) acquisition of 80% of the issued share capital of PT AXA Life Indonesia from AXA APH in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AXA APH</p>
	<p>(1) PT AXA Asset Management Indonesia</p>	<p>(1) To the extent that Bapepam-LK has indicated that its approval is required, Bapepam-LK having approved in writing an indirect change of control of PT AXA Asset Management Indonesia to AMP and (to the extent required by Bapepam-LK) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) Bapepam-LK having approved in writing a direct and/or indirect change of control of PT AXA Asset Management Indonesia to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of PT AXA Asset Management Indonesia in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AMP and AXA APH</p> <p>AXA and AXA APH</p>
	<p>(1) PT AXA Financial Indonesia</p>	<p>If AXA validly exercises the Asian Subsidiary Right (as defined in the Asian Subsidiary Deed) in relation to PT AXA Financial Indonesia:</p> <p>(1) the MOF having approved in writing a direct change of control of PT AXA Financial Indonesia to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct acquisition of all the shares held by NMI in PT AXA Financial Indonesia in accordance with the terms of the relevant</p>	<p>AXA and AXA APH</p>

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		<p>Sale Agreement; and</p> <p>(2) the provisions of Article 127, paragraphs 2 and 8 of the Indonesian Company Law having been complied with in respect of AXA's (or a Nominee's, if relevant) direct acquisition of all the shares held by NMI in PT AXA Financial Indonesia.</p>	AXA APH
	(1) PT AXA Mandiri Financial Services	If AXA validly exercises the Asian Subsidiary Right (as defined in the Asian Subsidiary Deed) in relation to PT AXA Mandiri Financial Services, the MOF having approved in writing a direct change of control of PT AXA Mandiri Financial Services to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct acquisition of all the shares held by NMI in PT AXA Mandiri Financial Services in accordance with the terms of the relevant Sale Agreement.	AXA and AXA APH
	<p>(1) PT Kotak Biru Konsultama</p> <p>(2) PT Indonesia Emas Parkasa</p> <p>(the BKPM Regulated Businesses and each a BKPM Regulated Business)</p>	If AXA validly exercises the Asian Subsidiary Right (as defined in the Asian Subsidiary Deed) in relation to a BKPM Regulated Business, the BKPM having approved in writing a direct change of shareholding of the relevant BKPM Regulated Business, to AXA (and a Nominee, if relevant) by way of AXA's (or the Nominee's, if relevant) direct acquisition of all the shares held by NMI in the relevant BKPM Regulated Business in accordance with the terms of the relevant Sale Agreement.	AXA and AXA APH
	(1) PT AXA Services Indonesia	<p>If AXA validly exercises the Asian Subsidiary Right (as defined in the Asian Subsidiary Deed) in relation to PT AXA Services Indonesia:</p> <p>(1) the BKPM having approved in writing a direct change of shareholding of PT AXA Services Indonesia, to AXA (and a Nominee, if relevant) by way of AXA's (or the Nominee's, if relevant) direct acquisition of all the shares held by NMI in PT AXA Services Indonesia in accordance with the terms of the relevant Sale Agreement; and</p> <p>(2) the provisions of Article 127, paragraphs 2 and 8 of the Indonesian Company Law having been complied with in respect of AXA's (or a Nominee's, if relevant) direct</p>	<p>AXA and AXA APH</p> <p>AXA APH</p>

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		acquisition of all the shares held by NMI in PT AXA Services Indonesia.	
Malaysia	(1) AXA AFFIN Life Insurance Berhad	<p>(1) The SC having provided a written: (i) exemption from the application of the Takeover Code; or (ii) confirmation that the Takeover Code does not apply, in respect of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) To the extent that the BNM has indicated that its approval is required, the BNM having approved an indirect change of control of AXA AFFIN Life Insurance Berhad to AMP and (to the extent required by the BNM) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(3) The BNM having approved a direct and/or indirect change of control of AXA AFFIN Life Insurance Berhad to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of AXA AFFIN Life Insurance Berhad in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies); and</p> <p>(4) The SC having provided a written exemption from the application of the Takeover Code in respect of AXA's (and a Nominee's, if relevant) direct and/or indirect acquisition of AXA AFFIN Life Insurance Berhad.</p>	<p>AMP</p> <p>AMP and AXA APH</p> <p>AXA and AXA APH</p> <p>AXA</p>
Philippines	(1) Philippine AXA Life Insurance Corporation	<p>The Philippines Insurance Commission having confirmed in writing that it approves or has no objection to:</p> <p>(1) an indirect change in control of Philippine AXA Life Insurance Corporation to AMP and (to the extent required by the Philippines Insurance Commission) AMP</p>	<p>AMP and/or AXA APH</p>

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		<p>Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) a direct change in control of Philippine AXA Life Insurance Corporation to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct acquisition of all the shares held by AXA APH in Philippine AXA Life Insurance Corporation in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	AXA and/or AXA APH
Singapore	<p>(1) AXA Life Insurance Singapore Pte Ltd</p> <p>(2) Ipac Financial Planning Singapore Pte Ltd</p> <p>(3) AXA Wealth Management Singapore Pte Ltd</p> <p>(together the Singapore Businesses)</p>	<p>(1) To the extent that the MAS has indicated that its approval is required, the MAS having approved in writing an indirect change of control of the Singapore Businesses to AMP and (to the extent required by the MAS) AMP Subsidiary and/or AMP Intermediate Subsidiaries, by way of AMP Subsidiary's acquisition of 100% of the AXA APH Shares in accordance with the terms of the Share Scheme and the AAPHL Share Sale Deed; and</p> <p>(2) To the extent that the MAS has indicated that its approval is required, the MAS having approved in writing a direct and/or indirect change of control of the Singapore Businesses to AXA (and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct and/or indirect acquisition of 100% of the issued share capital of AXA Financial Services (Singapore) Pte Ltd in accordance with the terms of the relevant Asian Transaction Document (or Sale Agreement if the Asian Subsidiary Deed applies).</p>	<p>AMP and AXA APH</p> <p>AXA and AXA APH</p>
Taiwan	(1) Ipac Financial Planning Taiwan Limited	If AXA validly exercises the Asian Subsidiary Right (as defined in the Asian Subsidiary Deed) in relation to Ipac Financial Planning Taiwan Limited, the IC having approved in writing a direct change of control of Ipac Financial Planning Taiwan Limited to AXA	AXA and AXA APH

Jurisdiction	Relevant Asian Subsidiaries	Regulatory Approval required	Responsibility to satisfy
		(and a Nominee, if relevant) by way of AXA's (and the Nominee's, if relevant) direct acquisition of all the shares held by NMI in Ipac Financial Planning Taiwan Limited in accordance with the terms of the relevant Sale Agreement.	

For the purposes of this Schedule 3:

- (a) **AMP Intermediate Subsidiaries** means each of AMP Holdings Limited and AMP Group Holdings Limited;
- (b) **Bapepam-LK** means Capital Market and Financial Institutions Supervising Board under MOF;
- (c) **BKPM** means the Indonesian Capital Investment Coordinating Board;
- (d) **BMA** means the Bermuda Monetary Authority;
- (e) **BNM** means Bank Negara Malaysia;
- (f) **CBI** means the Central Bank of Ireland;
- (g) **IC** means Taiwan Investment Commission;
- (h) **ICO** means the Insurance Companies Ordinance (Cap 41 of the Laws of Hong Kong);
- (i) **Indonesian Company Law** means Law No. 40 of 2007 Regarding Limited Liability Companies;
- (j) **IRDA** means Indian Insurance Regulatory and Development Authority;
- (k) **MAS** means the Monetary Authority of Singapore;
- (l) **MOF** means the Indonesia Ministry or Minister of Finance;
- (m) **MPFSA** means the Hong Kong Mandatory Provident Fund Schemes Authority;
- (n) **MPFSGR** means the Mandatory Provident Fund Schemes (General) Regulation (Cap 485A of the Laws of Hong Kong);
- (o) **OCI** means the Office of the Commissioner of Insurance, Hong Kong;
- (p) **Philippine Insurance Commission** means the Insurance Commission of the Philippines;
- (q) **SC** means the Malaysian Securities Commission;
- (r) **SEBI** means the Securities and Exchange Board of India;
- (s) **SFC** means the Hong Kong Securities and Future Commission; and
- (t) **SFO** means the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

Schedule 4 – APF Swaps

Derivative Summary - AXA APH and subsidiaries (30 June 2010)

IRS							
Entity	Notional	Expiry Date	Counterparty	Pay Rate	Receive Rate	Start Date	
AXA APF							
- USD IRS ²	USD 25m	27/02/2011	JP Morgan	2.9800%	3mth LIBOR	27/02/2008	
- USD IRS ²	USD 25m	27/02/2011	Soc Gen	2.8900%	3mth LIBOR	27/02/2008	

CCIRS and IRS							
Entity	Notional	Expiry Date	Counterparty	Pay Rate	Receive Rate	Start Date	
AXA APF							
- AUD/HKD CCIRS ³	AUD 100m / HKD 746m	30/09/2011	HSBC	3mth HIBOR	3mth BBSW + 32 bps	2/06/2008	

Credit Default Swaps							
Entity	Notional	Expiry Date	Counterparty	Pay Rate	Receive Rate	Start Date	
AXA APF							
- PAL CDS ⁴	USD 10.01m	20/06/2011	Soc Gen	5.7000%	-	9/04/2004	
- PAL CDS ⁴	USD 1.51m	20/06/2011	Soc Gen	4.0500%	-	15/09/2005	

² USD IRS provide a hedge against movements in LIBOR for AXA APF USD denominated debt

³ The AUD/HKD Cross Currency Interest Rate Swap convert AUD debt to HKD debt providing a hedge against the net assets of Hong Kong

⁴ Credit Default Swaps provide a hedge against default on the Republic of Philippines Bonds held by Philippine AXA Life

Executed as a deed.



Merger Implementation Deed

CLAYTON UTZ

Merger Implementation Deed

AXA Asia Pacific Holdings Limited
AXA APH

AMP Limited
AMP

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Contents

1.	Definitions and interpretation	1
1.1	Definitions	1
1.2	Other provisions	4
2.	Proposal of the Schemes	4
3.	Scheme Conditions	5
4.	Implementation of the Schemes	5
4.1	AXA APH's obligations	5
4.2	Appeal Process	8
4.3	AMP's obligations	8
4.4	Reconstitution of the AXA APH Board	10
5.	Consideration	10
5.1	Consideration	10
5.2	Consideration entitlement	11
5.3	Fractional entitlements and share splitting or division	11
5.4	Ineligible Overseas Shareholders	12
5.5	AMP Shares	12
6.	Termination	13
7.	Costs	13
8.	General	13
8.1	Notices	13

Amended and restated Merger Implementation Deed dated

Parties **AXA Asia Pacific Holdings Limited ABN 78 069 123 011** of 750 Collins Street, Docklands VIC 3008 (**AXA APH**)

AMP Limited ABN 49 079 354 519 of 33 Alfred Street, Sydney, NSW, 2000 (**AMP**)

Background

- A. AMP, through AMP Subsidiary, proposes to acquire all of the AXA APH Shares on issue at the Scheme Record Date for the Share Scheme other than the AXA Holding, pursuant to a scheme of arrangement under section 411 of the Corporations Act between AXA APH and Scheme Shareholders, for the consideration described in this deed and subject to the satisfaction of the Scheme Conditions for the Share Scheme.
- B. AXA APH and AMP have also agreed that AXA APH will propose a further scheme of arrangement under section 411 of the Corporations Act between AXA APH and AXA APH Optionholders pursuant to which all of the AXA APH Options on issue at the Scheme Record Date for the Option Scheme will be cancelled.
- C. AXA APH has agreed, at the request of AMP, to propose the Schemes, issue the Explanatory Memorandum and arrange for the convening and holding of the Scheme Meetings for the purposes of approving the Schemes.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed, all capitalised terms have the meanings set out in clause 1.1 (*Definitions*) of the Framework Deed unless otherwise defined below:

AXA APH Shareholder means a person who is registered in the AXA APH Share Register as a holder of AXA APH Shares other than any Excluded Shares.

Base Case Value means an amount of \$6.43 less the cash amount per AXA APH Share of any dividend (other than the Permitted AXA APH Dividend), and value per AXA APH Share of any other right, entitlement or distribution, declared, determined or paid by AXA APH during the period from (and including) the date of this deed until (and including) the Implementation Date and which AXA APH Shareholders have received the benefit of during that period (whether non-cash benefits or otherwise) or have otherwise become, during that period, entitled to receive the benefit of.

Cash Consideration means the amount of cash (if any) which a Scheme Shareholder is entitled to receive as part of the Share Scheme Consideration in accordance with clause 5.2(b) (*Cash Consideration*).

Confidentiality Agreement means the confidentiality agreement entered into between AXA APH, AMP and AXA on 18 November 2010.

Court means Supreme Court of Victoria or such other court of competent jurisdiction as AMP and AXA APH agree in writing.

Deeds Poll means the deeds poll to be executed by AMP and AMP Subsidiary in favour of Scheme Shareholders and Scheme Optionholders respectively, substantially in the form set out

in Annexures C and D respectively, or such other form as AMP and AXA APH agree in writing.

Effective means, when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means, when used in relation to a Scheme, the date on which the Scheme becomes Effective.

Excluded Share means any AXA APH Share:

- (a) included in the AXA Holding; or
- (b) held by AMP or by any person on behalf of, or for the benefit of, any member of the AMP Group,

but excluding any AXA APH Share:

- (c) which is held on behalf of, or for the benefit of, a third party or third parties, including external investors, unitholders, policyholders or beneficiaries of funds (including superannuation, life insurance and other insurance funds), managed investment schemes and trusts where the entity holding the share is obliged to act in the interests of that third party; and
- (d) in which no member of the AMP Group has a beneficial interest other than in its capacity as trustee, responsible entity, life company, investment manager or similar capacity described in paragraph (c).

Exercise Deadline means 7.00 pm on the date which is 2 Business Days before the Scheme Record Date for the Share Scheme.

Explanatory Memorandum means the explanatory memorandum to be prepared in respect of the Schemes in accordance with the terms of the Framework Deed and to be despatched by AXA APH to the AXA APH Shareholders and AXA APH Optionholders.

First Court Date means the first day of the hearing of an application made to the Court for orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meetings, or if the hearing of such application is adjourned for any reason, the first day of the adjourned hearing.

Framework Deed means the framework deed dated on or about the date of this deed between AMP, AXA and AXA APH.

Implementation Date means, in relation to both Schemes, the date which is 10 Business Days after the Scheme Record Date for the Share Scheme or such other date as AMP and AXA APH agree in writing.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address as shown in the AXA APH Share Register at the Scheme Record Date for the Share Scheme is a place outside Australia and its external territories, New Zealand, the United Kingdom, Hong Kong and the United States of America, unless AXA APH and AMP are satisfied, acting reasonably, that the issue or transfer of AMP Shares to that Scheme Shareholder as Share Scheme Consideration is lawful and not unduly onerous or impracticable in that place.

Option Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the Scheme Optionholders substantially in the form set out in Annexure B or in such other form as AXA APH and AMP agree in writing.

Option Scheme Consideration means the consideration to be provided by AMP Subsidiary to Scheme Optionholders under the terms of the Option Scheme.

Post Scheme VWAP means:

- (a) subject to paragraph (b) below, the arithmetic average (calculated to 2 decimal places) of the daily volume weighted average share prices for AMP Shares traded on ASX (excluding any and all special crossings, crossings made prior to the commencement of normal trading, crossings made during the closing phase or the after hours adjust phase, overseas trades and overnight crossings or trades pursuant to the exercise of options over AMP Shares, any trading of AMP Shares on a deferred settlement basis, and any other trades which AXA APH and AMP reasonably agree to exclude, by no later than 4.00 pm on the Business Day immediately following the last day of the Post Scheme VWAP Period, on the basis that they are not representative of the general price at which AMP Shares are trading on ASX in the context of trading in AMP Shares on any day on which the trades took place) on each of the Trading Days comprising the Post Scheme VWAP Period; and
- (b) if AMP declares any final dividend in respect of the full year ending 31 December 2010, then, for the purpose of calculating the Post Scheme VWAP under paragraph (a), in calculating the volume weighted average share price for AMP Shares on any Trading Day during the Post Scheme VWAP Period on which AMP Shares did not trade ex the entitlement to receive that dividend, the volume weighted average share price for AMP Shares on that Trading Day will be reduced by the cash amount of that dividend (and, for this purpose, if the ex date for that dividend is after the end of the Post Scheme VWAP Period, the AMP Shares will be taken to not have traded ex-dividend during the Post Scheme VWAP Period and the volume weighted average share price on the Trading Days during that period will be reduced in accordance with this paragraph accordingly).

Post Scheme VWAP Period means the 10 consecutive Trading Days immediately following the Effective Date.

Scheme Meetings means the meeting of AXA APH Shareholders and the meeting of AXA APH Optionholders (or, if applicable, the meetings of relevant classes of AXA APH Optionholders), to be convened by the Court in relation to the Schemes pursuant to section 411(1) of the Corporations Act, and includes any adjournment of those meetings.

Scheme Option means each AXA APH Option on issue at the Scheme Record Date for the Option Scheme (whether or not it is exercisable at that time in accordance with the terms of the AXA APH Option Plan).

Scheme Optionholder means each person who is an AXA APH Optionholder as at the Scheme Record Date for the Option Scheme.

Scheme Record Date means:

- (a) in relation to the Share Scheme - 7.00 pm on the date which is 5 Business Days after the Effective Date for the Share Scheme; and
- (b) in relation to the Option Scheme - 7.00 pm on the date which is 2 Business Days after the Exercise Deadline.

Scheme Resolutions means the resolutions to be put to AXA APH Shareholders and AXA APH Optionholders respectively, to approve the Share Scheme and the Option Scheme respectively, in accordance with section 411(4)(a)(ii) of the Corporations Act.

Scheme Share means each AXA APH Share on issue as at the Scheme Record Date for the Share Scheme other than an Excluded Share.

Scheme Shareholder means a person who is registered in the AXA APH Share Register as a holder of Scheme Shares as at the Scheme Record Date for the Share Scheme including, for the avoidance of doubt, a person who is registered in the AXA APH Share Register as a holder of Scheme Shares as at the Scheme Record Date for the Share Scheme as a result of having exercised AXA APH Options.

Schemes means the Share Scheme and the Option Scheme.

Second Court Date means:

- (a) where any of the Scheme Conditions for the Option Scheme (other than the Scheme Conditions in items 1 and 3 of clause 3.2 (*Scheme Conditions for Option Scheme*) of the Framework Deed) are not satisfied or waived in accordance with the Framework Deed - the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing; and
- (b) otherwise - the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Schemes or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Share Consideration means the AMP Shares (if any) which a Scheme Shareholder is entitled to receive as part of the Share Scheme Consideration under clause 5.2(a) (*Share Consideration*).

Share Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the Scheme Shareholders substantially in the form set out in Annexure A or in such other form as AXA APH and AMP agree in writing.

Share Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of the Share Scheme, for the transfer to AMP Subsidiary of their Scheme Shares, as described in clause 5 (*Consideration*).

1.2 Other provisions

The provisions in clauses 1.2 (*Interpretation*), 1.3 (*Best and reasonable endeavours*), 1.4 (*Business Day*), 15 (*Notices*), 16 (*GST*), 17 (*General*) and 18 (*Governing law, jurisdiction and service of process*) of the Framework Deed are incorporated by reference into this deed and apply to this deed *mutatis mutandis* as if they were repeated herein.

2. Proposal of the Schemes

- (a) Subject to the terms and conditions of this deed:
 - (i) AXA APH agrees to propose the Schemes, issue the Explanatory Memorandum and arrange for the convening and holding of the Scheme Meetings for the purposes of approving the Schemes; and

- (ii) AXA APH agrees to implement the Schemes and AMP agrees to provide, or procure the provision of, the Share Scheme Consideration to Scheme Shareholders and the Option Scheme Consideration to the Scheme Optionholders, subject to the satisfaction of the relevant Scheme Conditions,

in each case substantially in accordance with the Timetable.

- (b) AXA APH and AMP acknowledge that each considers that the AXA APH Optionholders will comprise two classes for the purposes of the Option Scheme, being:
 - (i) AXA APH Optionholders who hold AXA APH Options that have no exercise price or an exercise price that is less than \$6.43 (in respect of those AXA APH Options); and
 - (ii) AXA APH Optionholders who hold AXA APH Options that have an exercise price that is equal to or greater than \$6.43 (in respect of those AXA APH Options),

and that AXA APH will, in accordance with clause 4.1(f), apply to the Court for orders directing AXA APH to convene the Scheme Meetings on that basis.

3. Scheme Conditions

- (a) The obligations of AXA APH under clause 4.1(j) and of AMP under clause 4.3(i) are subject to each of the Scheme Conditions for the Share Scheme having either been satisfied or waived under and in accordance with the Framework Deed.
- (b) The obligations of AXA APH under clause 4.1(k) and of AMP under clause 4.3(j) are subject to each of the Scheme Conditions for the Option Scheme having either been satisfied or waived under and in accordance with the Framework Deed.

4. Implementation of the Schemes

4.1 AXA APH's obligations

AXA APH must take all steps reasonably necessary to implement the Schemes as soon as is reasonably practicable after the date of this deed and so as to implement the Schemes substantially in accordance with the Timetable, and in particular AXA APH:

- (a) **(Explanatory Memorandum)** acknowledges that it must comply with its obligations in the Framework Deed relating to the Explanatory Memorandum;
- (b) **(Independent Expert and Investigating Accountant)** acknowledges that it must comply with its obligations in the Framework Deed relating to the Independent Expert, the Independent Expert's Report, the Investigating Accountant and the Investigating Accountant's Report;
- (c) **(Liaise with ASIC)** acknowledges that it must comply with its obligations in the Framework Deed relating to liaising with ASIC including in respect of the Explanatory Memorandum;
- (d) **(Section 411(17)(b) statement)** must apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating

that ASIC has no objection to, respectively, the Share Scheme and the Option Scheme;

- (e) **(Court documents)** must prepare all documents necessary for the Court proceedings (including any appeals where applicable) relating to the Schemes (including originating process, affidavits, submissions and draft minutes of Court orders) in accordance with all applicable laws and:
 - (i) provide AMP and its Representatives with drafts of those documents to review, allowing AMP and its Representatives a reasonable opportunity to provide comments on those drafts in accordance with paragraph (ii); and
 - (ii) consider in good faith, for the purpose of amending those drafts, any reasonable comments received from AMP and its Representatives on those drafts, provided that such comments are received a reasonable time before the draft documents are to be finalised in accordance with the Timetable;
- (f) **(First Court Date)** must apply to the Court for orders under section 411(1) of the Corporations Act directing AXA APH to convene the Scheme Meetings, each to be held on the same day;
- (g) **(Registration of Explanatory Memorandum)** must, if the Court directs AXA APH to convene the Scheme Meeting in relation to the Share Scheme, request ASIC to register the explanatory statement included in the Explanatory Memorandum in relation to the Share Scheme in accordance with section 412(6) of the Corporations Act;
- (h) **(Convening Scheme Meetings)** must take all steps reasonably necessary to comply with the orders of the Court including, as required, despatching the Explanatory Memorandum to AXA APH Shareholders and AXA APH Optionholders, convening and holding the Scheme Meetings, and putting the relevant Scheme Resolutions to AXA APH Shareholders and AXA APH Optionholders at the Scheme Meetings;
- (i) **(Court approval)** if a Scheme Resolution is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act, must apply to the Court for orders approving the relevant Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act (provided that AXA APH is not required to apply to the Court for such an order in relation to the Option Scheme, unless the Scheme Resolution in relation to the Share Scheme is also passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act);
- (j) **(Implementation of Share Scheme)** if the Share Scheme is approved by the Court, must:
 - (i) lodge with ASIC an office copy of the orders approving the Share Scheme in accordance with section 411(10) of the Corporations Act as soon as possible after, and in any event by no later than 4.00 pm on the Business Day following the date on which, the Court approves the Share Scheme or such other Business Day as AXA APH and AMP agree in writing;
 - (ii) close the AXA APH Share Register as at the Scheme Record Date for the Share Scheme and determine entitlements to the Share Scheme Consideration in accordance with the Share Scheme;

- (iii) promptly execute proper instruments for the transfer of, and register all transfers of, Scheme Shares to AMP Subsidiary in accordance with the Share Scheme;
 - (iv) promptly do all other things contemplated by or necessary to give effect to the Share Scheme and the orders of the Court approving the Share Scheme; and
 - (v) as soon as practicable after the Scheme Record Date for the Share Scheme, and in any event at least 3 Business Days before the Implementation Date, provide to AMP (or as it directs) all necessary information about Scheme Shareholders in their capacity as holders of Scheme Shares that AMP reasonably requires in order for AMP to provide the Share Scheme Consideration to the Scheme Shareholders in accordance with the Share Scheme;
- (k) **(Implementation of Option Scheme)** if the Option Scheme is approved by the Court, must:
 - (i) lodge with ASIC an office copy of the orders approving the Option Scheme in accordance with section 411(10) of the Corporations Act as soon as possible after, and in any event by no later than 4.00 pm on the Business Day following the date on which, the Court approves the Option Scheme or such other Business Day as AXA APH and AMP agree in writing;
 - (ii) close the AXA APH Option Register as at the Scheme Record Date for the Option Scheme and determine entitlements to the Option Scheme Consideration in accordance with the Option Scheme;
 - (iii) effect the cancellation of the Scheme Options in accordance with the Option Scheme;
 - (iv) promptly do all other things contemplated by or necessary to give effect to the Option Scheme and the orders of the Court approving the Option Scheme; and
 - (v) as soon as practicable after the Scheme Record Date for the Option Scheme, and in any event at least 3 Business Days before the Implementation Date, provide to AMP (or as it directs) all necessary information about Scheme Optionholders in their capacity as holders of Scheme Options that AMP reasonably requires in order for AMP to provide the Option Scheme Consideration to the Scheme Optionholders in accordance with the Option Scheme;
- (l) **(Representation)** must allow, and not oppose, any application by AMP for leave of the Court to be represented, or the separate representation of AMP by counsel, at the Court hearings held for the purposes of sections 411(1) and 411(4)(b) in relation to the Schemes;
- (m) **(Information)** after the date of despatch of the Explanatory Memorandum, must provide to AMP, or procure the provision to AMP of, a copy of the AXA APH Share Register and a copy of the share ownership and registry report prepared by Orient Capital for AXA APH (including, as applicable, results of directions by AXA APH to AXA APH Shareholders, or persons named in a response given to a direction, under Part 6C.2 of the Corporations Act (in a form determined by AXA APH)) (“Orient Capital Report”) on a weekly basis in order to:

- (i) canvass approval of the Share Scheme, the AXA APH Group Asia Resolutions by, or discuss the Transactions or the Asian Transactions with, AXA APH Shareholders identified in the Orient Capital Report who AMP reasonably believes to be sophisticated or professional investors (within the meaning of section 708(8) and section 708(11) of the Corporations Act); and
- (ii) facilitate the provision by AMP and AMP Subsidiary of the Share Scheme Consideration,

provided that AMP must:

- (iii) keep AXA APH promptly and fully informed of the content and outcome of any discussions under clause 4.1(m)(i) and give AXA APH the right to participate and be represented in any discussions; and
- (iv) not use the information provided under this clause 4.1(m) except in accordance with the Confidentiality Agreement;
- (n) **(Material contracts)** must use reasonable endeavours to obtain consent from each person who is entitled to exercise any right under any provision of any material contract relating to the business of any member of the AXA APH Group ANZ which in the opinion of AXA APH (acting reasonably) is material to the AXA APH Group ANZ as a whole that entitles the person to terminate or modify the contract as a result of the announcement or implementation of the Schemes, the Transactions or the Asian Transactions, and keep AMP informed of its progress in obtaining such consents and use best endeavours, in co-operation with AMP, to resolve any matters raised by any applicable counterparty to such a contract;
- (o) **(ASX listing)** must use its best endeavours to ensure that AXA APH continues to be listed on ASX, and that the AXA APH Shares continue to be quoted on ASX, until the close of business on the Implementation Date;
- (p) **(Compliance with laws)** must do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations; and
- (q) **(All things necessary)** must do all other things contemplated by or necessary to lawfully give effect to a Scheme and the orders of the Court approving a Scheme.

4.2 Appeal Process

If the Court refuses to make any orders convening a Scheme Meeting or approving a Scheme, AXA APH and AMP must consult in good faith (taking into account the likelihood of the prospects of success of an appeal) with a view to determining whether AXA APH should appeal the Court's decision.

4.3 AMP's obligations

AMP must take all steps reasonably necessary to assist AXA APH to implement the Schemes as soon as is reasonably practicable after the date of this deed and so as to implement the Schemes substantially in accordance with the Timetable and in particular AMP:

- (a) **(AMP Information)** acknowledges that it must comply with its obligations in the Framework Deed relating to the AMP Information;

- (b) **(Independent Expert and Investigating Accountant)** acknowledges that it must comply with its obligations in the Framework Deed relating to the Independent Expert, the Independent Expert's Report, the Investigating Accountant and the Investigating Accountant's Report;
- (c) **(Explanatory Memorandum)** acknowledges that it must comply with its obligations in the Framework Deed relating to the Explanatory Memorandum;
- (d) **(Liaise with ASIC)** acknowledges that it must comply with its obligations in the Framework Deed relating to liaising with ASIC including in respect of the Explanatory Memorandum;
- (e) **(Deeds Poll)** prior to the First Court Date, must enter into, and procure that AMP Subsidiary enters into, the Deeds Poll and deliver the executed Deeds Poll to AXA APH;
- (f) **(AMP Subsidiary covenant)** covenants in favour of AXA APH (in its own right and as trustee on behalf of each Scheme Shareholder and Scheme Optionholder) that it will procure that AMP Subsidiary complies with its obligations under the Deeds Poll;
- (g) **(Official quotation)** must apply to ASX for official quotation by ASX of the AMP Shares to be issued to Scheme Shareholders pursuant to the Share Scheme and use its best endeavours to obtain the approval of ASX for official quotation (subject to customary conditions and to the Share Scheme becoming Effective) no later than 8.00am on the Second Court Date;
- (h) **(Representation)** must procure that, if requested by AXA APH, it and AMP Subsidiary are represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel and, if requested by the Court, AMP will undertake, and will procure that AMP Subsidiary undertakes, to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this deed and the Schemes;
- (i) **(Share Scheme Consideration)** if the Share Scheme becomes Effective, must provide (or procure the provision of) the Cash Consideration and Share Consideration on the Implementation Date in accordance with the Share Scheme and the Deeds Poll;
- (j) **(Option Scheme Consideration)** if the Option Scheme becomes Effective, must provide (or procure the provision of) the Option Scheme Consideration on the Implementation Date in accordance with the Option Scheme and the Deeds Poll;
- (k) **(material contracts)** must use reasonable endeavours to provide AXA APH with all assistance and information reasonably requested by AXA APH for the purposes of clause 4.1(n);
- (l) **(despatch of holding statements)** must ensure that holding statements are despatched to Scheme Shareholders for the AMP Shares issued to those Scheme Shareholders pursuant to the Share Scheme by midday on the Implementation Date;
- (m) **(compliance with laws)** must do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations; and

- (n) **(all things necessary)** must do all other things contemplated by or necessary to lawfully give effect to a Scheme and the orders of the Court approving a Scheme.

4.4 Reconstitution of the AXA APH Board

As soon as practicable on and from the Implementation Date, AXA APH will use its best endeavours to:

- (a) take all actions necessary to procure that any director of AXA APH and of any AXA APH Subsidiary (other than an AXA APH Group Asia member (excluding NMI)) as designated by AMP in writing resigns their office; and
- (b) cause the appointment to the AXA APH Board and to the boards of each of its Subsidiaries (other than each AXA APH Group Asia member (excluding NMI)) such persons as nominated by AMP, subject to those persons having provided a consent to act as directors of the relevant companies.

5. Consideration

5.1 Consideration

- (a) Subject to the Share Scheme becoming Effective and clauses 5.3 (*Fractional entitlements and share splitting or division*) and 5.4 (*Ineligible Overseas Shareholders*), AMP agrees in favour of AXA APH that, in consideration of the transfer to AMP Subsidiary of each Scheme Share under the Share Scheme, AMP will procure that AMP Subsidiary accepts such transfer and provide, or procure that AMP Subsidiary provides, to each Scheme Shareholder the Share Scheme Consideration for each Scheme Share held by them, in accordance with this clause 5 (*Consideration*) and the terms of the Share Scheme.
- (b) Subject to the Share Scheme becoming Effective and clauses 5.3 (*Fractional entitlements and share splitting or division*) and 5.4 (*Ineligible Overseas Shareholders*):
 - (i) AMP will pay, or procure the payment, to each Scheme Shareholder the Cash Consideration to which they are entitled, as determined in accordance with clause 5.2(b) (*Cash Consideration*) in respect of each Scheme Share held by that Scheme Shareholder at the Scheme Record Date for the Share Scheme; and
 - (ii) AMP will issue to each Scheme Shareholder the Share Consideration to which they are entitled (if any), as determined in accordance with clause 5.2(a) (*Share Consideration*) in respect of each Scheme Share held by that Scheme Shareholder at the Scheme Record Date for the Share Scheme.
- (c) Subject to the Option Scheme becoming Effective and clause 5.3(b), AMP agrees in favour of AXA APH that, in consideration of the cancellation of a Scheme Option held by a Scheme Optionholder under the terms of the Option Scheme, AMP will procure that AMP Subsidiary pays to each Scheme Optionholder the Option Scheme Consideration to which they are entitled, as determined in relation to that Scheme Option in accordance with the Option Scheme.

5.2 Consideration entitlement

Subject to the Share Scheme becoming Effective and to clauses 5.3 (*Fractional entitlements and share splitting or division*) and 5.4 (*Ineligible Overseas Shareholders*), each Scheme Shareholder will be entitled to receive as Share Scheme Consideration, in respect of each Scheme Share held by that Scheme Shareholder at the Scheme Record Date for the Share Scheme, the following:

- (a) **(Share Consideration)** 0.73 AMP Shares; and
- (b) **(Cash Consideration)** an amount of cash equal to, if the Post Scheme VWAP is:

- (i) greater than \$5.60, the maximum of zero and the amount given by the following formula:

$$\text{Base Case Value} + \frac{(\text{VWAP} - \$5.60) \times (0.73)}{2} - (0.73 \times \text{VWAP}),$$

where **VWAP** means Post Scheme VWAP;

- (ii) greater than or equal to the \$4.50 but less than or equal to \$5.60, the amount given by the following formula:

$$\text{Base Case Value} - (0.73 \times \text{Post Scheme VWAP}); \text{ or}$$

- (iii) less than \$4.50, the amount given by the following formula:

$$\text{Base Case Value} - (0.73 \times \$4.50).$$

5.3 Fractional entitlements and share splitting or division

- (a) If the number of Scheme Shares held by a Scheme Shareholder at the Scheme Record Date for the Share Scheme, is such that the aggregate entitlement of the Scheme Shareholder to:
 - (i) Share Consideration is such that a fractional entitlement to an AMP Share arises; or
 - (ii) Cash Consideration is such that a fractional entitlement to a cent arises,

then the entitlement of that Scheme Shareholder to AMP Shares or cash must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of AMP Shares or cents (as applicable), and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number of AMP Shares or cents (as applicable).
- (b) If the number of Scheme Options held by a Scheme Optionholder at the Scheme Record Date for the Option Scheme, is such that the aggregate entitlement of the Scheme Optionholder to Option Scheme Consideration is such that a fractional cent arises, then the entitlement of that Scheme Optionholder must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of cents, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number of cents.
- (c) If AMP is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds Scheme Shares) have, before the Scheme Record Date for the Share Scheme, been party to splitting or division of their Scheme Shares in an

attempt to obtain advantage by reference to the rounding referred to in clause 5.3(a), AMP may give notice to those Scheme Shareholders:

- (i) setting out their names and registered addresses as shown in the AXA APH Share Register;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the provisions of the Share Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the provisions of the Share Scheme, be taken to hold no Scheme Shares. AMP, in complying with the provisions of the Share Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Share Scheme.

5.4 Ineligible Overseas Shareholders

- (a) AMP will ensure that AMP Shares to which an Ineligible Overseas Shareholder would otherwise be entitled as Share Consideration under the Share Scheme will be issued to a nominee appointed by AMP.
- (b) AMP will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
 - (i) sells on the financial market conducted by ASX all of the AMP Shares issued to the nominee pursuant to clause 5.4(a) in such manner, at such price and on such other terms as the nominee determines in good faith and at the risk of the Ineligible Overseas Shareholders; and
 - (ii) remits to AMP the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last sale of AMP Shares in accordance with clause 5.4(b)(i), AMP will pay to each Ineligible Overseas Shareholder an amount equal to the proportion of the net proceeds of sale received by AMP pursuant to clause 5.4(b)(ii) to which that Ineligible Overseas Shareholder is entitled.

5.5 AMP Shares

AMP covenants in favour of AXA APH (in its own right and on behalf of each Scheme Shareholder) that:

- (a) the AMP Shares issued as Share Consideration will, on their issue, rank equally in all respects with all other AMP Shares, except that the AMP Shares issued as Share Consideration will not be entitled to receive any final dividend declared by AMP in respect of the full year ending 31 December 2010;
- (b) it will use best endeavours to ensure that the AMP Shares issued as Share Consideration will be listed for quotation on the official list of the ASX with effect

from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+3) settlement basis; and

- (c) on issue, each AMP Share will be fully paid and, to the extent within the control of AMP, free from any Encumbrance.

6. Termination

This deed will automatically terminate upon the termination of the Framework Deed and will become void and have no effect, other than in respect of any liability for an antecedent breach of this deed.

7. Costs

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with negotiating, preparing, executing and performing this deed.

8. General

8.1 Notices

AXA APH

Name:	AXA Asia Pacific Holdings Limited
Address:	750 Collins Street, Docklands, VIC, 3008, Australia
Fax number:	+61 3 9617 2904
For the attention of:	Rick Allert
Copied to:	Mallesons Stephen Jaques, Level 50, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000, Australia
Fax number:	+61 3 9643 5999
For the attention of:	Stephen Minns

AMP

Name:	AMP Limited
Address:	33 Alfred Street SYDNEY NSW 2000
Fax:	+61 2 9257 7178
For the attention of:	General Counsel and Company Secretary
Copied to:	Clayton Utz Level 19, 1 O'Connell Street, SYDNEY NSW 2000 Australia
Fax number:	+61 2 8220 6700
For the attention of:	Rod Halstead

Executed as a deed.

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Corporate directory

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750 Collins Street
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Macquarie Capital Advisers Limited
Level 25, 101 Collins Street
Melbourne, Victoria 3000
Australia

Legal Adviser

Mallesons Stephen Jaques
Level 50, 600 Bourke Street
Melbourne, Victoria 3000
Australia

Independent Expert

Grant Samuel & Associates Pty Limited
Level 6, 1 Collins Street
Melbourne, Victoria 3000
Australia

Investigating Accountant

Ernst & Young Transaction Advisory
Services Limited
680 George Street
Sydney, New South Wales 2000
Australia

AXA APH Auditor

PricewaterhouseCoopers
2 Southbank Boulevard
Southbank, Victoria 3006
Australia

AXA APH Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria 3067
Australia

AXA APH Information Line

1300 157 263 (within Australia) or
+61 3 9415 4689 (outside Australia)

on weekdays between 9.00 am and 6.00 pm
(Melbourne time)

axaasiapacific.com.au

0918211-10P

AXA Asia Pacific Holdings Limited
ABN 78 069 123 011

