

Explanatory Memorandum

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

**Your Independent Directors
unanimously recommend that
you support the Proposal by
voting in favour of the Share
Scheme Resolution and the
Sale of the Asian Businesses
Resolution, in the absence of a
Superior Proposal.**

This is an important document and requires your immediate attention. You should read this document in full before deciding whether or not to support the Proposal. If you are in any doubt as to what you should do, you should consult your professional adviser.

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

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Important dates for the Proposal

Event	Scheduled time and date
AXA APH's 2010 financial year results announcement	Tuesday, 15 February 2011
AMP's 2010 financial year results announcement	Thursday, 17 February 2011
Last time and date for lodgment of Share Scheme Meeting Proxy Form and Extraordinary General Meeting Proxy Form	11.00 am on Monday, 28 February 2011
Time and date for determining eligibility to vote at the Share Scheme Meeting and the Extraordinary General Meeting	7.00 pm on Monday, 28 February 2011
Share Scheme Meeting	11.00 am on Wednesday, 2 March 2011
Extraordinary General Meeting	The later of 12.00 pm on Wednesday, 2 March 2011 and the conclusion or adjournment of the Share Scheme Meeting
Court hearing for approval of the Share Scheme (Second Court Hearing)	Monday, 7 March 2011
Effective Date	Tuesday, 8 March 2011
Last day of trading in AXA APH Shares on the ASX	Tuesday, 8 March 2011
New AMP Shares commence trading on the ASX on a deferred settlement basis under ASX code "AMPN"	Wednesday, 9 March 2011
Time and date for determining entitlement to the Share Scheme Consideration (Scheme Record Date for the Share Scheme)	7.00 pm on Wednesday, 16 March 2011
End of Post Scheme VWAP Period	Tuesday, 22 March 2011
Last day of deferred settlement trading for New AMP Shares	Tuesday, 29 March 2011
Implementation Date:	Wednesday, 30 March 2011
<ul style="list-style-type: none">▪ despatch of confirmation of issue of New AMP Shares▪ despatch of Cash Component of the Share Scheme Consideration	
Normal trading of New AMP Shares commences under ASX code "AMP"	Thursday, 31 March 2011

All dates and times in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from the Court and other regulatory authorities. Any changes to the timetable (which may include an earlier date for the Second Court Hearing) will be announced through the ASX and notified on AXA APH's website at www.axaasiapacific.com.au.

All times and dates referred to in this Explanatory Memorandum are times and dates in Melbourne, Australia, unless otherwise indicated.

Important dates for the Rights Scheme are set out in section 8.2.

Important notices

General

You should read this Explanatory Memorandum in full before making any decision as to how to vote on the resolutions to give effect to the Proposal (including the Share Scheme), the Rights Scheme and/or the Termination Benefits (as applicable).

Purpose of this Explanatory Memorandum

This Explanatory Memorandum sets out the details of the Proposal, certain information required by law and other information known to the Directors which is material to your decision to vote in favour of or against the resolutions to give effect to the Proposal and includes:

- the Explanatory Statement, as required by section 412(1) of the Corporations Act in relation to the Share Scheme; and
- information known to AXA APH or the Directors that is reasonably required by you in deciding whether or not it is in AXA APH's interest to approve the Sale of the Asian Businesses Resolution for the purposes of Listing Rules 10.1 and 10.5 and Chapter 2E of the Corporations Act.

This Explanatory Memorandum also sets out the details of:

- the Rights Scheme, being the Explanatory Statement, as required by section 412(1) of the Corporations Act in relation to the Rights Scheme including certain information required by law and other information known to the Directors which is material to AXA APH Rightsholders' decision to vote in favour of or against the resolutions to give effect to the Rights Scheme (see section 8); and
- the benefits that may be given to certain executives of AXA APH under their existing contractual arrangements (Termination Benefits) which are the subject of the Termination Benefits Resolution (see section 9).

A copy of this Explanatory Memorandum will be distributed to all AXA APH Securityholders. This Explanatory Memorandum is also available in electronic form at www.axaaphproposal.com.au.

Independent Expert's Report

A concise version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in Appendix 1 of this Explanatory Memorandum. The long form version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in the Explanatory Memorandum Supplement. A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or online at www.axaaphproposal.com.au.

Preparation of and responsibility for this Explanatory Memorandum

The AXA APH Information has been prepared by AXA APH and its Directors and is the responsibility of AXA APH. Neither AMP nor AXA SA (nor their respective directors, officers and advisers) assume any responsibility for the accuracy and completeness of the AXA APH Information.

The AMP Information has been prepared by AMP and its directors and is the responsibility of AMP. Neither AXA APH nor AXA SA (nor their respective directors, officers and advisers) assume any responsibility for the accuracy and completeness of the AMP Information.

The AXA SA Information has been prepared by AXA SA and its directors and is the responsibility of AXA SA. Neither AXA APH nor AMP (nor their respective directors, officers and advisers) assume any responsibility for the accuracy or completeness of the AXA SA Information.

AXA APH Information, AMP Information and AXA SA Information are defined in the Glossary in section 11.

Except to the extent they are responsible under the Corporations Act or any other applicable law, AXA APH, AMP, AXA SA and their respective directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report, the Independent Actuary's Report or the Investigating Accountant's Report.

Grant Samuel has prepared the Independent Expert's Report in relation to the Proposal and the Rights Scheme, a concise version of which is included in Appendix 1, and is responsible for that report.

Towers Watson has prepared the Independent Actuary's Report, which is contained in Appendix 4 to the Independent Expert's Report, and is responsible for that report.

Ernst & Young has prepared the Investigating Accountant's Report, which is included in Appendix 2, and is responsible for that report.

ASIC and ASX involvement

A copy of this Explanatory Memorandum has been examined by ASIC pursuant to section 411(2) of the Corporations Act. A copy of this Explanatory Memorandum and the Notices of Meeting and other documents accompanying this Explanatory Memorandum have also been lodged with ASIC under section 218 of the Corporations Act. Neither ASIC nor its officers take any responsibility for the contents of this Explanatory Memorandum.

A copy of this Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Explanatory Memorandum.

Court process

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meetings be convened and has directed that the Explanatory Memorandum accompany the notices of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how AXA APH Securityholders should vote (on these matters AXA APH Securityholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Explanatory Memorandum.

Investment decisions

This Explanatory Memorandum does not take into account the investment objectives, financial situation or needs of any particular AXA APH Securityholder or any other person. This Explanatory Memorandum should not be relied upon as the sole basis for any investment decision in relation to AXA APH Shares, New AMP Shares or any other securities. If you are in any doubt as to what you should do, you should consult your professional adviser.

Jurisdictional status of this Explanatory Memorandum

This Explanatory Memorandum does not in any way constitute an offer to sell, or a solicitation of an offer to buy, any securities in AMP or AXA APH in any place in which such an offer or solicitation would be illegal.

Ineligible Overseas Shareholders will not be able to be provided New AMP Shares under the Share Scheme. New AMP Shares that would otherwise have been issued to these shareholders in connection with the Share Scheme will be issued to the Sale Agent to be sold on the ASX, and the net proceeds of this sale will be paid to the Ineligible Overseas Shareholders (see section 1.8 for further information).

Australia

This Explanatory Memorandum is not a prospectus lodged under Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not have effect in relation to any offer of securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act, approved at a meeting held as a result of an order made by the Court under section 411(1) or (1A) of the Corporations Act.

New Zealand

The offer to any AXA APH Shareholder in New Zealand of New AMP Shares under the Share Scheme is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002*. This Explanatory Memorandum has not been registered, filed or approved by any New Zealand regulatory authority or under or in accordance with the *Securities Act 1978* (New Zealand).

This Explanatory Memorandum is, therefore, not a prospectus or an investment statement under New Zealand law and may not contain all the information that a prospectus or investment statement under New Zealand law is required to contain. AXA APH Securityholders in New Zealand should seek their own advice and satisfy themselves about the Australian and New Zealand tax consequences of participating in the Schemes.

US

The New AMP Shares to be distributed under the Share Scheme have not been and will not be registered under the US Securities Act.

AMP and AXA APH intend to rely on an exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act in connection with the consummation of the Share Scheme and the issuance of New AMP Shares. Approval of the Share Scheme by the Court will be relied upon by AMP and AXA APH for the purpose of qualifying for the section 3(a)(10) exemption.

None of the SEC, any US state securities commission or any other US regulatory authority has passed comment upon or endorsed the merits of the Proposal or the accuracy, adequacy or completeness of this Explanatory Memorandum. Any representation to the contrary is a criminal offence.

AMP is exempt from SEC reporting requirements in accordance with Rule 12g3-2(b) under the US Exchange Act. In accordance with Australian law, AMP will distribute to its shareholders an annual report containing a description of its operations and its annual audited consolidated financial statements prepared in accordance with the Australian equivalent of the International Financial Reporting Standards. AMP will not provide its shareholders with a reconciliation of its financial statements to generally accepted accounting principles in the US.

The pro forma historical financial information included in this Explanatory Memorandum does not purport to be in compliance with Article 11 of Regulation S-X of the SEC. Under Article 11, pro forma income statements must be presented assuming the Schemes have been consummated at the beginning of the first fiscal year presented and may only include adjustments which give effect to events that are:

- directly attributable to the transaction;
- expected to have a continuing impact on the entity; and
- factually supportable.

Many of the pro forma adjustments made in arriving at the pro forma historical financial information included in this booklet would not be permissible under the SEC's rules and regulations on pro forma financial presentations.

The Proposal involves the securities of non-US companies. The Proposal is subject to disclosure requirements of Australia that are different from those of the United States. Financial statements included in the document, if any, have been

prepared in accordance with the Australian equivalent of the International Financial Reporting Standards and may not be comparable to the financial statements of United States companies.

It may be difficult for AMP Shareholders who are US persons (as defined in the US Securities Act) to enforce their rights and any claim they may have arising under the US federal securities laws as AMP and AXA APH are located in Australia, and some or all of the officers and directors may be residents of Australia. They may not be able to sue an Australian company or its officers or directors in an Australian court for violations of the US securities laws. It may be difficult to compel an Australian company and its affiliates to subject themselves to a US court's judgement.

Hong Kong

This document is not a prospectus within the meaning of the Companies Ordinance (Cap 32) nor is it an advertisement, invitation or document subject to section 103(1) of the Securities and Futures Ordinance (Cap 571).

This document and the contents within have not been authorised by the Hong Kong Securities and Futures Commission and no invitation, advertisement or other document, whether in Hong Kong or elsewhere, has been or will be issued, which is directed at, or the contents of which are likely to be accessed or read by the public in Hong Kong within the meaning of the Securities and Futures Ordinance (Cap 571).

This document will be given to designated recipients only and may not be provided, assigned or transferred, to any person. You are advised to exercise caution in relation to the Rights Scheme. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future, including forward looking statements relating to AXA APH's, AMP's and AXA SA's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of AXA APH, AMP and/or AXA SA to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks described in sections 2.1 to 2.5. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statements and deviations are both normal and to be expected.

Other than as required by law, none of AXA APH, AMP, AXA SA, their respective officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Explanatory Memorandum will

actually occur. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Explanatory Memorandum reflect views held only immediately before the date of this Explanatory Memorandum, unless otherwise stated. Subject to the Corporations Act and any other applicable laws, each of AXA APH, AMP and AXA SA and their respective officers disclaims any duty to update these statements other than with respect to information that AXA APH, AMP and AXA SA respectively become aware of before the Meetings, and which is material to the making of a decision by you regarding whether or not to vote in favour of the resolutions to give effect to the Proposal, the Rights Scheme and/or the Termination Benefits (as applicable).

Timetable and dates

All times and dates referred to in this Explanatory Memorandum are times and dates in Melbourne, Australia, unless otherwise indicated. All dates and times relating to implementation of the Proposal referred to in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from the Court and other regulatory authorities. Any changes to the timetable (which may include an earlier date for the Second Court Hearing) will be announced through the ASX and notified on AXA APH's website at www.axaasiapacific.com.au.

Interpretation

Capitalised terms and certain abbreviations used in this Explanatory Memorandum are defined in the Glossary in section 11.

Unless otherwise indicated, all references to sections are references to sections of this Explanatory Memorandum.

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

Privacy and personal information

AXA APH, AMP and their respective share registries may collect personal information in the process of implementing the Proposal and the Rights Scheme. See section 10.17 for further information on your rights in relation to privacy and the use of personal information.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document, including but not limited to those in respect of the Share Scheme Consideration and Cash Component (**Figures**), are subject to the effect of rounding. Accordingly, the actual calculation of these Figures may differ from the Figures set out in this document.

Date

This Explanatory Memorandum is dated 14 January 2011.

Letter from your Chairman

14 January 2011

Dear Shareholder,

Recommended AMP proposal to acquire AXA APH

I am pleased to enclose the details of the Proposal by AMP Limited (AMP) to acquire your shares in AXA Asia Pacific Holdings Limited (AXA APH).

Under the Proposal, AMP will acquire all of the shares in AXA APH and retain the Australian and New Zealand Businesses. The Asian Businesses will be sold to AXA SA.

Your Independent Directors unanimously recommend that you support the Proposal in the absence of a Superior Proposal. The Independent Expert, Grant Samuel, has concluded that the value delivered to Minority Shareholders under the Proposal is compelling and that, in the absence of a Superior Proposal, the Proposal is fair and reasonable and in the best interests of Minority Shareholders.

To support the Proposal you need to vote in favour of two resolutions that will be considered at two separate shareholder meetings scheduled to be held on the same day (Wednesday, 2 March 2011, commencing at 11:00 am).

At the first meeting, you are being asked to vote on a resolution to approve a scheme of arrangement under which AMP will acquire your AXA APH Shares. At the second meeting, you are being asked to vote on a resolution to approve the sale of the Asian Businesses to AXA SA.

The Proposal can only proceed if both these resolutions are passed. Details of the Proposal and what you need to do are set out in this Explanatory Memorandum.

If the Proposal is implemented, you will be provided the following for each AXA APH Share you hold:

- 0.73 New AMP Shares¹; and
- a variable cash amount based on the arithmetic average of the daily volume weighted average prices for AMP Shares traded on the ASX during the 10 consecutive Trading Days immediately following the Effective Date of the Share Scheme **(Post Scheme AMP VWAP)**.

The cash amount will vary so that you will be provided \$6.43 in value if the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive).

Your Independent Directors are entitled to terminate the Proposal if the arithmetic average of the daily AMP VWAPs for any 10 consecutive Trading Days prior to the shareholder vote falls below \$4.50 but may decide, in their absolute discretion, not to do so. However, the Proposal cannot be terminated if the Post Scheme AMP VWAP is below \$4.50.

You will be provided a higher value if the Post Scheme AMP VWAP is above \$5.60 and a lower value if the Post Scheme AMP VWAP is below \$4.50 (refer to section 1.2.3 for more information).

You will also receive the AXA APH 2010 final dividend of up to \$0.0925 per AXA APH Share, which is expected to be paid on 25 March 2011, as long as you are a registered holder of AXA APH Shares on the dividend record date (expected to be on 4 March 2011). The New AMP Shares provided as part of the Share Scheme Consideration will not carry the right to receive the AMP 2010 Final Dividend of up to \$0.16 per AMP Share (which is expected to be paid on 8 April 2011).

Your Independent Directors' recommendation follows careful consideration of the Proposal and the interests of Minority Shareholders.

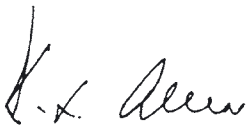
Please read this Explanatory Memorandum carefully. It contains important information in relation to the Proposal, including the risks involved and a concise version of the Independent Expert's Report, and will assist you in making an informed decision. You should note that the Proposal is subject to a number of conditions in addition to shareholder approval, which are described further in sections 1.6, 2.2 and 10.11 and Appendix 7.

You are also being asked to approve the payment of termination benefits to certain AXA APH executives. This approval is needed as a result of changes to the Corporations Act in November 2009 and is being sought to ensure the benefits set out in existing arrangements are able to be provided to those executives if they are made redundant as a result of the Proposal. Details regarding the resolutions to give effect to this approval are set out in section 9. The Directors (other than Andrew Penn who is not eligible to vote on the resolution) recommend that you vote in favour of the termination benefits resolution.

If you hold AXA APH allocation rights and/or performance rights, there is a separate rights scheme of arrangement in relation to those rights. Details regarding that scheme of arrangement are set out in section 8.

If you have any questions in relation to this Explanatory Memorandum, the Proposal, the rights scheme or the termination benefits resolution, you can call the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time).

Yours sincerely,



R H Allert AO
Chairman
AXA Asia Pacific Holdings Limited

1 Ineligible Overseas Shareholders are not eligible to receive New AMP Shares – see section 1.8 and 1.10 for further information.

Letter from the Chairman of AMP

14 January 2011

Dear AXA APH Shareholder,

As you are aware, the Independent Directors of AXA APH and the AMP Board have unanimously agreed to a Proposal involving the merger of AXA APH's Australian and New Zealand Businesses and AMP. In addition, AXA APH's Independent Directors have agreed under the Proposal to the sale of AXA APH's Asian Businesses to AXA SA.

The Proposal requires your approval of two resolutions, including approval of a scheme of arrangement. On behalf of the AMP Board, I encourage you to read this Explanatory Memorandum and vote in favour of the two resolutions.

With your approval, we can bring together two of the longest-standing wealth management companies in Australia and New Zealand to create a new force in financial services which we believe will deliver significant benefits to AXA APH Shareholders.

Benefits for AXA APH Shareholders

We believe this Proposal presents you with a compelling offer, and the opportunity to participate in a strong, market leading, merged company.

If the Proposal proceeds, you will receive:

- the equivalent of \$6.43 in value for each AXA APH Share², which is a significant premium to the AXA APH share price on 6 November 2009, the day prior to the announcement of AMP and AXA SA's initial proposal. While a significant period of time has elapsed since that day, the Independent Expert has concluded that \$6.43 continues to represent a substantial premium;
- certainty that the value of \$6.43 will be protected against movements in AMP's share price down to a Post Scheme AMP VWAP of \$4.50; and
- the benefits of AMP's dividend policy, which targets a 75% to 85% payout ratio of underlying earnings. This has historically been higher than AXA APH's payout ratio.

AXA APH Shareholders will also own approximately 25% of the merged company, which will be:

- the largest non-bank owned wealth management company in one of the world's fastest-growing wealth management markets. The Australian wealth management market, which is currently worth \$1.3 trillion, is the fifth largest in the world and is expected to more than double in value during the next decade³; and
- the market leader in the Australian retail superannuation⁴, individual risk insurance⁵ and financial advice markets⁶, and the leader in the New Zealand wealth management market⁷.

The Merged Group will also have a small but growing presence in Asia's high growth investment management markets through AMP's asset management business. AMP's Asian strategy is focused on investment management opportunities because we believe it best matches AMP's capabilities in this region. We are realising increasing value from this strategy, particularly in Japan where we now manage A\$7.2 billion⁸ in assets under management on behalf of Japanese clients. We believe the Merged Group's broader domestic base will help underpin our continued drive into selected Asian investment management markets including China, Japan and Singapore.

An AXA APH Australia and New Zealand and AMP combination

We believe AXA APH and AMP are logical partners to build a new wealth management company together:

- Both companies have proud heritages in the Australian and New Zealand communities. For more than 100 years, AXA APH (formerly known as National Mutual) and AMP have helped people build and protect their wealth.
- AXA APH and AMP share a strong commitment to the value of financial advice and to the difference good advice can make to people's lives. For more than 100 years, both companies have developed businesses with financial advice at the very heart of what they do.
- AXA APH and AMP, in Australia and New Zealand, have similar businesses. As long-established wealth managers, both seek to ensure their approach to investing matches their customers' needs for security and returns over the long term.



AMP believes that Australians and New Zealanders deserve a strong, local non-bank competitor in the wealth management sector.

By merging the strengths of both companies, we believe the Proposal will establish that competitor and provide enhanced, competitively priced products, services, investment opportunities and financial advice to consumers.

As securitisation markets recover and more funding becomes available, our aim will also be to use the strengths of the merged businesses to help provide consumers with more competition and choice in the banking market.

We believe that, by building on our shared commitments, a merger of AXA APH's Australian and New Zealand Businesses and AMP will deliver better outcomes for consumers, financial planners, employees and the community. We believe this should provide a significant opportunity to deliver substantial benefits to shareholders.

Unique opportunity

The Proposal is unanimously recommended by AXA APH's Independent Board Committee and the AMP Board.

An Independent Expert has also considered the terms of the Proposal and believes that the value delivered to AXA APH's Minority Shareholders through the Proposal is compelling and that AXA APH's Minority Shareholders will clearly be better off if the Proposal proceeds than if it does not. The Independent Expert has concluded that, in the absence of a Superior Proposal:

- each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable; and
- the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders.

The proposed merger is a unique opportunity to deliver significant benefits to AXA APH Shareholders and AMP Shareholders and will change the financial services landscape in Australia and New Zealand for the better.

Your participation is important. I encourage you to read this Explanatory Memorandum and vote on the resolutions to give effect to the Proposal by returning the enclosed Proxy Forms or by attending the shareholder meetings on Wednesday, 2 March 2011.

Yours sincerely,

Peter Mason
Chairman
AMP Limited

2 Assuming that the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive) and that no dividends or other entitlements (other than the AXA APH 2010 Final Dividend) are paid by AXA APH between 28 November 2010 and the Implementation Date.

3 Source: APRA quarterly superannuation statistics; Dext&R market projections, June 2010.

4 As measured by assets under management.

5 As measured by annual premium income.

6 Source: Money Management Top 100 Dealer Survey July 2010.

7 Source: Eriksen Master Trust Survey, September 2010; Fund Source RMF, September 2010.

8 At 30 September 2010.

What is the Proposal?

The Proposal involves:

- the merger of the Australian and New Zealand Businesses of AXA APH with AMP; and
- the sale of the Asian Businesses to AXA SA.

If the Share Scheme is implemented, all of the Minority Shares will be transferred to AMP. AXA SA has separately agreed to transfer all of the AXA SA Holding to AMP (if all of the Conditions Precedent to the Share Scheme are satisfied or waived), leaving AXA APH wholly-owned by AMP.

What you will be provided

You will be provided \$6.43 in value per AXA APH Share if the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive).

This will comprise:

Share component

0.73 AMP Shares

AND

Cash component

A variable cash amount based on the Post Scheme AMP VWAP*

* What is the Post Scheme AMP VWAP?

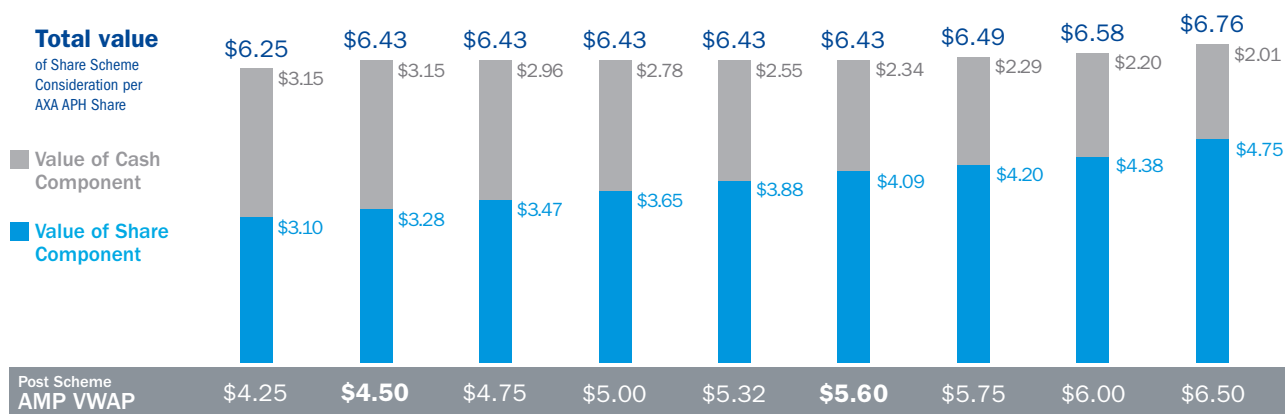
The Post Scheme AMP VWAP is calculated based on the AMP Share price. It is the arithmetic average of the daily volume weighted average price for AMP Shares traded on the ASX during the 10 consecutive Trading Days immediately following the Effective Date of the Share Scheme.

The Post Scheme AMP VWAP and the Cash Component per AXA APH Share will be announced to the ASX on 23 March 2011 and will be available on AXA APH's website at www.axaasiapacific.com.au.

You will be provided a higher value if the Post Scheme AMP VWAP is above \$5.60 and a lower value if the Post Scheme AMP VWAP is below \$4.50.

The graph below illustrates how the value of the Share Scheme Consideration may vary with changes to the Post Scheme AMP VWAP based on the formulas outlined in section 1.2.2.

Comparative value of the Share Scheme Consideration



Based on the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days up to and including 14 January 2011 (which is the date of this Explanatory Memorandum) the value of the Share Scheme Consideration was \$6.43, with:

- the Share Component valued at \$3.80; and
- the Cash Component valued at \$2.63.

AXA APH 2010 Final Dividend

You will also receive the AXA APH 2010 Final Dividend of up to \$0.0925 per AXA APH Share, which is expected to be paid on 25 March 2011, as long as you are a registered holder of AXA APH Shares on the dividend record date (expected to be on 4 March 2011). The New AMP Shares provided as part of the Share Scheme Consideration will not carry the right to receive the AMP 2010 Final Dividend of up to \$0.16 per AMP Share (which is expected to be paid on 8 April 2011).

Ineligible Overseas Shareholders

Ineligible Overseas Shareholders will not be able to be provided New AMP Shares under the Share Scheme. The aggregate New AMP Shares that would otherwise have been issued to these shareholders in connection with the Share Scheme will be issued to the Sale Agent to be sold on the ASX and their proportion of the aggregate net proceeds of this sale will be paid to them.

How to vote on the Proposal /

You are being asked to approve the Proposal by voting in favour of two resolutions to be considered at separate shareholder meetings, both of which are scheduled to be held on Wednesday, 2 March 2011. The resolutions are:

- The Share Scheme Resolution** to approve the acquisition by AMP of all of the Minority Shares in AXA APH by way of scheme of arrangement; and
- The Sale of the Asian Businesses Resolution** to approve the acquisition by AXA SA of the Asian Businesses.

The Share Scheme Resolution will be voted on at the Share Scheme Meeting and the Sale of the Asian Businesses Resolution will be voted on at the Extraordinary General Meeting.

If either of these two resolutions is not approved by the required majorities of eligible Minority Shareholders, then the Proposal will not proceed.

If both the Share Scheme Resolution and Sale of the Asian Businesses Resolution are approved, and the Court approves the Share Scheme, AMP will acquire all of your AXA APH Shares and provide you your Share Scheme Consideration.

What you should do /

Step 1 Carefully read this document and decide how to vote

Step 2 Vote on the Proposal

Vote on the Share Scheme Resolution in person

OR

Use the green Proxy Form enclosed or submit your proxy online

AND

Vote on the Sale of the Asian Businesses Resolution in person

OR

Use the orange Proxy Form enclosed or submit your proxy online

Details to assist you in completing the forms are provided on page 18.

Other resolutions /

The Rights Scheme Resolutions will be proposed at the Rights Scheme Meetings and the Termination Benefits Resolution will also be proposed at the Extraordinary General Meeting. The outcome of these resolutions will not affect whether the Proposal proceeds. Section 8 contains further details on the Rights Scheme. Section 9 contains further details on the Termination Benefits Resolution.

Why you should vote in favour and other considerations

This section should be read in conjunction with the section titled “Why you may want to vote against” on pages 16 and 17 and the risks outlined in sections 2.1 to 2.6.

Your Independent Directors unanimously recommend that you support the Proposal by voting in favour of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal.

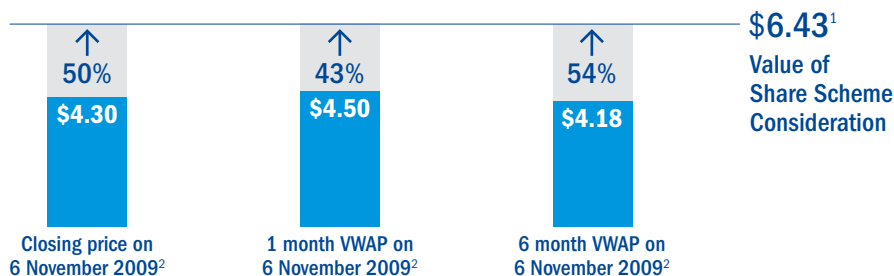
- Your Independent Directors consider that, taking into account all relevant matters as set out in this Explanatory Memorandum, the Proposal:
 - is in the best interests of AXA APH Shareholders, in the absence of a Superior Proposal; and
 - offers you appropriate value for your investment in AXA APH.
- On this basis, your Independent Directors unanimously recommend that you support the Proposal by voting in favour of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal.

The value of the consideration you are being offered represents a significant premium of 50% to the AXA APH Share price on 6 November 2009, which was the last Trading Day immediately before the Initial Proposal from AMP was announced. However, when you consider the extent of any premium since 6 November 2009, you should bear in mind the significant time that has passed since that day.

- The Proposal represents a 50% premium to the trading price of AXA APH Shares on the last Trading Day immediately prior to the announcement of the Initial Proposal, assuming a Post Scheme AMP VWAP of between \$4.50 and \$5.60 (inclusive).
- However, as the Independent Expert has noted, any analysis of premiums needs to be treated with caution, given the significant time that has passed since the announcement of the Initial Proposal.
- In particular, the Independent Expert has noted that:
 - since the Initial Proposal was announced, equity markets 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, when the Initial Proposal was announced;
 - 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 the Asian Businesses;
 - there is no accurate basis for estimating the price at which AXA APH Shares would have traded through 2010 absent the Initial Proposal and the subsequent proposals from AMP and National Australia Bank Limited (NAB), or for assessing the current premium. However, it is noteworthy that the price of AXA APH Shares fell to a low of \$4.86 on 9 September 2010, when the ACCC’s final opposition to the NAB proposal was announced; and
 - overall, it appears reasonable to conclude that the value attributed to the Share Scheme Consideration of \$6.43⁹ continues to represent a substantial premium.
- You are encouraged to read the concise version of the Independent Expert’s Report in Appendix 1. You are also encouraged to refer to the chart showing the movements in price of AXA APH Shares since 1 July 2008 on page 14.

Premium to AXA APH Share price before the Initial Proposal¹

(assuming the Post Scheme AMP VWAP is between \$4.50-\$5.60 inclusive)



¹ Assuming the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive).

² The last Trading Day before the announcement of the Initial Proposal.

⁹ The Independent Expert has attributed a value of \$6.43 per AXA APH Share to the Share Scheme Consideration, based on recent AMP Share prices in the range of \$5.00 - \$5.50.

Why you should vote in favour and other considerations

▼ The Independent Expert's view is that the value to be delivered to AXA APH Minority Shareholders under the Proposal is compelling and is significantly more than would be available in the short to medium term if AXA APH was to continue on a standalone basis.

The Independent Expert has therefore concluded that, in the absence of a Superior Proposal:

- each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable; and
- the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders.
- The Independent Expert's view is that the Proposal delivers significantly more value than would be available to AXA APH in the short to medium term if AXA APH was to continue on a standalone basis, noting that:
 - the value to be delivered to Minority Shareholders is compelling;
 - AXA APH shareholders will clearly be better off if the Proposal proceeds than if it does not; and
 - 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 Independent Expert has estimated the full underlying value of AXA APH (including a premium for control) to be in the range of \$6.03 – \$6.64 per AXA APH Share, meaning that the Proposal's value of \$6.43 per AXA APH Share¹⁰ falls within the valuation range estimated for AXA APH. The Independent Expert noted that its valuation range:
 - reflects the potential savings, synergies and other strategic benefits that could be available to acquirers of AXA APH;
 - exceeds the price at which, based on current market conditions, the Independent Expert would expect AXA APH Shares to trade on the ASX in the absence of the Proposal or other similar proposal; and
 - represents high multiples of earnings and high multiples of the Value of One Year's New Business and embedded value, reflecting the strategic attractiveness of AXA APH's businesses.
- The Independent Expert, Grant Samuel, has therefore concluded that, in the absence of a Superior Proposal:
 - each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable; and
 - the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders.
- A concise version of the Independent Expert's Report is set out in Appendix 1. You are encouraged to read that report.

¹⁰ The Independent Expert has attributed a value of \$6.43 per AXA APH Share to the Share Scheme Consideration, based on recent AMP Share prices in the range of \$5.00 – \$5.50.

▶ You have the opportunity to own shares in the Merged Group and to benefit from any synergies achieved. A combination of the Australian and New Zealand Businesses and AMP will create Australia and New Zealand's largest non-bank wealth management company and will be the market leader in retail superannuation, individual risk insurance and financial advice in Australia. You will still have exposure to the Australian and New Zealand Businesses.

- If you are an Eligible Shareholder and the Proposal proceeds, you will be issued with New AMP Shares and will therefore own shares in the Merged Group.
- Post implementation of the Share Scheme, AXA APH Shareholders will own shares equivalent to approximately 25% of AMP's total share capital.
- A combination of the Australian and New Zealand Businesses and AMP will create Australia and New Zealand's largest non-bank wealth management company in one of the world's fastest-growing wealth management markets (the Australian wealth management market is the fifth largest in the world and expected to more than double in the next decade) and will be the market leader in retail superannuation, individual risk insurance and financial advice in Australia. You will still have exposure to the Australian and New Zealand Businesses.
- You will also have the opportunity to benefit from any cost and revenue synergies that may arise from the merger of the Australian and New Zealand Businesses with AMP's operations. AMP expects to achieve net annual after tax merger synergies of approximately \$120 million (before integration costs) and expects to realise the full impact of these benefits by the end of the third year after implementation of the Proposal. The synergies are estimates made by AMP. The Independent Directors make no representation as to whether these synergies will be realised or as to the accuracy of these estimates. There is a risk that the Merged Group will not achieve the expected cost and revenue synergies from the merger of the Australian and New Zealand Businesses with AMP's operations. In part, this arises from the risks associated with the separation of the Australian and New Zealand Businesses from the AXA SA Group and the Asian Businesses, and their integration with AMP's operations. AMP expects to incur approximately \$285 million of one-off post tax integration costs in order to achieve these synergies although there is a risk that these costs could be higher than expected. Further details on these risks are set out in section 2.1.2 and 2.2.2. See also section 6.2.5 for an explanation of the assumptions that AMP has made in estimating these synergies.
- Other than the AMP 2010 Final Dividend, you will have the opportunity to receive AMP's dividends. In the five years to the date of this Explanatory Memorandum, AMP has paid out a higher proportion of its underlying earnings as dividends than AXA APH. AMP's dividends also had higher levels of franking than AXA APH's dividends throughout the same period. This was due to AMP's primarily Australian sourced earnings, in comparison to AXA APH's substantial overseas sourced income from the Asian Businesses.

Why you should vote in favour and other considerations

If the Proposal is not implemented and there is no other proposal, the AXA APH Share price will likely trade at levels well below the value of \$6.43 per AXA APH Share attributed to the Share Scheme Consideration.

- The AXA APH Share price has increased 49%¹¹ since 6 November 2009 which was the last Trading Day immediately before the announcement of the Initial Proposal on 9 November 2009.
- The Independent Expert has noted that in the absence of the Proposal, or the expectation of some similar alternative proposal (which, in the Independent Expert's view, is now unlikely), AXA APH Shares are likely to trade at levels well below the value of \$6.43 per AXA APH Share that the Independent Expert has attributed to the Proposal.
- It is difficult to predict where the AXA APH Share price might settle without any impact attributable to the market activity relating to the Proposal. However, in the absence of an alternative proposal, the AXA APH Share price is likely to decrease if the Proposal is not implemented.

AXA APH Share price



1 The date of this Explanatory Memorandum.

2 The last Trading Day before the announcement of the Initial Proposal.

11 As at 14 January 2011, being the date of this Explanatory Memorandum.

Other considerations

- ▶ **You will not incur any brokerage costs when you transfer your AXA APH Shares to AMP.**
 - You will not have to pay brokerage costs in respect of the transfer of your AXA APH Shares to AMP or the payment of the Share Scheme Consideration to you.

- ▶ **You may be able to obtain CGT ‘scrip for scrip roll-over relief’ on any capital gains for the Share Component of the Share Scheme Consideration.**
 - If you are an Australian resident for taxation purposes, you may be eligible to apply CGT ‘scrip for scrip roll-over relief’ on any capital gains for the Share Component of the Share Scheme Consideration.
 - See section 7 for more information on taxation considerations of the Share Scheme.

Why you may want to vote against /

This section should be read in conjunction with the section titled “Why you should vote in favour and other considerations” on pages 11 to 15 and the risks outlined in sections 2.1 to 2.6.

▀ You may disagree with the recommendation of your Independent Directors or the conclusion of the Independent Expert.

- You may disagree with the opinion of your Independent Directors, or the conclusion of the Independent Expert that, in the absence of a Superior Proposal, each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable and the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders.

▀ You will no longer have any exposure to the Asian Businesses.

- In recent years, the Asian Businesses, which are being sold to AXA SA, have been growing faster than the Australian and New Zealand Businesses, and are a larger contributor to AXA APH's earnings and value of new business.
- AMP has a small (albeit growing) exposure to the Asian economies through its investment management business and accordingly the ownership of AMP Shares currently provides much less exposure to the Asian economies and the high growth potential of these markets than AXA APH Shares currently do. As the Independent Expert has noted, this means that the Merged Group's business will be almost solely exposed to the Australian and New Zealand economies and markets.

▀ AMP's risk and return characteristics are different to those of AXA APH.

- In addition to the risks that are common to both AMP and AXA APH as outlined in section 2.3, there are some risks to which only AMP is currently exposed. If the Proposal is implemented, Minority Shareholders (other than Ineligible Overseas Shareholders) will become exposed to these risks via the acquisition of an investment in the Merged Group (i.e. the acquisition of New AMP Shares). Accordingly, the risk and return characteristics of an investment in AMP (and therefore the Merged Group) are different from an investment in AXA APH.
- For example:
 - AMP's operations are concentrated in Australia and New Zealand, and accordingly it is highly leveraged to the Australian and New Zealand markets, including economic conditions, investor sentiment, the strength of local competitors and changes in the industry structure and regulation;
 - AMP has a small (albeit growing) exposure to the higher growth markets of Asia;
 - AMP has a much greater exposure to Australian superannuation, including significant corporate superannuation business unlike AXA APH;
 - AMP has greater exposure to investment management activities, particularly unlisted asset capabilities in property and infrastructure; and
 - AMP has greater exposure to funding and regulatory risk due to its banking activities.
- A summary of the key risks identified for an investment in AMP Shares is set out in sections 2.2, 2.4 and 2.5.

Implementation of the Proposal will involve a number of risks

- The merger of AMP and AXA APH's Australian and New Zealand businesses may also increase some of AMP's existing risks.
- There are a number of risks that may result from the implementation of the Proposal, including:
 - the risk that the Merged Group will not achieve or take longer than expected to achieve the expected cost and revenue synergies from the merger of the Australian and New Zealand Businesses with AMP's operations;
 - the risk that the Merged Group will incur higher than anticipated integration costs;
 - risks associated with the separation of the Australian and New Zealand Businesses from the AXA SA Group and the Asian Businesses, and their integration with AMP's operations; and
 - as the Independent Expert has noted, the risk that the Merged Group could lose customers, staff and revenue.
- These risks may affect an investment in AMP Shares as they may have an adverse effect on AMP's financial performance, financial position, cash flows, capital position and share price.
- A summary of the key risks identified for an investment in AMP Shares is set out in sections 2.2, 2.4 and 2.5.

You may believe that a Superior Proposal may emerge.

- It is possible that a Superior Proposal may emerge for AXA APH under which you could receive higher consideration for your AXA APH Shares than under the Proposal.
- As at the date of this Explanatory Memorandum, your Independent Directors are not aware of any Superior Proposal and do not anticipate that one will emerge in the near future.
- The Independent Expert's view is that a Superior Proposal is now unlikely to emerge.

The price of New AMP Shares may fluctuate following implementation of the Proposal.

- If the Share Scheme proceeds, you will be issued with New AMP Shares as part of the Share Scheme.
- Following implementation of the Proposal, the market price of the New AMP Shares which are issued as part of the Share Scheme Consideration will depend on the trading price of those shares. The market price of AMP Shares is subject to upwards or downwards fluctuations and there is no guarantee that the price will increase in the future, nor that the market price in the future will be the same as the current trading price of AMP Shares.

The tax consequences of transferring your AXA APH Shares under the Share Scheme may not be optimal.

- If the Share Scheme is implemented, it may result in taxation consequences arising earlier than would otherwise have been the case.
- You should read section 7 for further details on the Australian and New Zealand tax consequences of participating in the Share Scheme and seek your own professional tax advice in this regard.

Meeting details and voting procedures /

To approve the Proposal, you are being asked to vote on two resolutions to be considered at separate meetings, both of which are scheduled to be held on Wednesday, 2 March 2011 from 11.00 am. You can do so by either appointing a proxy to vote on your behalf or by attending the Meetings in person.

How to vote by proxy

You can appoint a proxy by either using:

- the Proxy Forms included in the Shareholder Pack sent to you; or
- online using the service at www.axaaphproposal.com.au.

The Shareholder Pack sent to you with this Explanatory Memorandum includes the following forms:

Green Proxy Form for appointing a proxy to vote on the Share Scheme Resolution; and

Orange Proxy Form for appointing a proxy to vote on the Sale of the Asian Businesses Resolution (and the Termination Benefits Resolution).

If you wish to appoint a proxy to attend and vote at the Share Scheme Meeting and you do not wish to use the online service, complete the green Share Scheme Meeting Proxy Form.

If you wish to appoint a proxy to attend and vote at the Extraordinary General Meeting and you do not wish to use the online service, complete the orange Extraordinary General Meeting Proxy Form.

Instructions on how to complete the Proxy Forms are set out on the forms and online at www.axaaphproposal.com.au.

Please lodge your Proxy Forms with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3001, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand (for AXA APH Shareholders located in New Zealand); or
- by faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- online by using the service at www.axaaphproposal.com.au,

so that they are **received by no later than** 11.00 am on Monday, 28 February 2011. If your Proxy Form is not received by this time (either in hard copy or online), your vote by proxy will not be valid.

If you complete and return a Proxy Form, you may still attend a Meeting in person. In such a case, the attendance and voting in person overrides your previously submitted Proxy Form, unless, on a poll, the proxy or proxies have been appointed to represent a specified proportion of your voting rights.

If you have multiple holdings and have received multiple Shareholder Packs and you wish to elect to appoint a proxy for all of your AXA APH Shares, you **must** complete and return Proxy Forms (either in hard copy or online) for each of your holdings.

Further details on how to vote by proxy are described in the notices of meeting set out in Appendices 8 and 9.

Your vote is important. The Proposal can only proceed if both the Share Scheme Resolution and the Sale of the Asian Businesses Resolution are passed.

Meetings

The Meetings to vote on the Proposal are both scheduled to be held from 11.00 am on Wednesday, 2 March 2011 at Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia.

There are two meetings being held on that day to approve the Proposal – the Share Scheme Meeting and the Extraordinary General Meeting. The Share Scheme Resolution will be considered at the Share Scheme Meeting. The Sale of the Asian Businesses Resolution and the Termination Benefits Resolution will be considered at the Extraordinary General Meeting.

The Share Scheme Meeting is scheduled to be held at 11.00 am and the Extraordinary General Meeting is scheduled to be held at the later of 12.00 pm and the conclusion or adjournment of the Share Scheme Meeting.

The Rights Scheme Meetings will also be held on Wednesday, 2 March 2011, but will be held at 10.00 am. Only AXA APH Rightsholders need attend the Rights Scheme Meetings.

Entitlement to vote

Eligible AXA APH Shareholders who are registered on the AXA APH Share Register at 7.00 pm on Monday, 28 February 2011 may vote at the Share Scheme Meeting and the Extraordinary General Meeting in person, by attorney, by proxy or, in the case of corporations, by corporate representative.

How to vote in person or by attorney

If you are entitled to vote and wish to do so in person, you should attend the Share Scheme Meeting and the Extraordinary General Meeting.

Please bring any of the personalised materials enclosed with your Shareholder Pack with you to facilitate admission to the Share Scheme Meeting and the Extraordinary General Meeting. The personalised materials include the Proxy Forms for those Meetings included with this Shareholder Pack.

If you are attending as an attorney, you must bring the power of attorney or a certified copy of it to the Meetings, unless the AXA APH Share Registry has already noted it.

If you are attending as a corporate representative, please bring evidence of your authority.

Further details on how to vote in person or by attorney are described in the notices of Meetings set out in Appendices 8 and 9.

Questions

If you have any questions you can call the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time).

If you are in any doubt as to what you should do, you should consult your professional adviser.

Results of Share Scheme Meeting and Extraordinary General Meeting

The results of the Share Scheme Meeting and the Extraordinary General Meeting will be available as soon as possible after the conclusion of the Meetings and will be announced to the ASX once available.

The results will also be published on AXA APH's website at www.axaasiapacific.com.au.

AXA APH Rightsholders

AXA APH Rightsholders should refer to section 8.11 and the Notices of Court ordered Rights Scheme Meetings set out in Appendices 10 and 11 for meeting and voting details for the Rights Scheme Meetings.

Key questions /

This section provides summary answers to some key questions that you may have in relation to the Proposal. Please see the relevant section of this Explanatory Memorandum for further information.

Topic	Summary	Where to find more information
<h2>The Proposal</h2>		
1 What is the Proposal?	<p>The Proposal involves the merger of the Australian and New Zealand Businesses of AXA APH with AMP and the sale of the Asian Businesses to AXA SA. The Australian and New Zealand Businesses will form part of AMP's operations. AXA APH will be delisted from the ASX and will become a subsidiary of AMP. The Asian Businesses will be owned by AXA SA or its nominees.</p>	Section 1.1 provides further information on the Proposal and section 5 provides further information on the AXA SA Share Sale and the Sale of the Asian Businesses.
2 What do the Independent Directors recommend?	<p>Your Independent Directors unanimously recommend that you support the Proposal by voting in favour of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal. The remaining Directors make no recommendation in relation to the Share Scheme Resolution and the Sale of the Asian Businesses Resolution.</p> <p>Your Independent Directors are:</p> <ul style="list-style-type: none">▪ Richard (Rick) Hugh Allert, AO;▪ Patricia (Patty) Elizabeth Akopiantz;▪ Michael Roy Butler;▪ Paul Ashley Cooper;▪ Anthony (Tony) Grant Froggatt; and▪ Peter David Sullivan. <p>In addition, your Directors (other than Andrew Penn) recommend that you vote in favour of the Termination Benefits Resolution, which is also being considered at the Extraordinary General Meeting. Andrew Penn is not eligible to vote on the Termination Benefits Resolution and makes no recommendation.</p>	Sections 1.4 and 5.2.5 provide further information on the Independent Directors' recommendations.
3 What is the Independent Expert's opinion on the Proposal, and how can I obtain a copy of the Independent Expert's Report?	<p>The Independent Expert's view is that the value to be delivered to Minority Shareholders under the Proposal is compelling and represents significantly more value than would be available in the short to medium term if AXA APH was to continue on a standalone basis.</p> <p>The Independent Expert, Grant Samuel, has therefore concluded that in the absence of a Superior Proposal:</p> <ul style="list-style-type: none">▪ each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable; and▪ the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders. <p>A concise version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in Appendix 1 of this Explanatory Memorandum. The long form version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in the Explanatory Memorandum Supplement. A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or online at www.axaaphproposal.com.au.</p>	Section 1.5, Appendix 1 and the Explanatory Memorandum Supplement provide further information on the Independent Expert's opinion.

Topic	Summary	Where to find more information
4 What are the key steps for the Proposal to proceed?	<p>The key steps for the Proposal to proceed are:</p> <ul style="list-style-type: none"> ▪ both the Share Scheme Resolution and the Sale of the Asian Businesses Resolution must be passed. That is: <ul style="list-style-type: none"> • at the Share Scheme Meeting scheduled to be held on Wednesday, 2 March 2011, Minority Shareholders must approve the Share Scheme, under which AMP will acquire all of their AXA APH Shares in exchange for the Share Scheme Consideration, by passing the Share Scheme Resolution; and • at the Extraordinary General Meeting scheduled to be held on Wednesday, 2 March 2011 following the Share Scheme Meeting, eligible Minority Shareholders must approve the Sale of the Asian Businesses to AXA SA, by passing the Sale of the Asian Businesses Resolution; and ▪ each of the Conditions Precedent (apart from Court approval of the Share Scheme) must be satisfied or waived before 8.00 am on the Second Court Date; and ▪ the Court must approve the Share Scheme at the Second Court Hearing (expected to be held on Monday, 7 March 2011), before the Share Scheme becomes Effective. <p>The Rights Scheme Resolutions and the Termination Benefits Resolution do not have to be approved for the Proposal to proceed.</p>	Section 1.6 provides further information.
5 What happens if the Proposal does not proceed?	<p>If the Proposal does not proceed:</p> <ul style="list-style-type: none"> ▪ the AXA APH Board intends to continue to operate AXA APH as a company listed on the ASX, owning and operating the Australian and New Zealand Businesses and the Asian Businesses; ▪ AXA SA has stated that it will review its position vis-à-vis AXA APH in light of AXA SA's longstanding strategy to increase its exposure to emerging markets and limit additional investment in mature markets. In particular, AXA SA will evaluate any further investment of capital into the Australian and New Zealand Businesses on a case by case basis, and would broadly seek to focus the utilisation of AXA APH's available resources on financing the growth of the Asian Businesses. In this context, AXA SA will also review its financing and debt policy vis-à-vis AXA APH; ▪ you will not be provided the Share Scheme Consideration; ▪ AXA APH will be liable to pay transaction costs of approximately \$30 million (after tax) that have already been incurred or are already committed; and ▪ AXA APH's share price is likely to decrease. The occurrence or size of the decline in the share price cannot be predicted accurately. 	Sections 2.6 and 10.4 provide further information on the implications if the Proposal does not proceed and the intentions of the AXA APH Board.

Key questions

Topic	Summary	Where to find more information
<p>6 What are the risks associated with the Proposal?</p>	<p>There are a number of potential risks that may have a material adverse impact upon the implementation of the Proposal and the future performance of the Merged Group, including the value of the New AMP Shares.</p> <p>The key risks fall into the following categories:</p> <ul style="list-style-type: none"> ▪ risks relating to the implementation of the Proposal – these include risks associated with: <ul style="list-style-type: none"> • separating the existing businesses of AXA APH; • integrating the Australian and New Zealand Businesses with the AMP Group and achieving the anticipated synergies; • the existence of unknown risks within AMP and the Australian and New Zealand Businesses that may potentially cause reputation or other damage; and • the termination of the relationship between the Australian and New Zealand Businesses and the AXA SA Group; and ▪ risks relating to the Australian and New Zealand Businesses – these include risks associated with: <ul style="list-style-type: none"> • the business mix of the Australian and New Zealand Business; and • disputes and litigation to which AXA APH (in so far as it relates to the Australian and New Zealand Businesses) is currently a party; and ▪ risks specific to an investment in the Merged Group – these include risks: <ul style="list-style-type: none"> • applicable to the financial services industry generally such as changes to macroeconomic conditions and financial markets, regulatory reform and increased competition; and • other risks relating to AMP which may be common to AXA APH or which may be specific to AMP, such as risks related to AMP’s banking activities, including funding and regulatory risks, as well as AMP’s greater exposure to certain guaranteed products, corporate superannuation and investment management activities. <p>There are also a range of other risks that are associated with any investment in shares.</p> <p>One or a combination of these risks may affect an investment in AMP Shares as they may have an adverse effect on AMP’s financial performance, financial position, cash flows, capital position and share price.</p>	<p>Sections 2.1 to 2.5 provide further information.</p>
<p>7 How will I know if there is a “Superior Proposal”?</p>	<p>If a Superior Proposal is received an announcement will be made to the ASX.</p>	

What you will be provided if the Proposal proceeds

8 What will I be provided if the Proposal proceeds?

If the Proposal proceeds, Share Scheme Participants will be provided:

- **(Share Component)** 0.73 AMP Shares; and
- **(Cash Component)** a variable cash amount based on the arithmetic average of the daily VWAPs for AMP Shares traded on the ASX during the 10 consecutive Trading Days immediately following the Effective Date of the Scheme,

for every AXA APH Share for which they are registered as the owner as at the Scheme Record Date for the Share Scheme, which is Wednesday, 16 March 2011. The various scenarios in which the Share Scheme Consideration can change based on the Post Scheme AMP VWAP are set out below.

Scenario 1 if the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive)

If the Post Scheme AMP VWAP is between \$4.50 and \$5.60, the Cash Component will vary so that you will be provided \$6.43 in value for each AXA APH Share.

For example, if the Post Scheme AMP VWAP is \$5.32 (which was the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days immediately before the date on which the Proposal was announced), you will be provided 0.73 New AMP Shares and \$2.55 per AXA APH Share.

If the Post Scheme AMP VWAP is higher than \$5.32 (but equal to or less than \$5.60), the Cash Component will decrease to fully offset the increase in the value of the Share Component so that you will still be provided \$6.43 in value. Conversely, if the Post Scheme AMP VWAP is lower than \$5.32 (but equal to or higher than \$4.50), the Cash Component will increase to fully offset the decrease in the value of the Share Component so that you will still be provided \$6.43 in value.

Scenario 2 if the Post Scheme AMP VWAP is higher than \$5.60

If the Post Scheme AMP VWAP is higher than \$5.60, you will receive 50% of the benefit of the increase in the value of the Share Component. This is achieved via an increase in the value of the Share Component being partially offset by a reduction in the Cash Component equal to half of the increase in the value of the Share Component. In these circumstances, the value that you will be provided is higher than \$6.43.

Sections 1.2.1, 1.2.2 and 1.2.3 provide further information on the Share Scheme Consideration.

Key questions

Topic	Summary	Where to find more information
8 Continued	<p>Scenario 3 if the Post Scheme AMP VWAP is below \$4.50</p> <p>The Cash Component is fixed at \$3.145. Consequently, if the Post Scheme AMP VWAP is below \$4.50, the combined effect of the value of the Share Component decreasing and the Cash Component being fixed at \$3.145 is that the value you will be provided will be below \$6.43 per share.</p> <p>See section 1.2.3 for an explanation of how the value of the Share Scheme Consideration may vary with changes to the Post Scheme AMP VWAP.</p> <p>Your Independent Directors are entitled to terminate the Proposal if the arithmetic average of the daily AMP VWAPs for any 10 consecutive Trading Days prior to the shareholder vote falls below \$4.50 but may decide, in their absolute discretion, not to do so. However, the Proposal cannot be terminated if the Post Scheme AMP VWAP is below \$4.50.</p> <p>As set out above, the structure of the Share Scheme Consideration means that, depending on the Post Scheme AMP VWAP, it is possible that the Share Scheme Consideration may equal \$6.43 in value or may be above or below that amount.</p> <p>Share Scheme Participants will also receive the AXA APH 2010 Final Dividend of up to \$0.0925 per AXA APH Share, which is expected to be paid on 25 March 2011, as long as they are registered holders of AXA APH Shares on the dividend record date (expected to be on 4 March 2011). The New AMP Shares provided as part of the Share Scheme Consideration will not carry a right to receive the AMP 2010 Final Dividend of up to \$0.16 per AMP Share (which is expected to be paid on 8 April 2011).</p> <p>If you have chosen to have your AXA APH dividends paid by direct credit into an Australian bank account, the Cash Component of the Share Scheme Consideration will (unless AMP decides otherwise) be paid to you in the same form that you have directed AXA APH to pay you dividends. Otherwise the Cash Component of the Share Scheme Consideration will be paid to you by cheque.</p> <p>Share Scheme Participants with a registered address in New Zealand will be paid the Cash Component of the Share Scheme Consideration in New Zealand dollars.¹² All other Share Scheme Participants will be paid the Cash Component of the Share Scheme Consideration in Australian dollars.</p>	
9 What happens if the AMP VWAP falls below \$4.50?	<p>The Independent Directors are entitled to terminate the Proposal prior to the Scheme Meetings if the arithmetic average of the daily AMP VWAPs over any 10 consecutive Trading Day period before the date of the Scheme Meetings falls below \$4.50. This right must be exercised within 10 business days of the relevant period.</p> <p>The fact that the AMP Share price falls below \$4.50 on a particular day or any particular time is not enough to trigger this termination right. The average of the daily AMP VWAPs for any 10 consecutive Trading Day period before the date of the Scheme Meetings must be below \$4.50 for the termination right to be triggered.</p> <p>Even if this right to terminate arises, the Independent Directors may decide, in their absolute discretion, not to terminate the Proposal.</p> <p>After the Scheme Meetings, AXA APH has no termination right in relation to movements in the AMP Share price (including in circumstances where the Post Scheme AMP VWAP is below \$4.50). If the Post Scheme AMP VWAP is less than \$4.50, the combined value of the Share Scheme Consideration will be below \$6.43.</p>	

¹² The Cash Component paid in New Zealand dollars will be calculated based on the exchange rate published on the Reserve Bank of New Zealand website at 5pm (New Zealand time) on the Scheme Record Date.

Topic	Summary	Where to find more information
10 Can I be provided all AMP Shares or all cash?	No. Under the Proposal, Eligible Shareholders will be provided a combination of cash and AMP Shares.	
11 What are AMP's and AXA SA's contributions under the Proposal?	<p>Under the Proposal, AMP and AXA SA will both be making contributions to the Share Scheme Consideration payable to the Minority Shareholders.</p> <p>AMP will contribute all of the Share Component of the Share Scheme Consideration by issuing approximately 695 million New AMP Shares. AMP will also contribute a maximum of \$455 million to the Cash Component of the Share Scheme Consideration. However, this contribution may reduce if the Post Scheme AMP VWAP is higher than \$5.80.</p> <p>AMP will source its cash contribution via the issue of \$600 million of subordinated debt, which AXA SA is required to offer to purchase (to the extent that other institutional investors elect not to participate), priced at a margin of 250 basis points over the 3 month Bank Bill Swap Rate.</p> <p>AXA SA will contribute the balance of the Cash Component of the Share Scheme Consideration. AXA SA's contribution to the Cash Component of the Share Scheme Consideration will vary depending on the Post Scheme AMP VWAP. AXA SA, rather than AMP, will bear the cost of any downside protection.</p>	Sections 4.9, 1.3.1 and 5.1 provide further information on AMP's and AXA SA's contributions under the Proposal.
12 What does it mean to be an "Eligible Shareholder"?	<p>"Eligible Shareholders" are Minority Shareholders who are registered as shareholders on the Scheme Record Date for the Share Scheme and whose address as shown in the AXA APH Share Register is a place in:</p> <ul style="list-style-type: none"> ▪ Australia and its external territories, New Zealand, the United Kingdom, Hong Kong and the United States of America; or ▪ a place outside of those countries or territories in respect of which AXA APH and AMP are satisfied, acting reasonably, that the issue of New AMP Shares to that Share Scheme Participant as Share Scheme Consideration is lawful and not unduly onerous or impracticable. <p>If you are an Eligible Shareholder, you will be provided New AMP Shares as part of the Share Scheme Consideration under the Proposal.</p> <p>You are otherwise an "Ineligible Overseas Shareholder", and if the Proposal proceeds you will not be able to be provided New AMP Shares. Instead, the aggregate New AMP Shares that would otherwise have been issued to all Ineligible Overseas Shareholders in connection with the Proposal will be issued to the Sale Agent to be sold on the ASX and your proportion of the aggregate net proceeds of this sale will be paid to you.</p>	Section 1.2.4, 1.8 and section 11 ("Glossary") provide further information on the Share Scheme Consideration for Ineligible Overseas Shareholders.
13 When will the Share Scheme and the Proposal be implemented and when will I be provided the Share Scheme Consideration?	<p>If the Proposal proceeds, the Share Scheme will be implemented on the Implementation Date, which is expected to be Wednesday, 30 March 2011. This is the date that the Minority Shares are transferred to AMP. It is also the date that:</p> <ul style="list-style-type: none"> ▪ New AMP Shares will be issued to you; and ▪ the Cash Component of the Share Scheme Consideration will be despatched to you. <p>Ineligible Overseas Shareholders will be paid the Cash Component at the same time as other Minority Shareholders, and will be paid their net proceeds from the sale of the relevant New AMP Shares as soon as possible following the sale by the Sale Agent.</p>	Section 1.2.7 provides further information on the payment dates for the Share Scheme Consideration, and section 1.6 and Appendix 7 provide further information on the implementation of the Proposal.

Key questions

Topic	Summary	Where to find more information
14 What happens if I do not vote or if I vote against the Proposal and the Proposal proceeds?	If the required majorities of Minority Shareholders approve the two resolutions to give effect to the Proposal and the Proposal proceeds, your AXA APH Shares will be transferred to AMP and you will (subject to the terms of the Share Scheme) be provided the Share Scheme Consideration. This will occur even if you did not vote or voted against the resolutions at the Share Scheme Meeting and the Extraordinary General Meeting.	
15 When can I sell my New AMP Shares?	<p>The New AMP Shares are expected to begin trading on a deferred settlement basis at the start of trading on Wednesday, 9 March 2011 under ASX code "AMPN". Those shares are expected to start trading on a normal settlement basis at the start of trading on Thursday, 31 March 2011 under AMP's normal ASX code, "AMP".</p> <p>It is your responsibility to confirm your entitlement to New AMP Shares under the Share Scheme before trading those shares to avoid the risk of selling shares that you do not own. If you would like an estimate of your entitlement during the period the New AMP Shares are trading on a deferred settlement basis, please use the facility provided on AXA APH's website at www.axaaphproposal.com.au.</p>	Sections 1.2.7 and 1.6.8 provide further information.
16 Can I sell my AXA APH Shares now?	<p>Yes, subject to any relevant restrictions (such as security arrangements applicable to your AXA APH Shares or the insider trading provisions of the Corporations Act), you can offer to sell your AXA APH Shares on market at any time before the Effective Date at the prevailing market price. The Effective Date is expected to be Tuesday, 8 March 2011.</p> <p>If you sell your AXA APH Shares before the Effective Date:</p> <ul style="list-style-type: none">▪ you may need to pay brokerage on the sale;▪ you will not be eligible to be provided any Share Scheme Consideration; and▪ there may be different taxation consequences for you compared to those that arise under the Proposal.	

Voting on the Proposal

17 When and where will the shareholder meetings be held?	<p>The Share Scheme Meeting is scheduled to be held at 11.00 am on Wednesday, 2 March 2011 at Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia.</p> <p>The Extraordinary General Meeting is scheduled to be held at the later of 12.00 pm on Wednesday, 2 March 2011 and the conclusion or adjournment of the Share Scheme Meeting and will be held at the same venue as the Share Scheme Meeting.</p>	Page 18 ("Meeting details and voting procedures"), Appendix 8 and Appendix 9 provide further information on the Share Scheme Meeting and the Extraordinary General Meeting.
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Topic	Summary	Where to find more information
<p>18 Who can vote at the Meetings? Can AXA SA vote on any of the resolutions?</p>	<p>Eligible AXA APH Shareholders who are registered on the AXA APH Share Register at 7.00 pm on Monday, 28 February 2011 may vote at the Share Scheme Meeting and the Extraordinary General Meeting.</p> <p>AXA APH, AMP, AXA SA and their respective associates are excluded from voting (or their votes will otherwise not be counted) on the Share Scheme Resolution (other than in respect of AXA APH Shares held by them in a fiduciary or similar capacity, or as nominee).</p> <p>AXA SA, AXA APH, AMP and their respective associates (which for this purpose includes the Directors) are excluded from voting on the Sale of the Asian Businesses Resolution.</p> <p>The Designated Executives and their associates are excluded from voting on the Termination Benefits Resolution.</p>	<p>Page 18 (“Meeting details and voting procedures”), section 1.6, Appendix 8 and Appendix 9 provide further information on the voting arrangements for the Meetings.</p>
<p>19 How do I vote?</p>	<p>You can vote in person on the Proposal by attending the Share Scheme Meeting and the Extraordinary General Meeting.</p> <p>Alternatively, you can appoint a proxy to vote on your behalf by completing and lodging the Proxy Forms in accordance with the instructions on those forms or by using the online service at www.axaaphproposal.com.au.</p>	<p>Page 18 (“Meeting details and voting procedures”) provides further information.</p>
<p>20 What voting majorities are required to approve the Proposal?</p>	<p>Different voting majorities apply for the resolutions to be considered at the Share Scheme Meeting and the Extraordinary General Meeting.</p> <p>The Share Scheme Meeting</p> <p>The Share Scheme Resolution is the only resolution to be considered at the Share Scheme Meeting and it must be passed by:</p> <ul style="list-style-type: none"> ▪ a majority in number of Minority Shareholders present and voting at the Share Scheme Meeting (in person, by proxy or by corporate representative or attorney); and ▪ at least 75% of the total number of votes cast on the Share Scheme Resolution (in person, by proxy or by corporate representative or attorney). <p>The Extraordinary General Meeting</p> <p>The Sale of the Asian Businesses Resolution must be passed by more than 50% of the total number of votes cast by AXA APH Shareholders entitled to vote on the resolution (in person, by proxy or by corporate representative or attorney).</p>	<p>Sections 1.6.3 and 1.6.4 provide further information on the required voting majorities for the Share Scheme Meeting and the Extraordinary General Meeting.</p>
<p>21 Is voting compulsory?</p>	<p>No. However, your vote is important and you are encouraged to vote on the resolutions to be considered at the Share Scheme Meeting, the Extraordinary General Meeting and the Rights Scheme Meetings (if applicable).</p>	<p>Page 18 (“Meeting details and voting procedures”) and Appendices 8, 9, 10 and 11 provide further information on voting at the Meetings and the Rights Scheme Meetings.</p>

Key questions

Topic	Summary	Where to find more information
AXA SA Share Sale		
22 How will AMP buy the AXA SA Holding?	<p>If the Proposal proceeds, the AXA SA Holding will be separately sold to AMP pursuant to a separate AXA SA Share Sale Deed. Unlike the Minority Shares, the AXA SA Holding will not be transferred to AMP pursuant to the Share Scheme.</p> <p>The consideration received by AXA SA (together with its subsidiary Société Beaujon) for the shares in the AXA SA Holding depends on the Post Scheme AMP VWAP.</p> <p>If the Post Scheme AMP VWAP is \$5.32 (which was the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days immediately before the date on which the Proposal was announced), the purchase price payable by AMP to AXA SA (and Société Beaujon) will be \$7.2 billion for all of the AXA SA Holding reflecting an amount of \$6.43 for each AXA APH Share. This amount of \$7.2 billion is the Estimated Purchase Price and will be paid by AMP issuing a promissory note to be put into escrow before the Post Scheme AMP VWAP is determined.</p> <p>If the Post Scheme AMP VWAP is not \$5.32, certain adjustments to the Estimated Purchase Price paid to AXA SA (and Société Beaujon) for the AXA SA Holding will take place under the Transaction Documents. Further details on these adjustments are set out in sections 1.3.1 and 5.1. The consideration received by AXA SA (and Société Beaujon) for each AXA APH Share in the AXA SA Holding may differ from the value of the consideration provided to Minority Shareholders for their AXA APH Shares.</p> <p>In particular, the consideration received by AXA SA may be:</p> <ul style="list-style-type: none">▪ less than the value of the consideration provided to Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$4.50, the difference in favour of the Minority Shareholders is 51 cents per AXA APH Share; or▪ greater than the value of the consideration provided to the Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$5.60, the difference in favour of AXA SA would be 17.5 cents per AXA APH Share.	Sections 1.3.1 and 5.1 provide further information on the AXA SA Share Sale.
23 What is the Independent Expert's opinion on the AXA SA Share Sale?	<p>The Independent Expert, Grant Samuel, has concluded that the AXA SA Share Sale is fair and reasonable.</p> <p>A concise version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in Appendix 1 of this Explanatory Memorandum.</p>	Sections 1.5, 5.1.3, Appendix 1 and the Explanatory Memorandum Supplement provide further information on the Independent Expert's opinion on the AXA SA Share Sale.

Sale of the Asian Businesses

<p>24 Why does AXA SA want to sell its shares in AXA APH and own the Asian Businesses outright?</p>	<p>AXA SA has indicated that it is seeking to sell its shares in AXA APH and acquire the Asian Businesses outright for a number of reasons, including that it would:</p> <ul style="list-style-type: none"> ▪ nearly double AXA SA's exposure to the Asian wealth management and financial protection markets, increasing its overall growth profile given the high growth potential of these markets and better take advantage of AXA SA's larger capital base and risk assumption capacity; ▪ optimise the corporate structure of the AXA SA Group by enabling AXA SA to merge its current operations across Asia with those of the Asian Businesses, increasing efficiencies, simplifying governance and creating cost synergies; and ▪ enable simpler and faster capital injections to facilitate growth of the Asian Businesses. 	<p>Section 5.2 provides further information.</p>
<p>25 How much is AXA SA paying for the Asian Businesses?</p>	<p>AXA SA will pay \$9.801 billion for the Asian Businesses, (implying an enterprise value of \$10.3 billion¹³ after taking into account debt in those businesses), which is comprised of the following three limbs:</p> <ul style="list-style-type: none"> ▪ applying the Estimated Purchase Price of \$7.2 billion (plus any increase in the purchase price if the Post Scheme AMP VWAP is greater than \$5.32) it and its subsidiary, Société Beaujon, receive from AMP for the AXA SA Holding towards the acquisition of these businesses; ▪ applying the repayment of existing loans granted by AXA SA to the AXA APH Group of \$663 million towards the acquisition of these businesses; and ▪ a cash payment to AXA APH. <p>The amounts for the first and third limbs above depend on whether the Post Scheme AMP VWAP is above \$5.32, as set out in section 1.3.2.</p> <p>The consideration paid by AXA SA for the Asian Businesses (comprising cash and promissory notes) will be held pursuant to escrow arrangements pending completion of the sale.</p>	<p>Section 1.3.2 provides further information on the Sale of the Asian Businesses and section 5.2.3 provides further information on the consideration and funding.</p>
<p>26 What do the Independent Directors recommend?</p>	<p>Your Independent Directors unanimously recommend that you vote in favour of the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal.</p>	<p>Sections 1.4 and 5.2.5 provide further information on the Independent Directors' recommendation.</p>
<p>27 What is the Independent Expert's opinion on the Sale of the Asian Businesses?</p>	<p>The Independent Expert has valued the Asian Businesses in the range of \$9.5 to \$10.3 billion (enterprise value of \$9.9 billion to \$10.8 billion after taking into account debt in the businesses to be acquired) and has concluded that the Sale of the Asian Businesses is fair and reasonable.</p> <p>A concise version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in Appendix 1 of this Explanatory Memorandum.</p>	<p>Section 5.2.6, Appendix 1 and the Explanatory Memorandum Supplement provide further information on the Independent Expert's opinion on the Sale of the Asian Businesses.</p>

¹³ Based on exchange rates as at 29 November 2010.

Key questions

Topic	Summary	Where to find more information
28 Is the Proposal subject to any conditions?	<p>The Proposal is subject to the Conditions Precedent which (other than Court approval) must be satisfied or waived before 8.00 am on the Second Court Date for the Proposal to proceed.</p> <p>As at the date of this Explanatory Memorandum, the key outstanding Conditions Precedent are:</p> <ul style="list-style-type: none"> ▪ eligible Minority Shareholders approving the Share Scheme and the Sale of the Asian Businesses; ▪ the Court approving the Share Scheme; ▪ obtaining necessary Australian and New Zealand regulatory approvals, consents and authorisations including: <ul style="list-style-type: none"> • approval by authorised bodies under the following Australian Commonwealth legislation, as required: the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth); the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth); and the <i>Insurance Acquisitions and Takeovers Act 1991</i> (Cth) and • ASIC and ASX; ▪ obtaining regulatory consents that are required in some of the countries in which the Asian Businesses operate; ▪ that no prescribed occurrences (or similar events) or material adverse changes have occurred in relation to the Australian and New Zealand Businesses or the Asian Businesses before 8.00 am on the Second Court Date; and ▪ that no prescribed occurrences (or similar events) or material adverse changes have occurred in relation to AMP before 8.00 am on the Second Court Date. <p>AMP has already received approval from the Australian Competition and Consumer Commission and the New Zealand Commerce Commission in relation to the Proposal.</p>	<p>Sections 1.6.2 and Appendix 7 provide further information on the Conditions Precedent and section 10.11 provides information on the status of those conditions.</p>
29 When will I know if the Proposal will proceed?	<p>The Proposal will proceed once the Share Scheme becomes legally Effective which occurs on the date on which AXA APH lodges a copy of the Court order approving the Share Scheme with ASIC. This date is referred to as the “Effective Date for the Share Scheme” in this Explanatory Memorandum and is expected to occur on Tuesday, 8 March 2011.</p>	<p>Section 1.6.1 and Appendix 7 provide further information on the implementation of the Proposal.</p>
30 What happens if the Share Scheme gets delayed?	<p>It is possible that the Share Scheme may be delayed and may not become Effective before the End Date in which case the Proposal may not proceed. If the Share Scheme has not become Effective by the End Date, then unless the End Date is extended by AXA APH, AXA SA and AMP, each party will have a right to terminate the Framework Deed. If terminated, the Proposal will not proceed. The End Date is currently 30 June 2011.</p>	<p>Sections 1.6.1 provides further information on the implementation of the Proposal and section 10.11 provides further information on the status of the key Conditions Precedent.</p>

Topic	Summary	Where to find more information
Tax		
31 What are the taxation implications of the Proposal?	<p>The disposal of your AXA APH Shares under the Share Scheme may be a taxable transaction. This means that income tax may be payable on the transfer of your AXA APH Shares even if you are provided New AMP Shares as part of your Share Scheme Consideration.</p> <p>If you are an Australian resident for taxation purposes, you may be eligible to apply CGT 'scrap for scrip roll-over relief' on any capital gains for the Share Component of the Share Scheme Consideration.</p> <p>A general guide to the taxation implications of the Proposal for Minority Shareholders who are resident in Australia or New Zealand for tax purposes is set out in section 7.</p> <p>This guide is general only and is not intended to provide Australian or New Zealand taxation advice in respect of the particular circumstances of any AXA APH Shareholder. You should seek your own taxation advice.</p>	Section 7 provides further information.
Rights Scheme		
32 What will happen to any AXA APH Rights I hold?	<p>If the Rights Scheme is implemented, Rights Scheme Participants will be paid a cash payment in consideration for the cancellation of their Scheme Rights. Alternatively, they may be able to exercise their AXA APH Rights, allowing them to participate in the Share Scheme and be provided the Share Scheme Consideration.</p> <p>The Rights Scheme will be implemented pursuant to a separate scheme of arrangement between AXA APH and AXA APH Rightsholders.</p> <p>The Rights Scheme requires approval by two separate classes of AXA APH Rightsholders and the Court. Further, the Rights Scheme will only proceed if the Share Scheme becomes Effective.</p>	Section 8 provides further information on the Rights Scheme.
33 Do I need to do anything in relation to the Rights Scheme?	If you are an AXA APH Shareholder who does not hold any AXA APH Rights, you do not need to do anything in relation to the Rights Scheme.	Section 8 provides further information on the Rights Scheme.

Key questions

Topic	Summary	Where to find more information
Termination Benefits		
34 Why is the Termination Benefits Resolution being proposed?	<p>As most of the Designated Executives hold AXA APH group roles, these employees may be made redundant if the Proposal proceeds. AMP is still continuing discussions with some of these employees. These employees would continue to be employed by the AXA APH Group if the Proposal is not implemented.</p> <p>Amendments to the Corporations Act in November 2009 require shareholder approval for the provision of certain benefits on termination for new service contracts entered after 24 November 2009. Contracts that were in existence before the commencement of these amendments are “grandfathered” and are not caught unless an essential term of those contracts has been varied.</p> <p>The Designated Executives have existing service contracts with AXA APH which were in place prior to 24 November 2009. However, notwithstanding the “grandfathering” provisions, the Corporations Act amendments requiring shareholder approval may apply to the Designated Executives due to increases in their remuneration and/or changes to their short term incentive (STI) arrangements approved by the AXA APH Board and implemented after 24 November 2009.</p> <p>Approval of AXA APH Shareholders is therefore sought in relation to the Termination Benefits (described in section 9) to ensure the benefits set out in existing arrangements are able to be provided to some or all of the Designated Executives on any redundancy resulting from the Proposal. Obtaining this approval will enable AXA APH to honour its contractual obligations to the Designated Executives in the event of redundancy provided the relevant termination occurs while AXA APH is the listed holding company. These resolutions will be considered at the Extraordinary General Meeting.</p> <p>The outcome of the Termination Benefits Resolution is conditional on the outcome of the Proposal. However, the Termination Benefits Resolution is not conditional on the outcome of the Rights Scheme.</p>	Sections 1.12 and 9 provide further information on the Termination Benefits.
35 What do the Directors recommend?	Your Directors (other than Andrew Penn) recommend that you vote in favour of the Termination Benefits Resolution. Andrew Penn is not eligible to vote on the Termination Benefits Resolution and makes no recommendation.	Section 9 provides further information.

Additional information

36 What is the Explanatory Memorandum Supplement?

The Explanatory Memorandum Supplement contains the long form version of the Independent Expert's Report (which also includes the Independent Actuary's Report) as well as a copy of the Framework Deed and the Merger Implementation Deed.

A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or online at www.axaaphproposal.com.au.

37 What other information is available?

This Explanatory Memorandum contains detailed information in connection with the Proposal that all Minority Shareholders should read.

AXA APH expects to announce its full year results to 31 December 2010 on 15 February 2011 and AMP expects to announce its full year results to 31 December 2010 on 17 February 2011.

The results will be available from ASX or on its website www.asx.com.au. In addition, AXA APH's results will be available on its website www.axaasiapacific.com.au. AMP's results will be available on the AMP website www.amp.com.au.

If you have any questions in relation to this 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).

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1

Details of the Proposal

1 Details of the Proposal

1.1 Overview of the Proposal

1.1.1 Transaction Documents

The key details of the Proposal are outlined below. The key terms of the Proposal are contained in the Transaction Documents, including the Framework Deed and the Merger Implementation Deed, which were entered into on 29 November 2010. The key terms of those deeds are summarised in Appendix 7.

Section 8 sets out details of the Rights Scheme. Section 9 sets out details of the Termination Benefits.

1.1.2 Overview of structure

The key terms of the Proposal are that:

- AMP will acquire all of the shares in AXA APH via the following two separate but interconditional transactions:
 - AXA APH Shares held by Minority Shareholders will be acquired by AMP pursuant to the Share Scheme; and
 - the AXA SA Holding will be acquired by AMP pursuant to a separate AXA SA Share Sale Deed;
- AMP will retain the Australian and New Zealand Businesses; and
- the Asian Businesses will be sold to AXA SA.

If implemented, this means that:

- AXA APH will be wholly-owned by AMP and will be delisted from the ASX;
- AMP will retain the Australian and New Zealand Businesses, having effectively acquired them for \$4.2 billion on a debt free basis. This amount is comprised of \$7.2 billion payable to AXA SA for the AXA APH Shares in the AXA SA Holding (assuming a Post Scheme AMP VWAP of \$5.32), plus the \$6.1 billion payable to Minority Shareholders for the AXA APH Shares, plus the \$663 million repayment of existing loans granted by AXA SA to the AXA APH Group, less the \$9.8 billion payable by AXA SA to AXA APH for the Asian Businesses; and
- the Asian Businesses will be directly owned by AXA SA, having acquired them for \$9.8 billion (implying an enterprise value of \$10.3 billion¹ after taking into account debt in those businesses) and AXA SA will assume the remainder of the existing loans granted by AXA SA to the AXA APH Group.

Accordingly, Minority Shareholders will continue to have an indirect interest through the issue of shares in AMP in the Australian and New Zealand Businesses, but they will no longer have any interest in the Asian Businesses.

1.1.3 Other resolutions

The Rights Scheme Resolutions and the Termination Benefits Resolution are also proposed. The outcome of these resolutions will not affect whether the Proposal proceeds. Section 8 contains further details on the Rights Scheme. Section 9 contains further details on the Termination Benefits Resolution.

1.2 What Minority Shareholders will be provided under the Share Scheme

1.2.1 Share Scheme Consideration

If the Proposal proceeds, Share Scheme Participants will be provided:

- **(Share Component)** 0.73 New AMP Shares; and
- **(Cash Component)** a variable cash amount based on the arithmetic average of the daily VWAPs for AMP Shares traded on the ASX during the 10 consecutive Trading Days immediately following the Effective Date of the Schemes (**Post Scheme AMP VWAP**),

for every AXA APH Share for which they are registered as the owner as at the Scheme Record Date for the Share Scheme, which is Wednesday, 16 March 2011.

The Cash Component will vary so that you will be provided \$6.43 in value if the Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive).

¹ Based on exchange rates as at 29 November 2010.

Your Independent Directors are entitled to terminate the Proposal if the arithmetic average of the daily AMP VWAPs for any 10 consecutive Trading Days prior to the shareholder vote falls below \$4.50 but may decide, in their absolute discretion, not to do so. However, the Proposal cannot be terminated if the Post Scheme AMP VWAP is below \$4.50.

You will be provided a higher value if the Post Scheme AMP VWAP is above \$5.60 and a lower value if the Post Scheme AMP VWAP is below \$4.50.

The variable nature of the Cash Component is described in the table in section 1.2.2 below. To see how the value of the Share Scheme Consideration can vary above and below \$6.43 with changes to the Post Scheme AMP VWAP refer to section 1.2.3.

Share Scheme Participants will also receive the AXA APH 2010 Final Dividend of up to \$0.0925 per AXA APH Share, which is expected to be paid on 25 March 2011, as long as they are registered holders of AXA APH Shares on the dividend record date (expected to be on 4 March 2011). However, any New AMP Shares provided as part of the Share Scheme Consideration will not carry a right to receive the AMP 2010 Final Dividend of up to \$0.16 per AMP Share (which is expected to be paid on 8 April 2011).

1.2.2 Calculation of the Cash Component

The calculation of the Cash Component will vary depending on the value of the Post Scheme AMP VWAP. This is set out in the following table:

Scenario	Calculation of Cash Component
<p>Scenario 1</p> <p>The Post Scheme AMP VWAP is between \$4.50 and \$5.60 (inclusive)</p>	<p>In this scenario, the Cash Component will vary up or down so that Share Scheme Participants will be provided \$6.43^A in value.</p> <p>For example, if the Post Scheme AMP VWAP is equal to \$5.32 (which was the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days immediately before the date on which the Proposal was announced), you will be provided 0.73 New AMP Shares (valued at \$3.88 on the basis of an AMP Share price of \$5.32) and \$2.55, giving \$6.43 in value.</p> <p>If the Post Scheme AMP VWAP is higher than \$5.32 (but equal to or less than \$5.60), the Cash Component will decrease to fully offset the increase in the value of the Share Component so that you will still be provided \$6.43 in value.</p> <p>Conversely, if the Post Scheme AMP VWAP is lower than \$5.32 (but equal to or higher than \$4.50), the Cash Component will increase to fully offset the decrease in the value of the Share Component so that you will be provided \$6.43 in value.</p> <p>The Cash Component will be an amount calculated on the basis of the following formula:</p> $\text{Cash Component} = 6.43^A - (0.73 \times \text{VWAP})$ <p>where VWAP means the Post Scheme AMP VWAP.</p>
<p>Scenario 2</p> <p>The Post Scheme AMP VWAP is higher than \$5.60</p>	<p>In this scenario, the Cash Component will vary so that Share Scheme Participants will receive 50% of the benefit of the increase in the value of the Share Component.</p> <p>This is achieved via an increase in the value of the Share Component being partially offset by a reduction in the Cash Component equal to half of the increase in the Share Component for a Post Scheme AMP VWAP above \$5.60. In these circumstances, the value provided to Share Scheme Participants will be higher than \$6.43.</p> <p>The Cash Component will be an amount calculated on the basis of the following formula:</p> $\text{Cash Component} = 6.43^A + \frac{(\text{VWAP} - \$5.60) \times (0.73)}{2} - (0.73 \times \text{VWAP})$ <p>where VWAP means the Post Scheme AMP VWAP.</p>

^A AXA APH does not intend to pay any further dividend or other entitlement other than the AXA APH 2010 Final Dividend of up to \$0.0925 per AXA APH Share. However, if AXA APH does pay any such dividend or other entitlement (other than the AXA APH 2010 Final Dividend) during the period from 28 November 2010 until the Implementation Date, the \$6.43 value will be decreased to reflect the cash amount of that dividend or entitlement.

1 Details of the Proposal

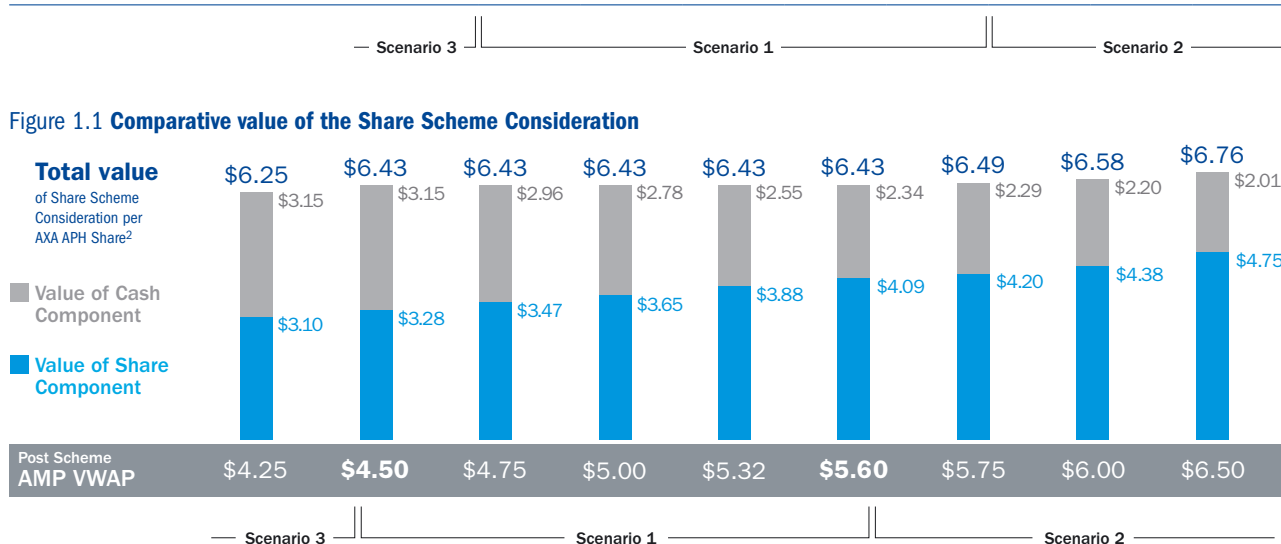
Scenario	Calculation of Cash Component
Scenario 3 The Post Scheme AMP VWAP is less than \$4.50	<p>In this scenario, the Cash Component will be fixed at \$3.145 per AXA APH Share which is the maximum Cash Component. The combined effect of this fixed Cash Component and the fall in value of the Share Component (due to the fall in the AMP Share price) is that the value provided to Share Scheme Participants will be below \$6.43.</p> <p>The Cash Component will be an amount calculated on the basis of the following formula: Cash Component = 6.43^Δ - (0.73 x \$4.50)</p> <p>Your Independent Directors are entitled to terminate the Proposal if the average of the daily AMP VWAPs for any 10 consecutive Trading Days prior to the shareholder vote falls below \$4.50. They may decide, in their absolute discretion, not to do so. However, the Proposal cannot be terminated if the Post Scheme AMP VWAP is below \$4.50.</p>

^Δ AXA APH does not intend to pay any further dividend or other entitlement other than the AXA APH 2010 Final Dividend of up to \$0.0925 per AXA APH Share. However, if AXA APH does pay any such dividend or other entitlement (other than the AXA APH 2010 Final Dividend) during the period from 28 November 2010 until the Implementation Date, the \$6.43 value will be decreased to reflect the cash amount of that dividend or entitlement.

1.2.3 Comparative table and graph of Share Scheme Consideration

The table and graph below illustrate how the value of the Share Scheme Consideration may vary with changes to the Post Scheme AMP VWAP based on the formulas outlined in section 1.2.2.

Post Scheme AMP VWAP	\$4.25	\$4.50	\$4.75	\$5.00	\$5.32 ¹	\$5.60	\$5.75	\$6.00	\$6.50
Value of Share Component	\$3.10	\$3.28	\$3.47	\$3.65	\$3.88	\$4.09	\$4.20	\$4.38	\$4.75
Value of Cash Component	\$3.15	\$3.15	\$2.96	\$2.78	\$2.55	\$2.34	\$2.29	\$2.20	\$2.01
Total value of Share Scheme Consideration per AXA APH Share ²	\$6.25	\$6.43	\$6.43	\$6.43	\$6.43	\$6.43	\$6.49	\$6.58	\$6.76



¹ \$5.32 was the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days immediately before the date on which the Proposal was announced on 15 November 2010.

² The values in the above table have been rounded to the nearest cent. The number of New AMP Shares for the Share Component and the cash amount of the Cash Component will only be rounded for your entire holding of AXA APH Shares, rather than for each AXA APH Share you hold (as described in section 1.2.6). As such, the value of the Share Scheme Consideration that you are provided for each AXA APH Share may not exactly equal the values in the above table.

Based on the arithmetic average of the daily VWAPs of AMP Shares during the 10 consecutive Trading Days up to and including 14 January 2011 (being the date of this Explanatory Memorandum) the value of the Share Scheme Consideration was \$6.43, with:

- the Share Component valued at \$3.80; and
- the Cash Component valued at \$2.63.

1.2.4 Share Scheme Consideration for Ineligible Overseas Shareholders

Ineligible Overseas Shareholders will not be able to be provided New AMP Shares under the Share Scheme. The aggregate New AMP Shares that would otherwise have been issued to these shareholders in connection with the Share Scheme will be issued to the Sale Agent to be sold on the ASX, and their proportion of the aggregate net proceeds of this sale will be paid to the Ineligible Overseas Shareholders (see section 1.8 for further information).

AMP is not obliged to issue New AMP Shares as part of the Share Scheme Consideration to any Share Scheme Participant whose address as shown in the AXA APH Share Register is a place outside Australia and its external territories, New Zealand, United Kingdom, Hong Kong and the United States of America unless AXA APH and AMP are satisfied, acting reasonably, that the issue of New AMP Shares to that Share Scheme Participant as Share Scheme Consideration is lawful and not unduly onerous or impracticable in that place.

1.2.5 New AMP Shares

New AMP Shares issued as the Share Component under the Share Scheme will be fully paid and rank equally with existing AMP Shares, except that they will not carry a right to participate in the AMP 2010 Final Dividend of up to \$0.16 per AMP Share (which is expected to be paid on 8 April 2011). See section 4.11.5 for more information on the rights and liabilities attaching to New AMP Shares.

1.2.6 Effects of rounding

All entitlements to Share Scheme Consideration will be rounded up or down to the nearest full cent to avoid fractions of a cent and, where relevant, to the nearest whole number of New AMP Shares to avoid fractions of AMP Shares. Entitlements to Share Scheme Consideration will be rounded up where the relevant fraction is 0.5.

If AMP is of the opinion (acting reasonably) that two or more Share Scheme Participants have been party to shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Share Scheme Participant's entitlement to the Share Scheme Consideration, then AMP reserves the right to deem one of those Share Scheme Participants as the holder of the Scheme Shares held by all of them and round the entitlement of that aggregated holding so as to provide only the Share Scheme Consideration that would have been provided but for the splitting or division.

1.2.7 Payment dates for the Share Scheme Consideration

The Cash Component of the Share Scheme Consideration will be despatched and the New AMP Shares will be issued to relevant Share Scheme Participants on the Implementation Date, which is expected to be Wednesday, 30 March 2011. A confirmation of issue will be despatched on the Implementation Date. New AMP Shares are expected to begin trading on a deferred settlement basis at the start of trading on Wednesday, 9 March 2011 under ASX code "AMPN". Trading of New AMP Shares on an ordinary T+3 settlement basis is expected to commence on Thursday, 31 March 2011 under the normal ASX code "AMP".

Share Scheme Participants with a registered address in New Zealand will be paid the Cash Component of the Share Scheme Consideration in New Zealand dollars.² All other Share Scheme Participants will be paid the Cash Component of the Share Scheme Consideration in Australian dollars.

Ineligible Overseas Shareholders will be paid their proceeds as soon as possible following the sale of the relevant New AMP Shares by the Sale Agent.

1.2.8 No brokerage or stamp duty

Share Scheme Participants will not incur any brokerage costs or stamp duty on the transfer of AXA APH Shares pursuant to the Share Scheme. However, if Share Scheme Participants sell any New AMP Shares on the ASX after the implementation of the Proposal, they may have to pay brokerage fees.

² The Cash Component paid in New Zealand dollars will be calculated based on the exchange rate published on the Reserve Bank of New Zealand website at 5.00 pm on the Scheme Record Date.

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1.3 What AXA SA will be paid for its shares and what it will pay for the Asian Businesses

1.3.1 The AXA SA Share Sale

The consideration received by AXA SA (together with its subsidiary Société Beaujon) for the shares in the AXA SA Holding depends on the Post Scheme AMP VWAP.

If the Post Scheme AMP VWAP is \$5.32, the purchase price payable by AMP to AXA SA (and Société Beaujon) will be \$7.2 billion for all of the AXA SA Holding reflecting an amount of \$6.43 for each AXA APH Share. This amount of \$7.2 billion (**Estimated Purchase Price**) will be paid by AMP by issuing a promissory note to be put into escrow before the Post Scheme AMP VWAP is determined.

If the Post Scheme AMP VWAP is **lower than \$5.32**, the purchase price payable by AMP to AXA SA (and Société Beaujon) for all of the AXA SA Holding is reduced progressively to a minimum of \$6.597 billion, or \$5.92 for each AXA APH Share where the Post Scheme AMP VWAP is less than or equal to \$4.50. In these circumstances where the Post Scheme AMP VWAP is lower than \$5.32 but greater than or equal to \$4.50, AXA SA will receive a lower price for its AXA APH Shares than the value of the consideration provided to Minority Shareholders.

If the Post Scheme AMP VWAP is **higher than \$5.32**, the purchase price payable by AMP to AXA SA (and Société Beaujon) for all of the AXA SA Holding is increased to more than \$6.43 per AXA APH Share.

The benefit of the increased AMP Share price if the Post Scheme AMP VWAP is greater than \$5.32 will be shared by AMP and AXA SA by increasing the purchase price payable by AMP to AXA SA (and Société Beaujon) for the AXA SA Holding above \$7.2 billion (**Purchase Price Increase**) (\$6.43 per AXA APH Share) as follows:

- if the Post Scheme AMP VWAP is above \$5.32, the purchase price will be increased by an amount equal to 100% of the amount by which the Post Scheme AMP VWAP exceeds \$5.32 up to and including \$5.60 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares³ participated in the Share Scheme; plus
- if the Post Scheme AMP VWAP is above \$5.60, the purchase price will be increased by a further amount equal to 50% of the amount by which the Post Scheme AMP VWAP exceeds \$5.60 up to and including \$5.80 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares⁴ participated in the Share Scheme (Minority Shareholders will receive the other 50% of the benefit of the increased AMP Share price); plus
- if the Post Scheme AMP VWAP is above \$5.80, the purchase price will be increased by a further amount equal to 25% of the amount by which the Post Scheme AMP VWAP exceeds \$5.80 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares⁵ participated in the Share Scheme (AMP will receive 25% of the benefit and the Minority Shareholders will receive 50% of the benefit of the increased AMP Share price).⁶

This arrangement recognises the fact that AXA SA bears the risk (as between AXA SA and AMP) if the Post Scheme AMP VWAP is less than \$5.32, by AXA SA having to contribute towards funding the additional part of the Cash Component payable by AMP to Minority Shareholders as part of the Share Scheme Consideration.

Accordingly, the consideration paid to AXA SA (and Société Beaujon) by AMP for each AXA APH Share in the AXA SA Holding may be:

- less than the value of the consideration received by Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$4.50, the difference in favour of the Minority Shareholders is 51 cents per AXA APH Share; and
- greater than the value of the consideration received by Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$5.60, the difference in favour of AXA SA would be 17.5 cents per AXA APH Share.

These changes will not impact on the price AXA SA pays for the Asian Businesses.

3 Being the number of AXA APH Shares held by Minority Shareholders as at the date AXA APH, AMP and AXA SA entered into the Transaction Documents (29 November 2010).

4 Being the number of AXA APH Shares held by Minority Shareholders as at the date AXA APH, AMP and AXA SA entered into the Transaction Documents (29 November 2010).

5 Being the number of AXA APH Shares held by Minority Shareholders as at the date AXA APH, AMP and AXA SA entered into the Transaction Documents (29 November 2010).

6 The Purchase Price Increase will not be greater than \$1.97 billion.

1.3.2 The Sale of the Asian Businesses

AXA SA will pay AMP \$9.801 billion for the Asian Businesses (implying an enterprise value of \$10.3 billion⁷ after taking into account debt in those businesses).

The Estimated Purchase Price of \$7.2 billion paid to AXA SA (and Société Beujon) by AMP for the AXA SA Holding will (in addition to any Purchase Price Increase and the debt owing by the AXA APH Group to AXA SA), in effect, be applied to pay the price AXA SA pays to acquire the Asian Businesses. This will derive a net cash payment to be made by AXA SA to AXA APH under the Proposal.

This means that the \$9.801 billion paid for the Asian Businesses will be comprised of the following three limbs:

- AXA SA will apply the Estimated Purchase Price, plus any Purchase Price Increase, it and Société Beujon receive from AMP for the AXA SA Holding towards the acquisition of the Asian Businesses;
- AXA SA will apply the repayment of existing loans granted by AXA SA to the AXA APH Group of \$663 million towards the acquisition of the Asian Businesses; and
- AXA SA will make a cash payment to AXA APH of \$1.97 billion less the amount of any Purchase Price Increase.

The amount of any Purchase Price Increase in the first limb will be the same as the Purchase Price Increase in the third limb. Consequently, the price AXA SA pays for the Asian Businesses will in all cases be \$9.801 billion (implying an enterprise value of \$10.3 billion⁸ after taking into account debt in those businesses).

1.4 Independent Directors' recommendation

An Independent Board Committee was created to oversee the response of AXA APH to the Proposal, including negotiation of the Share Scheme Consideration with AMP.

Your Independent Directors consider that, taking into account all relevant matters as set out in this Explanatory Memorandum, the Proposal is in the best interests of AXA APH Shareholders, in the absence of a Superior Proposal.

Accordingly, each Independent Director recommends that eligible Minority Shareholders support the Proposal by voting in favour of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal.

Your Independent Directors are:

- Richard (Rick) Hugh Allert, AO;
- Patricia (Patty) Elizabeth Akopiantz;
- Michael Roy Butler;
- Paul Ashley Cooper;
- Anthony (Tony) Grant Froggatt; and
- Peter David Sullivan.

All of your Independent Directors intend to vote all AXA APH Shares held or controlled by them in favour of the Share Scheme Resolution to be considered at the Share Scheme Meeting, in the absence of a Superior Proposal.

The following Directors are not members of the Independent Board Committee:

- Andrew Richard Penn (Chief Executive Officer of AXA APH and a member of the Global AXA SA Group Executive Committee);
- John Robert Dacey (AXA Chief Executive Officer for the Japan Asia-Pacific region and a member of the Global AXA SA Group Executive Committee); and
- Paul Sampson (formerly an executive of the Global AXA SA Group).

These Directors make no recommendation in this Explanatory Memorandum to Minority Shareholders in relation to the Proposal. All of these Directors intend to vote all AXA APH Shares held or controlled by them in favour of the Share Scheme Resolution to be considered at the Share Scheme Meeting, in the absence of a Superior Proposal.

None of your Directors can vote on the Sale of the Asian Businesses Resolution to be considered at the Extraordinary General Meeting. See section 1.6.4 for further information.

Your Directors (other than Andrew Penn) recommend that you vote in favour of the Termination Benefits Resolution. Andrew Penn is not eligible to vote on the Termination Benefits Resolution and makes no recommendation.

Please see section 10.2 for information about the interests of all Directors in AXA APH, AMP and AXA SA marketable securities.

⁷ Based on exchange rates as at 29 November 2010.

⁸ Based on exchange rates as at 29 November 2010.

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1.5 Independent Expert's review of the Proposal

1.5.1 Independent Expert's conclusions on the Proposal

The Independent Board Committee commissioned Grant Samuel as an independent expert to prepare a report on the Proposal.

Grant Samuel has concluded, in the absence of a Superior Proposal:

- each of the Share Scheme, the AXA SA Share Sale and the Sale of the Asian Businesses is fair and reasonable; and
- the Proposal as a whole (including the Share Scheme) is in the best interests of Minority Shareholders.

1.5.2 Explanatory Memorandum Supplement containing Independent Expert's Report

A concise version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in Appendix 1 of this Explanatory Memorandum. The long form version of the Independent Expert's Report (which also includes the Independent Actuary's Report) is contained in the Explanatory Memorandum Supplement. A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or online at www.axaaphproposal.com.au.

1.6 Implementation of the Proposal

1.6.1 Timing

Important dates and times are set out on page 1.

The important dates and times are subject to a number of assumptions. The dates for the Meetings anticipate that the Conditions Precedent relating to the required Australian, New Zealand and Asian regulatory approvals, and certain of the other Conditions Precedent, will have been satisfied before the Meetings. If the required regulatory approvals have not been obtained or waived before the Meetings, AXA APH, AMP and AXA SA have agreed to consult with each other in good faith with a view to postponing the Meetings (subject to, in relation to the Share Scheme Meeting, seeking approval of the Court to do so). If this occurs, AXA APH will send a notice to AXA APH Securityholders informing them that the Meetings have been adjourned to a later date.

If the Share Scheme has not become Effective by the End Date, then unless the End Date is extended by AXA APH, AXA SA and AMP, each party will have a right to terminate the Framework Deed. If terminated, the Proposal will not proceed. The End Date is currently 30 June 2011. See section 10.11 for further information on the status of the key Conditions Precedent and the summary of the Framework Deed set out in Appendix 7 for further information on the End Date and termination rights.

1.6.2 Key transaction steps and Conditions Precedent

1.6.2.1 Key steps

The key steps to implement the Proposal are:

- each of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution must be passed by eligible Minority Shareholders. That is:
 - at the Share Scheme Meeting scheduled to be held on Wednesday, 2 March 2011, Minority Shareholders must approve the scheme of arrangement between AXA APH and Minority Shareholders (under which AMP will acquire all of the Minority Shares in exchange for the Share Scheme Consideration) by passing the Share Scheme Resolution;
 - at the Extraordinary General Meeting scheduled to be held on Wednesday, 2 March 2011 as soon as possible after the Share Scheme Meeting, the eligible Minority Shareholders must approve the sale of the Asian Businesses to AXA SA, by passing the Sale of the Asian Businesses Resolution; and
- the Share Scheme must be approved by the Court at the Second Court Hearing and each of the other Conditions Precedent must be satisfied or waived before the Share Scheme becomes Effective. A summary of these other Conditions Precedent is set out below and in items 1 and 2 of Table A in Appendix 7.

Importantly, the Rights Scheme Resolutions and the Termination Benefits Resolution do not have to be approved for the Proposal to proceed.

1.6.2.2 Other Conditions Precedent

Some of the other Conditions Precedent that must be satisfied or waived before 8.00 am on the Second Court Date are:

- obtaining necessary Australian and New Zealand regulatory approvals, consents and authorisations including:
 - by authorised bodies under the following Australian Commonwealth legislation, as required: the *Foreign Acquisitions and Takeovers Act 1975* (Cth); the *Financial Sector (Shareholdings) Act 1998* (Cth); and the *Insurance Acquisitions and Takeovers Act 1991* (Cth); and
 - from ASIC and ASX;
- obtaining regulatory consents that are required in some of the countries in which the Asian Businesses operate; and
- that no prescribed occurrences (or similar events) or material adverse changes have occurred in relation to the Australian and New Zealand Businesses or the Asian Businesses before 8.00 am on the Second Court Date; and
- that no prescribed occurrences (or similar events) or material adverse changes have occurred in relation to AMP before 8.00 am on the Second Court Date.

These concepts of “prescribed occurrences” and “material adverse changes” are described in the summary of the Framework Deed and Merger Implementation Deed in Appendix 7.

AMP has already received approval from the Australian Competition and Consumer Commission and the New Zealand Commerce Commission in relation to the Proposal.

A summary of the status of the key Conditions Precedent as at the date of this Explanatory Memorandum is set out in section 10.11.

1.6.3 The Share Scheme Meeting

On Friday, 14 January 2011, the Court ordered AXA APH to convene a meeting of Minority Shareholders at which the Minority Shareholders will be asked to approve the Share Scheme. The terms of the resolution to be considered at the Share Scheme Meeting are set out in the Notice of Court ordered Share Scheme Meeting in Appendix 8.

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meetings be convened and has directed that the Explanatory Memorandum accompany the notices of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how AXA APH Securityholders should vote (on these matters AXA APH Securityholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Explanatory Memorandum.

For the Proposal to proceed, the Share Scheme Resolution must be passed by:

- a majority in number of Minority Shareholders present and voting at the Share Scheme Meeting (in person, by proxy or by corporate representative or attorney); and
- at least 75% of the total number of votes cast on the Share Scheme Resolution (in person, by proxy or by corporate representative or attorney).

Holders of Excluded Shares are not participants in the Share Scheme and therefore cannot vote on the Share Scheme Resolution in that capacity.

Further, any vote cast by AXA APH and its associates, AMP’s associates or AXA SA’s associates will not be counted in determining the outcome on the Share Scheme Resolution (other than in respect of AXA APH Shares held by them in a fiduciary or similar capacity, or as nominee).

1.6.4 The Extraordinary General Meeting

The AXA APH Board has convened a meeting of AXA APH Shareholders at which the AXA APH Shareholders will be asked to approve the Sale of the Asian Businesses. AXA APH Shareholders will also be asked to consider the Termination Benefits Resolution at the Extraordinary General Meeting. The terms of the resolutions to be considered at the Extraordinary General Meeting are set out in the Notice of Extraordinary General Meeting in Appendix 9.

For the Proposal to proceed, the Sale of the Asian Businesses Resolution to be considered at the Extraordinary General Meeting must be passed by more than 50% of the total number of votes cast by AXA APH Shareholders entitled to vote on the resolution (in person, by proxy or by corporate representative or attorney).

Both the Corporations Act and the Listing Rules contain provisions which restrict voting by AXA SA, AXA APH and AMP and their respective associates on the Sale of the Asian Businesses Resolution. For these purposes, the Directors and company secretary of AXA APH are classified as associates of AXA APH. Accordingly, the Chairman, other Directors and company secretary will not vote on the Sale of the Asian Businesses Resolution and they will not vote any undirected proxies on the Sale of the Asian Businesses

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Resolution. However, they are permitted to vote (acting as proxy) if a shareholder directs them (in their capacity as proxy) how to vote on the resolution and the vote is not cast on behalf of AXA SA, AXA APH or AMP or their respective associates.

The Termination Benefits Resolution does not have to be approved for the Proposal to proceed. See section 9 for further information on the Termination Benefits Resolution.

1.6.5 Interconditionality of the resolutions

The Share Scheme Resolution and the Sale of the Asian Businesses Resolution are interconditional. This means that if either of these resolutions is not passed by the required majorities, the Proposal will not proceed.

However, the Rights Scheme Resolutions and the Termination Benefits Resolution do not need to be approved for the Proposal to proceed. The Rights Scheme will only proceed if the Share Scheme becomes Effective. If the Proposal does not proceed, the Termination Benefits Resolution will not be effective even if it is passed by AXA APH Shareholders at the Extraordinary General Meeting.

1.6.6 Second Court Hearing

If the Share Scheme Resolution and the Sale of the Asian Businesses Resolution are passed by the required majorities of Minority Shareholders, AXA APH will apply to the Court for orders approving the Share Scheme. The Second Court Hearing is expected to be held on Monday, 7 March 2011.

Any AXA APH Shareholder who wishes to oppose the approval of the Share Scheme at the Second Court Hearing may do so by filing with the Court and serving on AXA APH a notice of appearance in the prescribed form together with any affidavit on which the shareholder will seek to rely at the Second Court Hearing.

1.6.7 AXA APH Shareholders eligible to participate

All Minority Shareholders as at the Scheme Record Date for the Share Scheme will be eligible to participate in the Share Scheme and be provided the Share Scheme Consideration. In determining eligibility, dealings in AXA APH Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the AXA APH Share Register as the holder of the relevant AXA APH Shares on the Scheme Record Date for the Share Scheme; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the AXA APH Share Registry by 5.00 pm on the day which is the Scheme Record Date for the Share Scheme (in which case, subject to AXA APH's constitution, AXA APH must register such transfers or transmission applications before 7.00 pm that day).

For the purpose of determining entitlements under the Share Scheme, AXA APH will not recognise any transfer or transmission application in respect of AXA APH Shares received after the Scheme Record Date for the Share Scheme.

If the Proposal proceeds, trading in AXA APH Shares will be suspended with effect from the close of trading on the Effective Date. When the Proposal is implemented, AXA APH will be wholly-owned by AMP and it will no longer be necessary for AXA APH Shares to be listed on the ASX.

1.6.8 Issue and trading of New AMP Shares

On the Implementation Date, AMP will issue New AMP Shares to Eligible Shareholders and will enter their names on the AMP Share Register.

1.6.8.1 ASX

Trading on a normal settlement basis is expected to start at the start of trading on Thursday, 31 March 2011 under AMP's normal ASX code, "AMP".

However, it is expected that Eligible Shareholders will be able to trade New AMP Shares on a deferred settlement basis from the start of trading on Wednesday, 9 March 2011 under ASX code "AMPN". It is the responsibility of Eligible Shareholders to confirm their entitlement to New AMP Shares under the Share Scheme before trading those shares to avoid the risk of selling shares that the Eligible Shareholder does not own. If you would like an estimate of your entitlement during the period the New AMP Shares are trading on a deferred settlement basis, please use the facility provided on AXA APH's website at www.axaaphproposal.com.au.

Eligible Shareholders who trade New AMP Shares before receiving their holding statements do so at their own risk. AMP, AXA APH and the AMP Share Registry disclaim all liability (to the maximum extent permitted by law) to persons who trade New AMP Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by AMP or the AMP Share Registry.

New AMP Shares issued to Minority Shareholders under the Share Scheme will be listed on the ASX only.

1.6.8.2 Eligible Shareholders with an existing holding of AMP Shares in a CHES holding

If an Eligible Shareholder is an existing holder of both AXA APH Shares and AMP Shares in the same CHES Holder Identification Number (HIN), the standing instructions recorded on that HIN in the share register for their existing AMP Shares will apply to their New AMP Shares (except to the extent that AMP determines otherwise).

1.6.8.3 Eligible Shareholders with an existing holding of AMP Shares in an issuer sponsored holding and Eligible Shareholders who do not own AMP Shares

For Eligible Shareholders who are existing holders of AMP Shares in an issuer sponsored holding or who are not already a holder of AMP Shares, the compatible standing instructions which currently apply to Eligible Shareholders' AXA APH Shares will, to the maximum extent permitted by law, from the Scheme Record Date for the Share Scheme be deemed to be new standing instructions to, and accepted by, AMP in respect of New AMP Shares issued to those shareholders (except to the extent that AMP determines otherwise). This will include compatible instructions relating to payment of dividends (but not dividend reinvestment plan elections) and written and electronic communications from AXA APH. You can revoke or amend those instructions by notifying the AMP Share Registry in writing.

1.6.8.4 Instructions relating to tax file numbers and dividend reinvestment plan elections

In all cases, your tax file number or tax file number exemption disclosures and dividend reinvestment plan elections for AXA APH are not compatible with your holding for New AMP Shares and will not be transferred to the AMP Share register.

Accordingly, your instructions relating to:

- tax file numbers and tax file number exemption disclosures; and
- elections under AMP's dividend reinvestment plan,

will need to be given to the AMP Share Registry after New AMP Shares have been issued to you. The AMP Share Registry will contact you for these instructions shortly after your New AMP Shares have been issued.

1.7 Announcement of results

AXA APH expects to announce its full year results to 31 December 2010 on 15 February 2011 and AMP expects to announce its full year results to 31 December 2010 on 17 February 2011.

These results will be available from ASX or on its website www.asx.com.au. In addition, AXA APH's results will be available on its website www.axaasiapacific.com.au and AMP's results will be available on the 'Shareholders' page of the AMP website www.amp.com.au.

Following the release of these results, the AXA APH Board will confirm with the Independent Expert that the results do not change the Independent Expert's opinion that the Proposal is in the best interests of AXA APH Shareholders. This confirmation will be announced to the ASX in advance of the Scheme Meetings.

1.8 Treatment of Ineligible Overseas Shareholders

1.8.1 Who is an Ineligible Overseas Shareholder?

A Share Scheme Participant whose address shown on the AXA APH Share Register on the Scheme Record Date is a place in Australia and its external territories, New Zealand, the United Kingdom, Hong Kong or the United States of America will be an Eligible Shareholder for the purposes of the Share Scheme. If the Share Scheme becomes Effective, those Eligible Shareholders will be provided New AMP Shares as part of their Share Scheme Consideration.

A Share Scheme Participant whose address shown on the AXA APH Share Register on the Scheme Record Date is a place outside those jurisdictions will be an Ineligible Overseas Shareholder for the purposes of the Share Scheme, unless AXA APH and AMP are satisfied, acting reasonably that the issue of New AMP Shares to that Share Scheme Participant as Share Scheme Consideration is lawful and not unduly onerous or impracticable in that place.

AMP is not obliged to issue New AMP Shares as Share Scheme Consideration to an Ineligible Overseas Shareholder. The New AMP Shares that would otherwise have been issued to an Ineligible Overseas Shareholder will be issued to the Sale Agent on the Implementation Date and dealt with in the manner described in section 1.8.2.

1 Details of the Proposal

1.8.2 Sale of New AMP Shares by the Sale Agent

Ineligible Overseas Shareholders will not be provided New AMP Shares. Instead, the aggregate New AMP Shares that would otherwise have been issued to those shareholders will be issued to the Sale Agent on the Implementation Date, which is expected to be Wednesday, 30 March 2011.

AMP will procure that the Sale Agent:

- sells all the New AMP Shares issued to the Sale Agent as soon as practicable and in any event no more than 15 Business Days after the Implementation Date; and
- remits to the Ineligible Overseas Shareholders their proportion of the proceeds. Receipt of this amount will satisfy in full the rights of each Ineligible Overseas Shareholder to the Share Component of the Share Scheme Consideration. Because of the sale process, the proceeds of sale will not be paid to Ineligible Overseas Shareholders at the same time as the Cash Component of the Share Scheme Consideration. The sale proceeds may be paid to Ineligible Overseas Shareholders up to four weeks later.

For each New AMP Share to which an Ineligible Overseas Shareholder is entitled, the shareholder will be paid an amount equivalent to the average price per New AMP Share obtained by the Sale Agent less a proportion of any selling costs.

Any broker fees paid by the Sale Agent in respect of the sale of the New AMP Shares issued to the Sale Agent that would otherwise have been issued to Ineligible Overseas Shareholders will be deducted from the sale proceeds payable to Ineligible Overseas Shareholders. Fees, taxes and charges other than broker fees and stamp duty will also be deducted from the proceeds payable to Ineligible Overseas Shareholders.

The New AMP Shares will be sold on ASX on behalf of the Ineligible Overseas Shareholders in such manner and at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Overseas Shareholder). AXA APH, AMP and the Sale Agent give no assurances as to the price that will be achieved for the sale of New AMP Shares. The proceeds that Ineligible Overseas Shareholders are paid may be more or less than the current market value of AMP Shares as at the date of this Explanatory Memorandum.

The sale of New AMP Shares by the Sale Agent may affect your Australian tax position. It is recommended that Ineligible Overseas Shareholders obtain independent tax advice if they are in doubt as to the tax treatment of the cash proceeds they will be paid from the sale of New AMP Shares by the Sale Agent and under the Share Scheme generally. Further information on the tax consequences of the sale of New AMP Shares by the Sale Agent is set out in section 7.

For Ineligible Overseas Shareholders who have chosen to have their AXA APH dividends paid by direct credit into an Australian bank account, the net proceeds from the sale process described above will (unless AMP decides otherwise) be paid to you in the same form that you have directed AXA APH to pay you dividends. Otherwise, the net proceeds will be paid to Ineligible Overseas Shareholders by cheque in Australian dollars.

Offers and sales of New AMP Shares by the Sale Agent will not be registered under the US Securities Act and, therefore, may only be sold outside the US in "offshore transactions", in accordance with the requirements of Regulation S under the US Securities Act.

1.9 Tax considerations

The disposal of AXA APH Shares under the Share Scheme may be a taxable transaction.

A general guide to the taxation implications of the Proposal for Share Scheme Participants who are resident in Australia or New Zealand for tax purposes is set out in section 7. This guide is general only and is not intended to provide taxation advice in respect of the particular circumstances of any shareholder. Share Scheme Participants should seek their own taxation advice.

1.10 Deemed warranty by Share Scheme Participants

Each Share Scheme Participant is deemed to have warranted to AMP that all of their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of the transfer of them to AMP, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of Third Parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such shares.

1.11 Arrangements for AXA APH Rightsholders

AXA APH operates the AXA APH Rights Plan under which allocation rights and performance rights have been granted to certain executives.

Allocation rights represent a right to acquire an AXA APH Share or potentially to be paid a cash amount from AXA APH. Generally, allocation rights may only be exercised to acquire AXA APH Shares (or a payment will only be made) if performance hurdles are satisfied during a performance period and the exercise price is paid by the executive (whether through the cashless exercise facility or otherwise). The exercise price is based on a market price at or around the time an allocation right is granted.

Performance rights are similar to allocation rights in that they represent the right to acquire an AXA APH Share or potentially to be paid a cash amount by AXA APH subject to satisfaction of performance hurdles. However, unlike an allocation right, an executive does not need to pay an exercise price to exercise a performance right.

AXA APH is proposing the Rights Scheme, which is a scheme of arrangement between AXA APH and holders of AXA APH Rights. If the Rights Scheme is implemented, all of the Scheme Rights held by AXA APH Rightsholders on the Scheme Record Date for the Rights Scheme will be cancelled in return for a cash payment. Alternatively, AXA APH Rightsholders may be able to exercise their AXA APH Rights, allowing them to participate in the Share Scheme and be provided the Share Scheme Consideration. The Rights Scheme requires approval of AXA APH Rightsholders and the Court and is conditional on the Share Scheme becoming Effective.

The Independent Board Committee commissioned Grant Samuel as an independent expert to prepare a report on the Rights Scheme (in addition to the Proposal). Grant Samuel has concluded that the Rights Scheme is fair and reasonable and accordingly is in the best interests of AXA APH Rightsholders.

Section 8 contains further details on the Rights Scheme.

1.12 Termination Benefits

As most of the Designated Executives hold AXA APH group roles, these employees may be made redundant if the Proposal proceeds. AMP is still continuing discussions with some of these employees. These employees would continue to be employed by the AXA APH Group if the Proposal is not implemented.

Amendments to the Corporations Act in November require shareholder approval for the provision of certain benefits on termination for new service contracts entered after 24 November 2009. Contracts that were in existence before the commencement of these amendments are “grandfathered” and are not caught unless an essential term of those contracts has been varied.

The Designated Executives have existing service contracts with AXA APH which were in place prior to 24 November 2009. However, notwithstanding the “grandfathering” provisions, the Corporations Act amendments requiring shareholder approval may apply to the Designated Executives due to increases in their remuneration and/or changes to their short term incentive arrangements approved by the AXA APH Board and implemented after 24 November 2009.

Approval of AXA APH Shareholders is therefore sought in relation to the Termination Benefits (described in section 9) to ensure the benefits set out in existing arrangements are able to be provided to some or all of the Designated Executives on any redundancy resulting from the Proposal. Obtaining this approval will enable AXA APH to honour its contractual obligations to the Designated Executives in the event of redundancy provided the relevant termination occurs while AXA APH is the listed holding company. These resolutions will be considered at the Extraordinary General Meeting.

The outcome of the Termination Benefits Resolution is conditional on the outcome of the Proposal, but it is not conditional on the outcome of the Rights Scheme.

Your Directors (other than Andrew Penn) recommend that you vote in favour of the Termination Benefits Resolution. Andrew Penn is not eligible to vote on the Termination Benefits Resolution and makes no recommendation.

Section 9 contains further details on the Termination Benefits Resolution, including implications if the Termination Benefits Resolution is not passed.

1 Details of the Proposal

1.13 Potential disadvantages and risks

There are potential disadvantages and risks associated with the Proposal. Please refer to the section titled “Why you may want to vote against” of this Explanatory Memorandum for a summary of certain potential disadvantages associated with the Proposal. Please also refer to section 2 which sets out a number of potential risks that Minority Shareholders should consider when assessing whether to support the Proposal by voting in favour of the Share Scheme Resolution and the Sale of the Asian Businesses Resolution.

1.14 Questions and the Explanatory Memorandum Supplement

If you have any questions in relation to this 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).

A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or online at www.axaaphproposal.com.au.

1.15 Bona fide Competing Proposal

AMP and AXA SA have obtained ‘joint bid relief’ from ASIC in connection with the Proposal (summarised in section 10.5.2). In accordance with conditions attaching to that relief, the Framework Deed includes provisions to the effect set out below.

If a Competing Proposal (one which the Independent Board Committee acting reasonably considers to be a bona fide proposal) is publicly announced at any time between the date on which this Explanatory Memorandum is despatched to Minority Shareholders, and the date on which the Meetings are to be held, AXA APH must ensure that Minority Shareholders are provided with all information which is known to AXA APH and which is material to the consideration of the Share Scheme by Minority Shareholders, including any material information concerning the Competing Proposal (**New Information**).

AXA APH will consult in a timely manner with ASIC in relation to the New Information and the time by which the New Information is to be despatched to Minority Shareholders before the date on which the Meetings are to be held.

Where New Information is despatched to Minority Shareholders, AXA APH will take such steps as reasonably required to adjourn the holding of the Meetings to allow the Minority Shareholders at least 10 Business Days before the last date on which proxies can be lodged with AXA APH in relation to the Meetings to consider the New Information.

2

Risks of the Proposal

2 Risks of the Proposal

This section sets out the risks of the Proposal and the implications if the Proposal does not proceed.

2.1 Introduction

If the Proposal is approved and implemented, Minority Shareholders will receive New AMP Shares as part of the Share Scheme Consideration. The value of the Share Scheme Consideration which the Minority Shareholders receive under the Proposal will therefore be dependent in part on the value of AMP Shares and AMP's ability to pay future dividends.

There are a number of risks which may either individually or in combination adversely affect the value of AMP Shares and the future dividends paid on AMP Shares following the implementation of the Proposal. These include:

- risks which are specific to the implementation of the Proposal (see section 2.2);
- risks relating to the Australian and New Zealand Businesses (see section 2.3);
- risks relating to AMP (see section 2.4); and
- risks relating to the trading price of AMP Shares (see section 2.5).

The risk factors described in this section 2 are the key risks associated with an investment in the New AMP Shares. Minority Shareholders should note that this is not an exhaustive list of the risks associated with owning New AMP Shares and should be considered in conjunction with other information disclosed in this Explanatory Memorandum.

Many of these risks are outside the control of AXA APH and/or AMP. Although the Merged Group will have in place a number of strategies to minimise the exposure to, and mitigate the effects of, some of the risks outlined in this section, there can be no assurance that such arrangements will protect the Merged Group fully from these risks.

This section 2 does not take into account the investment objectives, financial situation, taxation position or particular needs of Minority Shareholders. Minority Shareholders should consider seeking professional advice before deciding whether to vote in favour of each of the resolutions to give effect to the Proposal.

2.2 Risks specific to the implementation of the Proposal

The financial performance of the Merged Group, the future price of AMP Shares and AMP's ability to pay future dividends may be affected by risks that specifically relate to, or arise as a result of, the Proposal in the event that it is implemented.

2.2.1 Separation of the Australian and New Zealand Businesses from the Asian Businesses and the AXA SA Group

Implementation of the Proposal will require separation of the Australian and New Zealand Businesses from the Asian Businesses, and from the broader AXA SA Group. This will include:

- the phased replacement or continuation on a commercial arms length basis of services currently provided to the Australian and New Zealand Businesses by AXA SA (including product administration, technology and hedging services);
- the separation of central management, finance, legal, human resources and other functions provided by AXA APH's head office to the Australian and New Zealand Businesses; and
- the separation of the overall structure and operations of the Australian and New Zealand Businesses from the Asian Businesses and from the AXA SA Group.

The required separation may give rise to a number of risks to AMP including:

- disruption or errors caused by the required operational separation;
- potential tax liabilities that might be incurred on the Sale of the Asian Businesses to AXA SA or the loss of existing tax benefits resulting from a change in control of AXA APH;

- failure of AXA SA to efficiently and adequately provide the required transitional services to AMP;
- inability of AMP to replace AXA SA Group services at an equivalent standard or on a comparable commercial basis; and
- errors in the provision of transitional services to the AXA SA Group, for which AMP may be liable.

One or a combination of these separation risks could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares. Although the Merged Group will implement a number of strategies designed to mitigate the above mentioned risks, no assurance can be provided that these will be successful.

2.2.2 Integration related risk

Combining two groups of the size and complexity of AMP and the Australian and New Zealand Businesses carries significant risk with respect to integration.

The success of the Proposal and, in particular, the ability to realise the synergies outlined in section 6, will be dependent upon the effective and timely integration of the Australian and New Zealand Businesses and AMP.

There is a risk that the Merged Group's future profitability and prospects could be adversely affected if integration is not completed efficiently and effectively, with minimal disruption to the businesses.

Although AMP has progressed some of its integration planning, there remains a risk that unforeseen issues may arise resulting in lower integration benefits or synergies than previously anticipated, higher than anticipated costs of achieving these synergies or significant disruption to ongoing business operations. These risks may include:

- possible difficulties in bringing together the cultures and management styles of both organisations in an effective manner;
- disruption to the ongoing operations of both businesses;
- higher than anticipated integration costs, including State and Federal taxes and statutory employee entitlements;
- unforeseen costs relating to the integration of IT platforms, management information systems and financial and accounting systems of both businesses;
- the effects of aligning pricing, employee entitlements or other business practices, including accounting policies and actuarial methodologies or assumptions used to determine accounting profits, capital requirements or policyholder liabilities;
- the impact of changes to the Merged Group's risk appetite, including alignment of risk appetite where differences currently exist between AMP and the Australian and New Zealand Businesses;
- delays in, or changes to, integration activities owing to objections by third parties, regulators or courts or because of legislative or regulatory changes;
- unintended loss of key personnel or expert knowledge or reduced employee productivity due to continuing uncertainty arising as a result of the Proposal;
- higher than expected customer attrition arising as a result of the Proposal, including the loss of large business contracts with governments or corporate clients;
- a reduction in the franking rate to below what AMP has franked historically, particularly in the near term (see section 6.6.2); and
- potential damage to the reputation of brands.

There is also a risk of planner loss, or that financial planners may choose to reallocate some or all of their existing or new client business to alternate financial services providers. Financial planners may also choose to leave the financial planning groups of the Merged Group, a risk that may be exacerbated by change of control clauses, competitor conduct, or by the failure of the Merged Group to maintain and develop competitive planner offers or services, including business or product platforms used by them.

One or a combination of these risks could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares. While the integration program will seek to mitigate these risks, there is no assurance that this will be successful. As soon as it is possible, AMP aims to ensure that major decisions about the integration are made with the input, involvement and knowledge of the management of the Australian and New Zealand Businesses.

2 Risks of the Proposal

2.2.3 Termination of use of the “AXA” brand

If the Proposal is implemented, use of the “AXA” brand by the Australian and New Zealand Businesses will be phased out over a transitional period of 24 months. This may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.2.4 Business model of the Merged Group

AMP’s current intentions with respect to the business of the Merged Group are set out in section 6.

There is a risk that the combined business model may not fully leverage the inherent value in the AMP business and the Australian and New Zealand Businesses. This may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.2.5 AMP Share price risk

If the Proposal is implemented and no AXA APH Rights are exercised before the Scheme Record Date for the Share Scheme, AMP will issue approximately 695 million¹ New AMP Shares to the Minority Shareholders, resulting in Minority Shareholders holding approximately 25% of AMP’s total issued share capital. Existing AMP Shareholders will hold approximately 75% of AMP’s total issued share capital.

If all of the In-the-money AXA APH Rights are exercised before the Scheme Record Date for the Share Scheme and the Proposal is implemented, AMP will issue approximately 24 million New AMP Shares to Minority Shareholders, resulting in Minority Shareholders holding about 26% of AMP’s total issued share capital.

Some Minority Shareholders may not intend to hold their New AMP Shares over the medium to long term and may wish to sell them on-market. This may have a material adverse impact on the market price of AMP Shares in the short term.

Additionally, if the Proposal is implemented, the Cash Component to be paid to Minority Shareholders will vary on the basis of movements in the Post Scheme AMP VWAP measured in the 10 consecutive Trading Days immediately following the Effective Date of the Share Scheme. Investor behaviour and trading activities during this 10 consecutive Trading Day period are outside the control of AMP and may adversely affect the market price of AMP Shares which may require a longer time period to recover.

2.2.6 Regulatory approvals

The Proposal as a whole is subject to a number of Conditions Precedent including the receipt of approvals by authorised bodies under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the *Financial Sector (Shareholdings) Act 1998* (Cth) and the *Insurance Acquisitions and Takeovers Act 1991* (Cth), as well as approvals from a number of regulators in New Zealand and certain Asian jurisdictions. Failure to obtain the required regulatory approvals within the anticipated timetable may lead to the Proposal not proceeding or, if the Proposal does proceed, (for example, because the need for approval as a Condition Precedent has been waived by AMP, AXA APH or AXA SA, as applicable) the failure to obtain these regulatory approvals may have a material adverse impact on the financial performance and position of the Merged Group (through the retention or delayed disposal of one or more of the Asian Businesses), its ability to pay dividends and the future price of AMP Shares.

Other risk factors relating to the trading price of AMP Shares are discussed in section 2.5.

2.2.7 Effect of change in control on contractual arrangements

Some of the commercial contracts, partnerships or alliances to which AXA APH or its subsidiaries or associates are a party, contain change of control clauses which may enable one or more parties to those contracts to terminate or vary the terms of the contracts upon implementation of the Proposal.

If a party validly terminates a contract upon implementation of the Proposal, the Merged Group could lose the benefit of the contract and may not be able to obtain similarly favourable terms upon entry into replacement arrangements, or may not be able to replace the counterparty altogether. This may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

1 Assuming that 952,416,032 Scheme Shares participate in the Share Scheme, which is the number of AXA APH Shares on issue as at 29 November 2010.

2.2.8 Contingent liabilities under Transaction Documents

AMP is required to comply with a number of obligations under the Transaction Documents and, while it intends to comply with those obligations, to the extent that it may breach those obligations, including because of matters outside the control of AMP, the possibility of liability for that breach may arise. Similarly, the Transaction Documents also contain limited warranties and indemnities given by AMP to AXA SA and AXA APH in relation to certain matters including the information contained in this Explanatory Memorandum about AMP. While AMP has no knowledge that it has any liability under these warranty and indemnity provisions, the possibility of liability may arise. Any such liability under the Transaction Documents may be material and may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.2.9 Exposure to AXA SA credit and counterparty risk

AMP's acquisition of the Australian and New Zealand Businesses exposes AMP to AXA SA credit and counterparty risk. In particular, under the Transaction Documents, AMP is relying on AXA SA to perform various obligations including, but not limited to, providing payment for the Asian Businesses, providing an additional cash payment if the Post Scheme AMP VWAP is below \$5.32, offering to purchase \$600 million of subordinated debt (which may be reduced to the extent of subscriptions received as a result of the offer of the subordinated debt to other investors), providing transitional services to the Merged Group and providing various warranties and indemnities to AMP. Failure by AXA SA to perform its obligations as part of the implementation of the Proposal may subsequently have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares. Notwithstanding that AMP has signed agreements with AXA SA with specific enforceable terms to mitigate the above risk, no assurance can be provided that any such risk has been completely eliminated.

2.2.10 Due diligence

AMP has conducted due diligence in relation to the Australian and New Zealand Businesses over a relatively short timeframe.

AXA APH has provided a limited warranty to AMP in relation to the completeness of the information disclosed to AMP.

AMP has decided to proceed with the Proposal following that due diligence exercise. However, there remains a risk that not all material information was provided or that the information provided has changed since the time at which it was provided.

After implementation of the Proposal, the Merged Group will be subject to any unknown liabilities of either AMP or the Australian and New Zealand Businesses which may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.3 Risks which relate to the Australian and New Zealand Businesses

If the Proposal is implemented, AMP will acquire the Australian and New Zealand Businesses. While there are risks common to both AMP and AXA APH, there are some risks specific to AXA APH, or to which AXA APH may have greater exposure, such as its more significant weighting to risk insurance business, certain benefits and guarantees provided under its savings and retirement products and various contingent liabilities.

The Merged Group, by virtue of the Proposal, will be exposed to any disputes and litigation (including in relation to tax matters) to which AXA APH (in so far as it relates to the Australian and New Zealand Businesses) is currently a party. Provisions that have been made, or contingent liabilities that have been disclosed, in AXA APH's financial statements in relation to those disputes and litigation, may prove inadequate or incomplete.

The above matters could have an adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares. These risks already exist for Minority Shareholders through their ownership of AXA APH Shares.

2 Risks of the Proposal

2.4 Risks which relate to AMP

In addition to the risks associated with the Proposal, there are a number of risk factors which relate to AMP. Accordingly, these will be risks to which the Merged Group will be exposed. This section 2.4 describes these risk factors.

Many of these risks are also common to the Australian and New Zealand Businesses and, to the extent that they are common, the AXA APH Shareholders are currently exposed to these types of risks via their holding of AXA APH Shares. If the Proposal is implemented, AXA APH Shareholders (other than Ineligible Overseas Shareholders) will continue to be exposed to these types of risks via their acquisition of New AMP Shares. However, the exposure to a particular risk may be different from their current exposure, including because AXA APH Shareholders will no longer have exposure to the Asian Businesses.

In addition to the risks common to both AMP and the Australian and New Zealand Businesses, there are risks to which only AMP's businesses are currently exposed (such as those relating to AMP Bank (see sections 2.4.22 to 2.4.25)). Accordingly, they will be risks to which the Merged Group will be exposed. AXA APH Shareholders are not currently exposed to these types of risks. If the Proposal is implemented, Minority Shareholders will become exposed to these types of risks through the ownership of an investment in the Merged Group (i.e. the receipt of New AMP Shares). It is also possible that the degree to which the Merged Group will be exposed to a particular risk, is greater than, or less than, the degree to which AMP or AXA APH is currently exposed on a standalone basis. AMP has, for example, a more significant exposure to conventional, investment account and annuity policies (all of which involve capital guarantees), corporate superannuation (see section 2.4.9) and investment management activities (see section 2.4.26).

2.4.1 Global market and economic environment

Markets are subject to periods of volatility which can have the effect of reducing activity in a range of industry sectors. This can then adversely affect the financial performance and position of the Merged Group. Market volatility may also impact the Merged Group's ability to continue to fund its respective businesses in a similar manner, at similar costs and from similar sources.

Markets have to date not fully recovered from the global financial crisis and instability and economic concerns continue to affect markets and investor confidence, most recently regarding the possibility of government defaults as a result of large fiscal deficits and borrowings by countries such as Greece, Ireland and others in the European Union.

The financial performance of AMP is significantly affected by changes in investment markets and economic conditions both globally and in Australia and New Zealand, being the primary countries in which those businesses are conducted. These changes may materially influence the performance of the Merged Group's businesses and the various investment funds operated or managed within the Merged Group's businesses; the value of investments supporting shareholders' funds and investments held on behalf of clients; the level of new business and withdrawals; the availability of credit and the debt funding needs of the Merged Group, its businesses and the various funds operated by its businesses; the level of capital of specific regulated entities within the Merged Group and the Merged Group itself; the operating margins of the Merged Group's businesses and the demand for the Merged Group's financial products and services.

The financial performance and position of AMP has been, and continues to be, affected by general economic conditions in the markets in which it operates, as well as by Australian, New Zealand and international market conditions. Currently, 7% of AMP Capital Investors' AUM comes from Asian investors and therefore the performance and regulation of Asian economies may also directly impact these AUM and the financial performance of AMP Capital Investors.

It is also possible that new risks might emerge as a result of markets experiencing further stress or existing risks may manifest themselves in ways that are not currently foreseeable.

2.4.2 Investment market conditions

The financial performance and position of AMP's businesses are substantially affected by investment market conditions in a number of ways. In particular, those conditions affect AMP's financial performance, ability to pay dividends and the level of capital required to support AMP's business units. This is due to the matters outlined below.

Changes in interest rates

Interest rate fluctuations could have a material adverse impact on the financial performance and position of the Merged Group. The rate at which future actuarial liabilities can be discounted is based on the level of long term interest rates, while asset values and financial instrument values are impacted additionally by other factors including liquidity and credit spreads. The liabilities in respect of certain products, including annuities and other capital guaranteed and non-investment linked products, vary as interest rates fluctuate. The annuity portfolio is managed with fixed interest assets matched to expected annuity cash outflows. In other product portfolios there may be a duration mismatch between asset and liability maturities. If the market value of assets backing policyholder liabilities, including annuities, moves differently to the value of the liabilities there will be fluctuations in the difference between assets and liabilities exposing those businesses to loss and the need for additional capital to support the business units. Interest rate fluctuations may also affect the market value of the bond portfolio in shareholders' funds and have a material adverse impact on the Merged Group's funding costs.

Changes in asset values and income

Funds, including shareholders' funds, are invested in a variety of investments which are linked to the performance of a number of asset classes, including Australian and international equities, fixed interest, property, infrastructure, private equity and derivative contracts. Changes in the value of, or income received from, these investments could affect the financial performance and position of the Merged Group or the level of capital, liquidity and funding required to support the Merged Group's businesses. In periods of extreme volatility, the values of these assets are subject to greater change and uncertainty than could be expected in periods of less volatility and stronger liquidity.

Unlisted asset valuations

Funds, including shareholders' funds, may be invested in unlisted assets (including seed pool assets acquired to "seed" new funds or opportunities) for which valuations may not be readily available. The valuation of these assets may be subjective in nature, and in illiquid markets, difficult to determine. Declining asset values, including as a result of changes in valuations or the valuation methodology of unlisted assets, may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends, the future price of AMP Shares and the level of capital required to support the Merged Group's business units.

Non-investment linked products

Some products provided by AMP are non-investment linked. To the extent the benefits payable to holders of non-investment linked products (or policies) are greater than the return that AMP receives from the relevant underlying investments, AMP is exposed to loss and the need for increased capital requirements.

Defined benefit superannuation fund

AMP's defined benefit superannuation fund is required to pay certain benefits even if the return that the fund receives from the relevant investments is less than the benefits the fund is required to pay, exposing AMP to loss and reducing the level of capital available to support the business units. Defined benefit liabilities must be discounted at the risk-free interest rate and may expose the Merged Group to losses which are recognised against retained earnings and reduce the level of capital to support the Merged Group's businesses.

2 Risks of the Proposal

Investment returns of statutory funds

A significant proportion of AMP's profits are derived from the investment returns (both income and net realised and unrealised capital gains or losses) of the statutory funds of AMP Life (a wholly-owned subsidiary of AMP). The investment returns are shared between shareholders and policyholders in accordance with the *Life Insurance Act 1995* (Cth) and other legislation regarding the allocation and distribution of profits of statutory funds. The underperformance of investments could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends, the future price of AMP Shares and may result in the need for additional capital to support the Merged Group's businesses.

Levels of assets under management

Fee income on the investment linked business and investment management business of AMP is primarily based on the level of AUM. Fee income may also be based upon performance of the AUM. A deterioration in investment market conditions or the performance of the assets managed by the Merged Group may lead to a decline in the Merged Group's AUM and a decline in fee income including performance and transaction fees and other fees that by law cannot be charged on customer balances of certain products that fall below a specified amount.

Derivative instruments

Interest rate and currency fluctuations could have a material adverse effect on the values of derivative instruments used to hedge AMP's debt and capital position. The Merged Group will be required to recognise certain movements in the market value of corporate debt and associated derivatives, which can give rise to accounting gains or losses which, in the absence of default, should in the ordinary course of events, reverse over time.

Accounting mismatches

Investment performance may have a material adverse effect on the level of accounting mismatches and the financial performance and position of the Merged Group. Accounting mismatches arise because the recognition and measurement rules for certain policyholder assets differ from the recognition and measurement rules for the actual liability to policyholders in respect of the same assets. These mismatches result in policyholder asset movements, affecting the net profit after accounting mismatches and increased volatility of the reported profit that may reverse over time.

Claims

Investment performance affects the level of claims by investors in relation to the performance of, or advice in relation to, their investments.

Investment returns

Investment performance affects the level of investment return on shareholders' funds and seed pool assets and in turn the financial performance and position of AMP and the level of capital available to support those businesses.

2.4.3 Demand for financial products and services

Demand for AMP's financial products and services is affected by changes in investment markets, investor sentiment and economic conditions. For example, weak equity markets can discourage customers from investing. New business sales for some products have been significantly affected by the developments in global capital markets and the economic environment, as higher levels of savings and the paying down of debt by customers has reduced flows into superannuation. This may last for a period of time because of customers' increasing tendency to de-leverage.

The global financial crisis saw a deterioration in market values across most asset classes as well as a slowdown in the growth of the global economy. Although the Australian investment market has generally improved since then, local market conditions remain susceptible to global market uncertainty arising from European government debt concerns (with certain European countries experiencing significant issues with refinancing their public debt or raising new funds, or doing so at interest rates which they would not be able to manageably service going forward) and continuing weakness in US markets. Any deterioration in investment markets, investor sentiment or economic conditions in AMP's core markets may lead to reductions in new business sales, reduced inflows of investment funds, as well as increased outflows, which can reduce revenues, increase costs and adversely impact the overall financial performance and position of AMP. The effect of increased requests for redemptions on products or policies of AMP is discussed further in section 2.4.12.

Demand for AMP's financial products and services is also affected by the past investment performance of a number of AMP entities, including AMP Capital Investors, relative to the past investment performance of its peers or market returns more generally. If AMP Capital Investors or other investment managers contracted by AMP, underperform peer investment managers and/or the market more generally for a prolonged period, the demand for AMP's financial products and services, particularly financial products where the investments are managed by AMP Capital Investors, may be materially adversely affected, which in turn may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.4 Claims experience risk

Income protection claims typically increase in periods of higher unemployment and/or when small to medium enterprises are under stress. AMP, and the broader industry, have seen some evidence of increased claims more recently due to these factors.

2.4.5 Funding and liquidity risk

Funding risk relates to the risk of one or more of AMP's sources of funding being reduced or eliminated or the cost of funding being significantly increased by either a systemic or a company-specific event. Liquidity risk is the potential inability to meet AMP's payment obligations, which could potentially arise as a result of a mismatch between those obligations and access to liquid assets, adequate funding on acceptable terms, or cash flows generated by those businesses.

The global financial crisis materially affected the liquidity of global credit markets resulting in an increase in the cost of funding, a reduction in the availability of credit and funding in certain markets or for specific industry sectors or companies, and a reduction in the availability of some funding sources throughout global markets. Though the Australian market has improved since the global financial crisis, economic concerns regarding the possibility of government defaults in Greece, Ireland and other European countries continue to affect funding costs. Furthermore, a number of funding markets continue to be closed or to be significantly smaller than prior to the global financial crisis. The impacts of the increased costs and reduced availability of funding may continue going forward. A further deterioration of financial market conditions could also have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

AMP manages the risks in relation to the funding of assets or funds managed by AMP Capital Investors. These funding risks may arise due to the increased cost of funding, reduced availability of credit and capital (as a result of the reduction in global liquidity described above, other factors such as a tightening of credit or risk criteria by financiers, or the extent of AMP's funding capacity based on aggregated single exposure limits), a decline in asset values or reduced financial performance of these assets or funds. Although the lenders in relation to this debt have limited recourse to the fund or assets and no recourse to AMP (other than the entity which owes the debt in some cases), an inability to manage the funding risks for these assets or funds may result in forced asset sales or default which could affect AMP's reputation, brand, and banking and debt market relationships, which in turn could adversely affect the financial position and performance of AMP. While not material to AMP, a small number of business entities owned as investments by AMP Life and/or funds managed by AMP Capital Investors, breach or risk breaching their loan covenants from time to time. Historically, the financiers to the relevant entities waived their rights under these covenants (either formally or informally) whilst the renegotiations of the loans payable continue. If such waivers are not forthcoming, the lender has the ability to enforce its rights, in which case the risks described above may arise. To the extent that the above-mentioned risks arise, or AMP Life suffers loss through these investments, or the value of assets managed by AMP Capital Investors declines, this may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.6 Brand and reputation

The AMP brand is highly recognisable in Australia and New Zealand and has achieved leading brand awareness in both countries over many years.

Although difficult to measure, a decline in corporate reputation can contribute to lower new business sales, reduced inflows of investment funds, greater outflows and, ultimately, reduced financial performance and position.

2.4.7 Loss of financial planners

AMP has relatively large financial planning groups in the context of the Australian and New Zealand markets. Failure to attract or retain planners could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.8 Competition

The wealth management industry in which AMP operates in Australia and New Zealand is becoming increasingly competitive. Factors contributing to this include changes in industry regulation, changes in customers' needs and preferences, entry of new participants, development of distribution methods and increased diversification of product mix by major competitors. Responses to increased competition may include lower prices, increased costs (such as marketing), reduced new business flows, higher outflows, more aggressive risk taking (such as higher benefit levels in risk products) or a combination of these, which may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2 Risks of the Proposal

2.4.9 Changes in government policy, legislation or regulation

AMP provides life insurance, risk insurance, investment and superannuation products, and distributes general insurance products. AMP also provides banking services. Providers and distributors of these products in Australia are subject to various legislative and prudential requirements, including the Corporations Act, the *Life Insurance Act 1995* (Cth), the *Banking Act 1959* (Cth), the *Superannuation Industry (Supervision) Act 1993* (Cth) and the *National Consumer Credit Protection Act 2009* (Cth). This regulatory regime is complex and is subject to change, particularly as a result of the Inquiry into Financial Products and Services by the Parliamentary Joint Committee on Corporations and Financial Services (the Ripoll Review), the Super System Review (the Cooper Review), and further analysis of the results of the Henry Review of taxation. The Government has accepted many of the recommendations of the Ripoll Review and the Cooper Review. The Government has indicated that it will consult extensively with the industry regarding the implementation of the Ripoll Review and the Cooper Review and any proposed new legislation. Many of the details, including proposed start dates and relevant transition arrangements, are still to be determined. It is therefore still too early to determine whether any of the proposed changes will have a material impact on AMP. AMP has a significant corporate superannuation business, parts of which may be exposed to margin pressure depending on the implementation of the Cooper Review.

Providers and distributors of wealth management products are also subject to varying legislative and regulatory requirements in New Zealand. The New Zealand financial services industry is undergoing significant legislative and regulatory reform at present. The *Financial Advisers Act 2008*, *Financial Service Providers (Registration and Dispute Resolution) Act 2008*, the *Reserve Bank Amendment Act 2008*, the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* and the *Financial Markets Bill 2010*, have been or are about to be enacted in New Zealand and (over the coming months and years) will impose an increased regulatory and compliance burden on financial service providers in New Zealand, including AMP. Prudential supervision of insurance providers is also currently being implemented within New Zealand. The full details of such legislation and regulatory guidance continue to be developed.

The results of the above regulatory changes may require the Merged Group to revise and/or withdraw its range of products and/or services, change its premiums, fees and/or charges, redesign its technology or other systems incurring significant expense, retrain its staff and planners, pay additional tax, hold more capital or incur other costs. AMP has a dedicated regulatory change function to identify impacts and work with the business to implement change, and continues to work through the impacts of these changes as they occur, however these changes may still have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

AMP is subject to ongoing oversight by regulators regarding its compliance with legislative and regulatory requirements. If it does not meet these requirements, it may suffer penalties, such as fines or obligations to pay compensation, the cancellation or suspension of its authority to conduct business, or a requirement to hold a greater level of capital to support its business. Non-compliance with regulations may also give rise to adverse publicity for AMP. AMP cannot predict the impact of future legislation and regulatory change on its business. However, as the amount and complexity of the regulation increases, so may the cost of compliance and the risk of non-compliance.

Certain entities within AMP are required to meet the solvency, liquidity and capital adequacy standards prescribed by APRA and other regulators.

There are currently a number of regulatory capital reviews underway which impact those businesses:

- APRA is in the process of developing a supervision framework for conglomerate groups, which will include conglomerate capital standards;
- APRA is currently reviewing its capital standards for both life insurers and general insurers;
- ASIC is currently reviewing the financial requirements imposed on responsible entities of registered managed investment schemes under the AFSL regime;
- the Reserve Bank of New Zealand is currently reviewing its solvency standards for New Zealand insurance companies; and
- the BCBS is currently reviewing global banking supervision (Basel III) including global banking standards.

The first four regulatory capital reviews described above are currently in the industry consultation phase. It is too early in these processes to determine whether any changes to the regulatory capital framework will have a material impact on AMP. Basel III has resulted in the release of several papers relating to global banking standards. The timing and extent of any regulatory change as a result of Basel III is uncertain. It is possible that the introduction of Basel III may impact the level and nature of regulatory capital resources attributed to AMP's capital, particularly its subordinated debt (including the \$600 million issue contemplated under the Transaction Documents). This may result in AMP having to restructure and/or raise new regulatory capital resources in order to maintain its regulatory capital levels. If this were to occur, AMP expects that there would be a reasonable transition period to implement any such changes or raisings.

As AMP has one of the largest financial planning groups in Australia, significant changes in government policy or legislation in relation to the sale and ongoing servicing of life insurance, superannuation, managed investments and bank deposits and mortgages may fundamentally impact the Merged Group's strategy and operating performance.

2.4.10 Tax laws

Australian tax law is frequently being changed, both prospectively and retrospectively. Of particular relevance to the Merged Group are expected future changes to tax law affecting the superannuation and financial services industries, following a number of recent Parliamentary or Government reviews (including the Ripoll, Cooper and Henry reviews). Significant recent tax reforms and current proposals for further reforms give rise to risks, as the status and precise scope of many new and proposed tax laws is not yet known.

There are risks that any changes to the tax law, including the current rate of company income tax, may both impact demand for financial products and services (see section 2.4.3) and also impact shareholder returns and the level of dividend franking.

The ATO, as part of its ordinary processes in reviewing large business taxpayers, takes into account their size and complexity. The Merged Group, as a large and complex group, can be expected to be subject to a high level of review by the ATO in respect of ongoing taxation compliance.

Similar risks exist in relation to New Zealand tax laws.

2.4.11 Contagion risk

Contagion risk is the risk that default by one or more financial institutions could lead to market-wide liquidity problems, losses or defaults by other institutions. This risk arises in part because of the varied interrelationships of many financial institutions (including AMP) and this risk has been heightened by the recent and continuing significant volatility in the financial sector and capital markets.

2.4.12 Redemption and rebalancing risk

Redemption risks are the risks associated with the ability of AMP to meet customer requests for redemption from investments, superannuation or pension funds or from the surrender of life insurance policies. The impact of these risks varies depending upon the nature and governing terms of the relevant fund or policy, the arrangements with the customer and the assets in which the fund is invested or which back the policy liability.

Non-investment linked products

Holders of certain policies with AMP may surrender their policy to AMP in return for a lump sum payment. AMP holds assets to meet the actuarially determined policyholder liabilities as they are expected to fall due.

In order to surrender a policy, generally the policyholder must have held that policy for a specified minimum period of time and may have to accept a lower value than the maturity value. In some instances, AMP has the right to amend surrender values, subject to meeting minimum statutory requirements.

For certain policies, capital guarantees will apply and surrender values may at times exceed the value of the assets backing these policies, which could result in a material adverse impact on the financial performance and position and level of capital of the Merged Group. The extent of the adverse impact may be greater if, in order to meet redemption requests, the Merged Group is forced to dispose of assets, particularly illiquid assets, in a short time frame, resulting in assets being sold at below their fair value under normal market conditions.

Investment linked products

Policyholders or investors in investment linked products may seek to redeem some or all of their investments. In order to satisfy these redemptions AMP, as the manager of the investments, may be required to sell assets underlying the policyholder's or investor's investment.

In the market conditions that have prevailed since the commencement of the global financial crisis, certain asset classes have been subject to a higher level of redemptions than historically has been the case (for example, high yield debt and property).

For funds and assets in highly liquid markets, the redemption requests can usually be met through asset sales.

For funds and assets in illiquid markets (for example high yield debt and property), asset sales can be more difficult to achieve, particularly at short notice, and may result in the asset being sold at below its fair value under normal market conditions. In extreme circumstances, it may not be possible to sell certain assets at short notice. Such outcomes could have a material adverse impact on the investment returns of the relevant policyholders or investors. In turn, this may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

To the extent that AMP believes it cannot meet redemption requests through asset sales, it will usually suspend or defer redemptions (where it has the right to do so) to allow sufficient time to complete the asset sales necessary to meet the requests.

2 Risks of the Proposal

Since 2008, AMP has taken action to defer redemptions for certain high yield debt and property funds. At present, some of those funds and investment options remain closed. The suspension or deferral of redemptions and subsequent sale of assets may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

For some products, a relatively illiquid asset class is a component of a broader investment product. For example, diversified investment options comprise a wide range of investment classes with different liquidity profiles.

A withdrawal from a diversified investment option does not necessarily involve a disposal of assets from all asset classes. If an asset class is illiquid the withdrawal can still be met from liquid assets. However, proportional investment exposure to the illiquid asset class will increase. This may affect the Merged Group's ability to manage the asset exposure of the diversified investment option to achieve the disclosed investment mix. This may have a material adverse impact on investment performance and the Merged Group's reputation, management fee income, financial performance and position. As values in the asset categories supporting various investments classes change, the Merged Group may be required to rebalance the respective categories to meet the published ranges by selling such assets. Depending on the timing of such rebalances the sale value of these assets may be at below their fair value under normal market conditions. While the impact of sales at below fair value will largely be borne by policyholders and investors, there may also be a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

In some instances the terms of the investment linked life insurance policy do not permit the suspension or deferral of redemption requests beyond an agreed period of time. These insurance policies can be owned by retail and/or institutional investors (such as group superannuation policies comprising real estate and property investments).

The period over which redemption payments must be made varies depending on the policy. Most large policies have a 12 month to 24 month period to meet redemption requests. Experience has shown redemption requests will typically increase in adverse economic or market conditions, where markets are weak and liquidity is low, and may do so over a relatively short time frame.

In these cases, the risk that assets may be sold at below their fair value in adverse market conditions is greater.

If the Merged Group is unable to sell assets to meet redemption requests, it may elect to fund the redemptions from borrowings (which may be with or without recourse to the Merged Group depending on the circumstances) or from its own capital resources. This could result in a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.13 Operational risk

Operational risk is the risk of loss or increased costs resulting from inadequate or failed internal processes including outsourcing arrangements, people management, systems or from the impact of external events. This also includes the risk of failing to comply with legislation, regulations and contractual arrangements.

Specific operational exposures relevant to the industry AMP operates in relate to the provision of advice by planners or advisers, disclosure in respect of product documentation, advices, statements, compliance with investment mandates, legal and regulatory compliance, product commitments and the equitable treatment of policyholders and investors. Other more general operational risks include outsourcing arrangements, projects, product and corporate tax compliance and legal or regulatory action against those businesses.

Specific operational risks may also arise in relation to technology, including the possibility of the unexpected failure of core business IT processes, systems or applications. With respect to AMP Capital Investors in particular, technology risks may arise in relation to the replacement and upgrading of trading and administration systems.

The financial statements of AMP contain provisions for some of these risks and generally disclose certain contingent liabilities in accordance with applicable accounting standards. Given the inherent uncertainty in predicting the outcome of events that may occur in the future, there can be no assurance that such provisions or disclosure adequately address all outcomes that may arise in the future.

2.4.14 Interest rate risk

Interest rate risk is the risk of loss arising from the mismatch of interest repricing events relating to interest bearing liabilities and interest bearing assets, before hedging, held as part of the funding and liquidity portfolios of AMP.

Interest rate risk is inherently greatest, for example, in AMP Bank, AMP Life and liquidity portfolios. This is explained further under investment market conditions above (see section 2.4.2).

2.4.15 Counterparty credit risk

Counterparty credit risk is the risk that default by a counterparty results in a financial loss to AMP. This includes credit risk taken on by AMP Bank (see sections 2.4.22 to 2.4.25) and by AMP Life (including its closed annuity book of business).

A default by a counterparty can impact the Merged Group's financial position and performance and the level of capital supporting the Merged Group's businesses and can also impact investments of AMP Life and funds managed by AMP Capital Investors, which in turn can have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

AMP will have significant counterparty credit risk with AXA SA as a result of the Proposal. This is discussed in section 2.2.9. AMP's ownership of AMP Bank also gives rise to counterparty credit risk, which is discussed in section 2.4.22.

2.4.16 Foreign exchange risk

Foreign exchange risk is the risk of AMP sustaining loss through adverse movements in exchange rates.

Such losses can affect the Merged Group's financial position and performance and the level of capital supporting the Merged Group's businesses. From an operational perspective, AMP faces exposure to foreign exchange risks through direct foreign income and expenses, the settlement of foreign currency denominated assets and liabilities and the earnings of non-Australian subsidiaries. Foreign exchange losses can impact the liquidity of funds when rolling hedge contracts. Foreign exchange losses can also affect investments of AMP Life and funds managed by AMP Capital Investors, which in turn can affect the Merged Group's reputation, management fee income, other asset values, financial performance and position.

2.4.17 Loss of personnel

AMP has a large base of qualified and experienced personnel. The Merged Group's future success will depend on its continued ability to attract and retain highly skilled and qualified personnel. There can be no assurance that key personnel will continue to be employed by, or contracted to, the Merged Group or that the Merged Group will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse impact on the Merged Group's business, reputation, financial performance and position.

2.4.18 Uncertainty in future experience

AMP maintains liabilities for future policy benefits and unpaid claims in its life insurance business. The calculation of policy liabilities depends on estimates of expected future revenue and expenses. These estimates are based on actuarial and statistical projections made on the basis of the facts and circumstances known at a given point in time, estimates of likely future trends such as mortality, morbidity and persistency, and assumptions about future investment returns, expenses and inflation rates. Although AMP maintains assets in excess of policy liabilities based on best estimate assumptions, actual results and conditions may be different from those assumed, due to deterioration in persistency or claims, impacts of pandemics, natural disasters or worsening general economic conditions.

As a result of the inherent uncertainties in assessing policy liabilities, there can be no certainty that the ultimate costs will not materially exceed those supported by the amounts of the Merged Group's calculated liabilities. Any differences may result in a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends, the future price of AMP Shares and level of capital of the Merged Group.

2.4.19 Contingent liability for disposed businesses

Over several years, AMP has disposed of a number of businesses and portfolios to third parties. Typically, the sale agreements for these disposals provide for warranties and indemnification for specified periods in relation to certain matters concerning the businesses and portfolios disposed. While AMP has no knowledge that it has any liability under these warranty and indemnification arrangements (which is not appropriately provided for), the possibility of liability may arise and any such liability may be material and may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.20 Acquisition risk

AMP regularly examines a range of corporate opportunities, including acquisitions, mergers, joint ventures and strategic alliances. Any of these opportunities which are pursued could, for a variety of reasons, have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2 Risks of the Proposal

2.4.21 Legal proceedings and other contingent liabilities

In the course of its operations, AMP is involved in disputes and litigation. Any material or costly dispute or litigation involving AMP could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

AMP is aware of the publicity concerning litigation brought against The National Mutual Life Association of Australasia Limited (NMLA) regarding “prosperity bonds” being pursued by two plaintiffs. AMP is informed that NMLA disputes the claims. If the plaintiffs succeed in their claims for a material amount, this could have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares. These risks already exist for Minority Shareholders through their ownership of AXA APH Shares.

2.4.22 AMP Bank dependence on the state of the Australian economy

As an ADI whose core businesses are mortgage banking and deposit raising, the performance of AMP Bank is dependent on the state of the Australian economy, customer and investor confidence and prevailing market conditions. The financial performance and position of AMP Bank in recent years have benefited from historically high rates of growth of the Australian economy, low unemployment and historically low rates of inflation. No assurance can be given as to the likely future state of the Australian economy, which can be influenced by many factors within and outside Australia, which are outside AMP Bank’s control. A material downturn in the Australian economy could adversely impact AMP Bank’s financial performance and position and could potentially result in an increase in the amount of loan arrears, an increase in the number of non performing loans and an increase in credit losses including in relation to loans and other obligations owed by other financial institutions (including mortgage insurers) and banks.

Changes in interest rates and available sources of funding can also have a material impact on the financial performance and position of AMP Bank.

AMP Bank benefits from a guarantee from AMP Group, so a material worsening in the financial performance and position of AMP Bank can also have adverse implications for other parts of the AMP Group. The AMP Group seeks to limit this risk by setting limits as to the amount that AMP Bank can draw down from particular sources of funding.

Should the Proposal be implemented, AXA APH Shareholders will be exposed to retail banking and its associated risks, as described in section 2.4.23 to 2.4.25, through their investment in the Merged Group.

2.4.23 Bank funding

AMP Bank’s core balance sheet management strategy utilises securitisation as the primary means of funding growth and managing capital compliance, whilst maintaining prudent loan origination.

AMP Bank has a diversified set of funding alternatives comprising a bank line, short and long term wholesale funding, internet deposits, other retail deposits, superannuation related deposits, loan warehousing, RMBS and short and medium term funding from AMP Group, and benefits from a guarantee from AMP Group. AMP Bank’s asset growth strategy is predicated on domestic RMBS markets being functional. During the global financial crisis RMBS markets were not functional, and AMP Bank took measures to restrain its lending growth to match funding growth. In the event that the RMBS markets again prove inadequate to meet AMP Bank’s projected funding needs, lending growth would be restrained.

The extent to which AMP Bank is funded from the above sources is affected by regulatory developments and changes to prudential requirements. Regulation in this area, particularly in relation to the RMBS market, continues to evolve. Changes in legislation, prudential requirements and relevant regulations could affect the demand and supply of RMBS which in turn may impact the funding and growth of AMP Bank, which may have a material adverse impact on the financial performance and position of the Merged Group, its ability to pay dividends and the future price of AMP Shares.

2.4.24 RMBS

The securitisation of residential mortgages involves the issuance of RMBS to investors. Typically RMBS issues involve several tranches, some of which are subordinated. Often, the RMBS tranche with the lowest level of subordination (and therefore the first tranche to absorb a loss) is difficult to sell, resulting in it being retained by the originating ADI.

In a letter dated 10 December 2010, APRA clarified that originating ADIs which retain any subordinated tranches of a securitisation will be required to deduct these holdings from Tier 1 capital, with APRA’s prior approval. That deduction is capped at the total amount of capital that would be required if the pool of mortgage assets were held on-balance sheet. This letter applies to existing and future securitisation transactions (which require the prior approval of APRA) and is an interim measure until the new Basel III rules are finalised.

The extent to which AMP Bank retains subordinated notes may increase its capital requirements.

2.4.25 Changes in regulation of banking liquidity and capital standards

Under Basel III, the BCBS is currently finalising its proposals for new global banking liquidity requirements. There is considerable uncertainty around the timing and content of these and of a modified version for Australian banks. The new requirements may have a material impact on the amount and form of liquidity required to be held by AMP Bank.

Also under Basel III, the BCBS has issued new global banking capital standards for both requirements and resources. It is possible that the introduction of Basel III may impact both the level of regulatory capital required, and the level and nature of regulatory capital resources attributed to, AMP Bank, particularly its subordinated debt. This may result in AMP Bank having to restructure and/or raise new regulatory capital resources in order to maintain its regulatory capital levels. If this were to occur, AMP expects that there would be a reasonable transition period to implement any such changes or raisings.

2.4.26 Investment management

AMP is one of Australia and New Zealand's largest investment managers, with A\$95 billion in AUM.² As a result, the financial performance of AMP is significantly affected by investment market conditions (see section 2.4.2 above). Additionally, AMP has a broad investment exposure to and interest in unlisted assets, including direct property and infrastructure assets, for which valuations may not readily be available, or may be subjective in nature. Typically, such assets can also be exposed to a range of funding risks, which are discussed in section 2.4.5. Declining asset values are likely to adversely affect the financial performance and position of the Merged Group or the level of capital, liquidity and funding required to support the Merged Group's businesses.

Should the Proposal be implemented, Minority Shareholders will significantly increase their exposure through their investment in the Merged Group to investment management businesses and the associated risks, as described above, which may impact the financial performance of the Merged Group's investment management business.

2.5 Risk factors relating to the trading price of AMP Shares

The market value of the New AMP Shares which are issued as part of the Share Scheme Consideration will depend on the trading price of those shares. There is no guarantee that the market price of AMP Shares will increase in the future, nor that the market price in the future will be the same as the current trading price of AMP Shares. The market price of AMP Shares may fall due to the factors described in this section 2 and other factors, some of which are beyond AMP's control, including, but not limited to:

- general economic conditions, changes in government policy, investor sentiment and general market movements, which may or may not have an impact on AMP's actual operating performance;
- operating results that vary from expectations of securities analysts and investors;
- changes in expectations as to AMP's future financial performance, including financial estimates by securities analysts and investors;
- changes in market valuations of other financial services institutions;
- the announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by AMP or its competitors; and
- future issues of AMP debt or equity securities.

While the Post Scheme AMP VWAP has been used as a reference for the value of AMP Shares to calculate the Cash Component of the Share Scheme Consideration, the actual value of AMP Shares following the implementation of the Proposal will depend in part on the trading price of AMP Shares, which may differ from the Post Scheme AMP VWAP.

² AMP Capital Investors AUM as at 30 June 2010.

2 Risks of the Proposal

2.6 Implications if the Proposal does not proceed

If the Proposal does not proceed:

- the AXA APH Board intends to continue to operate AXA APH as a company listed on the ASX, owning and operating the Australian and New Zealand Businesses and the Asian Businesses;
- AXA SA has stated that it will review its position vis-à-vis AXA APH in light of AXA SA's longstanding strategy to increase its exposure to emerging markets and limit additional investment in mature markets. In particular, AXA SA will evaluate any further investment of capital into the Australian and New Zealand Businesses on a case by case basis, and would broadly seek to focus the utilisation of AXA APH's available resources on financing the growth of the Asian Businesses. In this context, AXA SA will also review its financing and debt policy vis-à-vis AXA APH;
- you will not be provided the Share Scheme Consideration;
- AXA APH will be liable to pay transaction costs of approximately \$30 million (after tax) that have already been incurred or are already committed. AXA APH may also be liable to pay these transaction costs if the Proposal proceeds;
- the advantages of the Proposal described in the section titled "Why you should vote in favour" on pages 11 to 15 will not be realised; and
- the disadvantages of the Proposal described in the section titled "Why you may want to vote against" on pages 16 to 17 and the risks of the Proposal described in this section 2 will not arise.

AXA APH's share price is likely to decrease. The occurrence or size of the decline in the share price cannot be predicted accurately.

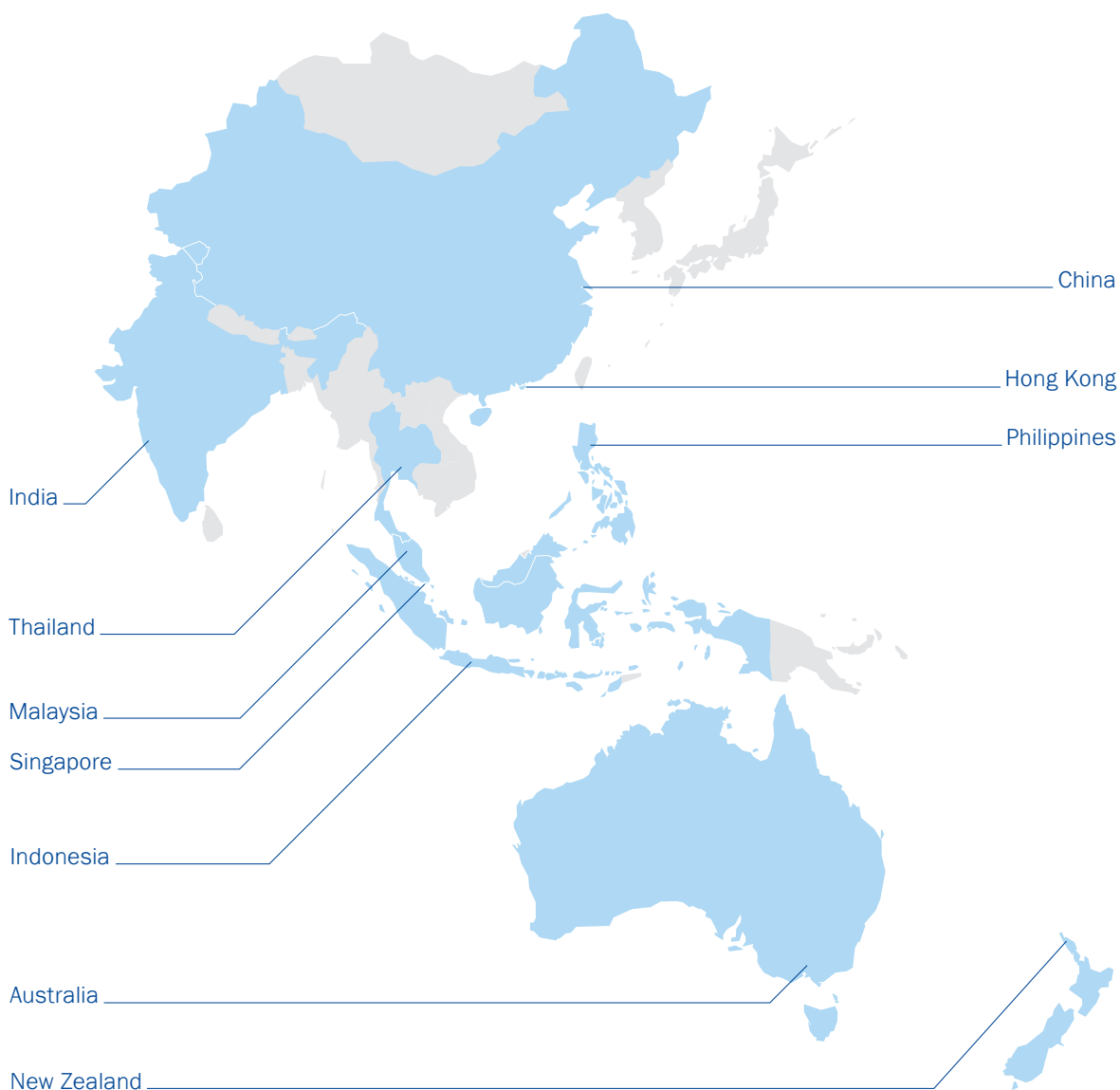
3

Information about AXA APH

3.1 Background

AXA APH is a leading wealth management and financial protection company in the Asia-Pacific region. AXA APH is headquartered in Melbourne, Australia and has operations in Australia, New Zealand, Hong Kong, China, Singapore, Indonesia, Philippines, Thailand, India and Malaysia, which include some of the fastest growing wealth management and financial protection markets in the world.

Figure 3.1 Geographical location of AXA APH's operations





AXA APH was formed as part of the demutualisation and reorganisation of The National Mutual Life Association of Australasia Limited (NMLA). NMLA was established in Australia in 1869, and in 1995 demutualised and established National Mutual Holdings Limited (NMH) as its parent company. At this time, AXA SA acquired a 51% majority interest in NMH (subsequently increased to 53.92%). NMH listed on the Australian and New Zealand stock exchanges in October 1996 and changed its name to AXA APH in 1999. AXA APH delisted from the New Zealand stock exchange in March 2006.

Since its establishment, AXA APH has grown significantly in size and geographic coverage and now employs approximately 7,600 people. As at 30 June 2010, AXA APH had total funds under management, administration and advice of A\$78 billion.

3.2 AXA APH's businesses

3.2.1 Asian Businesses

AXA APH's strategy for its Asian Businesses is to grow multi-channel distribution in each country through a combination of organic and non-organic growth and joint venture agreements with local partners. A summary of the Asian Businesses, which comprises the Hong Kong Business and the Asia (ex Hong Kong) Businesses, and the brands they operate under are set out below.

Country/business	Description						
<p>Hong Kong</p> 	<p>AXA APH operates in both the wealth management and financial protection markets in Hong Kong, offering traditional life insurance, general insurance, unit linked products and retirement income products. AXA APH entered the Hong Kong market in 1986 and has grown this business through a combination of organic growth and acquisitions.</p> <p>AXA APH's Hong Kong Business is one of the largest providers of financial protection products in Hong Kong, ranking 7th in terms of New Business Index¹, and had HK\$84.1 billion of funds under management and administration as at 30 June 2010. It also has a bancassurance relationship with Citibank in Hong Kong.</p> <table border="1"> <thead> <tr> <th>AXA APH's holding</th> <th>New Business Index For the 6 months ended 30 June 2010²</th> <th>Inforce Premiums As at 30 June 2010³</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>HK\$1,303 million (A\$188 million)</td> <td>HK\$13,881 million (A\$2,110 million)</td> </tr> </tbody> </table>	AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ²	Inforce Premiums As at 30 June 2010 ³	100%	HK\$1,303 million (A\$188 million)	HK\$13,881 million (A\$2,110 million)
AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ²	Inforce Premiums As at 30 June 2010 ³					
100%	HK\$1,303 million (A\$188 million)	HK\$13,881 million (A\$2,110 million)					
<p>China</p> 	<p>AXA APH currently operates in China via AXA-Minmetals Assurance Company Ltd, AXA APH's joint venture with Minmetals Corporation and AXA SA.</p> <p>AXA-Minmetals Assurance Company Ltd was established in 1999. It is the 15th largest foreign life insurer in China in terms of Premium Income⁴ and currently operates in 13 major cities.</p> <p>On 28 October 2010, AXA APH announced an agreement with Industrial and Commercial Bank of China Co. Ltd. (ICBC) for ICBC to become a shareholder and strategic partner in AXA-Minmetals Assurance Company Ltd, and rename it ICBC-AXA Life Insurance Co. Ltd. The agreement is subject to relevant regulators' approvals.</p> <p>Under the agreement, ICBC will assume the majority stake of 60%, AXA SA will hold 14.0%, AXA APH will hold 13.5% and Minmetals Corporation will hold the remaining 12.5%.</p> <p>ICBC has over 200 million customers and 16,000 branches, and is ranked number one by assets in China. It is anticipated that ICBC-AXA Life Insurance Co. Ltd will be able to leverage ICBC's leading distribution capability, customer base and brand in China.</p> <table border="1"> <thead> <tr> <th>AXA APH's holding</th> <th>New Business Index For the 6 months ended 30 June 2010⁵</th> <th>Inforce Premiums As at 30 June 2010⁶</th> </tr> </thead> <tbody> <tr> <td>25%</td> <td>Renminbi 213 million (A\$35 million)</td> <td>Renminbi 672 million (A\$117 million)</td> </tr> </tbody> </table>	AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ⁵	Inforce Premiums As at 30 June 2010 ⁶	25%	Renminbi 213 million (A\$35 million)	Renminbi 672 million (A\$117 million)
AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ⁵	Inforce Premiums As at 30 June 2010 ⁶					
25%	Renminbi 213 million (A\$35 million)	Renminbi 672 million (A\$117 million)					

1 For the 6 months ended 30 June 2010.

2 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.

3 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

4 For the 6 months ended 30 June 2010.

5 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.

6 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

3 Information about AXA APH

Country/business

Description

India



AXA APH has two operations in India:

- Bharti AXA Life Insurance Company Ltd (in which AXA APH has a potential 30% economic interest including its 13% direct interest). Bharti AXA Life Insurance Company Ltd is ranked 15th out of 22 private players in India in terms of Weighted New Business Premium⁷; and
- Bharti AXA Investment Managers Private Ltd (in which AXA APH has a 37.5% economic interest including its 34% direct interest).

Both of the above are joint ventures between AXA APH, Bharti Enterprises and AXA SA.

	AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ⁸	Inforce Premiums As at 30 June 2010 ⁹
Bharti AXA Life Insurance Company Ltd	13%	Rupee 2,358 million (A\$58 million)	Rupee 6,968 million (A\$178 million)
Bharti AXA Investment Managers Private Ltd	34%		

Indonesia



AXA APH has three operations in Indonesia:

- AXA Financial Indonesia which was acquired in 2006 and is wholly owned by AXA APH;
- AXA Life Indonesia, which was established in 1993 as a joint venture with Tempo Group but is now wholly owned; and
- AXA Mandiri Financial Services, a joint venture with Bank Mandiri which was established in 2003.

	AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ¹⁰	Inforce Premiums As at 30 June 2010 ¹¹
AXA Financial Indonesia	100%	Rupiah 1,273 billion (A\$155 million)	Rupiah 3,961 billion (A\$519 million)
AXA Life Indonesia	100%		
AXA Mandiri Financial Services	49%		

In total, AXA APH's Indonesian operations rank 2nd in Indonesia in terms of Weighted New Business Premium¹².

Malaysia



AXA APH operates in Malaysia through AXA AFFIN Life Insurance Berhad, a joint venture established in 2006 with AFFIN Holdings, which owns one of the top ten banks in Malaysia.

AXA AFFIN Life Insurance Berhad is ranked 12th in Malaysia in terms of New Business Index¹³.

	AXA APH's holding	New Business Index For the 6 months ended 30 June 2010 ¹⁴	Inforce Premiums As at 30 June 2010 ¹⁵
	49%	Ringgit 43 million (A\$15 million)	Ringgit 63 million (A\$23 million)

7 For the 6 months ended 30 June 2010.

8 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.

9 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

10 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.





11 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

12 For the 6 months ended 30 June 2010.

13 For the 6 months ended 30 June 2010.

14 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.

15 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

Country/business	Description		
Philippines 	<p>AXA APH operates in the Philippines through Philippine AXA Life Insurance Corporation, a joint venture with Metrobank Group, one of the Philippines' largest financial conglomerates. Philippine AXA Life Insurance Corporation was established in 1999 and is ranked 2nd in the Philippines in terms of Premium Income¹⁶.</p>	<p>AXA APH's holding</p>	<p>New Business Index For the 6 months ended 30 June 2010¹⁷</p> <p>Inforce Premiums As at 30 June 2010¹⁸</p>
		45%	<p>Peso 718 million (A\$18 million)</p> <p>Peso 2,386 million (A\$61 million)</p>
Singapore 	<p>AXA Life Insurance Singapore Pte Ltd is a wholly owned subsidiary of AXA APH. AXA Life Insurance Singapore Pte Ltd was acquired in 1995 and is the 8th largest life insurer in Singapore in terms of Weighted New Business Premium¹⁹.</p>	<p>AXA APH's holding</p>	<p>New Business Index For the 6 months ended 30 June 2010²⁰</p> <p>Inforce Premiums As at 30 June 2010²¹</p>
		100%	<p>S\$25 million (A\$20 million)</p> <p>S\$139 million (A\$118 million)</p>
Thailand 	<p>Krungthai AXA Life Insurance Company Ltd (in which AXA APH has a 50% economic interest including its 25% direct interest) is AXA APH's joint venture with Krung Thai Bank, one of Thailand's largest banks. Krungthai AXA Life Insurance Company Ltd was established in 1997 and is ranked 6th in Thailand in terms of New Business Index²².</p>	<p>AXA APH's holding</p>	<p>New Business Index For the 6 months ended 30 June 2010²³</p> <p>Inforce Premiums As at 30 June 2010²⁴</p>
		25%	<p>Baht 3,022 million (A\$104 million)</p> <p>Baht 13,830 million (A\$506 million)</p>
ipac Asia 	<p>ipac Asia provides financial planning services to retail clients in Hong Kong, Singapore and Taiwan, and operates a platform providing ipac's multi-manager investment products to retail and institutional clients. As at 30 June 2010, ipac Asia had A\$689 million in funds under management and advice.</p>	<p>AXA APH's holding</p>	<p>New Business Index For the 6 months ended 30 June 2010²⁵</p> <p>Inforce Premiums As at 30 June 2010²⁶</p>
		100%	<p>A\$4 million</p> <p>Not applicable</p>

16 For the 6 months ended 30 June 2010.

17 On a 100% Share Basis. Australian dollar equivalents based on respective average exchange rate for the 6 months ended 30 June 2010.

18 On a 100% Share Basis. Australian dollar equivalents based on respective spot exchange rate as at 30 June 2010.

19 For the 6 months ended 30 June 2010.

20 On a 100% Share Basis. Australian dollar equivalents based on respective average exchange rate for the 6 months ended 30 June 2010.

21 On a 100% Share Basis. Australian dollar equivalents based on respective spot exchange rate as at 30 June 2010.

22 For the 6 months ended 30 June 2010.

23 On a 100% Share Basis. Australian dollar equivalents based on respective average exchange rate for the 6 months ended 30 June 2010.

24 On a 100% Share Basis. Australian dollar equivalents based on respective spot exchange rate as at 30 June 2010.

25 On a 100% Share Basis. Australian dollar equivalents based on respective average exchange rate for the 6 months ended 30 June 2010.

26 On a 100% Share Basis. Australian dollar equivalents based on respective spot exchange rate as at 30 June 2010.




3 Information about AXA APH

3.2.2 Australian and New Zealand Businesses

AXA APH's strategy for the Australian business 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.

A summary of the Australian and New Zealand Businesses and the brands they operate under is set out below.

Country	Description		
Australia	AXA APH is one of the largest wealth management and financial protection companies in Australia, with total funds under management, administration and advice of A\$55.0 billion as at 30 June 2010. It has one of the largest financial advice networks in Australia, with approximately 1,630 advisers, as well as relationships with more than 5,000 independent financial advisers as at 30 June 2010.		
 		New Business Index For the 6 months ended 30 June 2010	Inforce Premiums As at 30 June 2010
AXA APH's holding			
100%		A\$553 million	A\$730 million
New Zealand	AXA APH is one of the largest players in the retail wealth management and financial protection markets in New Zealand, with NZ\$5.8 billion of funds under management and approximately 430 advisers as at 30 June 2010.		
		New Business Index For the 6 months ended 30 June 2010	Inforce Premiums As at 30 June 2010
AXA APH's holding			
100%		NZ\$72 million (A\$57 million ¹)	NZ\$185 million (A\$150 million ²)

1 Australian dollar equivalent based on the average exchange rate for the 6 months ended 30 June 2010.

2 Australian dollar equivalent based on the spot exchange rate as at 30 June 2010.

Figure 3.2 Australian and New Zealand Businesses' Brands

Australia	 			
				
				
New Zealand				

3.3 Summary historical financial information

3.3.1 Financial performance

A high level summary of AXA APH's historical financial performance is set out below. This summary sets out selected information derived from:

- AXA APH's audited financial statements and related notes for the financial years ended 31 December 2006 to 31 December 2009 and reviewed financial statements and related notes for the 6 months ended 30 June 2010; and
- AXA APH's Investor Compendiums for the financial years ended 31 December 2006 to 31 December 2009 and for the 6 months ended 30 June 2010. The information contained in the Investor Compendiums is unaudited and is in addition to the financial statements and related notes.

12 months to 31 Dec / 6 months to 30 Jun
A\$ million unless otherwise indicated¹

	Dec 06	Dec 07	Dec 08	Dec 09	Jun 10
Operating earnings					
Asia	210	259	284	350	161
Australia and New Zealand	245	284	271	204	110
Total	455	543	556	554	270
Profit after tax and before investment experience and non-recurring items	541	605	597	587	287
Investment experience	137	40	(723)	35	(64)
Non-recurring items	(10)	(6)	(153)	57	(4)
Profit/(loss) after tax	668	639	(279)	679	219
Normalised earnings per share before non-recurring items (cents)	31.3	35.1	35.3	30.2	13.9
Normalised return on equity before non-recurring items	14.9%	15.9%	15.2%	15.4%	13.9% ⁵
Dividend per share (cents)	18.75	22.25	18.50	18.50	9.25
Funds under management, administration and advice ²	A\$97.7bn	A\$109.0bn	A\$83.9bn	A\$80.9bn	A\$78.4bn
Value of Inforce ³	5,773	6,112	6,583	6,117	6,748
Value of One Year's New Business ⁴	353	430	372	476	458

¹ Figures are on a Group Share Basis except for funds under management, administration and advice which is on a 100% Share Basis. Due to rounding, numbers may not add up exactly.

² Based on spot exchange rates as at the end of each period.

³ Based on the traditional approach, after transfers to net worth and using risk discount rates equal to assumed equity returns for each region and exchange rates as at the end of each period.

⁴ Based on the traditional approach, using risk discount rates equal to assumed equity returns for each region and average exchange rates for each period.

⁵ For the 12 months to 30 June 2010.

AXA APH has achieved a compounded annual operating earnings growth rate of approximately 7% between 2006 and 2009. While the Australian and New Zealand Businesses were historically the largest contributor to earnings, for the 6 months ended 30 June 2010 the Australian and New Zealand Businesses contributed 41% of operating earnings and the Asian Businesses contributed 59% of operating earnings. This shift is due to the stronger growth profile of the Asian Businesses in recent years, as well as the fact that the majority of inorganic growth in AXA APH's recent past has been focused on the Asian region.

The global financial crisis and the resulting investment market downturn resulted in a fall in profit after tax in 2008 due to negative investment experience, while the recent market uncertainty has affected profit after tax in the first half of 2010.

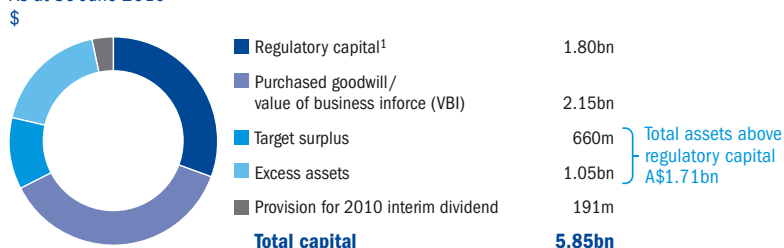
3 Information about AXA APH

3.3.2 Capital structure

As at 30 June 2010, AXA APH had total capital resources of A\$5.85 billion, including A\$1.71 billion in assets above regulatory capital requirements, as set out in the chart below.

Figure 3.3 Breakdown of capital resources

As at 30 June 2010



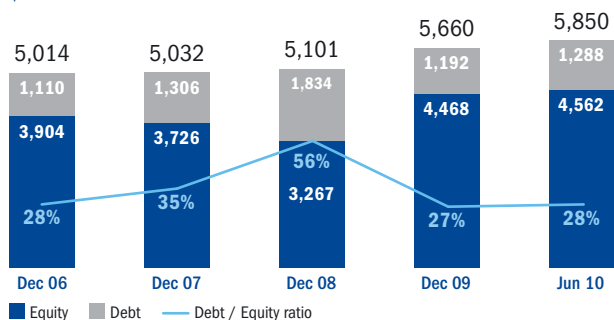
1 Regulatory capital comprises Hong Kong \$716m; Asia ex Hong Kong \$117m; Australia \$870m and New Zealand \$97m

As at 30 June 2010, AXA APH had total drawn debt of A\$1,288 million comprised of senior debt, subordinated debt and redeemable preference shares, and undrawn debt facilities of A\$383 million. All debt is currently provided by the AXA SA Group. As at 30 June 2010, AXA APH had a gearing ratio of 28% as measured by total debt over equity.

Figure 3.4 Summary of capital position

As at 31 December / 30 June

\$m



3.3.3 Inforce and new business summary

The relative contribution from the Asian Businesses and the Australian and New Zealand Businesses to AXA APH's total Value of Inforce as at 30 June 2010 and total Value of One Year's New Business for the 12 months ended 30 June 2010 are set out below.

Figure 3.5 Value of Inforce¹

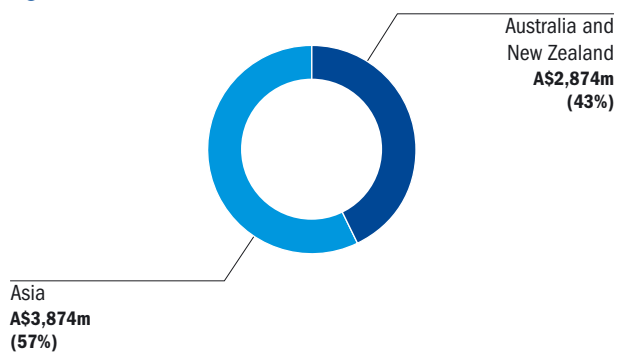
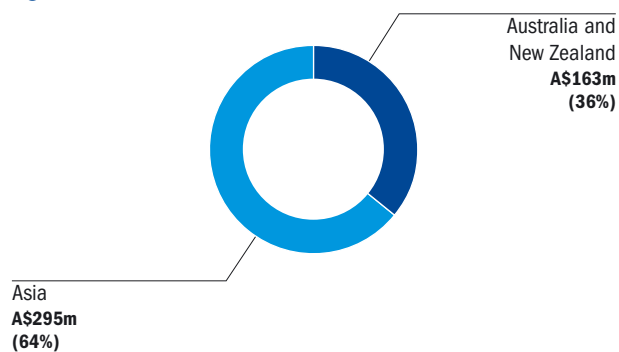


Figure 3.6 Value of One Year's New Business²



1 On a Group Share Basis as at 30 June 2010; based on the traditional approach, after transfers to net worth and using risk discount rates equal to assumed equity returns for each region and spot exchange rates as at 30 June 2010.
 2 On a Group Share Basis for the 12 months ended 30 June 2010; based on the traditional approach, using risk discount rates equal to assumed equity returns for each region and average exchange rates for the 12 months ended 30 June 2010.

3.4 Relationship between AXA APH and AXA SA

3.4.1 Overview

There are a number of key relationships between AXA SA and AXA APH, including:

- AXA SA is AXA APH's largest shareholder, with a 53.92% shareholding as at the date of this Explanatory Memorandum;
- AXA SA licenses its brand to AXA APH for use in the Asia-Pacific region;
- AXA SA provides various forms of funding and corporate support to AXA APH, including all of AXA APH's existing debt facilities, some product development, asset management services, administration services, hedging services and IT services;
- AXA SA and AXA APH operate joint ventures in India and China; and
- AllianceBernstein L.P. (which is majority owned by AXA SA) and AXA APH operate a joint venture in Australia and New Zealand.

3.4.2 The conditions imposed on AXA SA by the Australian Government and AXA SA's undertakings to AXA APH

AXA SA obtained approval from the Australian Government to acquire its 51% shareholding in AXA APH in 1995, subject to the following conditions:

- AXA APH remains a separate entity headquartered in Australia;
- the chairperson and the majority of the Board are Australian citizens;
- AXA SA does not increase its shareholding in AXA APH above 51% without prior approval of the Government; and
- AXA SA pursues its Asia-Pacific life insurance strategy through AXA APH, including:
 - entrusting the management of AXA SA's existing Asian life insurance operations to AXA APH and transferring its Asian life insurance business to AXA APH; and
 - giving AXA APH the option to undertake life insurance business opportunities which are available to AXA SA and AXA APH,

subject to applicable foreign government approvals and the AXA APH Board determining such transfers and opportunities are in the best interests of AXA APH.

In addition to the above AXA SA also agreed to a number of undertakings in favour of AXA APH regarding the pursuit of AXA SA Group's Asian life insurance strategy through AXA APH and the exchange of proprietary technical expertise, knowhow and personnel to enable AXA APH to benefit from being a member of the AXA SA Group.

AXA SA subsequently received various approvals for an increase in its percentage shareholding in AXA APH to facilitate AXA APH's share buyback program and to enable AXA SA to support AXA APH's capital raising in 2009, with the current approval permitting a holding of up to 55%.

AXA SA's undertakings to AXA APH will cease to apply upon the AXA SA Group ceasing to hold at least 25% of the issued share capital of AXA APH. AXA SA will be applying for Australian Government approval in respect of its proposed acquisition of the Asian Businesses and, subject to receipt of that approval, the Government conditions referred to above will cease to operate.

3.5 Further information about AXA APH

Further information on AXA APH is available online from AXA APH's website www.axaasiapacific.com.au and/or ASX's website www.asx.com.au. This includes AXA APH's full year 2009 and interim 2010 financial results which were announced to the ASX on 17 February 2010 and 4 August 2010, respectively.

In addition, AXA APH's full year results to 31 December 2010 (which are expected to be announced on 15 February 2011) will be available:

- from ASX or on its website www.asx.com.au; and
- on AXA APH's website www.axaasiapacific.com.au.

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4

Information about AMP

4 Information about AMP

4.1 Overview

AMP is a leading wealth management company operating in Australia and New Zealand, with an evolving banking business in Australia and selective investment management activities in Asia through AMP Capital Investors. AMP's 2,000 plus financial planners, together with more than 3,600 employees, serve the financial needs of approximately 3.8 million customers in Australia and New Zealand.

AMP has two business units:

- AMP Financial Services, which provides a range of products and services to customers in Australia and New Zealand, including financial planning and advice, superannuation, retirement income, managed investment products, retail and group insurance (term, disability and income protection) and selected banking products; and
- AMP Capital Investors, which manages investments for clients across all the major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds.

AMP is a well known brand name in financial services and has operated in Australia for more than 160 years.

The company has one of the largest financial planning networks in Australia and New Zealand, and is:

- number two in the Australian retail superannuation market and number three in the Australian retail retirement income market¹;
- the fourth largest provider of individual risk insurance in Australia and the second largest in New Zealand²;
- the second largest provider of corporate superannuation to Australians⁴; and
- one of Australia and New Zealand's largest investment managers, with \$97 billion in AUM³ and a small but growing presence in Asia (representing approximately \$7.5 billion of the total \$97 billion in AUM).

4.2 AMP ambition and strategy

AMP's ambition is to be "the region's pre-eminent wealth manager and investment house". To achieve this ambition, AMP has five growth platforms.

4.2.1 Growing planner capacity and broadening distribution

AMP is committed to planner-based distribution, which it believes meets a clear customer need and provides a significant competitive advantage.

To grow planner capacity and expand distribution, AMP has undertaken a number of initiatives, as detailed below:

- To drive stronger planner recruitment and help lift professional standards, AMP has established a professional training centre, The Horizons Academy which is attracting a younger, more diverse planner base that is more productive than new entrants to the profession recruited from other sources;
- AMP is also helping drive up planner productivity, through better and more effective back-office services and new technology. It has introduced new software for its planners which has increased some planners' efficiency by up to 60% in the first 6 months of 2010, while usage of its para-planning services rose by 70% in the same period;
- In 2010, AMP also introduced contemporary, fee-for-service business models across its 1,760-strong Australian planner network. Making the changes to facilitate the transition to fee-for-service involved almost 1,300 hours of training and more than 5,200 hours of coaching sessions for planners; and
- Other recent initiatives undertaken to broaden distribution of AMP Financial Services and AMP Capital Investors products and services over the past year include the launch of a walk-in financial planning centre in Parramatta, partnerships with Aussie Home Loans and Bendigo Bank, the acquisition of Gemini Advisors Securities Investments Company to drive increased reach in the Japanese retail investor market for AMP Capital Investors, and the opening of an AMP Capital Investors' office in the Middle East.

In 2010, AMP became Australia's first wealth manager to remove in-built commissions from new superannuation, investment and pensions business across all its product and advice businesses. This was achieved two years ahead of the deadline set by industry bodies.

In New Zealand, from 1 July 2011 commissions will be removed from new sales of AMP investments products.

1 Source: Plan for Life retail managed funds report, September 2010. Based on AUM.

2 Source: Australia – Plan for Life detailed risk statistics, September 2010; New Zealand – ISI statistics, September 2010. Based on API.

3 AMP Capital Investors AUM as at 30 September 2010.

4.2.2 Expanding to Asia through AMP Capital Investors

AMP has chosen to pursue investment management opportunities in Asia because it better matches AMP's capabilities in the region. The company is seeing increasing value from this strategy, particularly in Japan, where it now manages \$7.2 billion⁴ on behalf of Japanese clients.

AMP Capital Investors is building a pan-Asian capability in equities and country-specific investment capabilities in infrastructure (China and India) and property (Japan and Singapore), and now sources around 8% of its AUM from Asia.

AMP Capital Investors was the first foreign financial institution to sign a Memorandum of Understanding for strategic cooperation on pensions and asset management with China Life, the world's largest listed life insurer. The business also has a 50% stake in the manager of the Singapore Exchange-listed MacarthurCook Industrial REIT (now called AIMS AMP Capital Industrial REIT).

While growing its Asian business is an important priority for AMP Capital Investors, currently it is not a material contributor to AMP's profits.

4.2.3 Growing customers in high-value segments

AMP has recently reoriented its customer strategy and renovated its product set to pursue more customers in fast-growing, high-value segments because it believes there is unmet demand for quality financial products and services from a trusted provider in those segments.

Initiatives undertaken to target new customer segments include the launch of AMP Flexible Super, which caters for a broad range of customers by offering a choice of investment options and features with pricing to match. AMP Flexible Super now has more than \$1 billion in AUM.⁵

AMP also offers AMP Ascend for self-managed super fund investors and the AMP Personalised Portfolio, a separately managed account offer for the high net worth (HNW) investor; the separate managed account service now has \$263 million in AUM.⁶

The company also launched AMP Private Wealth Management in 2010, a service for HNW investors, which as at 24 December 2010 had 210 clients and \$102 million in funds under advice.

AMP continues to drive the growth of its retail direct banking business, AMP Bank. The AMP Bank provides home loan and deposit products, and is helping AMP to attract new customers. A new product branded by AMP Bank as the 'AMP First', a high-interest, low-fee deposit account, has attracted representatives from new demographics (both younger people and retirees) to AMP Bank. As at 30 November 2010, AMP Bank had over 108,000 customers, with a mortgage portfolio of \$10.0 billion.

4.2.4 Reshaping AMP Capital Investors into a high value-add investment manager

AMP Capital Investors has made significant investments during the past two years to reposition its business for the future. The business has strengthened its investment capabilities through selective recruitment and retention of investment talent, combined with the transition to a new strategic platform. This has enabled AMP Capital Investors to steadily improve its investment performance across a broad range of asset classes.

AMP Capital Investors has also extended its partnership with Brookfield Investment Management to form a \$6 billion joint venture giving investors access to global listed real estate and infrastructure opportunities. AMP Capital Brookfield is a top 10 manager of listed real estate and infrastructure securities globally.

AMP Capital Investors has also started to market two closed-end infrastructure funds internationally, and has now secured its first United Kingdom, Japanese and French pension fund investors in infrastructure.

Reflecting its strengthened investment capabilities, AMP Capital Investors now generates higher fee revenue from its external clients than its internal clients.

4.2.5 Investing in key growth enablers

AMP aims to invest in ways which enable growth. AMP is committed to investing in programs that position its brand as contemporary, smart and high performing. It is also investing in attracting and retaining talented people and strengthening leadership capabilities. Investment is also targeted at improving systems and processes that will help AMP Financial Services maintain its cost leadership position and support AMP Capital Investors' business growth.

In terms of mergers and acquisitions, AMP continues to pursue opportunities that are strategic, economic and within AMP's risk appetite.

⁴ As at 30 September 2010.

⁵ As at 31 December 2010.

⁶ As at 31 December 2010.

4 Information about AMP

4.3 Business overview

AMP has two separate business units: AMP Financial Services and AMP Capital Investors. Each business unit operates in Australia and New Zealand, with AMP Capital Investors also undertaking selective investment management activities internationally, with a focus on Asia.

4.3.1 AMP Financial Services

AMP Financial Services provides a range of products and services to customers in Australia and New Zealand, including financial planning and advice, superannuation, retirement income, managed investment products, retail and group insurance (term, disability and income protection) and selected banking products. Products are primarily distributed through self-employed financial planners and advisers aligned with AMP Financial Services. The business unit also has an evolving presence in the retail banking sector through AMP Bank.

AMP Financial Services also includes a closed business comprising over 40 products which are in run-off. Closed products include whole of life, endowment, investment linked, investment account and annuities.

For operational purposes, AMP Financial Services is structured around four areas:

- Customer Value;
- Financial Planning, Advice & Services;
- Product Manufacturing; and
- New Zealand Financial Services.

4.3.1.1 Customer Value

Customer Value develops and delivers targeted customer offers for AMP Financial Services' chosen segments through a range of distribution channels. The primary customer segments are defined as: retirement, property biased investors, HNW and small business builders.

Customer Value carries out a wide variety of support functions including:

- supporting the Product Manufacturing area with product marketing;
- providing member education, planner and employer support for the corporate superannuation business line;
- providing planner product training and capability development to support the retail business lines;
- delivering practice and customer marketing capability to AMP Financial Planning practices;
- supporting all Financial Planning, Advice & Services channels with customer orientated product marketing (e.g. super co-contributions campaign);
- managing the relationship of AMP's non-intermediated retail customer base through direct marketing and client management; and
- designing and delivering AMP Financial Services' digital strategy including current online capability in www.amp.com.au and My portfolio.

Customer Value's activities are underpinned by customer analytics processes and systems.

4.3.1.2 Financial Planning, Advice & Services

Financial Planning, Advice & Services includes AMP Financial Services' financial planning and general insurance distribution channels, and AMP Financial Services' planner support business teams in Australia.

- AMP Financial Planning provides comprehensive support services to approximately 1,350 Australian self-employed, aligned planners, through field specialists and support staff, including para-planning, marketing, research and technical services, back-office processing, call centre and IT services.
- Hillcross provides research, infrastructure and strategic support to over 300 planners across Australia.
- Horizons Academy provides the initial education and training for new applicants wishing to enter the financial planning profession. Over 80 new planners are attached to Horizons Academy and Horizons Practice.
- AMP General Insurance Distribution operates through business managers who work with advisers and brokers to underwrite business, seek new sales opportunities and answer product and technical queries as required.

4.3.1.3 Product Manufacturing

Product Manufacturing includes the business lines that develop and manage AMP Financial Services' corporate and retail product lines, as well as product support services in Australia.

- Wealth Management Products designs, develops and manages personal and corporate superannuation, retirement income and investment products for retail, small business and corporate customers, distributed primarily through financial planners. It also manages AMP Financial Services' closed product range.
- Wealth Protection Products designs, develops and manages personal and group risk insurance products for retail and group customers, distributed primarily through financial planners and a salaried sales team.
- AMP Bank develops and manages residential mortgage and deposit products for retail and small business customers, distributed through financial planners, brokers, alliances and directly.
- Corporate and IFA Distribution distributes wealth management and wealth protection products via IFAs, corporates and strategic alliances.
- Strategy and Growth leads the strategic planning process and drives the development of the overall strategy for Product Manufacturing. It identifies and nurtures new business opportunities and assists product and distribution teams in the development of their strategies.
- Pricing and Value Analytics provides analytical and technical services for product pricing and offers to customers.
- Customer Solutions provides processing and customer contact centre services for customers and financial planners as well as support functions such as risk management, change management and process management. It also provides product fulfilment services for investors who do not have relationships with financial planners.

4.3.1.4 New Zealand Financial Services

In New Zealand:

- Distribution provides support services to around 350 advisers. Advice in New Zealand Financial Services is currently built around insurance, investments and mortgage sales. Through their relationship with AMP, advisers benefit from marketing support, training and professional development.
- Customer Service is responsible for enterprise wide servicing of advisers, customers and alliance partners through an integrated approach including AMP's contact centre.
- Marketing develops and manufactures life insurance and retail and workplace investment products (including KiwiSaver). Marketing is also responsible for New Zealand Financial Services' brand and marketing program, community and corporate sponsorships and customer segmentation and experience.
- Legal, Risk & Compliance has carriage of New Zealand Financial Services' risk management framework and compliance program and manages AMP's response to the substantial regulatory changes currently occurring in New Zealand.
- Strategic Alliances & Partnerships supports the distribution of complementary products manufactured by others and marketed by AMP, including AMP General Insurance products, as well as promotes the distribution of AMP manufactured products through alliance partners.

4.3.2 AMP Capital Investors

AMP Capital Investors is a leading diversified investment manager. It manages investments across all the major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds.

AMP Capital Investors is comprised of five business teams (excluding support functions). In addition to managing and investing external client funds, these teams are also responsible for investing the shareholder funds of the AMP Group and some of the funds of other members of the AMP Group, principally AMP Life.

The five business teams are:

- **Multi Asset Group and Specialist Investment Division** is responsible for the investment management of shares and bonds, property securities, private debt, private equity, hedge funds and diversified and multi-manager funds.
- **Property** is responsible for managing AMP Capital Investors' substantial property business. This includes:
 - the investment management of AMP Capital Investors' various property portfolios;
 - the day-to-day management of office, industrial and shopping centre properties owned by AMP Capital Investors managed funds; and
 - researching new property opportunities.
- **Infrastructure** is responsible for sourcing and managing infrastructure investments with varying levels of capital growth and yield, through listed and unlisted trusts and customised client portfolios.
- **Client, Product and Marketing** is responsible for developing new business opportunities in the institutional, retail and HNW markets in Australia, developing products, servicing clients and the AMP Capital Investors brand.
- **International** is responsible for AMP Capital Investors' international businesses in Asia, New Zealand, the United Kingdom, the Middle East, the United States and Europe.

4 Information about AMP

The functions that support the business teams are as follows:

- **People and Managing Director's Office** is responsible for human resources and the Managing Director's office, including the strategy function, mergers and acquisitions, finance and investment services.
- **Legal, Risk & Compliance** is responsible for providing AMP Capital Investors' business units with quality and commercially focused legal advice and services, and ensuring AMP Capital Investors complies with government legislation, regulations and policies.

4.4 AMP Board

Peter Mason AM
Chairman since
September 2005

Peter was appointed to the AMP Board in October 2003 and assumed the role of Chairman in September 2005. He is a member of the People and Remuneration Committee and the Nomination Committee.

Experience

Peter has 40 years experience in investment banking and is currently a Senior Advisor to UBS Investment Bank. He was Chairman of JP Morgan Chase Bank in Australia from 2000 to 2005 and Chairman of their associate, Ord Minnett Group. Prior to this he was Chairman and Chief Executive of Schroders Australia Limited and Group Managing Director of Schroders' investment banking businesses in the Asia Pacific region. He was a member of the Council of the University of New South Wales for 13 years. For 12 years he was a Director of the Children's Hospital in Sydney and Chairman of the Children's Hospital Fund for eight years. In 1995, Peter was appointed a Member of the Order of Australia for his contribution to the Children's Hospital.

Listed directorships

- Director of Singapore Telecommunications Limited (appointed September 2010)
- Director of David Jones Limited (appointed November 2007)

Other directorships/appointments

- Director of University of New South Wales Foundation
- Director of Headspace National Youth Mental Health Foundation Limited
- Chairman of the UBS Australia Foundation
- Member of the Takeovers Panel

Craig Dunn
Chief Executive Officer
and Managing Director
since January 2008

Craig was appointed Managing Director and Chief Executive Officer (CEO) in January 2008. He has been a Director of AMP Life Limited since April 2002 and of AMP Capital Investors since January 2008.

Experience

Prior to becoming CEO, Craig was Managing Director, AMP Financial Services from 2002 to 2007. He joined AMP in January 2000 and has held a number of senior roles including Managing Director of AMP Bank and Director, Office of the CEO.

Before joining AMP, Craig was CEO of a Malaysia-based insurance company, a joint venture of Colonial Limited. He worked for KPMG throughout Europe and in Indonesia before joining Colonial.

Listed directorships

- Director of AMP Capital Investors (responsible entity of AMP Capital China Growth Fund, a managed investment scheme listed on the ASX) (appointed January 2008)

Other directorships/appointments

- Advisory Board Member with the Government's Financial Literacy Foundation
 - Member of the Government's Financial Services Advisory Committee (FSAC)
 - Leader's Forum member of the Australian Institute for Population Ageing
 - Member of the Government's Australian Financial Centre Forum
-

Catherine Brenner
Director since
June 2010

Catherine was appointed to the AMP Board in June 2010 and is a member of the AMP Limited Diversity Advisory Committee. She was appointed to the AMP Life Limited board in May 2009 and is chairman of the AMP Life Limited Audit Committee.

Experience

Catherine is a former Managing Director, Investment Banking at ABN AMRO where she held various senior roles. She is experienced in both corporate advisory and equity capital markets. Prior to this she was a corporate lawyer.

Listed directorships

- Director of Boral Limited (appointed September 2010)
- Director of Coca-Cola Amatil Limited (appointed April 2008)

Within the last three years, Catherine served as a Director of Trafalgar Corporate Group (2003 until February 2008), Cryosite Limited (2006 until October 2008) and Centennial Coal Company Limited (2005 until September 2010).

Other directorships/appointments

- Director of the Australian Brandenburg Orchestra
- Trustee of the Sydney Opera House Trust
- Member of the Takeovers Panel

Brian Clark
Director since
January 2008

Brian was appointed to the AMP Board in January 2008. He is a member of the Nomination Committee, Diversity Advisory Committee and People and Remuneration Committee, and became chairman of the AMP Capital Investors board in March 2009. He has been a member of the AMP Capital Investors board and of its Audit Committee since February 2008.

Experience

Brian spent 10 years in a variety of senior executive roles at Vodafone internationally, most recently in the United Kingdom as Group Human Resources Director. He was CEO of Vodafone's Australian business as well as CEO of the Asia Pacific region, based in Tokyo. Before joining Vodafone, Brian spent three years as CEO of Telkom SA Limited, in South Africa.

Brian has degrees in physics and mathematics from the University of Pretoria, and has completed the Advanced Management Program at the Harvard Business School.

Listed directorships

- Director of Boral Limited (appointed May 2007)
- Chairman of AMP Capital Investors (responsible entity of AMP Capital China Growth Fund, a managed investment scheme listed on the ASX) (appointed February 2008)

Paul Fegan
Director since
August 2009

Paul was appointed to the AMP Board in August 2009. He was appointed to the AMP Limited Audit Committee in November 2009 and became chairman of that Committee in December 2010. He was appointed to the AMP Bank board in April 2010.

Experience

Paul has over 30 years experience in the financial services industry. Paul was the Chief Executive Officer of St George Bank from November 2007 and Chief Executive Officer and Managing Director from February 2008 until its merger with Westpac Banking Corporation in December 2008. He was also a Director of St George's funds administration subsidiary, Asgard Wealth Solutions. Prior to joining St George, Paul was based in the UK as Chief Operating Officer of Yorkshire Bank. He held Director positions in both Yorkshire Bank and Clydesdale Bank and a series of senior appointments with National Australia Bank in Australia, the United States, Hong Kong, the United Kingdom and Ireland.

Listed directorships

Within the last three years, Paul served as a Director of St George Bank Limited (February 2008 until December 2008).

4 Information about AMP

Richard Grellman AM

Director since
March 2000

Richard was appointed to the AMP Board in March 2000. He is a member (and former chairman) of the Audit Committee and a member of the Nomination Committee. He was appointed chairman of AMP Life Limited in April 2009 and has been a director of that board since November 2001. He is also a member (and former chairman) of the AMP Life Limited Audit Committee and has been a member of AMP Capital Investors' Audit Committee since August 2005.

Experience

Richard has over 32 years of experience in the accounting profession. He was a partner of KPMG from 1982 to 2000 and a member of KPMG's National Board from 1995 to 1997 and National Executive from 1997 to 2000. He was an independent financial expert for AMP's demutualisation and investigating accountant for AMP's prospectus and listing. In 2007, Richard was appointed a Member of the Order of Australia for service to the community, particularly through leadership roles with Mission Australia and fundraising with Variety, The Children's Charity, and to the finance and insurance sectors.

Listed directorships

- Bisalloy Steel Group Limited (appointed February 2003)

Within the last three years, Richard served as a Director of Trafalgar Corporate Group (2002 until November 2008, chairman from 2006), chairman of Cryosite Limited (2002 until March 2008) and a Director of Centennial Coal Company Limited (2008 until September 2010).

Other directorships/appointments

- Chairman of The Association of Surfing Professionals (International) Limited
- Chairman of the Bible Society, Australia
- Chairman of the Centre for Public Christianity

John Palmer ONZM

Director since
July 2007

John was appointed to the AMP Board in July 2007. He is chairman of the People and Remuneration Committee and has been a Director of the AMP Life Limited board since May 2004.

Experience

John has extensive experience as a director and chairman of companies in the agricultural, airline and finance sectors. He has a track record of successfully leading change and reconstruction of diverse corporates in marketing, agribusiness and aviation.

In 1998 John received the Bledisloe Cup for outstanding contribution to the New Zealand fruit industry. In 1999 he was awarded with an Officer of the New Zealand Order of Merit (ONZM) for service to the New Zealand kiwifruit industry.

Listed directorships

- Chairman of Air New Zealand Limited (appointed November 2001)

Other directorships/appointments

- Chairman of Solid Energy NZ Limited
 - Director of Rabobank Australia Limited and Rabobank New Zealand Limited
-

Dr Nora Scheinkestel

Director since
September 2003

Nora was appointed to the AMP Board in September 2003. She is Chairman of the Nomination Committee, chairman of the Diversity Advisory Committee, a member of the Audit Committee, a director of AMP Bank and a member of its Audit Committee. She has been a director of AMP Capital Investors since February 2004 and is a member (and former chair) of its Audit Committee.

Experience

Nora is an experienced company director having served as chairman and non-executive director of companies including North Limited, IOOF Funds Management, Medical Benefits Fund of Australia Limited and various energy and water utilities. Nora was formerly a senior banking executive in international and project financing. She held positions with CRA Limited, Macquarie Bank, Chase AMP and Deutsche Bank. Nora's current consulting practice assists government, corporate and institutional clients in areas such as corporate governance and project and structured finance. In 2003, she was awarded a Centenary Medal for services to Australian society in business leadership.

Listed directorships

- Director of Orica Limited (appointed August 2006)
- Director of Pacific Brands Limited (appointed June 2009)
- Director of Telstra Corporation Limited (appointed August 2010)
- Director of AMP Capital Investors (responsible entity of AMP Capital China Growth Fund, a managed investment scheme listed on the ASX in December 2006) (appointed February 2004)

Within the last three years, Nora served as a Director of PaperlinX Limited (2000 until December 2009), Newcrest Mining Limited (2000 until August 2007) and Mayne Pharma Limited (2005 until February 2007).

Other directorships/appointments

- Associate Professor at the Melbourne Business School at Melbourne University
- Member of the Takeovers Panel

**Professor
Peter Shergold AC**

Director since
May 2008

Peter was appointed to the AMP Board in May 2008. He is a member of the Audit Committee, the Diversity Advisory Committee and has been a director of the AMP Life Limited board since August 2008.

Experience

Peter holds the Professorial Chair of the Centre for Social Impact, a partnership of the business schools of the University of New South Wales, Melbourne University, Swinburne University of Technology and the University of Western Australia. He is also Chancellor and chair of the board of trustees of the University of Western Sydney.

Prior to this he served as Secretary of the Department of the Prime Minister and Cabinet for five years. Peter had previously been CEO of the Aboriginal and Torres Strait Islander Commission, Public Service Commissioner, Secretary of the Department of Employment, Workplace Relations and Small Business, and Secretary of the Department of Education, Science and Training.

He was appointed a Member of the Order of Australia in 1996, awarded a Centenary Medal in 2003 and made a Companion in the Order of Australia in 2007 for public service.

Other directorships/appointments

- Director of Corrs Chambers Westgarth
 - Chairman of QuintessenceLabs Pty Limited
 - Chairman of the National Centre for Vocational Education Research
 - Director of the General Sir John Monash Foundation
 - Director of the National Centre for Indigenous Excellence
 - Chairman of the Ministerial Expert Advisory Group on Gambling
-

4.5 AMP senior management

Name	Role
Craig Dunn	Managing Director and Chief Executive Officer Refer to details in section 4.4.
Craig Meller	Managing Director, AMP Financial Services Craig was appointed Managing Director, AMP Financial Services, in 2007. He is responsible for AMP's product and distribution businesses in Australia and New Zealand. Craig joined AMP in 2001 as Managing Director of AMP's former United Kingdom based subsidiaries, Ample and Interactive Investor. He moved to Australia in 2002 to take up the role of Managing Director, AMP Banking. Craig has more than 26 years experience in the financial services industry. He started his career at Lloyds TSB in the UK, where he spent more than 14 years working across the business in a number of management roles. In 1998, he joined Virgin Direct where he later became Managing Director. Craig holds a Bachelor of Science (Hons), majoring in Biochemistry from Imperial College in the United Kingdom. He is a Director of the Financial Services Council (FSC).
Stephen Dunne	Managing Director, AMP Capital Investors Stephen was appointed Managing Director, AMP Capital Investors in 2004. He is responsible for AMP's investment management business in Australia, New Zealand and select international centres. Stephen is a director of AMP Capital Investors. Stephen joined AMP Capital in 1994. Prior to being appointed Managing Director, he held a number of senior roles including: Director of Client and Marketing for the Asia Pacific and Director of AMP Asset Management, Australia and New Zealand. Stephen has more than 24 years experience in investment management in Australia and the United Kingdom. He is a Chartered Financial Analyst, holds a Master of Business Administration from Monash University and is a Fellow of the Financial Services Institute of Australasia. Stephen is also a Member of CFA Strategic Advisory Board and a Member of St James Ethics Centre Advisory Council.
Paul Leaming	Chief Financial Officer Paul was appointed Chief Financial Officer in 2002. He is responsible for AMP's accounting, actuarial, audit, investor relations, risk management, tax, treasury and other finance functions. Paul joined AMP in 1998 as Finance Director with AMP Financial Services. In, 2001, he was appointed Corporate Finance Director, leading the management reporting and financial reporting for AMP's businesses. Prior to AMP, Paul was the Chief Financial Officer of Macquarie Bank. He also worked in various senior finance positions within the bank, and its predecessor Hill Samuel, for 15 years. Paul holds a Bachelor of Business degree from Queensland University of Technology and is a Fellow of CPA Australia (FCPA).
Lee Barnett	Chief Information Officer Lee was appointed Chief Information Officer in 2002. She is responsible for leading AMP's IT function, as well as the sourcing and facilities management functions. Lee joined AMP in 1996. Her previous roles at AMP include IT Director Australia & New Zealand, IT Strategy & Development Executive (United Kingdom) and Planning and Architecture Executive. Lee has 30 years experience in the IT industry. Before joining AMP, she held various senior management roles at IBM, Lend Lease (MLC) and the consulting group, DMR (Fujitsu).

Name	Role
Brian Salter	<p>General Counsel and Company Secretary</p> <p>Brian joined AMP in 2008 as General Counsel and Company Secretary. He is responsible for AMP's legal and secretariat functions.</p> <p>Before joining AMP, Brian was a partner with law firm Clayton Utz for 19 years.</p> <p>Brian has more than 29 years experience in the legal profession specialising in banking and financial services. This experience includes advising many of Australia's leading financial and wealth management companies on a range of funding, capital management and structured finance transactions and related projects.</p> <p>Brian holds a Bachelor of Arts from the Australian National University, Bachelor of Laws (Hons) from the Australian National University and a Masters of Laws (Hons) from the University of Sydney.</p>
Matthew Percival	<p>General Manager, Public Affairs</p> <p>Matthew joined AMP in 2000 as General Manager, Public Affairs. He has company-wide responsibility for AMP's communication and relationships with a broad variety of stakeholders.</p> <p>Before joining AMP, Matthew was Group General Manager, Public Affairs at Colonial Limited. Prior to this, he was General Manager, Public Affairs at Carlton & United Breweries, and General Manager, Group Public Affairs at the ANZ Banking Group. He has also worked in public affairs for the Coca-Cola Company and Lindeman's Wines and as a ministerial adviser.</p>
Fiona Wardlaw	<p>General Manager, Human Resources</p> <p>Fiona Wardlaw joined AMP as General Manager, Human Resources in 2008. She has company-wide responsibility for AMP's human resources function and capabilities, including recruitment, succession planning and employee engagement and development.</p> <p>Prior to joining AMP, Fiona was ANZ Banking Group's Head of Leadership and Talent. Prior to ANZ, Fiona worked in the Australian banking operations at National Australia Bank, where her roles included heading up the bank's unsecured lending and credit card businesses and leading the Human Resources function. Fiona also has executive human resources experience in the resources and telecommunications sectors. Fiona holds a Bachelor of Arts (Hons) degree, majoring in Psychology from the University of Melbourne.</p>
Jonathan Deane	<p>General Manager, Strategy</p> <p>Jonathan was appointed General Manager, Strategy in 2008. In this role, he is responsible for AMP's strategy functions.</p> <p>Jonathan joined Henderson Global Investors (HGI) – AMP's former United Kingdom based investment management business – in 2000. He has held a number of roles at AMP including: Director of AMP Financial Services Strategy / Programme Office; Director Strategy, HGI; and Global Head E-Business, HGI.</p> <p>Before joining AMP, Jonathan spent 10 years in investment banking and private equity working extensively in financial services in the United Kingdom and Europe.</p> <p>Jonathan holds a Bachelor of Science (Hons) degree, majoring in Psychology from Liverpool University and a Masters of Business Administration from University of London (Ashridge).</p>

4.6 AMP historical financial information

4.6.1 Overview

Section 4.6 sets out consolidated summary historical financial information for AMP. This summary has been derived from AMP's audited financial statements for the financial years ended 31 December 2008 and 31 December 2009, AMP's reviewed half yearly financial statements for the 6 months ended 30 June 2009 and 30 June 2010 and unaudited Investor Reports for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010. The section includes the following:

- summary historical (statutory) income statements for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010;
- summary historical (operational) income statements for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010;
- key performance measures for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010; and
- summary statements of financial position as at 31 December 2009 and 30 June 2010,

collectively the "AMP Historical Financial Information".

The summary historical (statutory) income statements and statements of financial position contained in this section 4.6 have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB Standards**) and the International Financial Reporting Standards (**IFRS**). However, they are presented in an abbreviated form in that they do not include all of the disclosures, statements or comparative information required by the AASB Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The summary historical (operational) income statements are provided to reflect shareholders' profits from an operational perspective. The summary historical (operational) income statements and key performance measures have been prepared on a basis consistent with the AMP Investor Report.

Ernst & Young has been appointed to prepare an Investigating Accountant's Report on the AMP Historical Financial Information (refer to Appendix 2).

Further financial information is available in AMP's annual reports, investor reports and profit announcements. Copies of the relevant annual and investor reports and profit announcements, from which the AMP Historical Financial Information in this section has been extracted, can be obtained from the ASX website or from AMP's website at www.amp.com.au. The AMP annual reports contain details of AMP's accounting policies and detailed discussion and analysis of the financial results for the relevant period.

4.6.2 Summary historical (statutory) income statements

Set out below is AMP's summary historical (statutory) income statements for the 12 months ended 31 December 2008 and 31 December 2009 and for the 6 months ended 30 June 2009 and 30 June 2010. The financial information presented below is presented on a statutory basis.

Summary historical (statutory) income statements

\$ million	12 months ended		6 months ended	
	Dec 08	Dec 09	Jun 09	Jun 10
Life insurance premium and related revenue	994	1,049	510	530
Fee revenue	1,520	1,331	621	702
Other revenue	369	285	173	146
Investment gains and (losses)	(13,843)	8,250	(116)	(478)
Life insurance claims and related expenses	(1,337)	(1,251)	(610)	(647)
Operating expenses	(2,615)	(2,132)	(1,068)	(1,099)
Finance costs	(1,090)	(655)	(336)	(404)
Share of profit or (loss) of associates accounted for using the equity method	-	4	-	4
Movement in external unitholders' liabilities	2,513	(343)	295	33
Change in policyholder liabilities				
- life insurance contracts	1,009	641	1,191	277
- investment contracts	11,392	(5,951)	(548)	1,143
Income tax (expense) credit	1,668	(505)	238	205
Profit after tax	580	723	350	412
Profit/(loss) attributable to:				
Shareholders of AMP Limited	580	739	362	425
Non-controlling interests	-	(16)	(12)	(13)
Profit after tax	580	723	350	412

Set out below are AMP's summary historical (operational) income statements for the 12 months ended 31 December 2008 and 31 December 2009 and for the 6 months ended 30 June 2009 and 30 June 2010. The financial information presented below is presented on an operational basis.

Summary historical (operational) income statements

\$ million	12 months ended		6 months ended	
	Dec 08	Dec 09	Jun 09	Jun 10
AMP Financial Services	637	647	307	323
AMP Capital Investors	136	91	43	44
Business unit operating earnings	773	738	350	367
Group office costs	(36)	(37)	(18)	(20)
Total operating earnings	737	701	332	347
Underlying investment income	140	126	64	64
Interest expense on corporate debt	(82)	(71)	(37)	(36)
AMP Limited tax loss recognition	15	16	8	8
Underlying Profit	810	772	367	383
Market adjustment - investment income	(266)	(13)	(26)	(8)
Other items ¹	73	10	53	(3)
Seed pool valuation adjustments ²	(42)	(30)	(35)	-
Profit after income tax before timing differences	575	739	359	372
Market adjustment - annuity fair value ³	(117)	20	(9)	5
Market adjustment - risk products ³	6	(14)	(16)	10
Loan hedge revaluations ³	(41)	(5)	(4)	8
Accounting mismatches ³	157	(1)	32	30
Net profit attributable to shareholders of AMP Limited	580	739	362	425

1 Other items principally comprise the release of prior year tax provisions offset by one-off and non-recurring costs.

2 Seed pool valuation adjustments represent the abnormal write-down of seed pool assets.

3 Timing differences relate to accounting gains/losses that do not reflect the underlying profitability of the AMP Group and should reverse over time.

4 Information about AMP

Set out below are relevant key performance indicators used to measure AMP's business performance.

Key performance measures

\$ million, unless otherwise stated	12 months ended		6 months ended	
	Dec 08	Dec 09	Jun 09	Jun 10
RoE—underlying (%)	38.9	31.6	31.6	27.4
RoE—actual (%)	27.9	30.3	31.2	30.4
EPS—underlying (cps)	42.9	38.3	18.3	18.6
EPS—actual (cps)	31.1	37.1	18.2	20.9
Underlying Profit	810	772	367	383
Value of new business ¹	360	319	141	140
Value of risk new business ¹	114	102	47	45
AMP Financial Services net cashflows	1,426	1,661	865	584
AMP Capital Investors external net cashflows	(804)	(1,077)	192	1,855
Percentage of Funds meeting or exceeding benchmark (%)	17	67	32	64
Total AUM (\$ billion)	104	112	103	111
Risk API	814	889	824	881
Controllable costs	879	837	413	426
Cost to income ratio (%)	41.3%	41.7%	42.4%	42.2%
Return on Embedded Value (EV) (%) ¹	3.4%	11.3%	2.7%	3.3%

1 At the 3% risk discount margin.

4.6.3 Management discussion and analysis of key performance measures

12 months ended 31 December 2009 compared to 12 months ended 31 December 2008

RoE (underlying) is a measure of the return generated on shareholder equity and is a key performance measure for AMP. RoE (underlying) fell to 31.6% due to higher average capital in 2009, following AMP's November 2008 share placement and AMP's share purchase plan.

Underlying Profit is AMP's key measure of business profitability, as it smooths investment volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP Group. For the 12 months ended 31 December 2009, Underlying Profit decreased by 5% driven by lower AUM and lower performance and transaction fees in AMP Capital Investors.

VNB is a calculation of the economic value of the profits expected to emerge from new business written over the relevant reporting period. Value of risk new business is the VNB for AMP Financial Services risk business. For the 12 months ended 31 December 2009, the value of risk new business decreased by 11%, impacted by higher bond yields.

Percentage of funds meeting or exceeding its relevant benchmark is a measure of investment performance for AMP's asset manager, AMP Capital Investors. The target for this business is for 75% of AUM to meet or exceed its relevant benchmark.

Risk API is the contractual annual premium payable on all in-force risk policies. Risk API increased 9% as a result of strong sales growth in Australian risk products.

Controllable costs includes operational and project costs but excludes variable costs, provisions for bad and doubtful debts and interest expense of corporate debt. Controllable costs for the 12 months ended 31 December 2009 decreased by 5% primarily as a result of tight cost management and lower labour costs in AMP Financial Services.

Embedded value is the economic value of shareholder capital in the business and the profits expected to emerge from the business in-force. The return on embedded value represents the increase in embedded value over the period.

6 months ended 30 June 2010 compared to 6 months ended 30 June 2009

Despite higher Underlying Profit in the 6 months ended 30 June 2010, RoE (underlying) decreased to 27.4% as a result of higher capital. AMP has decided to hold a higher level of capital in response to market volatility and until APRA's new regulatory capital proposals become clearer.

For the 6 months ended 30 June 2010, Underlying Profit increased by 4% as a result of higher AUM, offset by experience losses in AMP Financial Services.

In the 6 months ended 30 June 2010, the value of risk new business fell marginally as a result of changes to New Zealand life tax and persistency assumptions.

Total AMP Group AUM was \$111 billion at 30 June 2010, which is 8% higher than the corresponding period. AUM benefited from positive net cashflows and higher investment markets.

Risk API increased 7% as a result of CPI and age premium increases.

Controllable costs for the 6 months ended 30 June 2010 were \$13 million higher than the 6 months ended 30 June 2009, due to higher costs in AMP Capital Investors driven by its investment in Asian expansion and operating platforms.

4.6.4 Profit sensitivities for the 12 months ended 31 December 2010

The table below sets out a summary of AMP's indicative profit sensitivities for the 12 months ending 31 December 2010, based on the 30 June 2010 position.

\$ million	Operating earnings								Investment income	Total
	CWM	CWP	Mature	NZ	Total AFS	AMP CI	Group Office	Total		
Investment market variables										
10% increase in Australian equities	7	-	4	-	11	2		13	5	18
10% decrease in Australian equities	(7)	-	(4)	-	(11)	(2)		(13)	(5)	(18)
10% increase in international equities	4	-	1	2	7	1		8	6	14
10% decrease in international equities	(4)	-	(1)	(2)	(7)	(1)		(8)	(6)	(14)
10% increase in property	2	-	2	-	4	2		6	18	24
10% decrease in property	(2)	-	(2)	-	(4)	(2)		(6)	(18)	(24)
1% (100 bps) increase in bond yields	-	-	4	1	5	(1)		4	(19)	(15)
1% (100 bps) decrease in bond yields	-	-	(4)	(1)	(5)	1		(4)	19	15
1% increase in cash rate	1	-	-	-	1	-		1	7	8
1% decrease in cash rate	(1)	-	-	-	(1)	-		(1)	(7)	(8)
Business variables										
AMP Financial Services										
5% increase in AUM	9	-	3	2	14					
5% increase in sales volumes	2	3	-	1	6					
1% increase in persistency	1	3	-	-	4					
AMP Capital Investors										
5% increase in average external AUM						3				
5% increase in average internal AUM						3				
AMP Limited										
5% reduction in controllable costs	12	2	3	2	19	10	2	31		

4 Information about AMP

4.6.5 Summary statements of financial position

The following table shows AMP's summary statements of financial position as at 31 December 2009 and 30 June 2010.

Summary statements of financial position

\$ million	As at Dec 09	As at Jun 10
Assets		
Cash and cash equivalents	2,409	2,785
Receivables	959	1,239
Current tax assets	32	23
Inventories and other assets	184	281
Investments in financial assets measured at fair value through profit and loss	65,573	63,055
Investments in financial assets measured at amortised cost	10,650	10,869
Investments in associates accounted for using the equity method	116	72
Investment property	7,832	7,871
Property, plant and equipment	475	452
Deferred tax assets	654	766
Intangibles	946	946
Total assets	89,830	88,359
Liabilities		
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
Equity		
Contributed equity	4,814	4,955
Reserves ¹	(2,563)	(2,555)
Retained earnings	320	398
Total equity attributable to shareholders of AMP Limited	2,571	2,798
Non-controlling interests	63	51
Total equity of shareholders of AMP Limited and non-controlling interests	2,634	2,849

¹ Reserves at 30 June 2010 and 31 December 2009 includes \$2,566 million net loss of equity arising on the demerger of AMP's UK operations in 2003.

4.6.6 Segment analysis

4.6.6.1 AMP Financial Services

For financial reporting purposes, the results of AMP Financial Services are reported as the following four businesses:

- Contemporary Wealth Management (CWM) – provides unit linked superannuation, retirement income and managed investment products. Superannuation products include personal and employer sponsored plans. Financial planning and advice services are also disclosed within CWM. CWM includes AMP Bank, a direct Australian bank offering residential mortgages, deposits, transactional banking and white-labelled credit cards.
- Contemporary Wealth Protection (CWP) – includes personal and group term, disability and income protection insurance products.
- Mature – a closed business comprising over 40 closed products which are in run-off and one open product (ERF). Closed products include whole of life, endowment, investment linked, investment account, RSA and annuities.
- New Zealand – a risk insurance business and mature book with a growing unit linked superannuation and investment business.

The following table provides selected information regarding the financial performance of AMP Financial Services for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010.

AMP Financial Services results

\$ million, unless otherwise stated	12 months ended		6 months ended	
	Dec 08	Dec 09	Jun 09	Jun 10
Australian contemporary wealth management	266	278	129	150
Australian contemporary wealth protection	154	164	83	73
Australian mature	161	151	72	68
New Zealand	56	54	23	32
Total AMP Financial Services operating earnings	637	647	307	323
Profit margins	608	632	301	321
Experience profits	29	15	6	2
Total AMP Financial Services operating earnings	637	647	307	323
Average AUM (\$ billion)	75	70	67	76

4.6.6.2 Management discussion and analysis of AMP Financial Services results

12 months ended 31 December 2009 compared to 12 months ended 31 December 2008

AMP Financial Services' operating earnings of \$647 million were up 2% on the 12 months ended 31 December 2008, reflecting:

- CWM operating earnings increased 5% on 2008, as a result of tight cost control and a strong performance from AMP Bank, which offset a 9% fall in investment related revenue due to lower average AUM;
- CWP operating earnings increased 7% on 2008, due to strong growth in business volumes;
- Mature operating earnings decreased 6% due to investment markets, bond yields and business run-off; and
- New Zealand operating earnings decreased 4% reflecting the appreciation of the Australian dollar and experience losses. Year on year earnings in New Zealand dollars were up 2%.

6 months ended 30 June 2010 compared to 6 months ended 30 June 2009

AMP Financial Services' operating earnings of \$323 million were up 5% on the first half of 2009, reflecting:

- CWM operating earnings increased 16% as a result of higher investment related revenue due to higher average AUM, and lower controllable costs;
- CWP operating earnings decreased 12%, as higher profit margins driven by increased annual premium in-force was offset by experience losses and higher controllable costs;
- Mature operating earnings decreased 6% due to business run-off; and
- New Zealand operating earnings increased 39% as a result of an improvement in experience due to a lower corporate tax rate and lower controllable costs.

4 Information about AMP

4.6.6.3 AMP Capital Investors

The following table provides selected information regarding the financial performance of AMP Capital Investors for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010.

AMP Capital Investors results

\$ million, unless otherwise stated	12 months ended		6 months ended	
	Dec 08	Dec 09	Jun 09	Jun 10
Total management fees	387	341	170	176
Performance and transaction fees	86	38	15	19
Total fee income	473	379	185	195
Controllable costs	(268)	(255)	(123)	(136)
Tax expense	(59)	(31)	(17)	(15)
Operating earnings before net seed pool income	146	93	45	44
Net seed pool income ¹	(10)	(2)	(2)	-
Operating earnings	136	91	43	44
Average AUM (\$ billion)	100	91	89	96

¹ Income on seed pool assets, including normal valuation movements and net profit/loss on sales, offset by funding costs.

4.6.6.4 Management discussion and analysis of AMP Capital Investors results

12 months ended 31 December 2009 compared to 12 months ended 31 December 2008

AMP Capital Investors' operating earnings of \$91 million were down 33% (\$45 million) on the 12 months ended 31 December 2008, reflecting:

- lower AUM based management fees, down \$30 million as a result of lower average AUM (down 9% on 2008);
- lower performance fees, down \$34 million;
- lower non-AUM based fees, down \$16 million due to lower property development and bond lending activities; and
- offset by lower controllable costs, down \$13 million.

6 months ended 30 June 2010 compared to 6 months ended 30 June 2009

AMP Capital Investors' operating earnings of \$44 million increased slightly on the 6 months ended 30 June 2008. AUM based management fees increased as a result of higher average AUM, performance and transaction fees remain subdued and controllable costs increased due to ongoing investment in the business.

4.7 Material changes in financial position since 31 December 2009

The last annual financial statements presented to AMP Shareholders in general meeting and made available to AMP Shareholders were the audited financial statements for the year ended 31 December 2009 as lodged with ASX on 25 March 2010. So far as is known by the AMP Directors, the only material changes to the financial position of AMP since 31 December 2009 are as follows:

- the AMP financial statements for the 6 months ended 30 June 2010 (lodged with ASX on 19 August 2010); and
- the market update released by AMP to ASX on 28 October 2010.

On 28 October 2010, AMP presented its cashflows and AUM results for the third quarter to 30 September 2010 to the market. Key points raised included:

- AMP Financial Services CWM's average AUM has increased 10% to \$51.2 billion and closing AUM was up 6% to \$51.9 billion compared to Q3 2009. The increase was due to positive market gains and cash inflows;
- during Q3 2010, CWP claims reserves continued to increase at a higher than expected rate, giving rise to a continuing and accelerated rate of experience losses in the quarter;
- New Zealand cash inflows fell due to lower inflows into the New Zealand Wrap product as well as lower than expected cash inflows on risk business as customers continued to reduce levels of cover to minimise the impact of price increases following changes to the taxation of life insurance in New Zealand. This led to an increase in experience losses in the quarter following higher lapse rates;

- New Zealand profit margins in Q3 2010 were impacted by a \$3 million one-off item, a general insurance distribution profit sharing agreement following the Christchurch earthquake;
- AMP Capital Investors' average AUM was 5% higher at \$96.5 billion compared to \$92.1 billion for Q3 2009. Net cashflows from Asia for Q3 2010 were \$431 million, almost double the previous corresponding quarter. Closing AUM was 2% higher at \$97.4 billion, compared to \$95.2 billion for 30 September 2009; and
- updated cost-to-income data for AMP Capital Investors was released to the market as part of AMP's Investor Discussion Pack on 1 November 2010. AMP Capital Investors' cost-to-income ratio was 71.5% for the nine months to 30 September 2010, up from 67.7% for the 6 months to 30 June 2010.

4.8 Full year results for the financial year ending 31 December 2010

AMP's full year results for the financial year ending 31 December 2010 have not been finalised as at the date of this Explanatory Memorandum. These results are expected to be released on 17 February 2011.

4.9 AMP funding for Cash Component of the Share Scheme Consideration

AMP has an obligation to pay the aggregate Cash Component of the Share Scheme Consideration to Minority Shareholders on the Implementation Date. The amount of the Cash Component varies based on the Post Scheme AMP VWAP up to a maximum of \$3.145 per AXA APH Share (see section 1.2.2 for further details regarding the calculation of the Cash Component). The maximum liability of AMP to pay the Cash Component to Minority Shareholders on the Implementation Date, if no AXA APH Rights on issue are exercised before the Scheme Record Date for the Share Scheme, will be \$2,995 million.⁷ This will be funded as follows:

- Before both the Second Court Date and the Implementation Date, AXA SA will be required to place \$1,970 million of its cash contribution into an escrow account pending the Sale of the Asian Businesses. AMP will source part of the Cash Component from a short term bridge facility of \$1.97 billion provided by Westpac Banking Corporation. Following the completion of the Sale of the Asian Businesses, which has been agreed to occur two Business Days following the Implementation Date (other than the sale of the Philippines interest which may, in certain circumstances, be delayed for 10 Business Days), the funds that have been contributed by AXA SA and that are being held in escrow will be released to AXA APH (then 100% owned by AMP) and used to repay the short term bridge facility, except in the case where the Philippines sale is delayed, whereby \$203 million will be retained in escrow until the earlier of completion of the Philippines sale or 11 Business Days following the completion of the sale of all of the other Asian Businesses as described above. In these circumstances, AMP will repay the remaining \$203 million outstanding under the short term bridge facility from its internal resources.
- To the extent that AMP's liability to pay the Cash Component increases as a result of the Post Scheme AMP VWAP being less than \$5.32, AXA SA will pay the amount of that increase to AMP in immediately available funds by the Implementation Date (the amount of that increase will be up to a maximum of \$570 million).
- AMP will source its own maximum cash contribution of \$455 million via the issue of \$600 million of subordinated debt, which AXA SA has agreed to offer to purchase (to the extent that other institutional investors elect not to participate), priced at a margin of 250 basis points over the 3 month Bank Bill Swap Rate. The balance of the proceeds raised under the \$600 million subordinated debt issue will be retained by AMP and used to fund some of the expected integration costs (see section 6.3). The balance of the integration costs are expected to be funded through existing capital resources and project savings during the integration period.

AXA APH Shares issued on the exercise of AXA APH Rights before the Scheme Record Date for the Share Scheme are entitled to the Share Scheme Consideration consisting of 0.73 AMP Shares and the Cash Component. AMP is responsible for paying this consideration under the Share Scheme, however the total net cost to AMP is not expected to be significant given that it will be largely offset by the cash received from the exercise of the AXA APH Rights, the value of the AXA APH Shares held in trust for the AXA APH Rights Plan and a cash contribution from AXA SA payable under the Separation Terms Sheet (see Table C of Appendix 7 for further details).

⁷ Assuming that 952,416,032 Scheme Shares participate in the Share Scheme, which is the number of AXA APH Shares on issue as at 29 November 2010.

4 Information about AMP

4.10 Capital management

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

Regulatory capital resources

\$ million	Dec 09	Jun 10
AMP shareholder equity ¹	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
Minimum regulatory capital requirements (MRR)	1,023	1,022
Regulatory capital resources above MRR	1,242	1,413

¹ AMP shareholder equity used for regulatory capital purposes differs to the total equity attributable to shareholders from the financial statements due to the elimination of the impacts of accounting mismatches and cashflow hedge reserves (\$93 million at 30 June 2010, \$135 million at 31 December 2009).

At 30 June 2010 the regulatory capital resources above MRR were \$1,413 million (\$1,242 million at 31 December 2009) and regulatory capital resources were 2.4 times MRR (2.2 times at 31 December 2009).

AMP continues to take a prudent approach to capital management. It has a conservative bias to holding more capital than is required by regulators, in light of continued market volatility and until APRA's new regulatory capital proposals become clearer.

4.11 AMP Shares

4.11.1 AMP's share capital structure and substantial shareholders

As at the date of this Explanatory Memorandum, there were 2,094,424,200 AMP Shares on issue held by approximately 780,000 shareholders and 432,749 options over unissued AMP Shares held by 104 option holders.

As at 31 December 2010, the three largest AMP Shareholders were:

Name	Number of AMP Shares	Percentage of issued AMP Shares
HSBC Custody Nominees (Australia) Limited	347,237,181	16.58%
National Nominees Limited	260,456,591	12.44%
JP Morgan Nominees Australia Limited	181,719,353	8.68%

As at the date of this Explanatory Memorandum, AMP is not aware of any person who has a substantial holding in AMP (as defined in the Corporations Act).

4.11.2 Recent share price history of AMP Shares

AMP Shares are listed on the ASX and on the NZX under the code "AMP". Set out below is a table summarising the trading of AMP Shares on the ASX.

AMP Share price information	Price
Last recorded price for AMP Shares on 12 November 2010 being the last Trading Day before the public announcement of the Proposal on 15 November 2010	\$5.33
Last recorded price for AMP Shares on 14 January 2011, being the last Trading Day before this Explanatory Memorandum was registered by ASIC	\$5.18
Highest and lowest recorded sale prices for AMP Shares during the 3 months immediately before the day this Explanatory Memorandum was registered by ASIC	
- High (27 October 2010)	\$5.64
- Low (24 November 2010)	\$4.98

Set out below is a graph depicting the share price performance of AMP Shares on the ASX from 1 July 2008 until the last Trading Day before this Explanatory Memorandum was registered by ASIC.

AMP Share price



None of the AMP Share prices referred to above should be taken as necessarily being an indication of the likely price of AMP Shares following the Share Scheme becoming Effective.

4 Information about AMP

4.11.3 AMP dividend history

The AMP Board has indicated that its dividend policy is to pay 75% to 85% of Underlying Profit to AMP Shareholders.

The table below shows the interim and final dividend history for the financial years ended 31 December 2007, 2008 and 2009. For 2010, only the interim dividend is shown as the final dividend has not yet been declared. Under the Transaction Documents which are summarised in Appendix 7, AMP has agreed that it will not declare a final dividend for the financial year ending 31 December 2010 in excess of 16 cents per AMP Share.

Declared dividend history for the financial year ended 31 December

	2007	2008	2009	2010
Interim dividend per share	\$0.22	\$0.22 ¹	\$0.14	\$0.15
Franking	85%	85%	50%	60%
Final dividend per share	\$0.22 ¹	\$0.16	\$0.16	n/a
Franking	85%	85%	50%	n/a
Total dividend per share	\$0.44¹	\$0.38¹	\$0.30	n/a

¹ Excludes \$0.02 dividend per share from the sale of the Cobalt/Gordian business.

4.11.4 Summary of AMP's franking position

AMP's franking account balance was \$32 million as at 30 June 2010, after allowing for AMP's 2010 interim dividend.

4.11.5 Summary of the AMP Constitution

The rights attaching to AMP Shares are set out in the AMP Constitution and are regulated by the Corporations Act, the Listing Rules and general law. Set out below is a summary of the principal rights and liabilities attaching to AMP Shares. This summary is not exhaustive and is not a definitive statement of the rights and liabilities attaching to AMP Shares.

A copy of the AMP Constitution is available for inspection on the AMP website (www.amp.com.au) and for those who are not able to access the internet, a copy can be provided free of charge upon request. Requests prior to the Effective Date can be made by contacting AMP's Share Registry on 1300 654 442 (within Australia), or on 0800 448 062 (within New Zealand), or on +613 9415 4051 (outside Australia and New Zealand), Monday to Friday.

4.11.5.1 Voting

Every registered AMP Shareholder present in person (or by a proxy, attorney or representative) and entitled to vote at a meeting of AMP Shareholders has one vote on a show of hands, and one vote for each fully paid AMP Share held on a vote taken on a poll.

If two or more joint AMP Shareholders purport to vote, only the vote of the joint AMP Shareholder whose name appears first in the AMP register will be accepted.

AMP Shareholders may appoint a proxy to attend and vote at general meetings on their behalf.

4.11.5.2 Dividends

Subject to the Corporations Act and the AMP Constitution, the AMP Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise payment to each AMP Shareholder entitled to that dividend. Except for any shares with special dividend rights, all fully paid shares on which any dividend is declared or paid are entitled to participate in the dividend equally, and partly paid shares are entitled to participate fractionally.

AMP Directors, before paying any dividend, set aside out of profits such amounts as they deem appropriate as reserves and apply the reserves at their discretion for any purpose for which AMP's profits may be properly applied. AMP Directors may carry forward profits not distributed as dividends without transferring them to a reserve.

The AMP Directors, may in respect of any dividend proposed to be paid on AMP Shares, resolve that holders of those AMP Shares may instead elect to receive an issue of AMP Shares credited as fully paid. The AMP Directors may also, if authorised by a resolution of AMP Shareholders in general meeting, establish a dividend reinvestment plan. Details of AMP's current dividend reinvestment plan are set out in section 4.11.6.

AMP's current policy is to pay dividends by direct credit to AMP Shareholders with registered addresses in Australia, rather than by cheque. It is also AMP's current policy that dividend payments made to AMP Shareholders with registered addresses in New Zealand are made in New Zealand dollars. AMP Shareholders with registered addresses in the United Kingdom are paid dividends in Pounds Sterling. AMP Shareholders with registered addresses outside Australia, New Zealand or the United Kingdom who do not have a bank account in Australia, New Zealand or the United Kingdom, are paid their dividend by Australian dollar cheque.

4.11.5.3 Transfer of AMP Shares

AMP Shares may be transferred by:

- a written transfer instrument in any usual or common form or in any form the AMP Board may prescribe or in a particular case accept, duly stamped (if necessary) by the transferor's broker;
- a proper transfer effected in accordance with the ASTC Settlement Rules and ASX requirements; or
- any other electronic system established or recognised by Listing Rules in which AMP participates in accordance with the rules of that system.

The AMP Directors may refuse to register a transfer of AMP Shares where such refusal is permitted under the Listing Rules.

4.11.5.4 Issue of further AMP Shares

The AMP Directors may issue shares (including shares with preferential, deferred or other rights or restrictions relating to, among other things, dividends, voting, return of capital and payment of calls) on terms and at such times as they think fit and may grant options over unissued shares. This is subject to the AMP Constitution, the Corporations Act, the Listing Rules and any special rights conferred on the holders of any shares or class of shares.

4.11.5.5 General meetings and notices

The AMP Directors may convene a general meeting at any time. The AMP Directors must convene annual general meetings in accordance with the Corporations Act and Listing Rules. General meetings may also be requisitioned or convened by AMP Shareholders under the Corporations Act. Each AMP Shareholder is entitled to receive at least 28 days notice of, and attend and vote at, general meetings of AMP and to receive all notices, accounts and other documents required to be sent to shareholders under the AMP Constitution, the Corporations Act and the Listing Rules.

The quorum required for a general meeting of AMP Shareholders is 25 shareholders present in person.

4.11.5.6 Winding up

If AMP is wound-up (subject to any special or preferential rights attaching to any particular shares), AMP Shareholders are entitled, subject to the AMP Constitution, to participate equally in the distribution of the assets (both capital and surplus, if any) of AMP.

4.11.5.7 AMP Directors

The business of AMP is managed under the direction of the AMP Board.

The AMP Constitution provides that the AMP Board may determine the number of directors, subject to the number of directors not being less than three or more than 16.

Under the AMP Constitution, at each annual general meeting one third of AMP Directors (or if their number is not a multiple of three, the number nearest to but not more than one third) and any other AMP Director who has held office for three years since the AMP Director's last election, must retire from office. An AMP Director must retire after nine years from the date on which the director was first elected. A retiring AMP Director is eligible for re-election.

The AMP Board is currently comprised of eight non-executive directors and one executive director (being Craig Dunn, the CEO and Managing Director of AMP). Details of AMP's current directors are set out in section 4.4.

4.11.5.8 Shareholding statements and share registers

Subject to the Corporations Act and the AMP Constitution, the AMP Board may decide to issue or not to issue share certificates. The AMP Board has not issued, and does not intend to issue, share certificates.

AMP Shareholders on the Australian and New Zealand AMP Share registers will receive shareholding statements at the end of any month in which there has been a change in their holding on the register.

AMP Shareholders with a New Zealand address are generally registered on the New Zealand AMP register. All other AMP Shares are registered on the Australian AMP register. AMP Shareholders who wish to change between the Australian and New Zealand AMP registers must contact the AMP Share Registry.

4 Information about AMP

4.11.5.9 More than three joint holders of AMP Shares

If AMP Shares are owned by more than three persons, AMP may treat the three persons whose names appear first on AMP's register as the registered holders of the AMP Shares. AMP may disregard any other joint holders and cancel their registration.

4.11.5.10 Changes to share capital

AMP may convert all or any AMP Shares into a larger or smaller number of AMP Shares by resolution at a general meeting.

4.11.5.11 Variation of rights attaching to AMP Shares

Subject to the Corporations Act and the AMP Constitution, the rights attaching to a class of shares in AMP can only be varied or cancelled in any way (unless the terms of issue provide otherwise) with either the written consent of AMP Shareholders holding at least 75% of the votes in the class of shares or with the sanction of a special resolution passed at a separate meeting of the holders of that class of shares.

4.11.5.12 Non-marketable parcels

AMP may give notice to shareholders who hold small parcels of shares (less than a Marketable Parcel as defined in the ASX Operating Rules) that it proposes to sell those shares. The notice must set a period of at least six weeks within which the shareholder can notify AMP that he or she wishes to retain the shares. If the shareholder does not do that, AMP may sell the shares and distribute the proceeds of sale to the shareholder. AMP will deduct any unpaid calls and interest. This procedure can only be invoked once in any 12 month period.

4.11.5.13 Indemnification of AMP officers

The AMP Constitution provides that AMP indemnifies every person who is, or has been, an officer of AMP against any liability:

- for costs and expenses incurred by them in defending an action for liability allegedly incurred by that person as an officer or former officer of AMP; and
- incurred by them as an officer of AMP.

except in those circumstances prohibited by section 199A of the Corporations Act.

4.11.5.14 Amendment of AMP Constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the members of the company.

The AMP Constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, the AMP Constitution.

4.11.6 Summary of AMP's dividend reinvestment plan

AMP has a Dividend Reinvestment Plan (DRP) in place under which AMP Shareholders may elect to increase their shareholding in AMP by reinvesting all, or part of, their dividends in additional AMP Shares. Participation in the DRP is optional, may be varied or withdrawn at any time, however, the right to participate cannot be transferred. AMP Shareholders in countries other than Australia and New Zealand are not eligible to participate.

AMP Shareholders may elect one of the following two levels of participation in the DRP:

- full participation: an AMP Shareholder may nominate all of its shares from time to time to participate in the plan; or
- limited participation: an AMP Shareholder may nominate a specific number of its AMP Shares (less than that shareholder's total registered holding) to participate in the plan.

All AMP Shares allocated under the plan are allocated on the terms disclosed in the plan and will, from the date of registration, rank equally in every respect with the existing shares and participate in all dividends subsequently declared or determined to be payable.

The AMP Directors may at any time in their absolute discretion resolve to impose a limit on the number of shares which can participate in the plan, vary the plan and any agreement relating to the plan, suspend the operation of the plan, recommence the operation of the plan or terminate the plan.

The detailed rules of the DRP are available on AMP's website.

4.11.7 Summary of AMP's employee equity plans

AMP Shares, performance rights and restricted shares are, or have been, granted to selected executives, senior managers and employees under the following equity plans.

4.11.7.1 Performance rights

Generally, a performance right is a right to acquire one fully paid ordinary share in AMP after a three-year performance period, provided a specific performance hurdle is met.

The eligibility for and the number of performance rights awarded to executives, other than the CEO, is proposed by the CEO and approved by the People and Remuneration Committee. The eligibility for and number of performance rights awarded to the CEO is proposed by the People and Remuneration Committee and approved by the AMP Board, and then subsequently presented for shareholder approval at AMP's Annual General Meeting.

The number of performance rights awarded to eligible executives is determined by dividing the dollar value of their approved long-term incentive award by the grant price.

The number of performance rights that vest is determined by a vesting schedule based on the performance of AMP relative to a comparator group of companies listed on the ASX over a three-year performance period. The performance measure is AMP's Total Shareholder Return (TSR) relative to that of the 50 major listed Australian industrial companies in the Standard & Poor's/Australian Securities Exchange (S&P/ASX) 100 Index as at the start of the performance period.

Executives have two years from the end of the performance period to exercise any performance rights that vest at a nominal exercise price (\$1 per tranche of shares acquired on exercise). If the performance hurdle is not achieved the performance rights lapse immediately.

Performance rights are awarded at no cost to the participating executive. Prior to exercise, performance rights holders do not receive dividends or have other shareholder benefits (including any voting rights).

As at the date of this Explanatory Memorandum, there are 13,166,579 AMP performance rights on issue.

4.11.7.2 Restricted shares

A restricted share is an ordinary AMP Share that has a holding lock in place until the three-year vesting period ends. The purpose of restricted shares is to recognise high performing employees who contribute significantly to AMP's overall business success, and help retain them. The CEO and his direct reports cannot elect to take their annual long term incentive award in the form of restricted shares.

As this program is designed as a means of recognising and retaining employees, no performance hurdles apply. If the individual resigns from AMP (or employment is terminated for misconduct or inadequate performance) during the holding period, the restricted shares are forfeited.

In the case of retrenchment, the individual retains their restricted shares; however the holding lock remains in place until the end of the three-year vesting period. Restricted shares are bought on market by AMP on behalf of employees and granted at no cost to employees.

As at the date of this Explanatory Memorandum 4,680,676 restricted shares have been granted for the financial year ending 31 December 2010.

4.11.7.3 Employee Share Acquisition Plan

The Employee Share Acquisition Plan (ESAP) as described below, was suspended following the May 2009 Government Budget announcements affecting the taxation of employee share plans. The last offer was made in December 2008. Under the ESAP, AMP offered all eligible employees and executives the opportunity to become shareholders in AMP. Under the ESAP, participants elected to receive part of their base salary (and any short-term incentive payments) in the form of AMP Shares. No performance hurdles were applied to these shares as participants sacrificed part of their salary to acquire the shares.

As an additional incentive to acquire shares, participants were entitled to receive (at no cost to the participant) one matching share for every 10 shares acquired (up to a maximum of 100 matching shares in any 12-month period). To receive the full entitlement to matching shares, shares had to be held in the plan for a minimum of three years. There were no performance hurdles for receiving matching shares as the ESAP is primarily designed to encourage employee share ownership, through participation in the plan. Matching shares were purchased on market through an independent third party.

Participants who ceased to be employed within the AMP Group within the three-year holding period lost their entitlement to some or all of their matching share entitlement, depending on the reason for leaving AMP. To receive the maximum entitlement to matching shares, participants had to be employed for the whole three-year period.

4 Information about AMP

4.11.7.4 Employee and executive option plan

In the past, employees and executives were granted options to purchase AMP Shares, subject to various performance hurdles. However, options have not been offered since 2002. The last performance period for options under this plan was completed in 2007.

As at the date of this Explanatory Memorandum, 432,749 options remain on issue and are capable of being exercised in accordance with the terms and conditions applicable to them. The exercise of such options will result in further AMP Shares being issued. However, the current exercise prices of outstanding options are generally above the current market price of AMP Shares.

4.12 Continuous disclosure

AMP is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. AMP has an obligation (subject to limited exceptions) to notify ASX immediately upon becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of AMP Shares. Copies of documents filed with ASX may be obtained from ASX's website: www.asx.com.au. There are similar requirements for the New Zealand Stock Exchange.

In addition, AMP is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to AMP may be obtained from, or inspected at, an ASIC office.

The following documents are available on AMP's website at www.amp.com.au and/or the ASX website at www.asx.com.au:

- AMP's annual financial report for the 12 months ended 31 December 2009;
- AMP's financial report for the 6 months ended 30 June 2010; and
- any continuous disclosure notices given after the lodgement of the annual financial report and before the lodgement of the Explanatory Memorandum.

AMP will also make copies of these documents available, free of charge, to AXA APH Shareholders. Requests can be made by contacting AMP's Share Registry on 1300 654 442 (within Australia), or on 0800 448 062 (within New Zealand), or on +613 9415 4051 (outside Australia and New Zealand), Monday to Friday, prior to the Effective Date.

5

Overview of the AXA SA Share Sale and Sale of the Asian Businesses

5.1 The AXA SA Share Sale

5.1.1 The AXA SA Group's shareholding in AXA APH

AXA SA and Société Beujon (a subsidiary of AXA SA) together hold 53.92% of the AXA APH Shares on issue. These shares are referred to as the "AXA SA Holding" and the holders of these shares are referred to as "Excluded Shareholders" in this Explanatory Memorandum. Immediately before the date of this Explanatory Memorandum, the Excluded Shareholders are as follows:

- AXA SA as the registered owner of 920,254,374 AXA APH Shares, representing 44.52% of the total number of AXA APH Shares; and
- Société Beujon as the registered owner of 194,425,139 AXA APH Shares, representing 9.40% of the total number of AXA APH Shares.

5.1.2 The AXA SA Share Sale Deed

On 29 November 2010, AMP entered into the AXA SA Share Sale Deed with AXA SA under which AMPFS (or another wholly-owned subsidiary of the AMP Group nominated by AMP) will buy the AXA SA Holding from AXA SA and each other Excluded Shareholder, and AXA SA has agreed to sell and will procure that each other Excluded Shareholder (including Société Beujon) sells any AXA APH Shares held by them to that entity.

The AXA SA Share Sale is a necessary step to AXA APH becoming wholly-owned by AMP. Under the Share Scheme, AMPFS will acquire the balance of the AXA APH Shares which are held by Minority Shareholders.

The consideration received by AXA SA (together with its subsidiary Société Beujon) for the shares in the AXA SA Holding depends on the Post Scheme AMP VWAP.

If the Post Scheme AMP VWAP is \$5.32, the purchase price payable by AMP to AXA SA (and Société Beujon) will be \$7.2 billion for all the AXA SA Holding reflecting an amount of \$6.43 for each AXA APH Share. This amount of \$7.2 billion (**Estimated Purchase Price**) will be paid by AMP by issuing a promissory note to be put into escrow before the Post Scheme AMP VWAP is determined.

If the Post Scheme AMP VWAP is **lower than \$5.32**, the purchase price payable by AMP to AXA SA (and Société Beujon) for all of the AXA SA Holding is reduced progressively to a minimum of \$6,597 million, or \$5.92 for each AXA APH Share where the Post Scheme AMP VWAP is less than or equal to \$4.50. In these circumstances where the Post Scheme AMP VWAP is lower than \$5.32 but greater than or equal to \$4.50, AXA SA will receive a lower price for its AXA APH Shares than the value of the consideration provided to Minority Shareholders.

If the Post Scheme AMP VWAP is **higher than \$5.32**, the purchase price payable by AMP to AXA SA (and Société Beujon) for all of the AXA SA Holding is increased to more than \$6.43 per AXA APH Share.

The benefit of the increased AMP Share price if the Post Scheme AMP VWAP is greater than \$5.32 will be shared by AMP and AXA SA by increasing the purchase price payable by AMP to AXA SA (and Société Beujon) for the AXA SA Holding above \$7.2 billion (**Purchase Price Increase**) (\$6.43 per AXA APH Share) as follows:

- if the Post Scheme AMP VWAP is above \$5.32, the purchase price will be increased by an amount equal to 100% of the amount by which the Post Scheme AMP VWAP exceeds \$5.32 up to and including \$5.60 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares¹ participated in the Share Scheme; plus
- if the Post Scheme AMP VWAP is above \$5.60, the purchase price will be increased by a further amount equal to 50% of the amount by which the Post Scheme AMP VWAP exceeds \$5.60 up to and including \$5.80 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares¹ participated in the Share Scheme (Minority Shareholders will receive the other 50% of the benefit of the increased AMP Share price); plus
- if the Post Scheme AMP VWAP is above \$5.80, the purchase price will be increased by a further amount equal to 25% of the amount by which the Post Scheme AMP VWAP exceeds \$5.80 multiplied by the number of New AMP Shares which would be issued if 952,416,032 AXA APH Shares¹ participated in the Share Scheme (AMP will receive 25% of the benefit and the Minority Shareholders will receive 50% of the benefit of the increased AMP Share price).²

This arrangement recognises the fact that AXA SA bears the risk (as between AXA SA and AMP) if the Post Scheme AMP VWAP is less than \$5.32, by AXA SA having to contribute towards funding the additional part of the Cash Component payable by AMP to Minority Shareholders as part of the Share Scheme Consideration.

Accordingly, the consideration paid to AXA SA (and Société Beujon) by AMP for each AXA APH Share in the AXA SA Holding may be:

- less than the value of the consideration provided to Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$4.50, the difference in favour of the Minority Shareholders would be 51 cents per AXA APH Share; and

¹ Being the number of AXA APH Shares held by Minority Shareholders as at the date AXA APH, AMP and AXA SA entered into the Transaction Documents (29 November 2010).

² The Purchase Price Increase will not be greater than \$1,970 million.

- greater than the value of the consideration provided to Minority Shareholders for their AXA APH Shares. For example, if the Post Scheme AMP VWAP is \$5.60, the difference in favour of AXA SA would be 17.5 cents per AXA APH Share.

These changes will not impact on the price AXA SA pays for the Asian Businesses.

The AXA SA Share Sale is conditional on all the Conditions Precedent to the Share Scheme being satisfied or waived in accordance with the Framework Deed. The AXA SA Holding will be transferred to AMPFS (a wholly-owned subsidiary of AMP) or another wholly-owned subsidiary of the AMP Group on the Implementation Date.

If the Conditions Precedent are not satisfied or waived, then the Proposal (including the AXA SA Share Sale) will not proceed.

This means that the AXA SA Group will not be required to transfer the AXA SA Holding and the Asian Businesses will not be sold to AXA SA. See section 2.6 for further explanation of the implications if the Proposal does not proceed.

5.1.3 Independent Expert's conclusion on the AXA SA Share Sale

In concluding that the Proposal is fair and reasonable and in the best interests of Minority Shareholders, the Independent Expert has also concluded that the AXA SA Share Sale, being an integral part of the overall Proposal, is fair and reasonable having regard to the interests of Minority Shareholders.

A concise version of the Independent Expert's Report is contained in Appendix 1 of this Explanatory Memorandum.

5.2 The Sale of the Asian Businesses

5.2.1 The Asian Businesses

AXA APH has significant financial protection and wealth management operations throughout Asia and these operations are briefly described in section 3.

The Asian Businesses are currently operated through various members of the AXA APH Group and affiliate entities as illustrated in section 3.

5.2.2 The Sale of the Asian Businesses

AXA APH, AMP, AXA SA and various other parties have entered into, or will enter into, various agreements relating to the Sale of the Asian Businesses, including:

- a Procurement Deed (described in section 5.2.2.1) between AXA SA and AMP which governs the Sale of the Asian Businesses under separate sale agreements after implementation of the Share Scheme; and
- an Asian Subsidiary Deed (described in section 5.2.2.2) between AXA APH, AXA SA, NMI and AMP which provides AXA SA with the ability to (and gives AMP the ability to require AXA SA to) directly acquire some Asian subsidiaries from AXA APH before implementation of the Share Scheme where there may be regulatory concerns or delays if AMP acquired indirect control of that Asian subsidiary (via AMP's acquisition of AXA APH) before transfer to AXA SA, and a direct acquisition by AXA SA (or its nominee) would not give rise to those issues.

5.2.2.1 Procurement Deed

The Procurement Deed, entered into on 29 November 2010 by AXA SA and AMP, governs the Sale of the Asian Businesses after implementation of the Share Scheme under separate sale agreements. Pursuant to the Procurement Deed, AXA SA and AMP have agreed the following key matters:

- on the Business Day after the Implementation Date:
 - AMP must procure that AXA APH repays to AXA SA all amounts drawn down under various loans from AXA APH to AXA SA during the period from 29 November 2010 to the Implementation Date;
 - AMP must procure the execution of separate sale agreements by NMI to sell certain Asian subsidiaries (being AXA China Region Limited, Detura Limited and AXA Financial Services (Singapore) Pte Ltd) to AXA SA or its nominees; and
 - AMP must subsequently procure the declaration of a dividend by NMI and repayment of the inter-company loans between AXA APH and NMI (the loans approximating \$2.3 billion as at the date of this Explanatory Memorandum); and
- on the next Business Day after the above steps are completed, AMP must procure the sale to AXA SA or its nominees of the remaining Asian subsidiaries (via the sale of NMI, Philippines AXA Life Insurance Corporation and P.T. AXA Life Indonesia).

5 Overview of the AXA SA Share Sale and Sale of the Asian Businesses

If the sale and purchase of certain Asian Businesses does not complete as contemplated above, AMP and AXA SA have agreed to take such actions to ensure that the sale and purchase is completed as soon as possible thereafter.

The parties will give effect to the Sale of the Asian Businesses by executing standard form share sale agreements after the Implementation Date.

In summary, pursuant to the agreements contemplated by the Procurement Deed the Sale of the Asian Businesses will be effected by a transfer of all the shares in the following companies from either AXA APH or NMI to AXA SA (or its nominees):

- certain of the subsidiaries of NMI (being AXA China Region Limited, Detura Limited and AXA Financial Services (Singapore) Pte Ltd);
- P.T. AXA Life Indonesia;
- Philippines AXA Life Insurance Corporation; and
- NMI.

In addition, the Sale of the Asian Businesses may also be effected by the transfer of assets or the assumption of liabilities required to separate the Asian Businesses from the Australian and New Zealand Businesses, under the Separation Agreement to be entered into between AMP and AXA SA.

The consideration for the Sale of the Asian Businesses, comprising cash and promissory notes (as outlined in section 5.2.3 below), together with share transfer forms and associated title documents will be held pursuant to escrow arrangements pending completion of the sale.

AXA APH is not a party to, and has no obligations under, the Procurement Deed. No sale of any subsidiary of AXA APH will occur unless the Share Scheme is implemented.

The Procurement Deed will automatically terminate if the Framework Deed is terminated. See Appendix 7 for an outline of the events of termination under the Framework Deed.

5.2.2.2 Asian Subsidiary Deed

As the Sale of the Asian Businesses requires the approval of various foreign regulators (see section 10.11.2 for further information on these approvals), AXA APH, AXA SA, NMI and AMP entered into the Asian Subsidiary Deed. This provides AXA SA with the ability to (and gives AMP the ability to require AXA SA to) directly acquire some Asian subsidiaries from AXA APH or NMI (as the case may be) before implementation of the Share Scheme where there may be regulatory concerns or delays if AMP acquired indirect control of that Asian subsidiary (via AMP's acquisition of AXA APH) before transfer to AXA SA, and a direct acquisition by AXA SA (or its nominee) would not give rise to those issues.

AXA SA, AMP, AXA APH and NMI entered into the Asian Subsidiary Deed on 29 November 2010. Under the Asian Subsidiary Deed, AXA SA will have a right, subject to AMP not objecting, to acquire one or more specified Asian subsidiaries after the Effective Date for the Share Scheme but before the Implementation Date – that is, at a point in time when the AXA SA Group continues to hold its 53.92% shareholding in AXA APH – if any Asian regulatory approvals relevant to any such subsidiaries cannot be obtained by AMP (either at all or without causing a significant delay) but either could be obtained by AXA SA or are not required by AXA SA.

The exercise of this right will not increase the consideration payable by AXA SA for the Asian Businesses.

For Asian subsidiaries for which there are no such regulatory approval requirements, the Asian Subsidiary Deed has no application and the sale agreements contemplated under the Procurement Deed will facilitate the Sale of the Asian Businesses by AMP to AXA SA. The Asian Subsidiary Deed also has no application in respect of AXA China Region Limited or Detura Limited.

The Asian Subsidiary Deed will automatically terminate if the Framework Deed is terminated. See Appendix 7 for an outline of the events of termination under the Framework Deed.

Through the Sale of the Asian Businesses Resolution, AXA APH is also seeking the approval of AXA APH Shareholders in relation to the right granted to AXA SA under the Asian Subsidiary Deed, and its subsequent exercise.

5.2.2.3 Reasons for acquiring the Asian Businesses

AXA SA is seeking to sell its shares in AXA APH and acquire the Asian Businesses for a number of reasons, including that it would:

- nearly double AXA SA's exposure to the Asian wealth management and financial protection markets, increasing its overall growth profile given the high growth potential of these markets and better take advantage of AXA SA's larger capital base and risk assumption capacity;
- optimise the corporate structure of the AXA SA Group by enabling AXA SA to merge its current operations across Asia with those of the Asian Businesses, increasing efficiencies, simplifying governance and creating cost synergies; and
- enable simpler and faster capital injections to facilitate growth of the Asian Businesses.

5.2.3 Consideration and funding

AXA SA will pay \$9.801 billion for the Asian Businesses (implying an enterprise value of \$10.3 billion³ after taking into account debt in those businesses).

The Estimated Purchase Price paid to AXA SA (and Société Beaujon) by AMP for the AXA SA Holding will (in addition to any Purchase Price Increase and the debt owing by the AXA APH Group to AXA SA), in effect, be applied to pay the price AXA SA pays to acquire the Asian Businesses. This will derive a net cash payment to be made by AXA SA to AXA APH under the Proposal.

This means that the \$9.801 billion paid for the Asian Businesses will be comprised of the following three limbs:

- applying the Estimated Purchase Price, plus any Purchase Price Increase, it (and Société Beaujon) receives from AMP for the acquisition of the AXA SA Holding towards the acquisition of these businesses;
- applying the repayment of existing loans granted by AXA SA to the AXA APH Group of \$663 million towards the acquisition of these businesses; and
- a cash payment to AXA APH of \$1.97 billion less the amount of any Purchase Price Increase (**Net Cash Payment**).

The amount of any Purchase Price Increase in the first limb will be the same as the Purchase Price Increase in the third limb. Consequently, the price AXA SA pays for the Asian Businesses will in all cases be \$9.801 billion (implying an enterprise value of \$10.3 billion⁴ after taking into account debt in these businesses). The Net Cash Payment will be funded out of AXA SA's internal cash resources, in particular the proceeds received by AXA SA from the €2 billion share capital issue announced by AXA SA on 9 November 2009. The announcement for that share capital issue specifically referred to the proceeds being used in acquisition opportunities, including AXA SA acquiring the Asian Businesses (which at the time of that announcement was in reference to the Initial Proposal).

AXA SA has also agreed that AXA SA (or one or more subsidiaries of AXA SA) will offer to purchase (to the extent that other institutional investors elect not to participate) \$600 million of subordinated notes to be issued by AMP Group Finance Services Ltd and guaranteed on a subordinated basis by AMP Group Holdings Ltd.

The consideration paid by AXA SA for the Asian Businesses (comprising cash and promissory notes) will be held pursuant to escrow arrangements pending completion of the sale.

In addition to the above matters, AXA SA and AMP have agreed standard adjustment mechanisms for the purchase price for the Asian Businesses to adjust for any capital injections and/or dividends paid between the Asian subsidiaries and NMI (on the one hand) and AXA APH (on the other hand), and for the AXA APH 2010 Final Dividend (which will be funded two thirds from the Asian Businesses and one third from the Australian and New Zealand Businesses).

The Sale of the Asian Businesses is conditional on all the Conditions Precedent being satisfied or waived and in particular is conditional on eligible Minority Shareholders approving the Sale of the Asian Businesses Resolution at the Extraordinary General Meeting.

If the Conditions Precedent are not satisfied or waived, then the Proposal (including the Sale of the Asian Businesses) will not proceed and the AXA SA Group will not be required to transfer the AXA SA Holding.

5.2.4 The reason why Minority Shareholders need to separately approve the Sale of the Asian Businesses

5.2.4.1 Approval under the Listing Rules

Chapter 10 of the ASX Listing Rules regulates transactions between a listed entity and persons in a position to influence that listed entity. Subject to certain exceptions, Listing Rule 10.1 requires shareholder approval for transactions involving the acquisition or disposal of 'substantial assets' which take place between entities, if there exists between those entities certain defined relationships (including the existence of a substantial shareholding) or a relationship that, in the opinion of ASX, requires the transaction to be approved by shareholders. Similarly, Listing Rule 10.5 requires shareholder approval for the grant of an option over a substantial asset by one of those parties to the other party.

A 'substantial asset' for the purposes of Listing Rules 10.1 and 10.5 is one where the consideration paid for it, or its value (or its value in the opinion of ASX) is 5% or more of the equity interests of the listed company. The Asian Businesses are a 'substantial asset' in relation to AXA APH, for the purposes of Listing Rules 10.1 and 10.5.

Given its shareholding in AXA APH, the AXA SA Group is considered a substantial holder in AXA APH for the purposes of Listing Rules 10.1 and 10.5.

The Sale of the Asian Businesses therefore involves the sale of a substantial asset by AXA APH to a substantial shareholder (the AXA SA Group), and must be approved by eligible Minority Shareholders under Listing Rules 10.1 and 10.5.

³ Based on exchange rates as at 29 November 2010.

⁴ Based on exchange rates as at 29 November 2010.

5 Overview of the AXA SA Share Sale and Sale of the Asian Businesses

5.2.4.2 Approval under Chapter 2E and nature of the financial benefit to be provided to the AXA SA Group

The AXA SA Group is a “related party” of AXA APH for the purposes of section 228 of the Corporations Act, due to the AXA SA Group’s controlling interest in AXA APH. Under Chapter 2E of the Corporations Act, buying an asset from a related party amounts to the giving of a ‘financial benefit’ and requires shareholder approval unless an exception applies. The financial benefit to be provided by AXA APH to the AXA SA Group is the sale of a substantial asset, namely the Asian Businesses, for which AXA SA will pay the amount set out in section 5.2.3.

The Independent Directors have decided to seek approval for the Sale of the Asian Businesses from shareholders for the purposes of Chapter 2E of the Corporations Act.

5.2.5 Independent Directors’ recommendation

Your Independent Directors believe that the Proposal, including the Sale of the Asian Businesses, is in the best interests of AXA APH Shareholders, in the absence of a Superior Proposal, and that the Sale of the Asian Businesses is fair and reasonable.

On this basis, each Independent Director recommends that eligible Minority Shareholders vote in favour of the Sale of the Asian Businesses Resolution, in the absence of a Superior Proposal.

Your Independent Directors’ recommendation follows careful consideration of the Proposal and the interests of AXA APH Shareholders, having regard to the matters set out in this Explanatory Memorandum, including the section titled “Why you should vote in favour and other considerations” on pages 11 to 15.

The remaining Directors make no recommendation in this Explanatory Memorandum.

The Directors cannot vote on the Sale of the Asian Businesses Resolution in respect of any AXA APH Shares they own.

See section 1.4 for more information on the Independent Directors’ recommendation.

5.2.6 Independent Expert’s conclusion on the Sale of the Asian Businesses

The Independent Expert has valued the Asian Businesses in the range \$9.5 to \$10.3 billion (enterprise value of \$9.9 to \$10.8 billion after taking into account debt in the businesses to be acquired). 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 for the Asian Businesses of \$9.801 billion (enterprise value of \$10.3 billion⁵ after taking into account debt in the businesses to be acquired) falls within the range of values attributed by the Independent Expert to the Asian Businesses. The Independent Expert has therefore concluded that the Sale of the Asian Businesses is on terms consistent with arms’ length terms and that it is fair and reasonable to the Minority Shareholders.

5.2.7 Voting on the Sale of the Asian Businesses Resolution

Details on who can vote on the Sale of the Asian Businesses Resolution and how to vote are set out in section 1.6.4 and the notice of Extraordinary General Meeting in Appendix 9.

The Sale of the Asian Businesses Resolution must be passed by more than 50% of the total number of AXA APH Shares voted on the resolution (in person, by proxy or by corporate representative or attorney).

Both the Corporations Act and the Listing Rules contain provisions which restrict voting by AXA SA, AXA APH and AMP and their respective associates on the Sale of the Asian Businesses Resolution. As the Directors and company secretary are classified as associates of AXA APH for these purposes, they are prevented from voting on the Sale of the Asian Businesses Resolution. It also prevents the Chairman, the other Directors and the company secretary from voting undirected proxies on the Sale of the Asian Businesses Resolution.

Accordingly, the Directors will not vote on the Sale of the Asian Businesses Resolution and the Chairman (and any other Director or company secretary) will not vote any undirected proxies on the Sale of the Asian Businesses Resolution. However, the Chairman and any other Director or company secretary are permitted to vote (acting as proxy) if a shareholder directs the Chairman or the Director (in their capacity as proxy) how to vote on the resolution and the vote is not cast on behalf of AXA SA, AXA APH or AMP or their respective associates.

The interests of each Director in the outcome of the Sale of the Asian Businesses Resolution are set out in section 10.2.

⁵ Based on exchange rates as at 29 November 2010.

6

Information about the Merged Group

6 Information about the Merged Group

In accordance with the responsibility statement on page 2 of this Explanatory Memorandum, AMP has sole responsibility for preparing the information contained in this section 6 (other than section 6.9 for which AXA APH is solely responsible), subject to AXA APH taking sole responsibility for the information that it has provided to AMP for the purposes of preparing the information on the Merged Group as specified in the definition of AXA APH Information.

It is important that you consider the risk factors that could affect the Merged Group as explained in section 2, as well as the potential benefits of the Proposal, outlined in this section 6.

6.1 Benefits of and rationale for the Proposal

The proposed Merger will bring together two of Australia and New Zealand's longest-standing companies to create a new competitive force in financial services that should deliver significant benefits to both AXA APH Shareholders and AMP Shareholders.

This Proposal presents Minority Shareholders with a compelling offer, and the opportunity to participate in a strong, competitive Merged Group in Australia and New Zealand.

A combination of the Australian and New Zealand Businesses and AMP will:

- create Australia and New Zealand's largest non-bank wealth management company in one of the world's fastest-growing wealth management markets (the Australian wealth management market is the fifth largest in the world and expected to more than double in value during the next decade)¹;
- be the market leader in retail superannuation², individual risk insurance³ and financial advice in Australia⁴;
- be the leader in the growing wealth management market in New Zealand⁵;
- form Australia and New Zealand's leading financial planning network with more than 2,900 aligned and employed planners, along with access to 6,000 IFAs;
- offer Australians and New Zealanders a strong, local non-bank alternative in the wealth management market; and
- provide some exposure to Asia's high-growth investment management markets through the international operations of AMP Capital Investors.

AXA APH's Independent Board Committee and the AMP Board believe the proposed Merger provides a significant opportunity to deliver substantial benefits to Minority Shareholders. For this reason, both the AXA APH Independent Board Committee and the AMP Board unanimously recommend the Proposal. For further details, refer to the section entitled "Why you should vote in favour and other considerations".

Further details on the benefits of and rationale for the Merger are set out below.

1 Source: APRA quarterly superannuation statistics; Dext&R market projections, December 2009.

2 Source: Plan for Life retail managed funds report June 2010. Based on AUM.

3 Source: Plan for Life detail risk statistics, June 2010. Based on API.

4 Source: Money Management Top 100 Dealer Survey, June 2010. Based on number of aligned planners.

5 Source: Eriksen Master Trust Survey, September 2010; Fund Source RMF, September 2010. Based on AUM.

6.2 Description of the Merged Group's businesses

A combination of the Australian and New Zealand Businesses and AMP will create a company that helps more Australians and New Zealanders improve their financial security through enhanced, competitively priced products and services, financial advice and investment opportunities.

The Merged Group will deliver this through a structure that builds on the strengths of both businesses. For example, while financial advice will continue to be offered via multiple brands and adviser business models, group services, such as Finance and IT, will be combined.

Products	Aligned financial advisors	Other distribution	Asset management
Branded products in: <ul style="list-style-type: none"> ▪ Wealth management (superannuation, retirement income, investments) ▪ Wealth protection (retail and group risk insurance) ▪ Retail deposits and mortgages Branded and badged products for select alliances and independent financial advisers	Multiple brands and business models	Independent financial advisers Alliances, for example, mortgage brokers and regional banks	AMP Capital Investors Joint ventures, for example, AMP Capital Brookfield Multi-manager funds, including investment partnerships and affiliates
Customer and planner support services			
Group services (IT, Human Resources, Legal, Finance, Strategy)			

(If the Proposal is implemented, this model will be refined as the AXA APH and AMP management teams work together to develop the best structure for the future.)

The proposed model has a number of compelling features, which are discussed below.

6.2.1 Increased scale and strengthened competitive position

The Merged Group's increased size and financial resources in Australia and New Zealand are expected to help strengthen its competitive position. Fixed costs will be shared across a larger revenue base, which should lower unit costs and reduce the Merged Group's cost-to-income ratio over time.

Increased critical mass, along with the Merged Group's combined financial resources and technical expertise, should enable a higher level of investment in enhanced products, services and systems, than either company could deliver separately.

The Merged Group's larger, more diversified financial planning network will be able to provide more consumers with an enhanced, broader array of competitive products, services, financial advice and investment opportunities. For example, AMP expects the Merged Group to provide improved retail investment platforms, as well as offering competitive bank deposit and home mortgage products to more Australians.

The Merged Group will continue to pursue investment management opportunities in Asia. AMP has realised increasing value from this strategy, sourcing 7% of its current AUM from Asian investors. The Merger should also provide a stronger domestic base to support the Merged Group's drive into high-growth Asian investment management markets. This should provide increased investment opportunities in Asia for Australian and New Zealand investors, attract more investment from Asia into the Australian and New Zealand markets, and capitalise on Asian investors' growing demand for investment management products and services.

For these reasons, the Merger is expected to build a strong, competitive force in the Australasian financial services market.

6 Information about the Merged Group

6.2.2 Broadened distribution footprint

A combination of the Australian and New Zealand Businesses and AMP will create Australia and New Zealand's leading aligned financial advice network.

The combination of AXA APH's multi-branded distribution model with AMP's existing range of financial planning models will enhance consumers' ability to access a financial planner who suits their needs.

The Merged Group's large and diversified planner networks are expected to consist of:

- more than 2,900 aligned and employed planners in Australia, constituting approximately 17% of the total Australian planner market⁶; and
- more than 6,000 non-aligned planners, of which more than 5,000 currently support AXA APH products.

As a result, the Merged Group is expected to have access to approximately 9,000 aligned and non-aligned planners in Australia and New Zealand.

6.2.3 Growth opportunities

The Merged Group's increased size and resources should enable it to pursue further growth opportunities, which have not been factored into the integration synergies estimate (see section 6.2.5 below). These include:

- accelerating the development of multi-brand options to better target different customer segments;
- increasing competition in the retail investment platform market by providing enhanced platform options with broader appeal to both aligned and non-aligned planners; and
- expanding customer access to AMP Bank deposits and home mortgage products, through its broader distribution footprint.

6.2.4 Improved capacity to capitalise on changing consumer preferences and regulatory environments

The global financial crisis has had a significant impact on the world's banking and financial services systems, triggering regulatory reviews of these systems and shifting consumer preferences to simpler, more liquid and more transparent products and services.

In Australia, there have been a number of government inquiries and reviews, which are likely to result in changes to the laws and regulations governing the country's financial services system. The New Zealand financial services industry is also experiencing significant regulatory change.

The Merged Group's increased scale and resources should improve its capacity to meet challenges arising from these changes and capitalise on the opportunities stemming from them.

For example, the Merged Group's leading market positions in superannuation, and recent product initiatives such as AMP Flexible Super, will support its response to potential superannuation reforms in Australia, such as MySuper and SuperStream. In addition, it should be better positioned to attract a broader range of consumers, with products and services that suit all needs (e.g. simple to complex) and budgets.

6.2.5 Benefits for shareholders

The Merger is expected to deliver shareholders of the Merged Group substantial benefits through enhanced revenue opportunities and cost synergies, less an allowance for potential revenue attrition. In addition to the strategic benefits flowing from the Merger, AMP expects shareholders of the Merged Group to benefit from net annual post-tax Merger synergies of approximately \$120 million per annum. The full impact of these benefits is expected to be realised by the end of the third year after the implementation of the Proposal (if it is approved).

There is a risk that the Merged Group will not achieve the expected cost and revenue synergies from the merger of the Australian and New Zealand Businesses with AMP's operations. In part, this arises from the risks associated with the separation of the Australian and New Zealand Businesses from the AXA SA Group and the Asian Businesses, and their integration with AMP's operations.

Further details on these risks are set out in section 2.1.2 and 2.2.2.

There are integration costs which AMP expects the Merged Group to incur in order to achieve these synergies which are described in section 6.3.1. The actual amount of those synergies and costs are also subject to the uncertainties described in section 6.4.

Further details on these benefits are set out on the following page.

⁶ Source: Money Management Top 100 Dealer Survey June 2010.

6.2.5.1 Revenue opportunities

The Merged Group is expected to deliver enhanced revenue opportunities through:

- a larger and more diversified distribution footprint, including increased access to the IFA market, that provides consumers with greater choice when seeking financial advice;
- an enhanced, broader and more competitive product and service set that suits a wider range of consumer needs and budgets; and
- an enhanced asset management business that provides investors with greater investment capabilities and opportunities.

6.2.5.2 Cost synergies

The Merged Group is expected to achieve cost savings by:

- combining corporate functions;
- rationalising and aligning information technology systems, platforms and office space; and
- realising scale efficiencies and reducing duplication.

6.2.6 Benefits for customers

The Merger will bring together two of Australia and New Zealand's longest-standing wealth management companies to create a new competitive force in financial services for consumers. The Merged Group will be a strong, non-bank alternative that provides enhanced, competitively priced products, services, financial advice and investment opportunities. This includes:

- a broader range of market-competitive products and services that suit more consumer needs and budgets, including bank deposits and home mortgages;
- access to a broader array of financial advice options to suit individual customer needs;
- enhanced retail investment platform options;
- significant investment choice; and
- continuing investment in an improved customer and planner experience.

The Merged Group will aim to minimise disruption to customers during the integration period.

6.2.7 Benefits for employees

The Merged Group will create the largest non-bank wealth management company in Australia and New Zealand. Many employees will be able to access new career paths and development opportunities as a result of the Merged Group's increased ability to invest in future growth initiatives, such as new products and services, particularly in Australia and New Zealand.

During the integration period, the Merged Group will focus on retaining employees with the skills, knowledge and experience to drive the Merged Group's future success.

6.2.8 Benefits for financial planners

AXA APH and AMP share a strong commitment to the value of financial advice and the difference good advice can make to people's lives. The Merged Group will build on this shared commitment to deliver continued investment and support for its planners and their clients.

The Merged Group's increased size and financial resources in Australia and New Zealand is expected to create new opportunities for planners, including access to enhanced retail investment platform options, improved products and services and effective, relevant planner support. The Merged Group is expected to also have the resources and capabilities to invest in creating more compelling offers for customers and clients.

The Merged Group will aim to minimise disruption to planners during the integration period.

6 Information about the Merged Group

6.3 Integration

6.3.1 Integration costs

In order to achieve the synergies referred to in section 6.2.5, AMP expects that the Merged Group will incur approximately \$285 million of one-off post-tax integration costs, equivalent to approximately 2.4 times the level of net annual post-tax synergies expected to be achieved.

Combining two large, complex businesses, like the Australian and New Zealand Businesses and AMP carries significant integration risk. The Merged Group will use tools and strategies to mitigate these risks, including a clear integration plan, but not all risks can be eliminated. These risks are further considered in section 2.

6.3.2 Implementation and integration process

If the Proposal is implemented, management from both businesses will work together to combine the businesses as soon as possible following the implementation of the Proposal.

The integration will be based on the principle of building on the strengths of both businesses.

An initial integration team has been formed at AMP and is made up of AMP employees. AXA APH employees will join this team when the Proposal is implemented. As soon as it is possible, AMP aims to ensure that major decisions about the integration are made with the input, involvement and knowledge of AXA APH management. The integration team is responsible for developing and implementing the integration plan for functions, office space, products, platforms, services, roles and technology.

6.4 Uncertainties about synergies and costs

AMP has completed an initial investigation and analysis on the likely level of synergies that will arise through the integration of the Australian and New Zealand Businesses and AMP.

AXA APH Shareholders should note that AMP's estimates of the benefits and costs of the Merger, referred to in this section 6, have been based on:

- publicly available information about the Australian and New Zealand Businesses;
- information that AMP obtained from AXA APH in the course of due diligence that AMP conducted on the Australian and New Zealand Businesses; and
- AMP's industry knowledge and previous integration experience.

The risks to the achievement of the synergies and likely integration costs are set out in section 2.2.

6.5 AMP's intentions in relation to the Australian and New Zealand Businesses

This section 6.5 sets out the particulars of AMP's current intentions, if the Proposal is approved and implemented, in relation to:

- the continuation of the Australian and New Zealand Businesses;
- any major changes to be made to the Australian and New Zealand Businesses; and
- the future employment of the current employees of the Australian and New Zealand Businesses.

These intentions are based on the information about the Australian and New Zealand Businesses obtained via publicly available sources and through AMP's due diligence review (when non-public AXA APH information was provided), and the general business environment, which is known to AMP at the time of preparing this document.

Final decisions regarding these matters will only be made in light of the information available, and circumstances, at the relevant time. Accordingly, the statements set out in this section 6.5 are statements of current intention only, which may change as new information becomes available to it or as circumstances change.

AMP intends to procure that the Asian Businesses are sold to AXA SA in accordance with the Transaction Documents. AMP therefore makes no other statement about its intention in relation to the Asian Businesses in this section 6.5.

6.5.1 Ownership of the Merged Group

If the Proposal is implemented and no AXA APH Rights are exercised before the Scheme Record Date for the Share Scheme, AMP will issue approximately 695 million⁷ New AMP Shares to Minority Shareholders, resulting in Minority Shareholders holding approximately 25% of AMP's total issued share capital. Existing AMP Shareholders will hold approximately 75% of AMP's total issued share capital.

If all of the In-the-money AXA APH Rights are exercised before the Scheme Record Date for the Share Scheme and the Proposal is implemented, AMP will issue approximately 24 million New AMP Shares to Minority Shareholders, resulting in Minority Shareholders holding approximately 26% of AMP's total issued share capital.

The Rights Scheme, if implemented, will result in the cancellation of all Scheme Rights held by AXA APH Rightsholders on the Scheme Record Date for the Rights Scheme in return for a cash payment, and those AXA APH Rights which are cancelled under the Rights Scheme will not impact the ownership of the Merged Group.

6.5.2 Board of Directors of AMP

Following the implementation of the Proposal, two current AXA APH directors will be invited to join the board of the Merged Group. The other AMP Directors will otherwise remain the same immediately following the implementation of the Proposal.

6.5.3 Corporate head office

The Merged Group's head office will be located in Sydney, Australia. However, the Merged Group will have a significantly larger presence in Melbourne (Australia) and Wellington (New Zealand), compared with AMP's current presence in these locations.

6.5.4 Employees of the Merged Group

AMP intends to conduct a review of the employment requirements of the Merged Group as part of determining a proposed operating model. This will be done with input from management of both businesses, as soon as practicable following the implementation of the Proposal.

Some elements of that operating model have already been established in principle, such as the continued commitment to a multi-branded distribution model and retaining a significant presence in Melbourne, where the bulk of the employees of the Australian and New Zealand Businesses are currently based.

However, AMP expects that combining the Australian and New Zealand Businesses and AMP will result in duplication across a number of areas of the business, including employee roles. To create value for shareholders in the Merged Group, AMP intends to remove these duplications with the aim of delivering the Merger's expected synergy benefits.

AMP will manage the duplication of roles through re-assignment or natural attrition where possible. Where redundancies do occur across the combined business, the Merged Group will recognise and comply with the severance and redundancy terms of all relevant employment contracts and industrial agreements or awards.

In instances where existing roles are declared vacant or new roles are created across the combined business, the Merged Group is expected to use a merit based selection process to fill the roles.

6.5.5. Delisting of AXA APH

If the Proposal is implemented, AMP intends to arrange for AXA APH to be removed from the official list of the ASX, and to acquire or procure the acquisition or redemption by AXA APH of all other AXA APH securities. In particular, if the Rights Scheme does not become Effective, then following the implementation of the Share Scheme, AMP intends to deal with all of the AXA APH Rights on issue as set out in section 8.10.

⁷ Assuming that 952,416,032 Scheme Shares participate in the Share Scheme, which is the number of AXA APH Shares on issue as at 29 November 2010.

6 Information about the Merged Group

6.6 Capital management and dividend policy

6.6.1 Capital management

The Merged Group will take a prudent approach to capital management following the implementation of the Proposal. The Merged Group will be biased towards holding more capital, rather than less, in light of continued market volatility and uncertainty around APRA's new regulatory capital standards, which at the date of this Explanatory Memorandum are expected to be finalised in 2011 and implemented in the second half of 2012 at the earliest.

The Merged Group's capital position could be impacted by a range of factors, including movements in investment markets, changes in business mix, dividend payments, statutory profits, changes in regulatory capital standards and the timing of the integration costs and the realisation of synergies. Management of capital in these circumstances could involve further initiatives to ensure sufficient regulatory capital resources above MRR.

6.6.2 Dividend policy

AMP's dividend policy is to pay out 75% to 85% of Underlying Profit to AMP Shareholders. If the Proposal is implemented, AMP intends to continue to adopt this dividend policy. AMP's ability to maintain this dividend policy will depend upon a number of factors including its profitability, timing of synergy realisation, and its funding requirements which in turn may be affected by trading and general economic conditions. Accordingly, no assurance can be given as to the timing, extent and payment of dividends or the extent to which dividends will be franked.

AMP's current intention is to frank its dividends to the maximum extent sustainably possible. AMP's recent franking levels (60% franking for the interim 2010 dividend) are less than its long-term target of 80% as a consequence of the financial market instability in recent years. By way of comparison, AXA APH's interim 2010 dividend was franked to 10%.

It is currently expected that the franking capacity of the Merged Group will be less than AMP's current franking level in the near term given AXA APH's current franking position and substantial tax losses. The extent of this change will depend upon various factors, including the performance of investment markets, the financial performance of the Merged Group and tax paid by the Merged Group.

6.7 Merged Group pro forma financial information

6.7.1 Overview

The Merged Group's unaudited consolidated Pro Forma Summary Financial Information is set out in this section and includes the following:

- an unaudited pro forma combined summary historical income statement presented on an operational basis for AMP and the Australian and New Zealand Businesses for the 12 months ended 30 June 2010 (**Merged Group unaudited Pro Forma Summary Income Statement – Operational Basis**);
- an unaudited pro forma combined summary historical income statement presented on a statutory basis for AMP and the Australian and New Zealand Businesses for the 12 months ended 30 June 2010 (**Merged Group unaudited Pro Forma Summary Income Statement – Statutory Basis**); and
- an unaudited pro forma combined summary historical statement of financial position for AMP and the Australian and New Zealand Businesses as at 30 June 2010 (**Merged Group unaudited Pro Forma Summary Statement of Financial Position**).

The unaudited Pro Forma Summary Financial Information in this section has been prepared by AMP and is based on:

- AMP's audited financial statements for the 12 months ended 31 December 2009 and AMP's reviewed half yearly financial statements for the 6 months ended 30 June 2009 and 30 June 2010; and
- the Australian and New Zealand Businesses Financial Information prepared by AXA APH and disclosed in section 6.9.

The Merged Group unaudited Pro Forma Summary Income Statement – Operational Basis is provided to reflect shareholders' profit from an operational perspective. It has been prepared by AMP on a basis consistent with the AMP Investor Report and includes information extracted from AXA APH's internal management information, with reclassifications as set out in section 6.7.3 to align with AMP's approach.

The Merged Group unaudited Pro Forma Summary Income Statements – Statutory Basis and Merged Group unaudited Pro Forma Summary Statement of Financial Position have been prepared by AMP in accordance with the recognition and measurement principles of the AASB Standards and IFRS. However, they are presented in an abbreviated form in that they do not include all of the disclosures, statements or comparative information required by the AASB Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The unaudited Pro Forma Summary Financial Information in this section is presented for illustrative purposes only. If the Proposal had occurred in the past, the Merged Group's financial position and performance would likely have been different from that presented in the Pro Forma Summary Financial Information in this section.

Under the terms of the Proposal as reflected in the Transaction Documents, net assets and profits of the Australian and New Zealand Businesses and the Asian Businesses have been ring fenced from 30 June 2010. This means that AXA APH, AXA SA and AMP have agreed that, other than where agreed as necessary to implement the Proposal, there should be no transfer of value between the Australian and New Zealand Business and the Asian Businesses from 30 June 2010 until the implementation of the Proposal (**Ringfence Period**). In this context, the businesses are to operate as standalone businesses throughout the Ringfence Period, deriving their own operating and investment earnings, and bearing their own corporate and interest costs.

The unaudited Pro Forma Summary Financial Information of the Merged Group has been prepared by AMP in accordance with the assumptions outlined in section 6.7.2.

The Investigating Accountant has prepared a report in relation to the AMP Historical Financial Information in sections 4.6.2 and 4.6.5 and the Merged Group Pro Forma Historical Financial Information in sections 6.7.4 and 6.7.5.

6.7.2 Key assumptions and basis of preparation

The accounting policies of the Merged Group used to prepare the Merged Group Pro Forma Historical Financial Information in this section are based on the accounting policies of AMP. Following a review of accounting policies as disclosed in AXA APH financial statements for the 12 months ended 31 December 2009 contained in AXA APH's 2009 Annual Report that can be accessed on its website at www.axaasiapacific.com.au, the accounting policies of AXA APH and AMP are not considered by AMP to be materially different. Therefore, at this time, no adjustments have been made to the Pro Forma Summary Financial Information of the Merged Group to align accounting policies.

Certain adjustments have been made by AMP on the basis of information provided by AXA APH as set out in section 6.9 to the Pro Forma Summary Financial Information to align AXA APH's presentation of financial information with that of AMP. These adjustments relate only to the presentation of information and have no impact on profit or the net assets of the Australian and New Zealand Businesses.

The unaudited Pro Forma Summary Financial Information of the Merged Group has been prepared according to the following assumptions:

- The acquisition of the Minority Shares takes place via the Share Scheme, under which AMP's contribution to the Share Scheme Consideration is 0.73 New AMP Shares and \$0.48 cash for each Minority Share on issue. This consideration for each Minority Share assumes a Post Scheme AMP VWAP of \$5.32 and that no AXA APH Rights are exercised after the date of this Explanatory Memorandum so that 952,416,032 Minority Shares participate in the Share Scheme (being the number of Minority Shares on issue as at the date of this Explanatory Memorandum). This consideration equates to a total consideration of \$4.2 billion and excludes the Cash Component of the Share Scheme Consideration to be contributed by AXA SA for the acquisition of the Asian Businesses;
- No adjustments have been made for the impact of expected cost synergies, revenue loss, amortisation expenses, integration costs or transaction costs related to the Proposal that may impact the Pro Forma Summary Financial Information of the Merged Group;
- No adjustments have been made for possible changes in capital structure in the unaudited pro forma summary financial statements of the Merged Group other than the issue of New AMP Shares to Minority Shareholders as set out in the first dot point above, the issue of \$600 million in subordinated debt by AMP (which AXA SA will offer to purchase) to fund AMP's cash contribution and integration costs and the repayment of \$696 million in debt and subordinated debt facilities to AXA SA;
- No adjustment has been made to reflect the implementation of the Rights Scheme described in section 8 or the possible exercise of AXA APH Rights before the Scheme Record Date for the Share Scheme, as the impact of those matters on the Pro Forma Summary Financial Information of the Merged Group is dependent upon the elections of individual AXA APH Rightsholders and will not be able to be determined until after implementation of the Proposal;
- No adjustments have been made for the declaration of dividends by either AMP or AXA APH since 30 June 2010;
- No adjustments have been made to the reported value of the Australian and New Zealand Businesses' revenue, expenses, assets or liabilities to reflect the impact of acquisition accounting, as for the purposes of the unaudited Pro Forma Summary Financial Information of the Merged Group, the amounts as reported in AXA APH's reviewed half yearly financial statements for the 6 months ended 30 June 2009 and 30 June 2010 and the audited financial statements for the 12 months ended 31 December 2009 are assumed by AMP to approximate their fair value at the date of acquisition; and

6 Information about the Merged Group

- The excess of the consideration provided by AMP for the Australian and New Zealand Businesses under the Proposal over AMP's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the Australian and New Zealand Businesses is recognised as an intangible asset, a component of which will be goodwill and is likely to include other identifiable intangibles such as the embedded value of the life insurance business, other customer related contracts, management rights, brand names, and technology intangibles (such as software). For the purposes of the Merged Group unaudited Pro Forma Summary Statement of Financial Position, the intangible asset has been determined as total consideration less the net tangible assets of the Australian and New Zealand Businesses as at 30 June 2010. No adjustments have been made for intangible assets (or associated tax effects) recognised on acquisition of the Australian and New Zealand Businesses, as this will not be possible until after implementation of the Proposal. It is likely that separately identifiable intangibles of the types noted will be subsequently identified. For any separately identifiable intangibles that are considered to have finite lives, net profit after tax will decrease as a result of the requirement to amortise these intangibles over their estimated useful lives.

6.7.3 Merged Group unaudited Pro Forma Summary Income Statement – Operational Basis

This section provides the unaudited Pro Forma Summary Income Statement of the Merged Group – Operational Basis. It has been prepared by AMP on a basis consistent with the AMP Investor Report and represents the 12 months to 30 June 2010 as if the Proposal was implemented on 1 July 2009.

The Pro Forma Summary Financial Information has been extracted from AMP's Investor Reports and AXA APH internal management information. The information has been derived by isolating the 6 month period to 31 December 2009 and the 6 month period to 30 June 2010.

Summary historical (operational) income statements

\$ million	AMP	AXA ANZ ³	Pro forma adjustments ⁴	Merged Group
Business unit operating earnings	755	226	(20)	961
Group office/Corporate costs	(39)	(26)	-	(65)
Total operating earnings	716	200	(20)	896
Underlying investment income	126	56	-	182
Interest expense	(70)	(25)	-	(95)
AMP Limited tax loss recognition	16	-	-	16
Underlying Profit	788	231	(20)	999
Other items ^{1,2}	14	6	20	40
Profit attributable to shareholders of AMP Limited	802	237	-	1,039

1 Other items for AMP comprise items disclosed in the Financial Summary page of AMP's Investor Report being: Market adjustment – investment income, Other items, Seed pool valuation adjustments, Market adjustment – annuity fair value, Market adjustment – risk products, Loan hedge revaluations and Accounting mismatches (see section 4.6.2).

2 Other items for the Australian and New Zealand Businesses include the following line items disclosed in the Group financial summary of the AXA APH Investor Compendium: Executive share plan expense, Amortisation of value of businesses acquired, Investment experience and Non-recurring items.

3 The Australian and New Zealand Businesses information was sourced from the Segment note in the AXA APH statutory financial statements.

4 For the purposes of the Pro Forma Summary Income Statement of the Merged Group – Operational Basis, adjustments have been made by AMP to reflect the reclassification of AXA APH executive share plan expense and the operating earnings results for AXA Financial Planning and Charter Financial Planning from Other items to the business unit operating earnings to align with AMP presentation. No further adjustments have been made to reflect the Merged Group as if the Scheme was implemented on 1 July 2009.

6.7.4 Merged Group unaudited Pro Forma Summary Income Statement – Statutory Basis

This section provides the unaudited Pro Forma Summary Income Statement of the Merged Group – Statutory Basis. It has been prepared by AMP in accordance with the measurement and recognition principles of the AASB Standards and incorporates the summary income statements of AMP and the Australian and New Zealand Businesses (as set out in section 6.9) for the 12 months ended 30 June 2010 as if the Proposal was implemented on 1 July 2009.

The financial information presented below is based on:

- AMP's audited financial statements for the year ended 31 December 2009 and AMP's reviewed half yearly financial statements for the 6 months ended 30 June 2009 and 30 June 2010; and
- the Australian and New Zealand Businesses Financial Information disclosed in section 6.9.

Summary historical (statutory) income statements

\$ million	AMP	AXA ANZ ¹	Pro forma adjustments ²	Merged Group
Life insurance premium and related revenue	1,069	935	-	2,004
Fee revenue	1,412	589	-	2,001
Other revenue	258	207	-	465
Investment gains and (losses)	7,888	1,359	-	9,247
Life insurance claims and related expenses	(1,288)	(699)	-	(1,987)
Operating expenses	(2,163)	(1,182)	-	(3,345)
Finance costs	(723)	(38)	-	(761)
Share of profit/(loss) of associates accounted for using the equity method	8	2	-	10
Movement in external unitholders' liabilities	(605)	(13)	-	(618)
Change in policyholder liabilities				
- life insurance contracts	(273)	(72)	-	(345)
- investment contracts	(4,260)	(642)	-	(4,902)
Income tax expense	(538)	(208)	-	(746)
Profit after tax	785	238	-	1,023
Profit /(loss) attributable to:				
Shareholders of AMP Limited	802	237	-	1,039
Non-controlling interests	(17)	1	-	(16)
Profit after tax	785	238	-	1,023

1 The Australian and New Zealand Businesses Financial Information has been sourced from AXA APH financial information as described in section 6.9.

2 For the purposes of the Pro Forma Summary Income Statement of the Merged Group – Statutory Basis, no adjustments have been made by AMP to reflect the impact of acquisition accounting because it is not possible to accurately determine the fair value of the Australian and New Zealand Businesses assets and liabilities and the cost of acquisition at this time. In addition, no adjustments have been made for expected cost synergies, revenue losses, integration costs or transaction costs related to the Proposal (other than those transaction costs incurred prior to 30 June 2010 and included in the respective income statements of AMP and the Australian and New Zealand Businesses).

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6.7.5 Merged Group unaudited Pro Forma Summary Statement of Financial Position

This section outlines the unaudited Pro Forma Summary Statement of Financial Position of the Merged Group. It has been prepared by AMP in accordance with the measurement and recognition principles of the AASB Standards and incorporates the statements of financial position of AMP and the Australian and New Zealand Businesses as at 30 June 2010, together with pro forma adjustments.

Summary statements of financial position

\$ million	AMP	AXA ANZ ¹	Pro forma adjustments	Merged Group
Cash and cash equivalents	2,785	1,170	145 ²	4,100
Receivables	1,239	404	-	1,643
Current tax assets	23	120	(32) ³	111
Inventories and other assets	281	-	-	281
Investments in financial assets measured at fair value through profit and loss	63,055	12,630	-	75,685
Investments in financial assets measured at amortised cost	10,869	-	-	10,869
Investments in associates accounted for using the equity method	72	49	-	121
Investment property	7,871	10	-	7,881
Property, plant and equipment	452	39	-	491
Deferred tax assets	766	663	-	1,429
Intangibles	946	859	1,925 ⁴	3,730
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) ⁵	11,858
Subordinated debt	356	280	320 ⁶	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	2,849	1,571	2,134	6,554
Equity				
Total equity of shareholders of AMP Limited and non-controlling interests	2,849	1,571	2,134⁷	6,554

1 The Australian and New Zealand Businesses information has been extracted from the AXA APH statutory financial statements, with certain reclassifications to align with AMP disclosures, as described in section 6.9.

2 To reflect the proceeds from the issue of \$600 million in subordinated debt issued by AMP (which AXA SA will offer to purchase to the extent not subscribed for by other investors) in conjunction with the implementation of the Proposal less AMP's share of the Cash Component of the Share Scheme Consideration paid to Minority Shareholders being \$455 million.

3 Reallocation of Australian tax receivable which relates to the Asian Businesses.

4 The consideration in excess of the Australian and New Zealand Businesses net assets has been allocated to total intangible assets for the purposes of the pro forma summary statement of financial position. The allocation of the purchase price will identify separately identifiable intangible assets and other fair value adjustments which will have an impact on the amount of goodwill arising on acquisition.

5 To reflect the settlement of the Australian and New Zealand Businesses borrowings with AXA SA of \$416 million as part of the proposed transaction terms.

6 To reflect the issue of \$600 million of subordinated debt by AMP (which AXA SA will offer to purchase to the extent not subscribed for by other investors) in conjunction with the implementation of the Proposal, offset by the settlement of \$280 million the Australian and New Zealand Businesses borrowings with AXA SA under the Proposal.

7 To reflect the issue of shares in AMP to the Minority Shareholders of \$3,699 million, which assumes a Post Scheme AMP VWAP of \$5.32, offset by the elimination of AXA APH equity (excluding non-controlling interests) of \$1,565 million.

6.8 Outlook

The AMP Directors have carefully considered whether they have a reasonable basis to produce reliable and meaningful pro forma forecast information and other forecast information regarding earnings, dividends and capital position for the Merged Group and have concluded that, in their opinion, they do not have such a reasonable basis.

This is because the Merged Group's performance in any period will reflect a number of factors that cannot be predicted with a high level of confidence and are outside its control. These factors include:

- future economic conditions in Australia, New Zealand and the other countries in which the Merged Group will conduct its businesses;
- the state of global financial markets which will impact the Merged Group's AUM, investment returns on shareholder funds, the value of assets used to back the Merged Group's capital guaranteed business and the level of prospective releases from provisions set aside to meet life insurance liabilities;
- the potential for increased earnings volatility under AIFRS accounting standards; and
- uncertainties in the regulatory environment.

The factors noted above may affect the assumptions relating to the Merged Group's revenues, costs and profitability, which are subject to significant uncertainty. For these reasons, the AMP Directors believe that the risk that AXA APH Shareholders may be misled by such information outweighs the potential value of that information to AXA APH Shareholders. For further discussion on the risk factors impacting the Merged Group, refer to section 2.

6.9 Pro forma financial information for Australian and New Zealand Businesses

6.9.1 Introduction

This section 6.9 contains information concerning the pro forma financial performance and financial position of the Australian and New Zealand Businesses. The following financial information has been prepared by AXA APH and in aggregate is referred to as the "Australian and New Zealand Businesses Financial Information":

- pro forma historical balance sheet as at 30 June 2010; and
- pro forma summary income statement for the 12 months ended 30 June 2010.

6.9.2 Basis of preparation

The Australian and New Zealand Businesses Financial Information in this section 6.9 has been:

- prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and Australian Accounting Interpretations of the AASB;
- presented in an abbreviated form in that it does not contain all the disclosures that are usually provided in an annual financial report prepared in accordance with the requirements of the Corporations Act; and
- should be read in conjunction with the information contained in section 3.3 and the accounting policies referred to below.

The Australian and New Zealand Businesses Financial Information has been sourced from the AXA APH financial report for the 12 months ended 31 December 2009 and the AXA APH financial report for the 6 months ended 30 June 2010 (including comparative financial information for the 6 months ended 30 June 2009).

The AXA APH financial report for the year ended 31 December 2009 has been audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards and the audit opinion issued was unqualified. AXA APH's financial report for the 6 months ended 30 June 2010 (including comparative financial information for the 6 months ended 30 June 2009) was not audited but has been subject to review by PricewaterhouseCoopers in accordance with Australian Auditing Standards applicable to review engagements, and the review opinion issued was unqualified.

The AXA APH annual and interim financial reports and profit announcements, from which the Australian and New Zealand Businesses Financial Information in this section has been sourced, can be found on AXA APH's website at www.axaasiapacific.com.au. The financial reports and profit announcements of AXA APH contain details of AXA APH's accounting policies and detailed discussion and analysis of the financial results for the relevant period. Any discrepancies between figures represented as being sourced from the Australian and New Zealand Businesses Financial Information in the AXA APH financial reports and figures 6.1 and 6.2 are due to rounding.

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The Australian and New Zealand Businesses pro forma income statement for the twelve months ended 30 June 2010 has been sourced as follows:

- the Australian and New Zealand Businesses results for the year ended 31 December 2009 (as referred to in section 3.3.1) less the Australian and New Zealand Businesses results for the 6 months ended 30 June 2009 as set out in figure 6.1 below; and
- the Australian and New Zealand Businesses results for the 6 months ended 30 June 2010 as set out in figure 6.1 below.

6.9.2.1 Reclassification adjustments

The following adjustments have been made to align certain classifications within the Australian and New Zealand Businesses income statement and balance sheet with those of AMP, in accordance with specific instructions provided by AMP. AXA APH makes no representation that these adjustments comprise all of the adjustments necessary to present the Australian and New Zealand Businesses on a consistent basis with AMP:

- separation of policy liabilities into life insurance contracts and investment liabilities;
- reallocation of outward reinsurance expense from “life insurance premium and related revenue” to “life insurance claims and related expenses”;
- reallocation of reinsurance recoveries revenue from “life insurance claims and related expenses” to “life insurance premium and related revenue”; and
- reallocation of derivative payables included in “payables” into “derivative financial liabilities”.

The net impact of these reclassification adjustments is shown in the respective columns of figures 6.1 and 6.2 below.

6.9.2.2 Australian and New Zealand Businesses pro forma adjustments

The reported historical AXA APH financial information has been adjusted to remove all separable assets, liabilities and earnings relating to the Asian Businesses (Pro Forma Adjustments) in order to derive the Australian and New Zealand Businesses Financial Information.

For the purposes of this Explanatory Memorandum, the following items, which are not included in the Australian and New Zealand segment in the AXA APH financial statements, have been allocated to the Australian and New Zealand Businesses:

- AXA APH Australian and New Zealand debt and associated interest expenses previously allocated to the “other” segment in the AXA APH financial statements; and
- costs of \$4 million associated with the Proposal previously allocated to the Asian Businesses in the 2009 AXA APH financial statements.

The Australian and New Zealand Businesses pro forma adjustments do not represent all of the adjustments that would be necessary to reflect the financial effect of the Proposal on AMP, which may include:

- alignment of accounting policies to AMP accounting policies;
- the accounting impacts of the Proposal;
- the impact of purchase price accounting; and
- the impact of excluding items which do not form part of the Australian and New Zealand Businesses going forward, for example the reinsurance agreements with AXA China Region Ltd.

Such items have been considered by AMP, along with other adjustments, in preparing the Merged Group pro forma financial information in section 6.7.

Figure 6.1 Australian and New Zealand Businesses pro forma income statement
12 months ended 30 June 2010

\$ million	Australian and New Zealand Businesses 6 months to June 2010	Australian and New Zealand Businesses 6 months to December 2009	Australian and New Zealand Businesses 12 months to 30 June 2010	Reclassifications	Adjusted Pro Forma Australian and New Zealand Businesses 12 months to 30 June 2010
Life insurance premium and related revenue	407	419	826	109	935
Fee revenue	289	300	589	-	589
Other revenue	98	109	207	-	207
Investment gains and (losses)	(85)	1,444	1,359	-	1,359
Life insurance claims and related expenses	(284)	(306)	(590)	(109)	(699)
Operating expenses ¹	(577)	(605)	(1,182)	-	(1,182)
Finance costs ¹	(22)	(16)	(38)	-	(38)
Share of profit/(loss) of associates accounted for using the equity method	1	1	2	-	2
Movement in external unitholders' liabilities	16	(29)	(13)	-	(13)
Change in policyholder liabilities	250	(964)	(714)	714	-
- life insurance contracts	-	-	-	(72)	(72)
- investment contracts	-	-	-	(642)	(642)
Profit before income tax expense	93	353	446	-	446
Income tax benefit/(expense)	(19)	(189)	(208)	-	(208)
Profit after tax	74	164	238	-	238
Profit attributable to shareholders	74	163	237	-	237
Profit attributable to non-controlling interests	-	1	1	-	1
Profit after tax	74	164	238	-	238
Australian and New Zealand Businesses net profit	74	163	237	-	237
Plus Asian Businesses net profit	145²	246⁴	391	-	391
AXA APH net profit	219³	409⁵	628	-	628

1 Australian and New Zealand Businesses financing costs includes interest expenses paid on AXA APH debt.

2 Asian Businesses (including Hong Kong) net profit per Note 8 to the June 2010 AXA APH interim report.

3 AXA APH net profit per the June 2010 AXA APH interim report.

4 Determined as the difference between the Asian Businesses (including Hong Kong) net profit of \$527 million disclosed in Note 21 to the AXA APH 2009 annual report and the corresponding net profit of \$286 million for the 6 months ended 30 June 2009 in Note 8 of the AXA APH June 2010 interim report (June 2009 comparative), after excluding \$4 million of costs referred to above which have been allocated to Australian and New Zealand Businesses and rounding differences.

5 Determined as the difference between the AXA APH net profit of \$679 million disclosed in the AXA APH 2009 annual report and the corresponding net profit of \$270 million for the 6 months ended 30 June 2009 per the June 2010 AXA APH interim report (June 2009 comparative).

6 Information about the Merged Group

Figure 6.2 Australian and New Zealand Businesses pro forma balance sheet

As at 30 June 2010

\$ million	Total Australian and New Zealand Businesses	Reclassifications	Adjusted Pro Forma Australian and New Zealand Businesses
Cash and cash equivalents	1,170	-	1,170
Receivables	404	-	404
Current tax assets	120	-	120
Inventories and other assets	-	-	-
Investments in financial assets measured at FV through profit and loss	12,630	-	12,630
Investments in financial assets at amortised cost	-	-	-
Investments in associates accounted for using the equity method	49	-	49
Investment property	10	-	10
Property, plant and equipment	39	-	39
Deferred tax assets	663	-	663
Intangibles	859	-	859
Total assets	15,944	-	15,944
Payables	383	(37)	346
Current tax liabilities	-	-	-
Provisions	154	-	154
Derivative financial liabilities	-	37	37
Borrowings	416	-	416
Subordinated debt	280	-	280
Deferred tax liabilities	54	-	54
External unitholders' liabilities	322	-	322
Policy liabilities	12,555	(12,555)	-
Life insurance contract liabilities	-	2,674	2,674
Investment contract liabilities	-	9,881	9,881
Defined benefit plan liabilities	209	-	209
Total liabilities	14,373	-	14,373
Net assets/equity	1,571	-	1,571
AXA APH Asian Businesses net assets¹	2,993		
AXA APH net assets²	4,564		

1 Asian Businesses (including Hong Kong) net assets per Note 8 to the June 2010 AXA APH interim report.

2 AXA APH net assets per Note 8 to the June 2010 AXA APH interim report.

7

Taxation implications

7.1 Australian tax consequences of participating in the Share Scheme

This section provides an overview of the Australian tax consequences that should arise for certain Share Scheme Participants as a result of the implementation of the Share Scheme.

The information provided in this section 7.1 does not apply to:

- Share Scheme Participants who are assessed in relation to the disposal of their AXA APH Shares otherwise than under the Australian CGT provisions. This may include, for example, a Share Scheme Participant who carries on a share trading or investment business; or
- Share Scheme Participants who are foreign residents or temporary residents of Australia for Australian tax purposes.

The Australian tax consequences for Share Scheme Participants currently under the AXA APH General Employee Share Plans (**Employee Participants**) are described in section 7.1.5.

The New Zealand tax implications for Share Scheme Participants are set out in section 7.2.

The Australian tax consequences for AXA APH Rightsholders participating in the Rights Scheme are described in section 8.14.

The tax overview set out below takes into account legislation enacted as at the date of this Explanatory Memorandum. It does not purport to be a complete analysis or to identify all potential related tax consequences.

The tax overview does not constitute tax advice and should not be relied upon as such.

All Share Scheme Participants are advised to obtain independent tax advice in respect of the Proposal which takes into account their personal circumstances. That tax advice should specifically consider whether the Share Scheme Participant is entitled to partial CGT roll-over relief.

7.1.1 CGT consequences

AXA APH has applied to the Commissioner of Taxation for a class ruling confirming the Australian tax consequences set out in the tax overview below. Any class ruling which the Commissioner of Taxation issues will only apply to Share Scheme Participants who, among other things, are Australian residents for tax purposes and are assessed in relation to the disposal of their AXA APH Shares under the Australian CGT provisions.

AXA APH cannot provide any assurances that the class ruling applied for will in fact be issued, or that it will confirm the position set out in the tax overview below. The Australian tax consequences that arise as a result of the implementation of the Share Scheme may therefore differ to the consequences set out in the tax overview.

AXA APH will make the class ruling issued by the Commissioner of Taxation available on its website at www.axaasiapacific.com.au.

7.1.1.1 Transfer of AXA APH Shares

If the Proposal proceeds, each Share Scheme Participant will be provided:

- **(Share Component)** 0.73 New AMP Shares; and
- **(Cash Component)** a variable cash amount based on the Post Scheme AMP VWAP and determined in accordance with the formulae described in section 1.2,

for every AXA APH Share in respect of which the Share Scheme Participant is registered as the owner on the Scheme Record Date for the Share Scheme (please see section 1.2).

The transfer of the AXA APH Shares on the Implementation Date under the Share Scheme will be a CGT event for Share Scheme Participants. Share Scheme Participants will:

- make a capital gain if the capital proceeds for their AXA APH Shares are greater than the cost base of their AXA APH Shares (the availability of partial CGT roll-over relief for a capital gain is discussed below); and
- make a capital loss if the capital proceeds for their AXA APH Shares are less than the reduced cost base of their AXA APH Shares.

The capital proceeds for the transfer of the AXA APH Shares will be equal to the sum of the cash paid plus the market value of New AMP Shares provided (determined at the Implementation Date).

The cost base of the AXA APH Shares will generally include the original or deemed cost of acquisition, plus certain other costs incurred in relation to the acquisition and disposal of the AXA APH Shares. The reduced cost base is determined in a similar manner, however the related costs which may be included are different.

Share Scheme Participants who are individuals, complying superannuation entities or trusts may be entitled to reduce the amount of any capital gain made on the disposal of their AXA APH Shares if, among other things, they have held their AXA APH Shares for at least 12 months before the Implementation Date (this reduction is referred to as the “**CGT discount**”). This 12 month period does not include the date of acquisition of the AXA APH Shares or the Implementation Date. The CGT discount is applied only after available capital losses have been applied to reduce the capital gain.

The discount rate is 50% for individuals and trusts, and 33 ¹/₃% for complying superannuation entities.

The CGT discount is not available to Share Scheme Participants that are companies or to Share Scheme Participants who acquired their AXA APH Shares before 21 September 1999 and choose to include indexation when calculating the cost base of their AXA APH Shares.

Capital gains and capital losses made by a Share Scheme Participant in an income year from all sources are aggregated to determine whether they make a net capital gain or net capital loss for that income year. A net capital loss is not deductible from the assessable income of a Share Scheme Participant. However, a net capital loss can generally be carried forward to offset capital gains made in future income years, subject to various requirements.

7.1.1.2 Partial CGT roll-over relief

Australia’s tax regime provides relief from tax for capital gains made on the exchange of shares in one entity for shares in another entity in limited circumstances. This is referred to as “CGT roll-over relief”.

Share Scheme Participants who are residents of Australia for tax purposes should generally be eligible to obtain this relief to the extent that they exchange their AXA APH Shares for New AMP Shares. This is referred to as “partial CGT roll-over relief”.

In broad terms, partial CGT roll-over relief permits eligible Share Scheme Participants to choose to defer the CGT consequences of the transfer of their shares in AXA APH *to the extent* that the capital gain made on the transfer relates to the acquisition of New AMP Shares. This means that where the choice to obtain partial CGT roll over relief is validly made, a capital gain should only arise to the extent that the AXA APH Shares are transferred for cash consideration.

7 Taxation implications

7.1.1.2(a) Partial CGT roll-over relief obtained

Set out below is a simple example of the CGT treatment arising on the transfer of AXA APH Shares where a Share Scheme Participant chooses to obtain partial CGT roll-over relief. The example assumes that:

- the Share Scheme Participant has a cost base of \$5.00 for each of their AXA APH Shares;
- the Post Scheme AMP VWAP is \$5.32; and
- the market value of AMP Shares at the Implementation Date is \$5.32.

Example 1A Partial CGT roll-over relief obtained

A Share Scheme Participant, who is an Australian resident individual, has 10,000 AXA APH Shares with a total cost base of \$50,000. The cost base for each AXA APH share is \$5.00.

In accordance with the formulae set out in section 1.2, the Cash Component is \$2,5464 in respect of each AXA APH Share. This is on the basis that the Post Scheme AMP VWAP is \$5.32.

On the Implementation Date, the Share Scheme Participant is paid \$25,464 (i.e. \$2,5464 for each AXA APH Share) and is provided 7,300 New AMP Shares (i.e. 0.73 New AMP Shares for each AXA APH Share).

The Share Scheme Participant chooses to obtain partial CGT roll-over relief.

Total proceeds	=	Cash Component + Share Component
	=	\$25,464 + (7,300 x \$5.32)
	=	\$64,300
Cost base of AXA APH Shares exchanged for the Cash Component	=	Cost base of AXA APH Shares x $\frac{\text{Cash Component}}{\text{Total proceeds}}$
	=	\$50,000 x (\$25,464/\$64,300)
	=	\$19,801
Capital gain	=	Cash Component - Cost base of AXA APH Shares exchanged for the Cash Component
	=	\$25,464 - \$19,801
	=	\$5,663

If the Share Scheme Participant held the AXA APH Shares for at least 12 months, the CGT discount may apply to reduce the capital gain to \$2,831.50, i.e. half of \$5,663.

Share Scheme Participants will need to choose partial CGT roll-over relief when lodging their income tax return for the income year in which the CGT event happens. The CGT event will happen in the income year in which the Share Scheme is implemented. For Share Scheme Participants who are individuals, this is expected to be the income year ending 30 June 2011.

No formal election is required to be lodged in order to choose to obtain partial CGT roll-over relief. A Share Scheme Participant who chooses to obtain partial CGT roll-over relief can evidence that choice simply by excluding the relevant capital gain, in respect of which partial CGT roll-over relief is obtained, from their tax return.

7.1.1.2(b) Partial CGT roll-over relief not obtained

Set out below is a simple example of the CGT treatment arising on the transfer of AXA APH Shares where a Share Scheme Participant does not apply partial CGT roll-over relief. The example is based on the same assumptions as Example 1A in section 7.1.1.2(a) above.

Example 1B Partial CGT roll-over relief not obtained

A Share Scheme Participant, who is an Australian resident individual, has 10,000 AXA APH Shares with a total cost base of \$50,000. The cost base for each AXA APH Share is \$5.00.

On the Implementation Date, the Share Scheme Participant is paid \$25,464 (i.e. \$2.5464 for each AXA APH Share) and is provided 7,300 New AMP Shares (i.e. 0.73 New AMP Shares for each AXA APH Share).

The Share Scheme Participant does not choose to apply partial CGT roll-over relief.

Total proceeds	=	Cash Component + Share Component
	=	\$25,464 + (7,300 x \$5.32)
	=	\$64,300
Cost base of AXA APH Shares	=	\$50,000
Capital gain	=	Capital proceeds – Cost base of AXA APH Shares
	=	\$64,300 – \$50,000
	=	\$14,300

If the Share Scheme Participant held the AXA APH Shares for more than 12 months, the CGT discount may apply to reduce the capital gain to \$7,150 i.e. half of \$14,300.

7.1.1.3 Disposal of New AMP Shares

A Share Scheme Participant may wish to sell their New AMP Shares acquired under the Share Scheme at some point in the future. In order to determine the extent of any capital gain or capital loss on the disposal of New AMP Shares, it will be necessary to have regard to the cost base of the New AMP Shares and the time of their acquisition.

7.1.1.3(a) Partial CGT roll-over relief obtained

For those Share Scheme Participants that choose to apply partial CGT roll-over relief, the CGT roll-over relief rules will determine the cost base of any New AMP Shares and their time of acquisition.

In general terms, the choice to obtain partial CGT roll-over relief will result in the Share Scheme Participant apportioning the existing cost base of the AXA APH Shares which were exchanged for New AMP Shares. The cost base which relates to AXA APH Shares which were exchanged for the Cash Component is not allocable to the New AMP Shares.

The following example demonstrates how the cost base of New AMP Shares is determined where partial CGT roll-over relief is obtained. The example is based on the same assumptions as Example 1A in section 7.1.1.2(a).

Example 2A Cost base of New AMP Shares where partial roll-over relief obtained

Cost base of AXA APH Shares	=	\$50,000
Cost base of AXA APH Shares exchanged for the Cash Component	=	\$19,801
Cost base of each New AMP Share	=	$\frac{\text{Cost base of AXA APH Shares} - \text{Cost base of AXA APH Shares exchanged for the Cash Component}}{\text{Number of New AMP Shares}}$
	=	$\frac{\$50,000 - \$19,801}{7,300}$
	=	\$4.1369

Each AMP Share will be deemed to have been acquired by the relevant Share Scheme Participant on the same date that the original AXA APH Share, which gave rise to the entitlement to the AMP Share was acquired. This deemed acquisition date will be relevant for indexation or the CGT discount, if available.

7 Taxation implications

7.1.1.3(b) Partial CGT roll over relief not obtained

Where partial CGT roll-over relief is not chosen, the cost base of the AMP Shares should be equal to the market value of the AXA APH Shares exchanged less the Cash Component paid for the AXA APH Shares. In this case, the New AMP Shares will be taken to have been acquired on the Implementation Date.

The following example demonstrates how the cost base of New AMP Shares is determined where partial roll-over relief is not chosen. The example is based on the same assumptions as Example 1A in section 7.1.1.2(a).

Example 2B Cost base of New AMP Shares where partial roll-over relief is not obtained

The cost base of the Share Scheme Participant's New AMP Shares is based on the following formula (where partial CGT roll-over relief is not obtained).

$$\begin{aligned} \text{Market value of AXA APH Shares} &= \$64,300 \\ \text{Cash Component} &= \$25,464 \\ \text{Cost base of each New AMP Share} &= \frac{\text{Market value of AXA APH Shares} - \text{Cash Component}}{\text{Number of New AMP Shares}} \\ &= \frac{\$64,300 - \$25,464}{7,300} \\ &= \$5.32 \end{aligned}$$

7.1.2 AXA APH 2010 Final Dividend

The Australian tax consequences arising from the receipt of the AXA APH 2010 Final Dividend may vary depending on the personal circumstances of the Share Scheme Participants. In general, Share Scheme Participants will be required to include the AXA APH 2010 Final Dividend in their assessable income when lodging their income tax return for the income year ending 30 June 2011.

In addition, if the AXA APH 2010 Final Dividend is franked, then Share Scheme Participants who are individuals may be required to include an amount equal to the franking credit in their assessable income and may be entitled to a tax offset equal to that amount. Excess franking credits (i.e. where the tax offset exceeds the amount of income tax payable) may give rise to a tax refund for certain Share Scheme Participants.

Under the Australian income tax legislation, a Share Scheme Participant who is an individual must be a "qualified person" in order to be entitled to a tax offset in respect of the AXA APH 2010 Final Dividend. Broadly, to be a "qualified person", a Share Scheme Participant must satisfy:

- the "holding period" rule – under this rule, the Share Scheme Participant must have held their AXA APH Shares at risk for a continuous period of at least 45 days prior to the Scheme Record Date (not counting the date of acquisition or the Scheme Record Date); or
- the "related payment" rule – this rule applies if the Share Scheme Participant is under an obligation or is reasonably expected to do anything having the effect of passing the benefit of the AXA APH 2010 Final Dividend to one or more other persons. If the "related payment" rule applies, the Share Scheme Participant must have held their AXA APH Shares at risk for a continuous period of at least 45 days during the period commencing 45 days before the record date for the AXA APH 2010 Final Dividend and ending on the Scheme Record Date (not counting the date of acquisition or the Scheme Record Date).

The "holding period" rule does not apply to a Share Scheme Participant who is an individual if the sum of the tax offsets they are entitled to claim on all franked dividends and distributions received in the income year ending 30 June 2011 (including the AXA APH 2010 Final Dividend) is \$5,000 or less. This exemption does not apply if the "related payment" rule applies.

The franking rules are complex and their application to Share Scheme Participants may vary depending on the personal circumstances of the Share Scheme Participants. Share Scheme Participants should seek their own independent tax advice in respect of the receipt of the AXA APH 2010 Final Dividend.

7.1.3 Stamp duty

Share Scheme Participants will not pay any stamp duty when they acquire their New AMP Shares or on any subsequent disposal of their New AMP Shares.

7.1.4 Goods and Services Tax

The disposal and acquisition of shares by Share Scheme Participants will not be subject to Goods and Services Tax (GST). However, the ability of Share Scheme Participants to claim input tax credits on related acquisitions (if any) may be restricted. This is a complex area of the GST law and GST registered Share Scheme Participants should seek their own professional tax advice in this regard.

7.1.5 Employee Participants

The tax consequences for Employee Participants on the disposal of their AXA APH Shares may be different.

Employee Participants may be assessed otherwise than under the CGT provisions. In some cases a form of partial roll-over relief may be available to Employee Participants.

Employee Participants may also have a different cost base for their AXA APH Shares and the New AMP Shares that they acquire under the Share Scheme.

The information in this section does not constitute taxation advice and should not be relied upon as such.

All Employee Participants are advised to obtain independent tax advice in respect of the Proposal which takes into account their personal circumstances, and the tax consequences under the employee share scheme rules.

7.2 New Zealand tax consequences of participating in the Share Scheme

This section provides an overview of the general New Zealand tax consequences that should arise for certain Share Scheme Participants as a result of the implementation of the Share Scheme.

The information provided below is applicable only to Share Scheme Participants who are resident in New Zealand for tax purposes. It does not apply to any New Zealand-resident Share Scheme Participants who are AXA APH Rightsholders or who are Employee Participants. It also does not discuss the Australian tax consequences for New Zealand-resident Share Scheme Participants. The information below is based on the assumption that the “foreign investment fund” (FIF) rules in New Zealand’s income tax legislation do not apply, and will continue not to apply, to the AXA APH Shares or the New AMP Shares (on the basis of an exemption which applies to certain listed Australian companies).

The tax overview set out below takes into account legislation enacted as at the date of this Explanatory Memorandum. It does not purport to be a complete analysis of all potential issues (including for example the tax treatment of any future dividends received by Share Scheme Participants from New AMP Shares) or to identify all potential related tax consequences. The tax consequences for each Share Scheme Participant will depend on the individual circumstances of that Share Scheme Participant.

The tax overview does not constitute tax advice and should not be relied upon as such.

All Share Scheme Participants are advised to obtain independent tax advice in respect of the Proposal which takes into account their personal circumstances.

7.2.1 Consequences of disposal of AXA APH Shares

Share Scheme Participants may be subject to New Zealand income tax on the amount by which the value of the consideration they are provided for their AXA APH Shares (i.e. the sum of the cash paid plus the market value of any New AMP Shares provided) exceeds the original cost to them of their AXA APH Shares (in both cases calculated in New Zealand dollars), if:

- they are a dealer, or are otherwise in the business of dealing, in shares or securities;
- they acquired their AXA APH Shares for the purposes of resale; or
- they dispose of their AXA APH Shares as part of an undertaking or scheme entered into or devised for the purpose of making a profit.

Share Scheme Participants who have a tax liability on this basis will need to file a tax return with the New Zealand Inland Revenue Department in respect of the income year in which they dispose of their AXA APH Shares under the Share Scheme and include the amount of the gain made on that disposal as income in that tax return.

Share Scheme Participants which are portfolio investment entities may be exempt from New Zealand income tax on gains made on the disposal of their AXA APH Shares.

7 Taxation implications

7.2.2 Consequences of receipt of AXA APH 2010 Final Dividend

The New Zealand tax consequences arising from the receipt of the AXA APH Final 2010 Dividend may vary depending on the personal circumstances of Share Scheme Participants. In general, the dividend will form part of the New Zealand taxable income of recipient Share Scheme Participants, and they will be required to include the dividend as income in a New Zealand tax return for the relevant tax year. A credit may be available for any Australian withholding tax withheld from the dividend. They should be able to use New Zealand imputation credits (if any) attached to the dividend to offset against their general New Zealand income tax liability. They will not however be able to use any Australian franking credits attached to the dividend for New Zealand income tax purposes.

7.2.3 Consequences of disposal of New AMP Shares

Share Scheme Participants who acquire New AMP Shares under the Share Scheme may sell their New AMP Shares in the future. Share Scheme Participants may be subject to New Zealand income tax on any gain made upon the disposal of their New AMP Shares, being the amount, in both cases calculated in New Zealand dollars, by which the consideration they are provided for their New AMP Shares exceeds the cost of those shares (which, for this purpose, will be the value of the AXA APH Shares disposed of on acquisition of the New AMP Shares less the cash portion of the consideration provided for those AXA APH Shares), if:

- they are a dealer, or are otherwise in the business of dealing, in shares or securities;
- they acquired their New AMP Shares for the purposes of resale; or
- they dispose of their New AMP Shares as part of an undertaking or scheme entered into or devised for the purpose of making a profit.

Share Scheme Participants who do have a tax liability on this basis will need to file a tax return with the New Zealand Inland Revenue Department in respect of the income year in which they dispose of their New AMP Shares and include the amount of the gain made on that disposal as income in that tax return.

Share Scheme Participants which are portfolio investment entities may be exempt from New Zealand income tax on gains made on the disposal of their AXA APH Shares.

7.2.4 Stamp duty

There is no New Zealand stamp duty on the acquisition, transfer or disposal of shares. Accordingly, the disposal of AXA APH Shares and the acquisition and disposal of New AMP Shares will not have any stamp duty consequences in New Zealand.

7.2.5 Goods and Services Tax

New Zealand-resident Share Scheme Participants will not be liable for (or be required to pay) New Zealand goods and services tax as a result of the Proposal.

7.3 Tax consequences for AXA APH Rightsholders

Section 8.14 contains an overview of the Australian tax consequences of participating in the Rights Scheme for AXA APH Rightsholders.

8

Information for AXA APH Rightsholders

8 Information for AXA APH Rightsholders

This section only applies to AXA APH Rightsholders, and contains information for AXA APH Rightsholders to consider in connection with the Rights Scheme. AXA APH Rightsholders should also read the remainder of this document for additional information in relation to the Proposal. In this section, a reference to “you” means an AXA APH Rightsholder. For these purposes, AXA APH Rightsholders are employees and former employees of the AXA APH Group who are registered as the holders of AXA APH Rights.

8.1 Overview of the Rights Scheme

8.1.1 Key features

- The Rights Scheme is a scheme of arrangement between AXA APH and the AXA APH Rightsholders. If the Rights Scheme is implemented, all of the Scheme Rights held by AXA APH Rightsholders on the Scheme Record Date for the Rights Scheme will be cancelled in return for a cash payment.
- The Rights Scheme requires approval of AXA APH Rightsholders and the Court and is conditional on the Share Scheme becoming Effective.
- The meetings of AXA APH Rightsholders to vote on the Rights Scheme will be held on Wednesday, 2 March 2011 at Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia.

8.1.2 Vested AXA APH Rights

- You can still exercise any of your AXA APH Rights that are already vested (**Vested AXA APH Rights**) at any time before the Exercise Deadline in accordance with their terms of grant, so long as you comply with AXA APH's Employee Share Trading Policy. You may exercise Vested AXA APH Rights unconditionally or on the condition that the Proposal is implemented. If you exercise your Vested AXA APH Rights unconditionally, the exercise will be effective regardless of whether the Share Scheme or Rights Scheme becomes Effective or whether the Proposal is implemented. If you exercise your vested AXA APH Rights conditionally, that exercise will only be effective if the Share Scheme becomes Effective.
- If you exercise your Vested AXA APH Rights and continue to hold any of the AXA APH Shares you received on exercise at the Scheme Record Date for the Share Scheme, you will be eligible to be provided the Share Scheme Consideration in respect of those AXA APH Shares.
- If you do not exercise your Vested AXA APH Rights, you will be paid the Rights Scheme Consideration for the cancellation of the Vested AXA APH Rights if the Rights Scheme is implemented.

8.1.3 Unvested AXA APH Rights

- If the Schemes become Effective, the performance hurdles applying to all AXA APH Rights that are not already vested (**Unvested AXA APH Rights**) will be waived.
- You will be able to exercise all of your Unvested AXA APH Rights for a short period of three Business Days following the Effective Date and until the Exercise Deadline. If you exercise your Unvested AXA APH Rights in this period, you will be eligible to be provided the Share Scheme Consideration in respect of those AXA APH Shares you are provided. You can submit an Exercise Form before this period but the exercise will only be effective if both the Schemes become Effective.
- If you do not exercise the Unvested AXA APH Rights, you will be paid the Rights Scheme Consideration for the cancellation of the AXA APH Rights if the Rights Scheme is implemented.

8.1.4 What you should do

STEP 1	Carefully read this section 8	
STEP 2	Determine if you have Vested AXA APH Rights and/or Unvested AXA APH Rights	
STEP 3	Consideration	
	Do you want to be provided the Share Scheme Consideration or Rights Scheme Consideration? Under the Share Scheme Consideration, you will be provided both AMP Shares and a variable cash amount (see section 1.2.1). Under the Rights Scheme Consideration, you will only be entitled to be paid in cash (see section 8.4).	
	Vested AXA APH Rights (see section 8.5)	Unvested AXA APH Rights (see section 8.6)
	Choice 1 – Exercise unconditionally before the Exercise Deadline, receive AXA APH Shares and be provided the Share Scheme Consideration	Choice 1 – Exercise your Unvested AXA APH Rights before the Exercise Deadline, receive AXA APH Shares if the Schemes become Effective and be provided the Share Scheme Consideration
	Choice 2 – Exercise conditionally before the Exercise Deadline, receive AXA APH Shares if the Share Scheme becomes Effective and be provided the Share Scheme Consideration if the Share Scheme becomes Effective	Choice 2 – Do nothing and if the Rights Scheme becomes Effective, you will be paid the Rights Scheme Consideration
	Choice 3 – Do nothing and if the Rights Scheme becomes Effective, you will be paid the Rights Scheme Consideration	
STEP 4	Voting	
	Do you wish to vote on the Share Scheme and at the Extraordinary General Meeting or vote on the Rights Scheme?	
	Share Scheme and Extraordinary General Meeting	Rights Scheme
	Vested – If you wish to vote on the Share Scheme and at the Extraordinary General Meeting you need to unconditionally exercise your Vested AXA APH Rights and be on the AXA APH Share Register at 7.00 pm on Monday, 28 February 2011.	Vested – If you exercise your Vested AXA APH Rights unconditionally but are not on the AXA APH Share Register by 7.00 pm on Monday, 28 February 2011 or you exercise your Vested AXA APH Rights conditionally, you will be entitled to vote on the Rights Scheme.
	Unvested – Unvested AXA APH Rightsholders will not be able to vote on the Share Scheme or at the Extraordinary General Meeting.	Unvested – All Unvested AXA APH Rightsholders will be entitled to vote on the Rights Scheme

8.1.5 Independent Directors' recommendation and Independent Expert's opinion

- Your Independent Directors unanimously recommend that you vote in favour of the Rights Scheme, in the absence of a Superior Proposal.
- The Independent Expert has concluded that the Rights Scheme is fair and reasonable and accordingly is in the best interests of AXA APH Rightsholders.

8.2 Important dates for the Rights Scheme

Event	Scheduled time and date
AXA APH's 2010 Financial Year results announcement	Tuesday, 15 February 2011
AMP's 2010 Financial Year results announcement	Thursday, 17 February 2011
Last time and date for lodgment of Rights Scheme Meeting Proxy Forms	11.00 am on Monday, 28 February 2011
Last time and date for determining eligibility to vote at the Rights Scheme Meetings	7.00 pm on Monday, 28 February 2011
Rights Scheme Meeting 1 (for AXA APH Rightsholders holding In-the-money AXA APH Rights) and Rights Scheme Meeting 2 (for AXA APH Rightsholders holding Out-of-the-money AXA APH Rights)	10.00 am on Wednesday, 2 March 2011
Court hearing for approval of the Rights Scheme (Second Court Hearing)	Monday, 7 March 2011
Last time and date for receipt of Exercise Forms for any cashless exercise, i.e. the last time at which AXA APH Rights can be exercised to participate in the Share Scheme using the cashless exercise facility	7.00 pm on Monday, 7 March 2011
Effective Date	Tuesday, 8 March 2011
Last time and date for receipt of Exercise Forms, i.e. the last time at which AXA APH Rights can be exercised to participate in the Share Scheme, excluding any cashless exercise (the Exercise Deadline)	7.00 pm on Friday, 11 March 2011
Time and date for determining entitlement to the Rights Scheme Consideration (Scheme Record Date for Rights Scheme)	7.00 pm on Wednesday, 16 March 2011
Implementation Date for the Rights Scheme	Wednesday, 30 March 2011
Despatch of Rights Scheme Consideration	

All dates and times in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from the Court and other regulatory authorities. Any changes to the timetable (which may include an earlier date for the Second Court Hearing) will be announced through the ASX and notified on AXA APH's website at www.axaasiapacific.com.au.

All times and dates referred to in this Explanatory Memorandum are times and dates in Melbourne, Australia.

8.3 Summary of the AXA APH Rights

8.3.1 The AXA APH Rights Plan

Under the AXA APH Rights Plan, allocation rights and performance rights are granted to certain executives.

Allocation rights represent a right to acquire an AXA APH Share or potentially to be paid a cash amount from AXA APH. Generally, allocation rights may only be exercised to acquire shares (or a cash payment will only be made) if performance hurdles are satisfied during a performance period and the exercise price is paid by the executive (whether through the cashless exercise facility or otherwise). The exercise price is based on a market price at or around the time an allocation right is granted.

Performance rights are similar to allocation rights in that they represent a right to acquire an AXA APH Share or potentially to be paid a cash amount by AXA APH subject to the satisfaction of performance hurdles. However, unlike an allocation right, an executive does not need to pay an exercise price to exercise a performance right.

8.3.2 Summary of key features of AXA APH Rights

The table below summarises some key features of the AXA APH Rights that were on issue as at 31 December 2010.

Grant date	Exercise period (if performance hurdle met)	Expiry date	Exercise price (\$) (allocation rights)	Number of outstanding allocation rights	Exercise price (\$) (performance rights)	Number of outstanding performance rights	Total number of outstanding AXA APH Rights in grant
15 April 2004	15 April 2006 – 15 April 2011	15 April 2011	\$3.19	2,888,275	\$0	122,872	3,011,147
13 April 2005	13 April 2007 – 13 April 2012	13 April 2012	\$4.28	4,015,613	\$0	257,417	4,273,030
13 April 2006	13 April 2008 – 13 April 2013	13 April 2013	\$6.24	4,143,130	\$0	314,872	4,458,002
17 May 2007	17 May 2010 – 17 May 2014	17 May 2014	\$7.46	3,861,563	\$0	787,522	4,649,085
23 May 2008	23 May 2011 – 23 May 2015	23 May 2015	\$5.71	5,953,865	\$0	1,268,071	7,221,936
25 May 2009	25 May 2012 – 25 May 2016	25 May 2016	\$3.92	12,808,723	\$0	0	12,808,723

8.4 What will AXA APH Rightsholders be paid under the Rights Scheme?

8.4.1 Rights Scheme Consideration

If the Rights Scheme is implemented, AXA APH Rightsholders who continue to hold unexercised AXA APH Rights on the Scheme Record Date for the Rights Scheme (referred to as "Rights Scheme Participants" in this Explanatory Memorandum) will be paid a **cash payment** for each Scheme Right they hold on the Scheme Record Date for the Rights Scheme, in consideration for the cancellation of their Scheme Rights. The amount of the cash payment for the cancellation of a particular Scheme Right differs depending on the terms, exercise price (if any), the vesting status and, in some cases, the expiry date of that right.

The table below sets out the amounts to be paid under the Rights Scheme for each grant of AXA APH Rights.

Grant date	AXA APH Rights	
	Rights Scheme Consideration per allocation right (\$)	Rights Scheme Consideration per performance right (\$)
15 April 2004	\$3.24	\$6.43
13 April 2005	\$2.15	\$6.43
13 April 2006	\$0.19	\$6.43
17 May 2007	\$0.56 (for Tranche 1 and 2) – where the allocation right is vested before the Effective Date for the Rights Scheme. AND \$0.01 (for Tranche 1 and 2) – where the allocation right is subject to an operating earnings performance hurdle and the allocation right has not vested before the Effective Date for the Rights Scheme. AND \$0.55 for Tranche 1 and \$0.53 for Tranche 2 where the allocation right is subject to a TSR performance hurdle and the allocation right has not vested before the Effective Date for the Rights Scheme.	\$6.43
23 May 2008	\$0.72	\$6.43
25 May 2009	\$2.51	Not applicable as no performance rights were granted

8.4.2 Basis upon which the Rights Scheme Consideration was determined

The Rights Scheme Consideration has been calculated having regard to whether a particular AXA APH Right has:

- no exercise price, or an exercise price less than \$6.43 (**In-the-money AXA APH Rights**); or
- an exercise price equal to or greater than \$6.43 (**Out-of-the-money AXA APH Rights**).

8.4.2.1 In-the-money AXA APH Rights

The Rights Scheme Consideration to be paid on the cancellation of In-the-money AXA APH Rights has been calculated on the basis of the intrinsic value of the rights, by deducting the exercise price of the right (if any) from \$6.43.

An intrinsic valuation values a right by reference to the current price of the underlying share and does not assign any value to the potential for future price gains of the underlying share, referred to as the time value.

8.4.2.2 Out-of-the-money AXA APH Rights

The Out-of-the-money AXA APH Rights have no intrinsic value. The Rights Scheme Consideration to be paid on the cancellation of Out-of-the-money AXA APH Rights has therefore been calculated as the greater of the assessed theoretical fair value of the right and \$0.01.

The only AXA APH Rights that are “out-of-the-money” are the allocation rights that were granted on 17 May 2007. These Out-of-the-money AXA APH Rights have been categorised into four types, depending on their vesting status and applicable performance hurdles and have been valued separately (as shown in the table in section 8.4.1).

The assessed theoretical fair values have been determined using a combination of the binomial tree methodology and Monte-Carlo simulations. This valuation approach takes into account the vesting status and applicable performance hurdles of the Out-of-the-money AXA APH Rights (including the probability of vesting and the time of vesting, which would not be possible under simpler valuation methodologies such as the Black Scholes model). It also takes into account factors such as the assumed volatility of the future price of AXA APH Shares and the length of time until expiry. This approach is consistent with that used to determine the AXA APH Rights Plan expenses in AXA APH’s financial statements.

The assumptions used in this valuation methodology were:

- price of AXA APH Shares of \$4.30, based on the price of AXA APH Shares immediately before the announcement of the Initial Proposal adjusted for general equity market movements between that time and the valuation date;
- annualised volatility of the price of AXA APH Shares of 40%;
- risk free interest rates implied from the zero coupon yield of Australian government bonds on the valuation date;
- annualised dividend yield of 3.1%;
- in assessing the probability and timing of the operating earnings performance conditions being met, the operating earnings growth rates implied by AXA APH’s historical operating earnings and the internal management forecast of AXA APH’s operating earnings; and
- in assessing the probability and timing of the TSR performance conditions being met, the share price of each company in the pre-defined peer group implied from a Monte-Carlo simulation.

8.4.3 Fractional entitlements

All entitlements to Rights Scheme Consideration will be rounded up or down to the nearest full cent to avoid fractions of a cent (and rounded up where the relevant fraction is 0.5).

8.5 Vested AXA APH Rights

8.5.1 What are your choices if you are a holder of Vested AXA APH Rights?

As an AXA APH Rightsholder with Vested AXA APH Rights, you have three key choices as a result of the Rights Scheme.

You can:

[Where to find more information](#)

CHOICE 1	<p>(Exercise unconditionally and participate in the Share Scheme) Exercise your Vested AXA APH Rights unconditionally, in which case you will be able to use the normal cashless exercise facility offered by AXA APH (so long as you exercise before 7.00 pm on Monday, 7 March 2011 and you will be provided with AXA APH Shares. Holding AXA APH Shares will then enable you to participate in the Share Scheme as an AXA APH Shareholder. Provided you exercise and continue to hold those AXA APH Shares at the relevant times:</p> <ul style="list-style-type: none"> ▪ you will be able to vote on the Share Scheme; and ▪ you will be provided the Share Scheme Consideration if the Share Scheme is implemented. <p>You can exercise your Vested AXA APH Rights unconditionally at any time before the Exercise Deadline in accordance with their terms of grant, so long as you comply with AXA APH's Employee Share Trading Policy. The unconditional exercise means it will be effective regardless of whether the Share Scheme or Rights Scheme becomes Effective or the Proposal is implemented. Whether you are entitled to vote on the Share Scheme or the Rights Scheme will depend on when you exercise your Vested AXA APH Rights.</p> <p>OR</p>	<p>Sections 8.5 and 8.7</p> <p>Section 8.11.2</p> <p>Sections 8.5.2 and 8.7</p>
CHOICE 2	<p>(Exercise conditionally and participate in the Share Scheme) Exercise your Vested AXA APH Rights conditionally and you will be able to participate in the Share Scheme as an AXA APH Shareholder. However, the exercise will only be effective if the Share Scheme becomes Effective. This means that:</p> <ul style="list-style-type: none"> ▪ you will be able to vote on the Rights Scheme but not the Share Scheme; and ▪ you will be provided the Share Scheme Consideration if the Share Scheme is implemented. <p>The cashless exercise facility will not be available if you exercise your Vested AXA APH Rights conditionally.</p> <p>OR</p>	<p>Sections 8.5 and 8.7</p> <p>Section 8.11.2</p>
CHOICE 3	<p>(Do not exercise and participate in the Rights Scheme) Do nothing and you will participate in the Rights Scheme as an AXA APH Rightsholder. This means that:</p> <ul style="list-style-type: none"> ▪ you will be able to vote on the Rights Scheme; ▪ you will be paid the Rights Scheme Consideration for the cancellation of your AXA APH Rights if the Rights Scheme is implemented; and ▪ you will not be able to participate in the Share Scheme. 	<p>Sections 8.4 and 8.5.4</p> <p>Section 8.11.2</p>

8.5.2 When can you exercise your Vested AXA APH Rights?

You can exercise your Vested AXA APH Rights at any time up until the Exercise Deadline. The Proposal and the Rights Scheme do not affect your ability to exercise your Vested AXA APH Rights up until that time. However, if the Rights Scheme becomes Effective, you will not be able to exercise any of the Vested AXA APH Rights after the Exercise Deadline. If you exercise your Vested AXA APH Rights conditionally, that exercise will only be effective if the Share Scheme becomes Effective.

See section 8.7 to see what you need to do to exercise Vested AXA APH Rights.

8.5.3 What happens if you validly exercise your Vested AXA APH Rights before the Exercise Deadline?

The AXA APH Board will make a determination under the AXA APH Rights Plan rules that in respect of an AXA APH Right which is validly exercised on or before the Exercise Deadline, and with effect from the time of exercise, an AXA APH Rightsholder will be entitled to be provided with an AXA APH Share in respect of the AXA APH Right that has been exercised. This determination will be made irrespective of whether the Rights Scheme is implemented.

If the Rights Scheme is approved by AXA APH Rightsholders and the Court, the AXA APH Board will make a further determination under the AXA APH Rights Plan rules that any AXA APH Rights that are not validly exercised before the Exercise Deadline will be satisfied in the form of AXA APH Shares only and not in cash.

If you have exercised your Vested AXA APH Rights before the Exercise Deadline, you will be provided with AXA APH Shares. If you have unconditionally exercised your Vested AXA APH Rights, you will be able to use the normal cashless exercise facility offered by AXA APH. You should note that the cashless exercise facility will not be available if you conditionally exercise your Vested AXA APH Rights or if you exercise your Vested AXA APH Rights after 7.00 pm on Monday, 7 March 2011.

If you sell any AXA APH Shares received on exercise of an AXA APH Right before the Scheme Record Date, whether sold on market or through the cashless exercise facility, you will not be able to participate in the Share Scheme (in respect of those AXA APH Shares sold) or benefit from any Superior Proposal (if one arises).

If the Share Scheme is implemented and you continue to hold the AXA APH Shares on the Scheme Record Date for the Share Scheme, you will be provided the Share Scheme Consideration in respect of those shares. Ineligible Overseas Shareholders will not be able to be provided New AMP Shares as part of the Share Scheme Consideration. See section 1.2 for an explanation of the Share Scheme Consideration.

8.5.4 What happens if you do not exercise your Vested AXA APH Rights before the Exercise Deadline?

If you do not validly exercise your Vested AXA APH Rights before the Exercise Deadline (whether conditionally or otherwise), you will participate in the Rights Scheme. If the Rights Scheme is implemented, you will be paid the Rights Scheme Consideration for the cancellation of all the AXA APH Rights that you hold on the Scheme Record Date for the Rights Scheme.

8.5.5 What happens if the Rights Scheme or the Proposal does not proceed?

See sections 8.10.1 and 8.10.2 for a discussion of what will happen to all your unexercised AXA APH Rights (whether these are Vested AXA APH Rights or Unvested AXA APH Rights) if the Rights Scheme or the Proposal does not proceed.

8.6 Unvested AXA APH Rights

8.6.1 What are your choices if you are a holder of Unvested AXA APH Rights?

As an AXA APH Rightsholder with Unvested AXA APH Rights, you can:

Where to find
more information

VOTE	(Vote on the Rights Scheme) You can vote on the Rights Scheme and therefore have a say on whether the Rights Scheme should proceed. You will not, however, be able to vote on the Share Scheme or at the Extraordinary General Meeting.	Section 8.11
AND		
IF BOTH SCHEMES BECOME EFFECTIVE		
the performance hurdles applicable to your Unvested AXA APH Rights will be waived and you can:		
CHOICE 1	(Exercise your Unvested AXA APH Rights) Exercise your Unvested AXA APH Rights and be provided with AXA APH Shares. This means you will be provided the Share Scheme Consideration in respect of the AXA APH Shares. You may submit the Exercise Form at any time before the Exercise Deadline. The cashless exercise facility is not available in relation to your Unvested AXA APH Rights.	Section 8.6 and 8.7
OR		
CHOICE 2	(Do not exercise your Unvested AXA APH Rights) Do nothing. You will be paid the Rights Scheme Consideration for the cancellation of your AXA APH Rights if the Rights Scheme is implemented.	Sections 8.4 and 8.6

8.6.2 When can you exercise your Unvested AXA APH Rights?

If the Schemes are approved at the Second Court Hearing, you will have a short period of three Business Days after the Effective Date and up until the Exercise Deadline to exercise your Unvested AXA APH Rights.

You can submit your Exercise Form before this time, but that exercise will only be effective if the Schemes become Effective.

8.6.3 What happens if you validly exercise your Unvested AXA APH Rights before the Exercise Deadline?

You will be provided with AXA APH Shares if both of the Schemes become Effective. Note that the cashless exercise facility is not available to exercise your Unvested AXA APH Rights. You will need to pay any Exercise Payment (in cash by following the instructions on the relevant Exercise Form) when you exercise your Unvested AXA APH Rights.

You will be provided the Share Scheme Consideration in respect of those shares. Ineligible Overseas Shareholders will not be able to be provided New AMP Shares as part of the Share Scheme Consideration. See section 1.2 for an explanation of the Share Scheme Consideration.

8.6.4 What happens if you do not validly exercise your Unvested AXA APH Rights?

You will be paid the Rights Scheme Consideration for the cancellation of all the AXA APH Rights that you hold on the Scheme Record Date for the Rights Scheme.

8.6.5 What happens if the Rights Scheme or the Proposal does not proceed?

See sections 8.10.1 and 8.10.2 for a discussion of what will happen to all your unexercised AXA APH Rights (whether they are Vested AXA APH Rights or Unvested AXA APH Rights) if the Rights Scheme or the Proposal does not proceed.

8.7 How do I exercise my AXA APH Rights?

8.7.1 The Exercise Form

To exercise your AXA APH Rights, you must complete the relevant Exercise Form for your AXA APH Rights, which you received with your copy of the Explanatory Memorandum, and return the form in accordance with the instructions on the form.

Please lodge completed Exercise Form(s) with the AXA APH Share Registry:

- by mailing them to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia; or
- by faxing them to (61 3) 9673 2388; or
- emailing them to AXAShareplans@computershare.com.au.

Your Exercise Form and any applicable Exercise Payment must be received by the AXA APH Share Registry no later than the Exercise Deadline, which is expected to be 7.00 pm on Friday, 11 March 2011.

There are different Exercise Forms for Vested AXA APH Rights and Unvested AXA APH Rights.

8.7.2 Exercising Vested AXA APH Rights

You can exercise your Vested AXA APH Rights at any time before the Exercise Deadline in accordance with their terms of grant, so long as you comply with AXA APH's Employee Share Trading Policy. Unless you have exercised your Vested AXA APH Rights conditionally, the exercise will be effective regardless of whether the Share Scheme or Rights Scheme becomes Effective or the Proposal is implemented.

If you choose to exercise any of your Vested AXA APH Rights that are allocation rights, you will need to pay the Exercise Payment associated with those AXA APH Rights (either directly or through the use of the cashless exercise facility). You should note that the Share Scheme Consideration may be less than the Exercise Payment. As at the date of this Explanatory Memorandum, this will only affect those Out-of-the-money AXA APH Rights that are already vested.

8.7.3 Exercising Unvested AXA APH Rights

You will be able to submit an Exercise Form at any time before the Exercise Deadline. If you submit your Exercise Form before the Second Court Hearing the Exercise Form will only be effective if the Rights Scheme becomes Effective. Therefore you will not be able to vote at the Share Scheme Meeting in respect of AXA APH Shares provided to you as a result of the exercise of Unvested AXA APH Rights.

If you choose to exercise any of your Unvested AXA APH Rights that are allocation rights, you will need to pay the Exercise Payment associated with those AXA APH Rights (directly, as the cashless exercise facility is not available for Unvested AXA APH Rights). You should note that the Share Scheme Consideration may be less than the Exercise Payment. As at the date of this Explanatory Memorandum, this will only affect those Out-of-the-money AXA APH Rights that are currently unvested.

8.7.4 Cashless exercise

If you unconditionally exercise your Vested AXA APH Rights before the Share Scheme Meeting, you will be able to use the normal cashless exercise facility offered by AXA APH and you will be provided with AXA APH Shares. However, the cashless exercise facility will not be available if you conditionally exercise your Vested AXA APH Rights or if you exercise your Vested AXA APH Rights after 7.00 pm on Monday, 7 March 2011.

The cashless exercise facility is not available for your Unvested AXA APH Rights. This means that you will need to pay any Exercise Payment (in cash by following the instructions on the relevant Exercise Form) when you exercise your Unvested AXA APH Rights.

8.8 Why you should vote in favour of the Rights Scheme

Your Independent Directors unanimously recommend that you vote in favour of the Rights Scheme, in the absence of a Superior Proposal.

- Your Independent Directors consider that, taking into account all relevant matters as set out in this Explanatory Memorandum, the Rights Scheme is in the best interests of AXA APH Rightsholders, in the absence of a Superior Proposal. Accordingly, each Independent Director recommends that AXA APH Rightsholders vote in favour of the Rights Scheme, in the absence of a Superior Proposal.¹
- The Directors who are not members of the Independent Board Committee make no recommendation in this Explanatory Memorandum to AXA APH Rightsholders in relation to the Rights Scheme. Of these Directors, only Andrew Penn holds AXA APH Rights. Andrew Penn intends to vote all AXA APH Rights held or controlled by him in favour of the Rights Scheme Resolutions, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Rights Scheme is fair and reasonable and accordingly is in the best interests of AXA APH Rightsholders.

- The Independent Board Committee commissioned Grant Samuel as an independent expert to prepare a report on the Rights Scheme (in addition to the Proposal). Grant Samuel has concluded that the Rights Scheme is fair and reasonable and accordingly is in the best interests of AXA APH Rightsholders.
- A concise version of the Independent Expert's Report is contained in Appendix 1 of this Explanatory Memorandum. The Independent Expert's conclusion on the Rights Scheme is set out on page 12 of Appendix 1. The long form version of the Independent Expert's Report is contained in the Explanatory Memorandum Supplement, with commentary on the Rights Scheme set out on pages 161 to 163 of that report. A copy of the Explanatory Memorandum Supplement can be obtained by calling the AXA APH Information Line on 1300 157 263 (within Australia) or +61 3 9415 4689 (outside Australia) on weekdays between 9.00 am and 6.00 pm (Melbourne time), or from www.axaaphproposal.com.au. You are encouraged to read that report.

Your Unvested AXA APH Rights will vest, as all performance hurdles will be waived if the Schemes become Effective, and these rights will therefore vest earlier than would otherwise be the case.

After the Effective Date, you will be able to exercise your AXA APH Rights immediately, as they will no longer be subject to AXA APH's Employee Share Trading Policy.

If the Proposal is implemented but the Rights Scheme is not implemented, it is proposed that your AXA APH Rights will be dealt with in accordance with the AXA APH Rights Plan. Alternatively, any outstanding AXA APH Rights or AXA APH Shares provided to you on the exercise of your AXA APH Rights may be compulsorily acquired by AMP.

- If the AXA APH Rights are dealt with in accordance with the AXA APH Rights Plan, you will receive no consideration upon the exercise or lapse of Out-of-the-money AXA APH Rights.
- If you exercise your AXA APH Rights and AXA APH Shares are provided to you after the Scheme Record Date for the Share Scheme, and those AXA APH Shares are subsequently compulsorily acquired by AMP, you may be paid for those AXA APH Shares several months later than you would have been paid under the Rights Scheme. The amount you may be paid for those AXA APH Shares under compulsory acquisition may be higher or lower than what you would be paid under the Rights Scheme, but will represent fair value.
- See section 8.10.1 for further information.

¹ Details on your Independent Directors are contained in section 1.4. No Independent Directors hold or control any AXA APH Rights and therefore they cannot vote on the resolution to be considered at the Rights Scheme Meeting.

8.9 Why you may want to vote against the Rights Scheme

You may disagree with the recommendation of your Independent Directors or the conclusion of the Independent Expert.

You may consider that the Rights Scheme Consideration does not represent fair value.

- You may consider that the Rights Scheme Consideration does not represent fair value and does not adequately compensate you for the value of your AXA APH Rights.
- Despite the fact that performance hurdles on Unvested AXA APH Rights are waived if the Rights Scheme becomes Effective, you may consider that the ability to exercise your AXA APH Rights early without the need to meet performance hurdles is not sufficient to compensate you for the value of the AXA APH Rights surrendered by exercising your AXA APH Rights early.

It is unlikely that a Superior Proposal would emerge.

- It is possible that a Superior Proposal may emerge for AXA APH under which you could receive higher consideration for your AXA APH Rights than under the Rights Scheme.
- As at the date of this Explanatory Memorandum, your Independent Directors are not aware of any Superior Proposal and do not anticipate that one will emerge in the near future.
- The Independent Expert's view is that a Superior Proposal is now unlikely to emerge.

8.10 Implications if the Rights Scheme does not proceed

This section sets out the implications to AXA APH Rightsholders if the Rights Scheme does not proceed. It should be read in conjunction with sections 8.8 and 8.9. AXA APH Rightsholders should also consider the risks of the Proposal outlined in sections 2.1 to 2.5, including the risks associated with holding AMP Shares.

8.10.1 Implications if the Rights Scheme does not proceed but the Proposal does proceed

If the Proposal is implemented but the Rights Scheme is not implemented, AMP may deal with the AXA APH Rights in accordance with:

- the AXA APH Rights Plan; or
- Part 6A.2 of the Corporations Act, under which AMP can compulsorily acquire all of the outstanding AXA APH Rights and any AXA APH Shares provided on the exercise of the AXA APH Rights.

AXA APH Rightsholders should also see section 2.6 for a summary of the implications if the Proposal does not proceed.

8.10.1.1 Dealing with the AXA APH Rights in accordance with the AXA APH Rights Plan

Under the AXA APH Rights Plan:

- The performance hurdles will be waived and AXA APH Rightsholders will be able to exercise all of their AXA APH Rights (whether previously vested or not) for a period of one month after the Implementation Date. Any AXA APH Rights that have not been exercised by the end of this one month period will lapse at that time and you will receive no payment for the lapse of those rights.
- If you exercise any AXA APH Rights during this one month period, it is proposed you will not receive any AXA APH Shares but you will be paid a cash amount for each AXA APH Right that is exercised equal to the greater of zero and the amount based on the following formula:

cash amount per AXA APH Right = \$6.43 – exercise price for the AXA APH Right (if any)

8 Information for AXA APH Rightsholders

This means that:

- for In-the-money AXA APH Rights you will be paid a cash payment if you exercise those rights equal to the intrinsic value of those rights; and
- for Out-of-the-money AXA APH Rights, you will need to fund the Exercise Payment in cash and, further, you will not be paid any payment from AMP if you exercise those rights.

8.10.1.2 Compulsory acquisition

Under Part 6A.2 of the Corporations Act, a person may compulsorily acquire all of the shares and securities convertible into shares in a company where the person has at least 90% of all the securities of the company that are either shares or convertible into shares. The consideration paid under compulsory acquisition must represent fair value.

If the Proposal is implemented, AMP will be a “90% holder” in relation to AXA APH and will be able to invoke the compulsory acquisition provisions to acquire any AXA APH Rights that remain on issue after the Implementation Date or any AXA APH Shares that may be issued or transferred to AXA APH Rightsholders on exercise of those rights. It is not proposed that you will be provided with AXA APH Shares on the exercise of your AXA APH Rights in these circumstances.

Under Part 6A.2 of the Corporations Act, AMP will have six months after implementation of the Proposal within which to start the compulsory acquisition process. The compulsory acquisition process takes a statutory minimum of one month. Accordingly, it is possible that if AXA APH Rights (or shares issued or transferred on exercise of the rights (if any)) are compulsorily acquired, the persons holding those rights or shares (if any) could receive consideration up to seven months later than they would if their AXA APH Rights were cancelled under the Rights Scheme (or otherwise exercised in accordance with their terms).

Holders of AXA APH Rights or AXA APH Shares (as applicable) may object to the compulsory acquisition. If persons who in aggregate hold more than 10% of the AXA APH Rights or AXA APH Shares (as applicable) to be compulsorily acquired object to the compulsory acquisition, AMP would need to seek Court approval for the compulsory acquisition. The Court must approve the acquisition if the consideration offered represents fair value for the holders of the AXA APH Rights or AXA APH Shares (as applicable).

8.10.2 Implications if the Proposal does not proceed

If the Proposal does not proceed for any reason:

- you can still exercise your Vested AXA APH Rights in accordance with their terms of grant, so long as you comply with AXA APH’s Employee Share Trading Policy; and
- there will be no acceleration of the vesting of your Unvested AXA APH Rights and the performance hurdles attaching to those rights will continue to be assessed in accordance with their terms of grant.

8.10.3 Risks

AXA APH Rightsholders should have regard to the risks of the Proposal outlined in sections 2.1 to 2.5, particularly if they wish to exercise their AXA APH Rights, retain the underlying AXA APH Shares and be provided the Share Scheme Consideration. Sections 2.2, 2.4 and 2.5 includes an explanation of the risks associated with holding AMP Shares.

8.11 Rights Scheme Meetings details and how to vote

8.11.1 Rights Scheme Meetings

On Friday, 14 January 2011, the Court ordered AXA APH to convene two meetings of AXA APH Rightsholders at which AXA APH Rightsholders will be asked to approve the Rights Scheme. The terms of the resolutions to be considered at the Rights Scheme Meetings are set out in the Notices of Rights Scheme Meetings in Appendices 10 and 11.

The fact that the Court has ordered that the Rights Scheme Meetings be convened and has approved the Explanatory Memorandum required to accompany the notice of Rights Scheme Meeting does not mean that the Court has any view as to the merits of the Rights Scheme or as to how AXA APH Rightsholders should vote (on these matters AXA APH Rightsholders must reach their own decision), or has prepared, or is responsible for, the content of the Explanatory Memorandum.

Two Rights Scheme Meetings are required to approve the Rights Scheme because AXA APH Rightsholders are considered to comprise two different classes depending on whether a particular AXA APH Right is an In-the-money AXA APH Right or an Out-of-the-money AXA APH Right.

The reason AXA APH Rightsholders are considered to comprise two different classes is that the Rights Scheme Consideration for In-the-money AXA APH Rights is calculated differently to the Rights Scheme Consideration for Out-of-the-money AXA APH Rights.

8.11.2 What Meetings are you able to attend?

Attendance and voting at the Meetings is not compulsory.

If you are an AXA APH Shareholder, you are able to attend and vote your AXA APH Shares at the Share Scheme Meeting and the Extraordinary General Meeting.

If you validly exercise your Vested AXA APH Rights before the Exercise Deadline and you continue to hold those AXA APH Shares, you are able to attend and vote at the Share Scheme Meeting as an AXA APH Shareholder, but not at the Rights Scheme Meetings in relation to those Vested AXA APH Rights.

If you do not exercise your Vested AXA APH Rights (or exercise your Vested AXA APH Rights on a conditional basis), you are able to attend and vote at the relevant Rights Scheme Meeting.

Holders of Unvested AXA APH Rights can only attend and vote at the Rights Scheme Meetings in relation to those Unvested AXA APH Rights.

8.11.3 Voting majorities

For the Rights Scheme to proceed, the Rights Scheme Resolutions must be approved at each Rights Scheme Meeting by:

- a majority in number (more than 50%) of AXA APH Rightsholders present and voting at the meeting (in person or by proxy); and
- AXA APH Rightsholders whose AXA APH Rights amount to at least 75% of the total value of AXA APH Rights held by AXA APH Rightsholders present and voting at the meeting (in person or by proxy). For this purpose, the value of the AXA APH Right will be determined by reference to the Rights Scheme Consideration payable for the cancellation of that Scheme Right under the Rights Scheme (expressed in cents).

8.11.4 AXA APH Rightsholders eligible to vote

AXA APH Rightsholders who are registered on the AXA APH Rights Register at 7.00 pm (Melbourne time) on Wednesday, 16 March 2011 may vote:

- at Rights Scheme Meeting 1, if they are recorded as holding In-the-money AXA APH Rights; and/or
- at Rights Scheme Meeting 2, if they are recorded as holding Out-of-the-money AXA APH Rights.

AXA APH Rightsholders can vote in person, by attorney or by proxy.

Some AXA APH Securityholders may be entitled to vote at more than one Scheme Meeting because they hold a combination of AXA APH Shares, In-the-money AXA APH Rights and Out-of-the-money AXA APH Rights.

8.11.5 How to vote in person or by attorney

If you are entitled to vote and wish to do so in person, you should attend the relevant Rights Scheme Meeting.

Please bring any of the personalised materials enclosed with your Rightsholder Pack with you to facilitate admission to a Rights Scheme Meeting. The personalised materials include the Rights Scheme Meeting Proxy Form(s) for the relevant Rights Scheme Meeting included with the Rightsholder Pack.

If you are attending as an attorney, you must bring the original power of attorney or a certified copy of the power of attorney to the Rights Scheme Meetings, unless the AXA APH Share Registry has already noted it.

8.11.6 How to vote by proxy

If you cannot attend the meeting in person, you can appoint a proxy to vote on your behalf. You can do this by using the Rights Scheme Meeting Proxy Form(s) included in the Rightsholder Pack sent to you.

If you wish to appoint a proxy to attend and vote at the Rights Scheme Meeting(s), complete the relevant Rights Scheme Meeting Proxy Form(s).

Instructions on how to complete the Rights Scheme Meeting Proxy Form(s) are set out on the forms. Please lodge your Rights Scheme Meeting Proxy Form(s) with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3000, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland, New Zealand (for AXA APH Shareholders located in New Zealand); or
- by faxing to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia),

8 Information for AXA APH Rightsholders

so that they are received by **no later than** 11.00 am on Monday, 28 February 2011. If your Rights Scheme Meeting Proxy Form(s) is not received by this time, your vote by proxy will not be valid.

If a Proxy Form is signed by an attorney and AXA APH has not previously seen the relevant power of attorney, then the power of attorney or a certified copy of it must be enclosed with the Rights Scheme Proxy Form. If the Proxy Form is sent by fax, the power of attorney must be certified.

If you complete and return a Rights Scheme Meeting Proxy Form(s), you may still attend the Rights Scheme Meeting in person. In such a case, the attendance and voting in person overrides your previously submitted Rights Scheme Meeting Proxy Form(s), unless, on a poll, the proxy or proxies have been appointed to represent a specified proportion of your voting rights (not exceeding 100% in aggregate).

Further details on how to vote by proxy are described in the Notices of Court ordered Rights Scheme Meetings set out in Appendices 10 and 11.

8.11.7 Further details on voting and outcome of the vote

Voting is not compulsory. However, the Independent Directors unanimously recommend that AXA APH Rightsholders vote in favour of the Rights Scheme, in the absence of a Superior Proposal.

The results of the Meetings will be available as soon as possible after the conclusion of the Meetings and will be announced to the ASX once available.

The results will also be published on AXA APH's website at www.axaasiapacific.com.au as soon as possible following the Meetings.

Please see the Notices of Rights Scheme Meetings in Appendices 10 and 11 for further details.

8.12 Relationship with the Proposal

For the Rights Scheme to proceed, the Rights Scheme Resolutions must be approved by the required majorities of AXA APH Rightsholders at the Rights Scheme Meetings and subsequently by the Court. Importantly, it is also conditional on the Proposal proceeding, which means that the Rights Scheme will not proceed unless:

- the Share Scheme is also approved by the required majorities of Minority Shareholders and subsequently by the Court; and
- the Sale of the Asian Businesses is approved by the required majority of Minority Shareholders at the Extraordinary General Meeting.

However, the Proposal is not conditional on the Rights Scheme becoming Effective which means that the Rights Scheme Resolutions do not have to be approved for the Proposal to proceed.

8.13 Implementation of the Rights Scheme

8.13.1 Deed Poll for Rights Scheme

On 14 January 2011, AMP and AMPFS entered into the Deed Poll for the Rights Scheme in favour of AXA APH Rightsholders, under which each of AMP and AMPFS has undertaken to perform the obligations contemplated of it under the Rights Scheme, including (subject to the Rights Scheme becoming Effective) payment of the Rights Scheme Consideration.

A copy of the Deed Poll for the Rights Scheme is set out in full in Appendix 6.

8.13.2 Key implementation steps for the Rights Scheme

The key steps to implement the Rights Scheme are:

- At the Rights Scheme Meetings to be held at 10.00 am on Wednesday, 2 March 2011, AXA APH Rightsholders must approve the scheme of arrangement between AXA APH and AXA APH Rightsholders (under which Rights Scheme Participants will be paid the Rights Scheme Consideration in return for the cancellation of their Scheme Rights) by passing the Rights Scheme Resolutions;
- The Share Scheme Resolution and the Sale of the Asian Businesses Resolution must each be passed by the required majorities of eligible Minority Shareholders at the Share Scheme Meeting and Extraordinary General Meeting, respectively, to be held on Wednesday, 2 March 2011;

- If each of the Rights Scheme Resolutions, the Share Scheme Resolution and the Sale of the Asian Businesses Resolution are passed by the required majorities, AXA APH will apply to the Court for orders approving the Rights Scheme. The Rights Scheme and Share Scheme must be approved at the Second Court Hearing (expected to be held on Monday, 7 March 2011) for the Rights Scheme to proceed; and
- The Share Scheme must become Effective. Accordingly, the Conditions Precedent to the Proposal are also relevant to the Rights Scheme. See sections 1.6.2, 10.11 and Appendix 7 for further information on the Conditions Precedent to the Proposal.

Any AXA APH Rightsholder who wishes to oppose the approval of the Rights Scheme at the Second Court Hearing may do so by filing with the Court and serving on AXA APH a notice of appearance in the prescribed form together with any affidavit on which the AXA APH Rightsholder will seek to rely at the Second Court Hearing.

On the Implementation Date, provided that the Rights Scheme has become Effective, AMP will provide (or procure the provision of) the Rights Scheme Consideration to Rights Scheme Participants and AXA APH will cancel all existing Scheme Rights held by Rights Scheme Participants. The expected dates for these key steps are set out in section 8.2.

8.14 Australian tax consequences of participating in the Rights Scheme

8.14.1 Introduction

This outline provides an overview of the general Australian taxation implications for AXA APH Rightsholders who participate in the Rights Scheme or who exercise their AXA APH Rights and are provided the Share Scheme Consideration in respect of the AXA APH Shares acquired on exercise of their AXA APH Rights.

The Australian tax consequences for Share Scheme Participants of participating in the Share Scheme are set out in section 7.1.

The information provided below does not seek to deal with the Australian taxation consequences for all AXA APH Rightsholders and, in particular, does not apply to AXA APH Rightsholders who:

- have engaged in employment outside of Australia in relation to their AXA APH Rights, who are foreign residents, or who are temporary residents of Australia for Australian taxation purposes (**Foreign Rightsholders**); or
- exercise their AXA APH Rights and are not provided the Share Scheme Consideration in respect of the AXA APH Shares acquired on exercise of their AXA APH Rights. This may occur where the relevant AXA APH Shares are sold otherwise than under the Proposal.

All AXA APH Rightsholders are advised to obtain independent taxation advice in respect of the Rights Scheme which takes into account their personal circumstances. This is particularly important for Foreign Rightsholders and AXA APH Rightsholders who exercise their AXA APH Rights and are not provided the Share Scheme Consideration in respect of the AXA APH Shares acquired on exercise of their AXA APH Rights.

8.14.2 Legislative development

The *Tax Laws Amendment (2009 Budget Measures No.2) Act 2009 (Cth) (Amending Act)* inserted new provisions in Division 83A of the *Income Tax Assessment Act 1997 (Cth) (Division 83A)* dealing with the taxation of employee share scheme awards. The new laws apply to employee share scheme awards granted on or after 1 July 2009. Transitional provisions apply a modified version of the new rules to employee share scheme awards granted before 1 July 2009 which have not had a “taxing point” before that date.

There has been no offer made under the AXA APH Rights Plan on or after 1 July 2009. All current AXA APH Rightsholders have acquired their AXA APH Rights before 1 July 2009. This means the new laws will operate in a modified way in respect of those AXA APH Rights that have not had a taxing point before 1 July 2009.

8 Information for AXA APH Rightsholders

8.14.3 Australian tax consequences if the Rights Scheme is implemented

The AXA APH Board will make a determination under the AXA APH Rights Plan rules that in respect of an AXA APH Right which is validly exercised on or before the date that is the Exercise Deadline (determined on the basis that the Rights Scheme proceeds), and with effect from the time of exercise, the relevant AXA APH Rightsholder will be entitled to be provided with an AXA APH Share in respect of the AXA APH Right. This determination will be made irrespective of whether the Rights Scheme is implemented.

If the Rights Scheme is approved by AXA APH Rightsholders and the Court, the AXA APH Board will make a further determination under the AXA APH Rights Plan rules that any AXA APH Rights that are not validly exercised before the Exercise Deadline will be satisfied in the form of AXA APH Shares only and not in cash.

The tax consequences for you will be different depending on whether an income taxing point has already occurred for your AXA APH Rights.

You should not have had an income taxing point with respect to your AXA APH Rights if you:

- have not exercised your AXA APH Rights;
- have not made an election to be taxed on an upfront basis for the purposes of the employee share scheme rules in the year that your AXA APH Rights were acquired; and
- continue to be employed by AXA APH or one of its subsidiaries.

Alternatively, you may have had an income taxing point with respect to your AXA APH Rights if you:

- have made a tax election for the purposes of the employee share scheme rules in the year that your AXA APH Rights were acquired; or
- either:
 - have exercised your AXA APH Rights; or
 - have ceased to be employed by AXA APH or one of its subsidiaries.

If you exercise your Vested AXA APH Rights conditionally, you will be taken to have exercised your AXA APH Rights at the Effective Date if both Schemes become Effective.

The tax consequences for you will depend on whether you exercise your AXA APH Rights and may also be different in respect of each grant of AXA APH Rights.

The following table sets out where you can find further information in relation to the general tax consequences for you if the Rights Scheme is implemented. Further detail is set out below the table.

Did you exercise your AXA APH Rights prior to the Exercise Deadline?	Where to find more information on tax consequences for AXA APH Rightsholders if the Rights Scheme is implemented	Sections
YES	If you have not had an income taxing point in respect of your AXA APH Rights before you exercised them and you exercised your AXA APH Rights:	
	<ul style="list-style-type: none"> ▪ more than 30 days prior to the Implementation Date; or ▪ within 30 days prior to the Implementation Date. 	8.14.3.1(a) and 8.14.3.1(b)
	OR	
	If you have already had an income taxing point in respect of your AXA APH Rights.	8.14.3.1(c)
NO	If you have not had an income taxing point in respect of your AXA APH Rights before the Implementation Date.	8.14.3.2(a)
	OR	
	If you have already had an income taxing point in respect of your AXA APH Rights before the Implementation Date.	8.14.3.2(b)

8.14.3.1 If you exercise your AXA APH Rights before the Exercise Deadline

If you exercise your AXA APH Rights before the Exercise Deadline, the AXA APH Rights will be satisfied by AXA APH Shares in accordance with the determination made by the AXA APH Board under the AXA APH Rights Plan rules.

The taxation consequences are the same irrespective of whether you exercise your Unvested AXA APH Rights (in accordance with the Rights Scheme) or your Vested AXA APH Rights.

You will be the registered owner of the relevant AXA APH Shares on the Scheme Record Date for the Share Scheme and will transfer your AXA APH Shares to AMP (or one of its subsidiaries) on the Implementation Date. You will be paid consideration for the transfer of your shares in the form of cash and New AMP Shares as discussed in section 1.2.

The tax consequences on the exercise of AXA APH Rights and the disposal of AXA APH Shares under the Share Scheme are summarised below.

(a) AXA APH Rights which have **not** had an income taxing point before exercise (and are exercised more than 30 days prior to the Implementation Date)

You should be assessed on these AXA APH Rights under Division 83A upon exercising these AXA APH Rights.

Under Division 83A, the amount on which you should be assessed is:

- the market value of the AXA APH Rights at the time of exercise; less
- the tax cost base of the AXA APH Rights. The tax cost base may include any incidental costs you incurred in acquiring and holding these AXA APH Rights.

The amount should be assessed as income under the employee share scheme rules at your marginal rate of tax (plus Medicare levy), and not as a capital gain.

The subsequent disposal of your AXA APH Shares under the Share Scheme, should be a CGT event for you in the same manner as other Share Scheme Participants under the Share Scheme (see section 7.1.1). The CGT tax cost base of your AXA APH Shares should be the sum of the market value of your AXA APH Rights at the time of exercise and the exercise price paid on the AXA APH Rights (if any).

Partial CGT roll-over relief may be available to you as discussed in section 7.1.1.2.

(b) AXA APH Rights which have **not** had an income taxing point before exercise (and are exercised within 30 days prior to the Implementation Date)

You should be assessed on these AXA APH Rights under Division 83A as a consequence of exercising these AXA APH Rights.

Under Division 83A, the amount on which you should be assessed is:

- the market value of the AXA APH Shares at the Implementation Date. The market value should be based on the Share Scheme Consideration that you will be provided under the Share Scheme (see section 7.1.1.1); less
- the tax cost base of the AXA APH Shares. The tax cost base should include any exercise price paid on the AXA APH Right and may also include any incidental costs you incurred in acquiring and holding these AXA APH Shares.

The amount should be assessed as income under the employee share scheme rules at your marginal rate of tax (plus Medicare levy), and not as a capital gain.

(c) AXA APH Rights which have had an income taxing point before the exercise of the AXA APH Rights

The exercise of these AXA APH Rights should not be a taxable event for you.

If your income taxing point occurs more than 30 days before the disposal of your AXA APH Shares under the Share Scheme, the disposal of your AXA APH Shares should be a CGT event for you in the same manner as other Share Scheme Participants under the Share Scheme (see section 7.1.1.1).

Generally the tax cost base of any AXA APH Shares should be the sum of the taxable value of those AXA APH Rights at the earlier taxing time and the exercise price paid on the AXA APH Rights (if any). The taxable value of the AXA APH Rights at the earlier taxing time should be the taxable value either when the AXA APH Rights were acquired (if you made an election for the purposes of the employee share scheme rules), or when you ceased to be employed by AXA APH or a subsidiary of AXA APH (if you did not make an election for the purposes of the employee share scheme rules).

8 Information for AXA APH Rightsholders

Your acquisition date for the AXA APH Shares should be when you exercised your AXA APH Rights. You will not be entitled to the 50% CGT discount on the disposal of the AXA APH Share at the Implementation Date, even if you acquired your AXA APH Rights more than 12 months before the Implementation Date.

Partial CGT roll-over relief may be available to you as discussed in section 7.1.1.2.

If your income taxing point occurs within 30 days of your disposal of AXA APH Shares under the Share Scheme your tax consequences should be similar to those described in section 8.14.3.1(b). You are assessed on the difference between the market value of the AXA APH Shares at the Implementation Date and the tax cost base of those shares.

8.14.3.2 If you do not exercise your AXA APH Rights before the Exercise Deadline

If you hold your AXA APH Rights on the Scheme Record Date you will be provided consideration in the form of cash under the Rights Scheme for the cancellation of your AXA APH Rights (see section 8.4).

The tax consequences arising to you in these circumstances are summarised below.

(a) AXA APH Rights which have not had a taxing point before the Implementation Date

You should be subject to tax on the cancellation of your AXA APH Rights under the Rights Scheme pursuant to Division 83A.

Under Division 83A, the amount on which you should be assessed is:

- the market value of your AXA APH Rights immediately before those rights are cancelled on the Implementation Date. This should be based on the Rights Scheme Consideration you will be paid under the Rights Scheme; less
- the tax cost base (if any) of the AXA APH Rights. The tax cost base may include any incidental costs you incurred in acquiring and holding these AXA APH Rights.

The amount should be assessed under the employee share scheme rules at your marginal rate of tax (plus Medicare levy), and not as a capital gain.

(b) AXA APH Rights which have had a taxing point before the Implementation Date

If your income taxing point occurs within 30 days of the Implementation Date then your tax consequences should be similar to those described in 8.14.3.2(a). You are assessed on the difference between the market value of the AXA APH Rights at the Implementation Date and the tax cost base of those rights.

In all other circumstances the cancellation of these AXA APH Rights under the Rights Scheme should be a CGT event for you.

The CGT event occurs on the Implementation Date. At this time you should realise a capital gain on the cancellation of these AXA APH Rights to the extent that the Rights Scheme Consideration exceeds the cost base of the AXA APH Rights for CGT purposes.

Conversely, you should realise a capital loss on the cancellation of these AXA APH Rights to the extent that the Rights Scheme Consideration is less than the reduced cost base of the AXA APH Rights for CGT purposes.

Generally, the cost base of any AXA APH Rights for CGT purposes will be the taxable value of those AXA APH Rights at the earlier taxing time. This may be when the AXA APH Rights were acquired (if you made an election for the purposes of the employee share scheme rules), or when you ceased to be employed by AXA APH or a subsidiary of AXA APH (if you did not make an election for the purposes of the employee share scheme rules).

No roll-over relief is available in respect of the cancellation of the AXA APH Rights under the Rights Scheme.

You may be entitled to the 50% CGT discount if you acquired these AXA APH Rights more than 12 months before the Implementation Date and you are an Australian resident individual.

If you have had a taxing point in relation to your AXA APH Rights before the Implementation Date and you do not exercise your AXA APH Rights before the Exercise Deadline you are advised to seek independent taxation advice to specifically consider the acquisition time for your AXA APH Rights and the CGT consequences of their disposal.

It is important that this advice takes into account the relevant transitional rules which apply in respect of the introduction of Division 83A.

8.14.4 Australian tax consequences if the Rights Scheme is not implemented

If you exercise your AXA APH Rights before the date which would otherwise be the Exercise Deadline, you will have the same tax consequences irrespective of whether the Rights Scheme is implemented or not.

If you do not exercise your AXA APH Rights before the date which would otherwise be the Exercise Deadline and the Rights Scheme is not implemented, the tax treatment will be significantly different for you.

There may be material adverse tax consequences for you in these circumstances, particularly if you:

- allow your AXA APH Rights to lapse;
- have made an election for the purposes of the employee share scheme rules in the year that your AXA APH Rights were acquired; or
- ceased to be employed by AXA APH or one of its subsidiaries.

This is because if the Rights Scheme is not successful and the Share Scheme is successful, the AXA APH Board will make a determination under the AXA APH Rights Plan rules that any AXA APH Rights that are not validly exercised before the date which would otherwise be the Exercise Deadline will be satisfied in the form of cash only and not in shares.

The cash received under the AXA APH Rights Plan rules should be treated as ordinary salary and wages with an appropriate reduction for tax under the PAYG rules.

If the Rights Scheme is not implemented, it is important that you seek specific tax advice which takes into account your personal circumstances.

This is particularly important for AXA APH Rightsholders who:

- **allow their AXA APH Rights to lapse;**
- **have made an election for the purposes of the employee share scheme rules in the year that their AXA APH Rights were acquired; or**
- **ceased to be employed by AXA APH or one of its subsidiaries.**

8.15 Copy of AXA APH Rights Register

Under sections 170 and 173 of the Corporations Act, any AXA APH Rightsholder has a right to inspect, and to ask for a copy of, the AXA APH Rights Register which contains details of the name and address of each AXA APH Rightsholder and other details regarding the terms of the AXA APH Rights. AXA APH may require an AXA APH Rightsholder to provide reasons for their request prior to providing a copy of the AXA APH Rights Register, and AXA APH Rightsholders must not use any information obtained for an improper purpose. A copy of the AXA APH Rights Register will be given to any AXA APH Rightsholder upon request and payment of the prescribed fee under the Corporations Act where AXA APH is satisfied that the details provided are not likely to be used for an improper purpose.

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9

Termination Benefits Resolution

9.1 Why is AXA APH seeking shareholder approval for the Termination Benefits?

Amendments to the Corporations Act in November 2009 require shareholder approval for the provision of certain benefits on termination for new service contracts entered after 24 November 2009. Contracts that were in existence before the commencement of these amendments are “grandfathered” and are not subject to the revised provisions, unless an essential term of those contracts has been varied. The concept of “essential term” is not clearly defined under the Corporations Act and may include changes to remuneration in the ordinary course over time.

The Designated Executives have existing service contracts with AXA APH which were in place prior to 24 November 2009. These contracts provide for certain benefits to be provided in the event of redundancy leading to termination of their employment with AXA APH. Due to increases in remuneration and/or changes to short term incentive (STI) arrangements approved by the Board for the Designated Executives, the Corporations Act amendments may apply to the Designated Executives, such that without shareholder approval, AXA APH would be prohibited from meeting its obligations to those individuals under their existing arrangements.

In response to market conditions, there were no remuneration increases provided to executives or senior managers for 2009. However, in early 2010 the remuneration of the Designated Executives was reviewed and increased as part of AXA APH’s normal annual review process.

Shareholder approval is being sought to ensure the benefits set out in existing arrangements are able to be lawfully paid to some or all of the Designated Executives on any redundancy resulting from the Proposal. Obtaining this approval will enable AXA APH to honour its contractual obligations to the Designated Executives, in the event of redundancy.

9.2 What is the effect of the Proposal on the Designated Executives?

9.2.1 Effect on the positions of employment held by the Designated Executives

As most of the Designated Executives hold AXA APH group roles, these employees may be made redundant in the event the Proposal proceeds. AMP is still continuing discussions with some of these employees. In the event of redundancy, the Designated Executives would be entitled to the benefits set out in section 9.3 under their contractual arrangements. AXA APH is seeking shareholder approval to honour its contractual, and moral, obligations to the Designated Executives in the event that any of these executives are made redundant as a result of the Proposal.

9.2.2 Effect on any AXA APH Rights held by the Designated Executives

Any AXA APH Rights held by the Designated Executives are subject to the Rights Scheme, and, if the Rights Scheme becomes effective¹, those rights will be cancelled for a cash payment (if they remain unexercised as at the Exercise Deadline). The Rights Scheme is not conditional on termination of an employee’s employment with AXA APH. Where an AXA APH employee is an AXA APH Rightsholder, their participation in the Rights Scheme does not constitute a termination benefit for the purposes of the Corporations Act and AXA APH Shareholder approval is therefore not sought in relation to any benefits that may be provided to the Designated Executives under the Rights Scheme.

1 If the Proposal is implemented but the Rights Scheme is not implemented, AMP may choose to deal with the AXA APH Rights either in accordance with the AXA APH Rights Plan or in accordance with compulsory acquisition provisions set out in Part 6A.2 of the Corporations Act. Any treatment of the AXA APH Rights by AMP, in the event the Proposal is implemented but the Rights Scheme is not implemented, is not conditional on termination of an employee’s employment with AXA APH and therefore does not constitute a termination benefit for the purposes of the Corporations Act. Accordingly, shareholder approval is not sought in relation to any benefits that may be provided to the Designated Executives under the AXA APH Rights Plan or in accordance with compulsory acquisition provisions set out in Part 6A.2 of the Corporations Act.

9.2.3 Effect on any AXA APH Shares held by the Designated Executives under AXA APH General Employee Share Plans

To the extent that any of the Designated Executives hold AXA APH Shares under an AXA APH General Employee Share Plan, they will participate in the Share Scheme on the same basis as any other Share Scheme Participant and the Share Scheme is not conditional on termination of any employee's employment with AXA APH. Where an AXA APH employee is an AXA APH Shareholder, their participation in the Share Scheme does not constitute a termination benefit for the purposes of the Corporations Act and AXA APH Shareholder approval is therefore not sought in relation to any benefits that may be provided to the Designated Executives under the Share Scheme.

To the extent that the Designated Executives hold any AXA APH Shares in a personal capacity (outside of the General Employee Share Plan) they will participate in the Share Scheme on the same basis as any other Share Scheme Participant.

9.3 What are the Termination Benefits?

As noted above, if the Proposal is implemented, the Designated Executives may be made redundant. On redundancy as a result of the Proposal, the Designated Executives would be entitled to the benefits set out below under their current relevant contractual arrangements.

9.3.1 Designated Executives (other than Mr Andrew Penn)

On redundancy as a result of the Proposal, the Designated Executives (other than Mr Penn whose benefits are described in section 9.3.2) will be entitled to the following benefits under their contractual arrangements:

Item	Payment
Payment in Lieu of Notice Period, exercisable by AXA APH	3 months of Total Employment Cost, inclusive of superannuation (TEC). The current TEC of each of the Designated Executives is set out in section 9.3.3 below.
Redundancy Severance Payment	<ul style="list-style-type: none"> ▪ 1 month TEC per year of service; ▪ capped at 18 months; and ▪ pro rata for final year of service. <p>The current TEC and date of commencement of employment for each of the Designated Executives is set out in section 9.3.3 below.</p>
Variable Pay (STI)	A pro-rata Short Term Incentive (STI) bonus for the period from 1 January 2011 to termination in accordance with the Short Term Incentive plan as described in the Remuneration Report included in the 2009 AXA APH Annual Report at a target percentage of TEC (as set out in section 9.3.3 below), provided any termination occurs prior to 31 December 2011.
Annual Leave and Long Service Leave (statutory entitlements)	Accrued annual leave and long service leave paid out based on current TEC (notice period is included in calculating leave).
Other	<p>If requested:</p> <ul style="list-style-type: none"> ▪ career transition/out placement services; and ▪ financial planning advice.

In addition, some of the Designated Executives will remain entitled to any benefits awarded under the AXA APH's Deferred Incentive Plan and the Long Term Incentive Plan. The deferred incentive was awarded for the first time in 2010 (relating to the 2009 financial year), and is a deferred cash entitlement which is not accelerated on termination of employment (and therefore is not a termination benefit for the purposes of the Corporations Act). The Designated Executives are also entitled to a deferred incentive award relating to the 2010 financial year which will be provided early in 2011 on the same basis as in 2010.

9 Termination Benefits Resolution

9.3.2 Mr Andrew Penn

The benefits payable to Mr Penn were set out in his contract when he commenced his current position as Group Chief Executive of AXA Asia Pacific Holdings in October 2006. These terms were disclosed to the market in December 2006 and have been disclosed in AXA APH's annual report each year since.

On a redundancy as a result of the Proposal, Mr Penn's contract provides that he will be entitled to the following benefits:

Item	Payment
Payment in Lieu of Notice Period, exercisable by AXA APH	12 months TEC and STI calculated at target which is 80% of TEC. Mr Penn's current TEC is set out in section 9.3.3 below.
Redundancy Severance Payment	1 month TEC per year of service (from 12/11/1990), which will be capped at 18 months. At current TEC, Mr Penn is entitled to \$2,400,000 by way of redundancy severance payment.
Termination Payment	<ul style="list-style-type: none"> • a pro-rated STI bonus payment for the period from 1 January 2011 to the date of termination, based on Mr Penn's performance as assessed by the Board. The maximum STI award for Mr Penn is 160% of TEC; and • a payment of \$900,000, which equated to 90% of Mr Penn's expected LTI at the time his contract was agreed. <p>Mr Penn's contract contains certain post-employment constraints and conditions for up to 12 months.</p>
Annual leave and Long service leave (statutory entitlements)	Accrued annual leave and long service leave paid out based on current TEC (notice period is included in calculating leave).
Other	As per other Designated Executives set out above.

In addition, Mr Penn remains entitled to benefits awarded under the AXA APH's Deferred Incentive Plan and Long Term Incentive Plan as described in relation to the other Designated Executives in section 9.3.1 above.

9.3.3 Current employment and remuneration details

The current employment and remuneration details for each of the Designated Executives is set out below:

Name	Position	Date joined AXA APH	Current TEC (A\$)	STI at target or business plan (% of TEC)	12 months' LTI retained from 2010 deferred cash award
Andrew Penn	Group Chief Executive	12/11/1990	1,600,000	80	480,000
Geoff Roberts	Group Chief Financial Officer	17/05/2004	875,000	60	131,250
Warren Lee	Chief Executive Officer Australia & New Zealand	05/12/1996	750,000	60	107,500
Darryl Mackay	GM Group Chief Executive's Office & Company Secretary	31/01/1978	360,000	50	48,000
Arun Abey	General Manager Group Strategy & Chairman ipac	13/10/1983	483,199	60	56,250
Kevin Keenan	Group General Counsel & Company Secretary	17/06/2002	310,000	40	33,834
Mike Thornton	Group Chief Actuary and Chief Risk Officer	19/09/1988	385,000	40	46,667

9.4 What Termination Benefits are permitted without shareholder approval?

The amendments to the Corporations Act effectively limit the provision of termination benefits to directors and certain other senior executives without shareholder approval to an amount equal to one year's average base salary. Generally this will equate to average TEC over the previous three years. Under the amendments to the Corporations Act, it is intended that benefits such as accrued entitlements and redundancy arrangements applicable to all employees are not captured in this limit.

AXA APH has redundancy policies for executives and a general redundancy policy. Slightly different policies also apply in some business units (including in the ipac group), generally where the business has recently been acquired and not yet transitioned to the general policy. Having various policies means that the statutory exemption for redundancy payments may not apply to the redundancy benefits described in section 9.3.1 above because those policies do not apply to "all employees". Accordingly, shareholder approval is sought to ensure that payments under the redundancy policies do not breach the Corporations Act requirements. Other than in the case of Mr Penn who has specified rights, the Designated Executives' entitlements to redundancy payments set out in section 9.3.1 above reflect the AXA Australia Executive Redundancy Policy applicable to the group's Australian senior executives.

Mr Penn's entitlements described above fit within the AXA Australia Executive Redundancy Policy applicable to the AXA APH Group's CEO and Australian senior executives. However, he is also entitled to receive payment of TEC and the value of STI at target for his full notice period and an additional payment of A\$900,000 (as set out above). Mr Penn's contract contains certain post-employment constraints and conditions for up to 12 months.

9.5 Is the Termination Benefits Resolution conditional on the outcome of the Proposal or the Rights Scheme?

9.5.1 Is the Termination Benefits Resolution conditional on the outcome of the Proposal?

The Termination Benefits Resolution is conditional on the outcome of the Proposal.

If the Proposal does not proceed, the Designated Executives will remain in their roles and will not be paid the Termination Benefits.

If those executives are made redundant at a later time, the Termination Benefits could not be paid to them unless shareholder approval was sought at a later date.

9.5.2 Is the Termination Benefits Resolution conditional on the outcome of the Rights Scheme?

The Termination Benefits Resolution is not conditional on the outcome of the Rights Scheme. Accordingly, if the Proposal proceeds and the Termination Benefits Resolution is approved but the Rights Scheme does not proceed, then the Designated Executives will be paid the Termination Benefits if they are made redundant as a result of the Proposal.

9.6 What do the Directors recommend?

The Directors (other than Mr Penn) recommend that AXA APH Shareholders vote in favour of the Termination Benefits Resolution.

Mr Penn is not eligible to vote on the Termination Benefits Resolution and makes no recommendation on the Termination Benefits Resolution.

9.7 Who is eligible to vote on the Termination Benefits Resolution?

AXA APH will disregard any votes cast on the Termination Benefits Resolution by the Designated Executives and their associates (unless their vote is cast as a proxy in accordance with the direction on the Proxy Form).

AXA SA has indicated that it intends to vote in favour of the Termination Benefits Resolution.

9.8 What if the Termination Benefits Resolution is not approved?

If the Proposal is implemented but the Termination Benefits Resolution is not approved, the Termination Benefits could not be paid to the Designated Executives and AXA APH would be in breach of its contractual and moral obligations to the Designated Executives in the event that any of those executives are made redundant as a result of the Proposal proceeding.

10

Additional information

10 Additional information

10.1 The Directors

At the date of this Explanatory Memorandum, the Directors are:

- Richard (Rick) Hugh Allert, AO, Chairman;
- Andrew Richard Penn, Chief Executive Officer;
- Patricia (Patty) Elizabeth Akopiantz, non-executive Director;
- Michael Roy Butler, non-executive Director;
- Paul Ashley Cooper, non-executive Director;
- John Robert Dacey, non-executive Director;
- Anthony (Tony) Grant Froggatt, non-executive Director;
- Paul Sampson, non-executive Director; and
- Peter David Sullivan, non-executive Director.

The Independent Directors are all the Directors above except for Andrew Penn, John Dacey and Paul Sampson.

10.2 Interests of the Directors

10.2.1 Directors' interests in AXA APH, AMP and AXA SA marketable securities

No marketable securities of AXA APH are held by or on behalf of the Directors and no such persons are otherwise entitled to such securities immediately before the date of this Explanatory Memorandum, other than the following interests (which are held either directly or indirectly):

Name of Director	AXA APH Shares		Performance rights and allocation rights in AXA APH
	Direct interest	Indirect interest	Direct interest
Richard (Rick) Hugh Allert, AO	22,774	37,664	Nil
Andrew Richard Penn	180,036	27,174	3,041,501 allocation rights ¹ 147,228 performance rights ¹
Patricia (Patty) Elizabeth Akopiantz	Nil	7,008	Nil
Michael Roy Butler	Nil	108,980	Nil
Paul Ashley Cooper	2,148	Nil	Nil
John Robert Dacey	Nil	Nil	Nil
Anthony (Tony) Grant Froggatt	8,000	18,508	Nil
Paul Sampson	Nil	11,134	Nil
Peter David Sullivan	Nil	Nil	Nil

¹ Held under the AXA APH Rights Plan – see section 8 for further information.

No marketable securities of AMP are held by or on behalf of the Directors immediately before the date of this Explanatory Memorandum, other than the following interests (which are held either directly or indirectly):

Name of Director	AMP marketable securities	
	Direct interest	Indirect interest
Richard (Rick) Hugh Allert, AO	Nil	15,000 AMP Shares
Andrew Richard Penn	Nil	Nil
Patricia (Patty) Elizabeth Akopiantz	Nil	Nil
Michael Roy Butler	Nil	10,000 AMP Shares
Paul Ashley Cooper	Nil	Nil
John Robert Dacey	Nil	Nil
Anthony (Tony) Grant Froggatt	Nil	Nil
Paul Sampson	Nil	Nil
Peter David Sullivan	Nil	Nil

No marketable securities of AXA SA are held by or on behalf of the Directors immediately before the date of this Explanatory Memorandum, other than the following interests (which are held either directly or indirectly):

Name of Director	AXA SA marketable securities	
	Direct interest	Indirect interest
Richard (Rick) Hugh Allert, AO	Nil	Nil
Andrew Richard Penn	338 AXA SA shares 6,496 units in the AXA SA Collective Employee Shareholding Plan 59,103 options	Nil
Patricia (Patty) Elizabeth Akopiantz	Nil	Nil
Michael Roy Butler	Nil	Nil
Paul Ashley Cooper	Nil	Nil
John Robert Dacey	635 units in the AXA SA Collective Employee Shareholding Plan 271,774 options 61,504 performance shares	Nil
Anthony (Tony) Grant Froggatt	Nil	Nil
Paul Sampson	4,307 AXA SA shares 3,868 units in the AXA SA Collective Employee Shareholding Plan 182,955 options	Nil
Peter David Sullivan	Nil	Nil

Directors who are Eligible Shareholders will be entitled to be provided New AMP Shares under the Share Scheme on the same terms as all other Eligible Shareholders. Directors who hold AXA APH Shares or AXA APH Rights will be entitled to vote at the Scheme Meetings on the same terms as all other Minority Shareholders and AXA APH Rightsholders.

None of the Directors can vote on the Sale of the Asian Businesses Resolution to be considered at the Extraordinary General Meeting. Andrew Penn is not eligible to vote on the Termination Benefits Resolution.

10 Additional information

10.2.2 Agreements or arrangements with Directors in connection with the Proposal and the Rights Scheme

Other than as set out below in this section 10.2.2 and section 10.2.5, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Proposal or the Rights Scheme.

The Directors are indemnified by AXA APH pursuant to deeds of indemnity between AXA APH and each Director. Under the Framework Deed, AXA SA and AMP have given undertakings to, from the Effective Date for the Share Scheme, procure that each relevant AXA APH Group entity complies with the relevant deed of indemnity.

To the extent that an AXA APH Group entity ceases to exist after the Implementation Date, AXA SA and AMP have undertaken to procure that the directors and officers of that entity have the benefit of an indemnity on terms no less favourable than those contained in the relevant deed of indemnity as at the Effective Date for the Share Scheme.

As contemplated by the Framework Deed, AXA APH will arrange for run-off insurance cover to be put in place for each present or former director or officer of the AXA APH Group covered prior to the Effective Date for the Share Scheme by the current insurance arrangements from one or more insurers approved by AMP on terms no less favourable than its current insurance for a period of 7 years from the Implementation Date. AXA APH is also permitted to pay all premiums for such insurance, either before or after the Effective Date of the Share Scheme.

Under the Framework Deed, each of AXA SA, AMP and AXA APH has, to the maximum extent permitted by law, released all rights against, and agreed not to make any claim against, the respective past or present directors, officers and employees of each of those parties or any of their subsidiaries (including the Directors) in relation to:

- information provided to that party by another in relation to the Proposal or the Rights Scheme; or
- any breach of representations, covenants and warranties of the other parties to the Framework Deed,

to the extent that the other party and the relevant director, officer or employee acted without negligence, in good faith and has not engaged in wilful misconduct.

10.2.3 Payments and other benefits to Directors, secretaries or executive officers

Other than as set out below, it is not proposed that any payment or other benefit will be made or given to any Director, secretary or executive officer of AXA APH, or any body corporate related to AXA APH, as compensation for loss of, or as consideration for or in connection with, his or her retirement from office as Director, secretary or executive officer of AXA APH or a body corporate connected with AXA APH.

10.2.3.1 Retirement benefits

Non-executive directors appointed before April 2003 are entitled to receive, upon retirement, a retirement benefit being the greater of:

- the value of remuneration received from AXA APH during the three years prior to retirement; and
- one third of the number of full years during which the Director has held office (not exceeding 15 years) multiplied by the greater of the value of the remuneration received during the year before retirement and the average value of remuneration received for each of the previous three years before retirement.

Rick Allert and Paul Cooper are the only current Directors who are entitled to receive this retirement benefit. During 2008, the Board determined that the ongoing accrual of retirement benefits arising from future service or fee increases under the arrangements above would be discontinued as at 31 March 2008 for Rick Allert and as at 31 December 2008 for Paul Cooper.

The benefits accrued to those dates are indexed by reference to the Consumer Price Index until paid upon retirement as a Director.

Immediately before the date of this Explanatory Memorandum, the retirement benefits accrued to the Directors are:

Name of Director	Accrued retirement benefits ¹
Richard (Rick) Hugh Allert, AO	\$1,746,342
Paul Ashley Cooper	\$767,942

¹ Non-executive Directors appointed before April 2003 are entitled to a retirement benefit. The figures shown represent the amounts expected to be accrued as at 31 December 2010.

10.2.3.2 Termination benefits

Andrew Penn is entitled to certain termination benefits on implementation of the Proposal, as set out in section 9.

10.2.4 Directors' interest in contracts entered into by AMP

Certain Directors and/or their respective families have personal financial and other arrangements with AMP from time to time.

Other than as described above or elsewhere in section 10.2, no Director has any interest in any contract entered into by AMP.

10.2.5 Directors' interests in the outcome of the Proposal

John Dacey is the AXA SA Group Regional CEO for Japan & Asia-Pacific. The entities under his responsibility include AXA APH. In this role, one of John Dacey's strategic objectives for 2010 is the successful acquisition and integration of the Asian Businesses by the AXA SA Group.

In order to avoid any potential conflict, John Dacey has not been a member of the Independent Board Committee and is not making any recommendation in relation to the Share Scheme Resolution or the Sale of the Asian Businesses Resolution.

10.3 Interests of AMP and AMP Directors

10.3.1 Interests of AMP in AXA APH marketable securities

Immediately before the date of the Framework Deed and other Transaction Documents relating to the Proposal were entered into, AMP had a relevant interest in 14,026,581 marketable securities of AXA APH (representing approximately 0.68% of all of the issued capital of AXA APH). These are held either for the benefit of the statutory funds of AMP Life or by clients, managed portfolios or trusts in respect of which AMP Capital Investors acts as the investment manager. Accordingly, these AXA APH Shares are not Excluded Shares and will participate in the Share Scheme. To the extent that members of the AMP Group acquire AXA APH Shares in a proprietary capacity, those AXA APH Shares will be Excluded Shares and will not participate in the Share Scheme.

As a result of entering into the Framework Deed and other Transaction Documents relating to the Proposal, AMP and AXA SA are associates in relation to AXA APH, and AMP has a relevant interest in marketable securities of AXA APH in which the AXA SA Group has a relevant interest. Accordingly, AMP has, in aggregate, a relevant interest in 1,130,475,469 AXA APH Shares (representing approximately 54.69% of the issued capital of AXA APH).

As at the date of this Explanatory Memorandum, AMP's voting power in AXA APH (including votes attributable to the securities which its associates have a relevant interest) is 54.69%.

10.3.2 Dealings in AXA APH Shares

Except as set out below and elsewhere in this Explanatory Memorandum, during the period of four months ending on the day immediately before the date of this Explanatory Memorandum, neither AMP nor any associate of AMP in relation to AXA APH:

- has provided, or agreed to provide, consideration for AXA APH Shares under a purchase agreement; or
- gave, or offered to give or agreed to give a benefit to another person which was likely to induce the other person or an associate of the other person to:
 - vote in favour of the Scheme; or
 - dispose of any AXA APH Shares,

which benefit was not offered to all AXA APH Shareholders.

During that four month period:

- AMP Capital Investors Limited provided, or agreed to provide, consideration in respect of on-market acquisitions of AXA APH Shares, while acting in its capacity as responsible entity, trustee or investment manager of managed investment schemes, superannuation trusts or private portfolio management accounts for clients; and
- AMP Life Limited provided, or agreed to provide, consideration in respect of on-market acquisitions of AXA APH Shares as part of its statutory fund investment portfolio.

A total of 4,245,484 AXA APH Shares were agreed to be acquired by AMP Capital Investors Limited and AMP Life Limited in the capacities described above during that period at prices per AXA APH Share in the range of \$5.10 to \$6.18.

10 Additional information

10.3.3 Interests of AMP Directors in AXA APH and AMP marketable securities

No marketable securities of AXA APH are held by or on behalf of the AMP Directors and no such persons are otherwise entitled to such securities immediately before the date of this Explanatory Memorandum.

No marketable securities of AMP are held by or on behalf of the AMP Directors and no such persons are otherwise entitled to such securities immediately before the date of this Explanatory Memorandum, other than the following interests (which are held either directly or indirectly):

Name of Director	AMP Shares		Performance rights over AMP Shares
	Direct interest	Indirect interest	Direct interest
Peter Mason AM	123,362	293,711	Nil
Craig Dunn	12,413	546,084	2,164,960
Catherine Brenner	3,292	25,000	Nil
Brian Clark	22,306	10,835	Nil
Paul Fegan	15,163	Nil	Nil
Richard Grellman AM	59,083	Nil	Nil
John Palmer ONZM	50,279	Nil	Nil
Dr Nora Scheinkestel	50,225	46,905	Nil
Professor Peter Shergold AC	22,689	Nil	Nil

10.3.4 Other interests

No AMP Director holds, as at the date of this Explanatory Memorandum, an interest in the Proposal as an AXA APH Shareholder.

Other than as disclosed below, no-one has paid or agreed to pay any amount, and no-one has given or agreed to give any benefit, to any AMP Director to induce that person to become or to qualify as a AMP Director.

The constitution of AMP contains provisions as to remuneration of directors. As remuneration for services, each non-executive director is to be paid an amount determined by AMP's board of directors, subject to a maximum aggregate amount determined by AMP Shareholders in general meeting and the Listing Rules. The maximum aggregate has been set at \$3.5 million per annum (which includes remuneration that a non-executive director receives in respect of all other AMP Group roles performed). Each non-executive director is also entitled to fees for performance of additional services and to reimbursement of reasonable out-of-pocket expenses. AMP has entered into a deed of access, indemnity and insurance with each AMP Director. Under that deed, an AMP Director is entitled (among other things) to be indemnified against liabilities incurred as a director to the extent permitted by law. They are also entitled to the benefit of a directors and officers liability insurance policy taken out for their benefit.

10.3.5 Agreements or arrangements with AMP Directors in connection with the Proposal

There are no agreements or arrangements made between any AMP Director and any other person in connection with or conditional upon the outcome of the Proposal or the Rights Scheme.

AXA APH has indemnified AMP and each of its subsidiaries and their respective directors, officers and employees ("**AMP Indemnified Parties**") against any loss suffered or incurred by reason of any breach of any of the representations and warranties given by AXA APH in clause 12.5 of the Framework Deed.

10.4 Intentions of the AXA APH Board

If the Proposal is implemented, it is a matter for the reconstituted AMP Board to determine its intentions as to:

- the continuation of the business of AXA APH;
- any major changes to be made to the businesses of AXA APH, including any redeployment of the fixed assets of AXA APH; and
- the future employment of the present employees of AXA APH.

The current intentions of AMP in relation to these matters as they pertain to the Australian and New Zealand Businesses are set out in section 6.5.

Two members of the current AXA APH Board, will be invited to join the AMP Board from the Implementation Date.

If the Proposal does not proceed, the AXA APH Board intends to continue to operate AXA APH as a company listed on the ASX, owning and operating the Australian and New Zealand Businesses and the Asian Businesses.

10.5 ASIC and ASX waivers and consents

10.5.1 ASIC declarations and exemptions as to disclosure matters

Subregulation 5.1.01 of the Corporations Regulations requires that, unless ASIC otherwise allows, the Explanatory Statement contain the matters set out in Parts 2 and 3 of Schedule 8 to the Corporations Regulations. ASIC has granted the following relief from certain of those disclosure requirements:

10.5.1.1 Rights Scheme prescribed disclosure requirements

Pursuant to Regulation 5.1.01(1) of the Corporations Regulations, ASIC has allowed AXA APH to omit from this Explanatory Memorandum, the list of AXA APH Rightsholders and other matters that would otherwise be required by clauses 8201(a), 8201(b), 8201(c), 8201(d), 8201(e), 8203(a) and 8203(b) of Part 2 of Schedule 8 to the Corporations Regulations to be set out in this Explanatory Memorandum.

10.5.1.2 Material changes in financial position

Clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations requires that the Explanatory Statement include a statement whether, within the knowledge of the Directors, the financial position of AXA APH has materially changed since the date of the last balance sheet laid before AXA APH Shareholders in general meeting or sent to AXA APH Shareholders in accordance with section 314 or 317 of the Corporations Act and, if so, full particulars of any change.

ASIC has allowed AXA APH to depart from complying with the requirements of clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations on the basis that:

- AXA APH has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of the half year ended 30 June 2010;
- this Explanatory Memorandum states that AXA APH will give a copy of the documents referred to in section 302 of the Corporations Act (being the financial report, the directors' report and the auditors' report on the financial report) for the half year ended 30 June 2010 free of charge to anyone who asks for them before the Share Scheme is approved by order of the Court;
- any material change in AXA APH's financial position occurring after 30 June 2010 but prior to the date of this Explanatory Memorandum is disclosed in this Explanatory Memorandum; and
- this Explanatory Memorandum is substantially in the form given to ASIC on 12 January 2011.

10.5.1.3 Information material to the making of a decision in relation to the Share Scheme

Clause 8302(i) of Part 3 of Schedule 8 to the Corporations Regulations requires that, in addition to each of the specified items that must be disclosed in this Explanatory Memorandum under that schedule, this Explanatory Memorandum must contain any other information that is material to the making of a decision in relation to the Share Scheme that is within the knowledge of any director, liquidator or official manager of AXA APH or a "related company" (taken to include AXA SA and its subsidiaries) and has not previously been disclosed to Share Scheme Participants.

ASIC has allowed AXA APH to depart from this requirement so that this Explanatory Memorandum is not required to contain information that is within the knowledge of AXA SA and each of its subsidiaries, with the exception of AXA APH itself.

10 Additional information

10.5.2 Joint bid relief

ASIC has exempted AMP, AMPFS and AXA SA from the requirements of section 606 of the Corporations Act in relation to the acquisition of a relevant interest in ordinary shares in AXA APH arising from certain agreements (including the Framework Deed and the Co-operation Deed) entered into between some or all of AMP, AXA SA and AXA APH in relation to the Proposal.

In aggregate, AMP, the AXA SA Group and the AXA APH Group currently have relevant interests in 54.69% of AXA APH Shares on issue. The implementation of the Proposal under the Framework Deed and other relevant agreements was conditional upon ASIC granting the above exemption. A consequence of entering into the Framework Deed, the Co-operation Deed and other agreements in relation to the Proposal is that AMP would have acquired a relevant interest in the AXA APH Shares in which the AXA SA Group and the AXA APH Group had a relevant interest. In the absence of an ASIC exemption, this would constitute a breach of the 20% rule in section 606 of the Corporations Act. The exemption from the requirements of section 606 of the Corporations Act was required to enable AMP, AXA SA and AXA APH to enter into various agreements so that the Proposal could be made and implemented. The exemption granted by ASIC satisfied the relevant condition to the Framework Deed and allowed AMP to acquire the relevant interest in those AXA APH Shares without breaching the 20% rule in section 606 of the Corporations Act.

In summary, the ASIC exemption is subject to the following conditions:

- the condition referred to in section 1.15 regarding bona fide Competing Proposals;
- AMP will immediately terminate, or procure the termination of, the relevant agreements if the Court makes a determination, which is final and not appellable, to not approve the Share Scheme;
- a condition to the effect that the Co-operation Deed includes a provision that, where a Competing Proposal is made and the Independent Board Committee, acting in good faith and in order to satisfy what it reasonably considers to be its fiduciary or statutory duties, forms the opinion that the Competing Proposal would, if supported by AXA SA, be likely to be a Superior Proposal, AXA SA will not, in relation to that Competing Proposal and for so long as the Independent Board Committee holds that opinion, be subject to the no shop and no talk exclusivity provisions set out in the Co-operation Deed and will be allowed to discuss the proposal with the person making the Competing Proposal and AXA APH without breaching the Co-operation Deed, provided that AXA SA has not breached the no shop and no talk exclusivity provisions set out in the Co-operation Deed in relation to that Competing Proposal prior to the Independent Board Committee forming that opinion;
- AMP and AXA SA use their best endeavours to have AXA APH engage an independent expert to prepare a report on whether the Share Scheme is in the best interests of Minority Shareholders and the Sale of the Asian Businesses following the AXA SA Share Sale is fair to Minority Shareholders;
- at the Share Scheme Meeting, AMP, AXA SA and their respective associates will not exercise any voting rights attaching to AXA APH Shares in which they have a relevant interest, other than certain AXA APH Shares held in a fiduciary or similar capacity and which are accordingly not held beneficially (**Excluded Voting Shares**);
- AMP and AXA SA must use their best endeavours to have AXA APH record separately the manner in which voting rights attaching to Excluded Voting Shares were exercised at the Share Scheme Meeting and report this information to ASIC and the Court as soon as practicable after the Share Scheme Meeting but to ASIC before the Second Court Hearing and to the Court either before or at the Second Court Hearing; and
- following execution of the Framework Deed, the Co-operation Deed and other agreements in relation to the Proposal, AMP gives a substantial holding notice in the form prescribed by the regulations to the Corporations Act specifying its voting power in AXA APH at that time, including the votes attaching to Excluded Voting Shares, and attaches a copy of the Framework Deed, the Co-operation Deed and certain other relevant agreements to the substantial holding notice.

10.5.3 Acquisitions of relevant interests in AXA APH Shares by AMP

As a result of entering into the Framework Deed and other Transaction Documents relating to the Proposal, AMP and AXA SA are associates in relation to AXA APH, and AMP now has a relevant interest in AXA APH Shares in which the AXA SA Group has a relevant interest. Accordingly, AMP has, in aggregate, a relevant interest in 1,130,475,469 AXA APH Shares (representing approximately 54.69% of the issued capital of AXA APH).

Section 606 of the Corporations Act operates to prohibit AMP from acquiring any further relevant interest in AXA APH Shares at present.

ASIC has exempted AMP and certain of its associates from section 606 of the Corporations Act in respect of certain further acquisitions of relevant interests in AXA APH Shares arising in the ordinary course of AMP's wealth management businesses, provided the acquisition would not result in AMP having voting power (as defined in the Corporations Act) in AXA APH of more than 3% above that which it had immediately after entry into the Framework Deed and the other agreements relating to the Proposal. ASIC has granted this exemption subject to certain conditions, including a condition that AMP will immediately terminate, or use its best endeavours to procure the termination of, the relevant agreements if the Share Scheme is not approved by the Court.

10.5.4 Acquisitions of relevant interests in securities

Subject to certain exceptions, section 606 of the Corporations Act prohibits the acquisition of a relevant interest in securities of an entity where that acquisition would result in the voting power of the acquiring party increasing above 20%.

ASIC has exempted AXA APH, AMP and certain of their subsidiaries and related bodies corporate from section 606 of the Corporations Act in respect of certain acquisitions of relevant interests arising in the ordinary course of their respective wealth management businesses, as a result of the Framework Deed and the other agreements between some or all of AXA APH, AMP and AXA SA relating to the Proposal. In broad terms, the effect of this exemption is that AXA APH and its associates, and AMP and its associates, are generally not required to aggregate their respective relevant interests in securities of an entity for the purposes of section 606 unless and until the Proposal is implemented.

10.5.5 Requirement for disclosure regarding substantial shareholdings

Section 671B of the Corporations Act requires AXA APH and AMP to provide certain information in relation to holdings held by AXA APH and AMP in a company or registered scheme. ASIC has granted an exemption from section 671B to AXA APH and AMP and certain of their subsidiaries and related bodies corporate which effectively operates to disregard, for the purposes of determining the substantial holding information that AXA APH and AMP are required to provide under section 671B, any relevant interests in an entity which AXA APH, AMP and their respective associates would have merely as a result of entry into (but not completion of) various agreements in connection with the Proposal. That is, AXA APH and its associates, and AMP and its associates, are generally not required to aggregate their respective relevant interests in securities of a company or registered scheme for the purposes of section 671B unless and until the Proposal is implemented.

10.5.6 ASX waivers and confirmations

10.5.6.1 Timetable

ASX has confirmed the timetable outlined on page 1.

10.5.6.2 Rights Scheme – waiving of Listing Rule 6.23.2

AXA APH has obtained a waiver from ASX from the operation of ASX Listing Rule 6.23.2 to the extent necessary to permit the cancellation of Scheme Rights for consideration without obtaining the prior approval of AXA APH Shareholders. The waiver is subject to a number of conditions, including implementation of the Share Scheme and implementation of the Rights Scheme. Details of the cancellation of the Scheme Rights under the Rights Scheme are set out in section 8 and Appendices 4 and 6.

10 Additional information

10.6 Material changes in financial position

The latest published financial statements of AXA APH are the financial statements for the half year ended 30 June 2010 that were released to the ASX on 4 August 2010.

To the knowledge of the Directors, there has not been a material change in the financial position of AXA APH since 30 June 2010, except as disclosed in this Explanatory Memorandum or in announcements to the ASX.

AXA APH's full year results to 31 December 2010 (which are expected to be announced 15 February 2011) will be available:

- from ASX or on its website www.asx.com.au; and
- on AXA APH's website www.axaasiapacific.com.au.

AXA APH will provide, free of charge, copies of the half and full year financial statements to anyone who requests them before the Share Scheme is approved by the Court. Alternatively, a copy can be downloaded from www.axaasiapacific.com.au.

10.7 Consents and disclaimers

Each of the parties named below as consenting parties:

- has given and has not, before lodgment of this Explanatory Memorandum with ASIC, withdrawn its written consent to be named in this Explanatory Memorandum in the form and context in which it is named;
- has given and has not, before lodgment of this Explanatory Memorandum with ASIC, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Explanatory Memorandum;
- does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to below in respect of that party's name (and as consented to by that party); and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Explanatory Memorandum.

Consenting parties	Role
Macquarie Capital Advisers Limited	Financial adviser to AXA APH
Mallesons Stephen Jaques	Legal adviser to AXA APH
Grant Samuel	Independent Expert, in relation to the Independent Expert's Report and any statements based on that report
Towers Watson	Independent Actuary, in relation to the Independent Actuary's Report contained in Appendix 4 to the Independent Expert's Report and any statement based on the Independent Actuary's Report
Ernst & Young	Investigating Accountant, in relation to the Investigating Accountant's Report and any statements based on that report
Computershare Investor Services Pty Limited	Registry
AMP Limited	In relation to the AMP Information only
AXA SA	In relation to the AXA SA Information only
PricewaterhouseCoopers	auditor of AXA APH

10.8 Costs

The total fees payable by AXA APH in connection with the Proposal (and all previous proposals since November 2009) are estimated at approximately \$30 million (after tax). This figure includes fees in connection with this Explanatory Memorandum as well as advisory, legal, accounting and administrative fees, printing, advertising and other expenses.

10.9 Other information material to the making of a decision in relation to the Proposal

Except as set out in this Explanatory Memorandum, there is no other information material to the making of a decision in relation to the Proposal or the Rights Scheme being information that is within the knowledge of any AXA APH Director, or any director of a related company, which has not previously been disclosed to Minority Shareholders or AXA APH Rightsholders.

10.10 Deed Poll for the Share Scheme

On 13 January 2011, AMP and AMPFS entered into the Deed Poll for the Share Scheme in favour of Minority Shareholders under which each of AMP and AMPFS has undertaken to perform the obligations contemplated of it under the Share Scheme, including (subject to the Share Scheme becoming Effective) payment of the Scheme Consideration.

A copy of the Deed Poll for the Share Scheme is set out in full in Appendix 5.

10.11 Status of the key Conditions Precedent

10.11.1 Australian and New Zealand regulatory approvals

Implementation of the Share Scheme is conditional upon the receipt of the outstanding approvals or confirmations from certain regulatory bodies, as set out in the table below.

Regulatory authority / relevant legislation	Status of Condition Precedent
FIRB (<i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth))	AXA SA lodged a formal application with FIRB on 14 January 2011.
<i>Financial Sector (Shareholdings) Act 1998</i> (Cth)	AMP has lodged an application with the Federal Treasurer under the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth) for approval to hold an interest of up to 100% in AXA APH. As at the date of this Explanatory Memorandum, this approval has not been received.
<i>Insurance Acquisitions and Takeovers Act 1991</i> (Cth)	AMP wrote to APRA on 16 December 2010 requesting confirmation that approval will not be required under the <i>Insurance Acquisitions and Takeovers Act 1991</i> (Cth) in respect of the Share Scheme. AMP has received confirmation from APRA that this approval is not required.
NZ OIO (<i>Overseas Investment Act 2005</i> (NZ))	AMP has lodged an application with the NZ OIO needs to review, consider and consent to the transactions set out in the Transaction Documents including AMP's acquisition of rights or interests in 100% of the ordinary shares in AXA APH. AMP has not lodged this application but AMP intends to do so in January 2011. As at the date of this Explanatory Memorandum, consent has not been received.

The ATO has issued a private binding ruling to AMP which satisfies the tax conditions precedent by favourably answering certain questions on the tax treatment of the transactions forming part of the Proposal. Specifically, the relevant questions covered aspects of the tax treatment of AMP's acquisition of AXA APH and aspects of the tax treatment of AMP's disposal of certain Asian assets. Notice has been provided to AXA APH and AXA SA.

10 Additional information

10.11.2 Regulatory consents in some of the countries in which the Asian Businesses operate

Implementation of the Share Scheme is conditional upon the receipt of approval or confirmation from certain foreign regulatory bodies, as set out in the table below.

Jurisdiction	Regulatory authority	Status of Condition Precedent
Bermuda	Bermuda Monetary Authority (BMA)	AXA SA, AMP, AXA China Region Limited, AXA China Region Insurance Company (Bermuda) Ltd, AXA Financial Services Holdings Ltd and AXA China Region (Bermuda) Limited lodged an application with the BMA for approval of the Proposal. On 16 December 2010, the BMA provided confirmation that it has no objections to the Proposal.
Hong Kong	Office of Commissioner of Insurance (OCI)	Applications for approval and confirmation of "no objections" to a change of controller of AXA China Region Insurance Company (Bermuda) Limited, AXA China Region Insurance Company Limited, AXA Wealth Management (HK) Limited and AXA (Hong Kong) Life Insurance Company Limited (the OCI Regulated Businesses) have been lodged with the OCI in respect of AXA SA and AXA Assurances IARD Mutuelle. Equivalent applications for approval and confirmation of "no objections" to a change of controller of the OCI Regulated Businesses have been lodged with the OCI in respect of each of AMP, AMP Group Holdings Limited, AMP Group Services Limited, AMP Services Limited, AMP Services Holdings Limited, AMP Holdings Limited and AMP Financial Services Holdings Limited. As at the date of this Explanatory Memorandum, these approvals and confirmations of "no objections" have not been received.
	Mandatory Provident Funds Schemes Authority (MPFSA)	Applications for approval as a substantial shareholder of AXA China Region Trustees Limited and AXA Financial Services Trustees Limited (the MPFSA Regulated Businesses) have been lodged with the MPFSA in respect of AXA SA, AXA Assurances IARD Mutuelle and AXA Assurances Vie Mutuelle. Equivalent applications for approval as a substantial shareholder of the MPFSA Regulated Businesses have been lodged with the MPFSA in respect of each of AMP, AMP Group Holdings Limited, AMP Group Services Limited, AMP Services Limited, AMP Services Holdings Limited, AMP Holdings Limited and AMP Financial Services Holdings Limited. As at the date of this Explanatory Memorandum, these approvals have not been received.
	Securities and Futures Commission (SFC)	Applications for approval as a substantial shareholder of ipac Financial Planning Hong Kong Limited and AXA China Region Investment Services Trustees Limited (the SFC Regulated Businesses) have been lodged with the SFC in respect of AXA SA. Equivalent applications for approval as a substantial shareholder of the SFC Regulated Businesses have been lodged with the SFC in respect of each of AMP, AMP Group Holdings Limited, AMP Group Services Limited, AMP Services Limited, AMP Services Holdings Limited, AMP Holdings Limited and AMP Financial Services Holdings Limited. As at the date of this Explanatory Memorandum, these approvals have not been received.
India	Insurance Regulatory Development Authority (IRDA)	AXA SA lodged an application with the IRDA for approval of the proposed change in control of the foreign equity shareholding of First American Securities Private Ltd and Bharti AXA Life Insurance Company Ltd as part of the Proposal. As at the date of this Explanatory Memorandum, no objection has been raised by the IRDA in response to this notification.
	Securities and Exchange Board of India (SEBI)	Bharti AXA Investment Managers Private Ltd and Bharti AXA Trustee Services Pvt. Ltd. have lodged a formal notification of the Proposal with SEBI. As at the date of this Explanatory Memorandum, no objection has been raised by SEBI in response to this notification.
Indonesia	Indonesian Capital Market and Financial Institutions Supervising Board (Bapepam)	PT AXA Asset Management Indonesia has lodged a formal application with Bapepam for approval of the Proposal. During a meeting between Bapepam and AXA APH representatives on 17 December 2010, Bapepam confirmed its approval of the Proposal. PT AXA Asset Management Indonesia has written to Bapepam on 23 December 2010, as a formal record of that meeting.
	Ministry of Finance of Republic of Indonesia (MoF)	PT AXA Life Indonesia has lodged a formal application with MoF for approval of the Proposal. On 23 December 2010, the MoF confirmed its approval of the Proposal provided that the transfer of AXA APH's shareholding in PT AXA Life Indonesia to AXA SA is completed and registered with the Indonesian Ministry of Law and Human Rights before 31 March 2011. As it is currently expected that the transfer of AXA APH's shareholding in PT AXA Life Indonesia to AXA SA will complete after 31 March 2011, AXA APH are liaising with MoF to determine whether: i) the current approval period can be extended beyond 31 March 2011; or ii) a new approval will be required from the MoF.
Ireland	Central Bank of Ireland (CBI)	AXA SA lodged an application with the CBI for approval of an increase in the control of IPAC Portfolio Management (Dublin) Limited. As at the date of this Explanatory Memorandum, this approval has not been received.
Malaysia	Bank Negara Malaysia (BNM)	AXA SA received approval for the Proposal in respect of AXA AFFIN Life Insurance Berhad from BNM on 12 January 2011.
	Securities Commission of Malaysia (SC)	AXA SA and AMP lodged an application with SC for an exemption to undertake a mandatory take-over offer pursuant to the Malaysian Code on Take-overs and Mergers 2010 for the remaining shares in AXA AFFIN Life Insurance Berhad not indirectly held by AXA APH. As at the date of this Explanatory Memorandum, this approval has not been received.
Philippines	Insurance Commission of the Philippines (IC)	Philippines AXA Life Insurance Corporation lodged an application with the IC for approval of the Proposal. On 11 January 2011, the IC provided confirmation that it has no objections to the Proposal.

10.11.3 Prescribed occurrences and material adverse changes

Immediately before the date of this Explanatory Memorandum, no prescribed occurrence or material adverse change for the purposes of the Framework Deed and the Merger Implementation Deed has occurred in relation to the Australian and New Zealand Businesses and the Asian Businesses that would give rise to a termination right. These concepts are defined in the summary of the Framework Deed and the Merger Implementation Deed in Appendix 7.

These matters will continue to be assessed until 8.00 am on the Second Court Date.

10.12 The Separation Agreement

AMP and AXA SA have entered into an agreement (**Separation Agreement**) to address issues arising from AXA APH ceasing to be a subsidiary of AXA SA and becoming wholly owned by AMP and the proposed separation of the AXA APH Group's business in Australia and New Zealand from the AXA APH Group's business elsewhere in Asia. The key transition services provided for by the Separation Agreement are information technology services, data processing and software-related services, hedging services, the continuation of certain reinsurance arrangements, and investment advisory services related to ipac funds in Asia and Ireland and certain additional services identified by the parties. A summary of the Separation Agreement is set out in Appendix 7.

10.13 Quotation of New AMP Shares

On or about the date of despatch of this Explanatory Memorandum to AXA APH Securityholders, AMP will apply for official quotation on ASX of all New AMP Shares to be issued under the Share Scheme. This application will be conditional on the Share Scheme becoming Effective.

New AMP Shares are expected to begin trading on a deferred settlement basis at the start of trading on Wednesday, 9 March 2011 under ASX code "AMPN" (see section 1.6.8 for more details). Trading of New AMP Shares on an ordinary T+3 settlement basis is expected to commence on Thursday, 31 March 2011 under the normal ASX code "AMP".

10.14 Effect of Share Scheme on creditors

The Share Scheme, if implemented, will not materially prejudice AXA APH's ability to pay its creditors as it involves the purchase of the AXA APH Shares rather than AXA APH's underlying assets. No new liability (other than the transaction costs) is expected to be incurred by AXA APH as a consequence of implementation of the Share Scheme.

10.15 AXA SA employee equity plans

Certain AXA APH employees participate in AXA SA employee equity plans, including the AXA Miles program under which some AXA APH employees have received AXA Miles that can convert into AXA SA shares in the future.

AXA SA intends to maintain these arrangements for participating employees who cease to be employed within the AXA SA Group following implementation of the Proposal (and intends to waive any service based conditions to allow continued participation by those employees). For employees who will continue to be employed within the AXA SA Group following implementation of the Proposal, these arrangements will continue on the same basis as is currently the case.

10.16 Supplementary information

AXA APH will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of lodgment of this Explanatory Memorandum for registration by ASIC and the Effective Date for the Share Scheme:

- a material statement in this Explanatory Memorandum is false or misleading;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of lodgment of this Explanatory Memorandum for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, AXA APH may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on AXA APH's website; or
- making an announcement to the ASX.

10.17 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.

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Glossary

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100% Share Basis	figures reflect 100% of the business, regardless of AXA APH's equity interest in the business.
AASB	the Australian Accounting Standards Board, being the Australian government agency responsible for developing and issuing accounting standards applicable to Australian entities and the "care and maintenance" of the body of standards as set out in the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
AASB Standards	Australian Accounting Standards issued by the AASB.
ADI	authorised deposit-taking institution.
AFSL	Australian financial services licence.
AIFRS	the Australian equivalents to International Financial Reporting Standards.
AMP	AMP Limited, and, where the context requires, includes each member of the AMP Group before implementation of the Proposal (which, for the purposes of this definition, includes a body corporate controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by AMP and may include a trust (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).
AMP 2010 Final Dividend	the AMP dividend of up to \$0.16 for the half year ended 31 December 2010.
AMP Bank	AMP Bank Limited.
AMP Board	the board of directors of AMP.
AMP Capital Brookfield	AMP Capital Brookfield Pty Limited.
AMP Capital Investors	AMP Capital Investors Limited.
AMP Constitution	the constitution of AMP.
AMP Director	a director of AMP.
AMP Financial Services	AMP Financial Services Limited.
AMP Group	AMP and each of its subsidiaries (which, for the purposes of this definition, includes a body corporate controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by AMP and may include a trust (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).
AMP Historical Financial Information	has the meaning given in section 4.6.1.
AMP Information	<p>the information contained in the following:</p> <ul style="list-style-type: none"> ▪ in the "Jurisdictional status of this Explanatory Memorandum" section, the first and fourth paragraphs under the heading "US"; ▪ the letter from the Chairman of AMP; ▪ in the "Why you should vote in favour and other considerations" section, the second, third, fourth and fifth bullet points under the reason "You have the opportunity to own shares in the Merged Group and to benefit from any synergies achieved. A combination of the Australian and New Zealand Businesses and AMP will create Australia and New Zealand's largest non-bank wealth management company and will be the market leader in retail superannuation, individual risk insurance and financial advice in Australia. You will still have exposure to the Australian and New Zealand Businesses"; ▪ in the "Key questions" section: <ul style="list-style-type: none"> – the second paragraph in the answer to Question 1 ("What is the Proposal?"); – Question 6 ("What are the risks associated with the Proposal?") and the answer to this question; – Question 11 ("What are AMP's and AXA SA's contributions under the Proposal?") and the answer to this question; – Question 15 ("When can I sell my New AMP Shares?") and the answer to this question; and – Question 22 ("How will AMP buy the AXA SA Holding?") and the answer to this question; ▪ the second paragraph in section 1.2.6 ("Effects of rounding"); ▪ the second and third sentences in section 1.2.7 ("Payment dates for the Share Scheme Consideration"); ▪ section 1.3.1 ("The AXA SA Share Sale"); ▪ section 1.6.8 ("Issue and trading of New AMP Shares") other than the information contained in the last sentence of paragraph 2 to section 1.6.8.1 ("ASX"); ▪ section 1.7 ("Announcement of results") as far as it relates to AMP; ▪ the first paragraph in section 1.15 ("Bona fide Competing Proposal"); ▪ section 2 ("Risks of the Proposal"), other than the information contained in section 2.3 ("Risks that relate to the Australian and New Zealand Businesses") and section 2.6 ("Implications if the Proposal does not proceed"); ▪ section 4 ("Information about AMP"); ▪ section 5.1.2 ("The AXA SA Share Sale Deed"); ▪ section 5.2.2.1 ("Procurement Deed"); ▪ section 6 ("Information about the Merged Group"), excluding section 6.9 ("Pro Forma financial information for the Australian and New Zealand Businesses) other than as specified in section 6.9; ▪ section 8.10.3 ("Risks"); ▪ section 10.3 ("Interests of AMP and AMP directors"); ▪ section 10.5.2 ("Joint bid relief"); ▪ section 10.5.3 ("Acquisitions of relevant interests in AXA APH Shares by AMP"); ▪ section 10.5.6.1 ("Timetable");

AMP Information continued	<ul style="list-style-type: none"> ▪ in section 10.11.1 (“Australian and New Zealand regulatory approvals”), the information concerning the status of the Conditions Precedent relating to: <ul style="list-style-type: none"> – <i>Financial Sector (Shareholdings) Act 1998</i> (Cth); – NZ OIO (<i>Overseas Investment Act 2005</i> (NZ)); and – ATO; ▪ in section 10.11.2 (“Regulatory consents in some of the countries in which the Asian Businesses operate”), the information concerning approvals or confirmations sought by a member of the AMP Group; ▪ section 10.12 (“The Separation Agreement”); ▪ section 10.13 (“Quotation of New AMP Shares”); ▪ the third bullet point in section 1 (“Overview”) of Appendix 7 (“Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement”); ▪ table B (“Summary of Co-operation Deed”) of Appendix 7 (“Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement”); ▪ table C (“Summary of Separation Agreement”) of Appendix 7 (“Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement”); and ▪ the definitions in the Glossary and in Table D (“Definitions”) of Appendix 7 that are used in the sections of this Explanatory Memorandum referred to above and that are not used elsewhere in this Explanatory Memorandum, except to the extent that any of that information is based on information provided by AXA APH or AXA SA.
AMP Investor Report	means the AMP investor report for the half year 2010.
AMP Life	AMP Life Limited.
AMP Share	a fully paid ordinary share in the capital of AMP.
AMP Share Register	the register of AMP Shareholders maintained under section 168 of the Corporations Act.
AMP Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
AMP Shareholder	a holder of an AMP Share.
AMP VWAP	the daily VWAPs 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 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 any relevant Trading Day.
AMPCI	AMP Capital Investors.
AMPFS	AMP Financial Services Holdings Limited.
API	annual premium income.
APRA	Australian Prudential Regulation Authority.
Asia (ex Hong Kong) Business	one of AXA APH’s three operating segments, which comprises AXA APH’s businesses in Asia excluding the Hong Kong Business.
Asian Businesses	the Asian businesses of the AXA APH Group (including holding and intermediary entities), as described in section 3.2.1.
Asian Subsidiary Deed	the deed of that name entered into by AXA SA, AMP, AXA APH and NMI on 29 November 2010 under which AXA APH and NMI grant AXA SA certain rights as described in section 5.2.2.2.
ASIC	Australian Securities and Investments Commission.
associate	has the meaning given to it in the Corporations Act.
ASX	ASX Limited, or the market operated by it as the context requires.
ASX Operating Rules	the official operating rules of the ASX from time to time and as modified by any express written waiver given by ASX.
ATO	Australian Taxation Office.
Auditing and Assurance Standards Board	an independent statutory board of the Australian government established under section 227A of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth), as amended, to make auditing standards under section 336 of the Corporations Act.
AUM	assets under management.
Australian Accounting Interpretations	interpretations as issued by the AASB and listed in Accounting Standard AASB 1048 Interpretation of Standards.
Australian Accounting Standards	Australian Accounting Standards as issued by the AASB.
Australian and New Zealand Businesses	the Australian and New Zealand businesses of the AXA APH Group (including holding and intermediary entities), as described in section 3.2.2.
Australian and New Zealand Businesses Financial Information	has the meaning given to it in section 6.9.1.
Australian Auditing Standards	Australian Auditing Standards as issued by the Auditing and Assurance Standards Board.

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AXA APF	AXA Asia Pacific Finance Limited, a wholly-owned subsidiary of AXA APH.
AXA APH	AXA Asia Pacific Holdings Limited and, where the context requires, includes each member of the AXA APH Group before implementation of the Proposal (which, for the purposes of this definition, includes a body corporate controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by AXA APH and may include a trust (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).
AXA APH 2010 Final Dividend	the AXA APH dividend of up to \$0.0925 per AXA APH Share for the half year ended 31 December 2010.
AXA APH Board	the board of directors of AXA APH.
AXA APH General Employee Share Plans	AXA APH employee share schemes under which AXA APH Shares were provided to Share Scheme Participants under the “National Mutual Group, Australian General Employee Share Plan, Tax Exempt Plan Rules” or the “National Mutual Group, Australian General Employee Share Plan, Tax Deferred Plan Rules”.
AXA APH Group	AXA APH and each company that is a subsidiary of AXA APH before implementation of the Proposal.
AXA APH Information	the information in this Explanatory Memorandum and the Explanatory Memorandum Supplement, other than: <ul style="list-style-type: none"> ▪ the AMP Information; ▪ the AXA SA Information; ▪ Appendix 1 of this Explanatory Memorandum (concise version of the Independent Expert’s Report); ▪ Appendix 2 of this Explanatory Memorandum (Investigating Accountant’s Report); and ▪ the Independent Expert’s Report (including the Independent Actuary’s Report) in the Explanatory Memorandum Supplement.
AXA APH Investor Compendium	means the AXA APH investor compendium for the 6 months ended 30 June 2010.
AXA APH Right	a performance right or allocation right or both granted pursuant to the AXA APH Rights Plan, as the context requires.
AXA APH Rights Plan	the Executive Performance Plan 2004 operated by AXA APH.
AXA APH Rights Register	the register of holders of AXA APH Rights maintained under section 168 of the Corporations Act.
AXA APH Rightsholder	each person registered in the AXA APH Rights Register as the holder of an AXA APH Right.
AXA APH Securityholder	AXA APH Shareholders and AXA APH Rightsholders.
AXA APH Share	a fully paid ordinary share in the capital of AXA APH.
AXA APH Share Register	the register of AXA APH Shareholders maintained under section 168 of the Corporations Act.
AXA APH Share Registry	Computershare Investor Services Pty Limited, or in the case of AXA APH Rights, Computershare Plan Managers Pty Limited.
AXA APH Shareholder	a holder of an AXA APH Share.
AXA SA	AXA, a Société Anonyme organised under the laws of France, the head entity of the global AXA SA Group and where the context requires includes all members of the AXA SA Group (excluding the AXA APH Group).
AXA SA Group	the global AXA SA group (excluding the AXA APH Group).
AXA SA Holding	AXA APH Shares in respect of which a member of the AXA SA Group (other than a member of the AXA APH Group) is the legal or beneficial owner (other than where the subsidiary of AXA SA only holds those AXA APH Shares on behalf of parties, or as trustee for parties, which are not part of the AXA SA Group).
AXA SA Information	the information contained in the following: <ul style="list-style-type: none"> ▪ in the “Key questions” section: <ul style="list-style-type: none"> – the second bullet point in the answer to Question 5 (“What happens if the Proposal does not proceed?”); – Question 24 (“Why does AXA SA want to sell its shares in AXA APH and own the Asian Businesses outright?”) and the answer to this question; – Question 25 (“How much is AXA SA paying for the Asian Businesses?”) and the answer to this question; ▪ section 1.3.2 (“The Sale of the Asian Businesses”); ▪ the second bullet point in section 2.6 (“Implications if the Proposal does not proceed”); ▪ section 3.4.2 (“The conditions imposed by the Australian government and AXA SA’s undertakings to AXA APH”); ▪ section 5.1.1 (“The AXA SA Group’s shareholding in AXA APH”); ▪ section 5.2.2.3 (“Reasons for acquiring the Asian Businesses”); ▪ section 5.2.3 (“Consideration and funding”); ▪ the second paragraph in section 9.7 (“Who is eligible to vote on the Termination Benefits Resolution?”); ▪ section 10.2.5 (“Directors’ interests in the outcome of the Proposal”); ▪ in section 10.11.1 (“Australian and New Zealand regulatory approvals”), the information concerning the status of the Condition Precedent relating to FIRB (<i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)); ▪ in section 10.11.2 (“Regulatory consents in some of the countries in which the Asian Businesses operate”), the information concerning approvals or confirmations sought by AXA SA; ▪ the second paragraph in section 10.15 (“AXA SA employee equity plans”); and ▪ the definitions in the Glossary and in Table D (“Definitions”) of Appendix 7 that are used in the sections of this Explanatory Memorandum referred to above and that are not used elsewhere in this Explanatory Memorandum.

AXA SA Share Sale	the sale of the AXA SA Holding by the AXA SA Group to AMPFS (or any other wholly-owned subsidiary of the AMP Group nominated by AMP), as described in section 5.1.
AXA SA Share Sale Deed	the deed that provides for the sale of the AXA SA Holding to AMPFS (or any other wholly-owned subsidiary nominated by AMP), as described in section 5.1.2.
Bank Bill Swap Rate	the 3 month Australian bank bill swap rate referred to in the terms sheet in respect of the subordinated notes described in section 4.9.
BCBS	Basel Committee on Banking Supervision.
Business Day	has the meaning given in the Listing Rules.
Cash Component	the variable cash consideration to be provided to Share Scheme Participants for the transfer to AMP of each Minority Share, as set out in section 1.2.
CGT	Capital Gains Tax.
Chairman	the chairman of AXA APH.
CHESS	Clearing House Electronic Subregister System.
Competing Proposal	<p>a transaction or arrangement which is proposed by a Third Party pursuant to which (other than as contemplated pursuant to the Proposal, including the Sale of the Asian Businesses and associated transactions) a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:</p> <ul style="list-style-type: none"> ▪ 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; ▪ 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 ▪ 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. <p>For the avoidance of doubt, but without limitation, for the purposes of the third dot point above:</p> <ul style="list-style-type: none"> ▪ 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 ▪ the whole or a significant part of the Australian and New Zealand Businesses will be taken to be a significant part of the business of the AXA APH Group.
Conditions Precedent	the conditions precedent to the Proposal, as described in sections 1.6.2, 10.11 and as set out in items 1 and 2 of Table A in Appendix 7.
Co-operation Deed	the Co-Operation Deed between AMP and AXA SA dated 29 November 2010 (as amended), a summary of which is set out in Appendix 7.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth).
Court	Supreme Court of Victoria.
CPI	consumer price index.
CWM	Contemporary Wealth Management.
CWP	Contemporary Wealth Protection.
Deeds Poll	the deeds poll in favour of Share Scheme Participants and Rights Scheme Participants respectively, in the form set out in Appendices 5 and 6 to this Explanatory Memorandum (subject to any amendments permitted by their terms), under which each of AMP and AMPFS undertakes to perform the obligations contemplated of it under the Schemes.
Designated Executives	each of Andrew Penn, Geoff Roberts, Warren Lee, Darryl Mackay, Arun Abey, Kevin Keenan and Mike Thornton.
Director	a director of AXA APH.
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	when used in relation to a Scheme, the date on which the office copy of the Court order approving the relevant Scheme pursuant to section 411(4)(b) of the Corporations Act is lodged with ASIC.
Eligible Shareholder	a Share Scheme Participant other than an Ineligible Overseas Shareholder (including, for the avoidance of doubt, a person who is a Minority Shareholder as at the Scheme Record Date for the Share Scheme as a result of having exercised AXA APH Rights).
Employee Share Trading Policy	AXA APH's guidelines titled "Trading in Shares or Options of AXA Asia Pacific Holdings", as approved on 7 October 2009 and available online at www.axaasiapacific.com.au in the governance section.
End Date	currently 30 June 2011.
EPS - actual	calculated as net profit attributable to shareholders of AMP divided by the basic weighted average number of ordinary shares. The weighted average number of ordinary shares has been adjusted to remove treasury shares.
EPS - underlying	calculated as Underlying Profit divided by the basic weighted average number of ordinary shares.
Ernst & Young	Ernst & Young Transaction Advisory Services Limited.
Estimated Purchase Price	is \$7.2 billion.

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Excluded Share	<p>an AXA APH Share held by:</p> <ul style="list-style-type: none"> • an Excluded Shareholder; or • AMP or by any person on behalf of, or for the benefit of, or any member of the AMP Group, other than an AXA APH Share: <ul style="list-style-type: none"> – 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 – 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 the first bullet point above.
Excluded Shareholder	a holder of AXA APH Shares forming part of the AXA SA Holding in that capacity.
Exercise Deadline	7.00 pm on the date that is two Business Days before the Scheme Record Date for the Share Scheme, which is expected to be on Friday, 11 March 2011.
Exercise Form	the pink exercise form contained in the Rightsholder Pack under which AXA APH Rightsholder can exercise their AXA APH Rights.
Exercise Payment	the payment required to exercise allocation rights granted under the AXA APH Rights Plan (the exercise price multiplied by the number of rights exercised for each tranche).
Explanatory Memorandum	this document which includes the Schemes, the Explanatory Statement and the notices of meeting.
Explanatory Memorandum Supplement	the supplementary document to this Explanatory Memorandum which contains the long form version of the Independent Expert's Report (including the Independent Actuary's Report), the Framework Deed and the Merger Implementation Deed. Details on how to obtain a copy of the Explanatory Memorandum Supplement are set out in section 1.14.
Explanatory Statement	has the meaning given to it in part 5.1 of the Corporations Act.
Extraordinary General Meeting	the general meeting of AXA APH Shareholders convened to consider the resolutions set out in the notice of general meeting in Appendix 9 to this Explanatory Memorandum, scheduled to be held at the later of 12.00 pm on Wednesday, 2 March 2011 and the conclusion or adjournment of the Share Scheme Meeting.
Extraordinary General Meeting Proxy Form	the orange proxy form for the Extraordinary General Meeting which accompanies this Explanatory Memorandum.
FIRB	Foreign Investment Review Board.
Framework Deed	the Framework Deed between AXA APH, AMP and AXA SA dated 29 November 2010 (as amended), a summary of which is set out in Appendix 7.
Grant Samuel	Grant Samuel & Associates Pty Limited.
Group Share Basis	figures reflect AXA APH's interest in each business.
HNW	high net worth.
Hong Kong Business	one of AXA APH's three operating segments, which comprises AXA APH's businesses in Hong Kong, excluding ipac Asia's Hong Kong operations.
IFA	independent financial adviser.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
Implementation Date	expected to be Wednesday, 30 March 2011.
Independent Actuary	Towers Watson.
Independent Actuary's Report	the report prepared by the Independent Actuary and contained in Appendix 4 to the Independent Expert's Report.
Independent Board Committee	the committee of Independent Directors of AXA APH established by the AXA APH Board in connection with the Proposal.
Independent Directors	<p>each of the following Directors:</p> <ul style="list-style-type: none"> • Richard (Rick) Hugh Allert, AO; • Patricia (Patty) Elizabeth Akopiantz; • Michael Roy Butler; • Paul Ashley Cooper; • Anthony (Tony) Grant Froggatt; and • Peter David Sullivan.
Independent Expert	Grant Samuel.
Independent Expert's Report	the long form version of the report of the Independent Expert. A concise version is set out in Appendix 1 to this Explanatory Memorandum and a copy of the long form version of the report is set out in the Explanatory Memorandum Supplement.
Ineligible Overseas Shareholder	a Share Scheme Participant whose address as shown in the AXA APH Share Register 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 of New AMP Shares to that Share Scheme Participant as Share Scheme Consideration is lawful and not unduly onerous or impracticable in that place.

Inforce Premium	total annual contractual payments receivable per annum from a customer or policyholder in relation to regular premium products as at the reporting date.
Initial Proposal	the proposal from AMP and AXA SA for the acquisition of AXA APH and its businesses made on 7 November 2009.
In-the-money AXA APH Right	an AXA APH Right that has an exercise price less than \$6.43.
Investigating Accountant	Ernst & Young.
Investigating Accountant's Report	the report of the Investigating Accountant as to the historical and pro forma historical financial information presented in this Explanatory Memorandum, as set out in Appendix 2.
ipac Asia	ipac financial planning Singapore Private Limited, ipac Portfolio Management (Dublin) Limited, ipac financial planning Hong Kong Limited and ipac financial planning Taiwan Limited.
Listing Rules	the official listing rules of the ASX from time to time and as modified by any express written waiver given by ASX.
Meetings	the Scheme Meetings and the Extraordinary General Meeting.
Merged Group	as the context requires, AMP or the AMP Group (including AXA APH and its subsidiaries, other than those subsidiaries which are sold to AXA SA as part of the Sale of the Asian Businesses), after implementation of the Proposal.
Merged Group unaudited Pro Forma Summary Income Statement – Operational Basis	has the meaning given in section 6.7.1.
Merged Group unaudited Pro Forma Summary Income Statement – Statutory Basis	has the meaning given in section 6.7.1.
Merged Group unaudited Pro Forma Summary Statement of Financial Position	has the meaning given in section 6.7.1.
Merger	the proposal to implement the merger of the Australian and New Zealand Businesses with AMP by way of two separate interconditional transactions: <ul style="list-style-type: none"> ▪ AXA APH Shares will be acquired by AMP pursuant to the Share Scheme and the AXA SA Share Sale; and ▪ the Asian Businesses will subsequently be sold to AXA SA.
Merger Implementation Deed	the deed dated 29 November 2010 between AXA APH and AMP (as amended) under which each party undertakes specified obligations to give effect to the Schemes, a summary of which is set out in Appendix 7.
Minority Shareholders	a person who is a holder of Minority Shares.
Minority Shares	AXA APH Shares other than Excluded Shares.
MRR	minimum regulatory capital requirements, the amount of regulatory capital required by each of AMP's regulated businesses to meet their capital requirements as set by the appropriate regulator. These requirements are: <ul style="list-style-type: none"> ▪ AMP Life – solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards; ▪ AMP Bank – capital requirements as specified under the APRA Banking Prudential Standards; and ▪ AMP Capital Investors – capital requirements under its AFSL.
MySuper	means the recommendations identified by that name in the Australian Government's Review into the Governance, Efficiency, Structure and Operation of Australia's Superannuation System.
New AMP Shares	AMP Shares issued to Minority Shareholders.
New Business Index	100% of all new annualised regular premiums and 10% of all single premiums written during the reporting period.
New Business Premium	100% of all new regular premiums and 100% of all new single premiums written and collected during the reporting period.
New Information	has the meaning given to it in section 1.15.
NMI	National Mutual International Pty Limited.
NZ OIO	New Zealand Overseas Investment Office.
NZX	NZX Limited, or the market operated by it as the context requires.
Out-of-the-money AXA APH Right	an AXA APH Right which has an exercise price equal to or greater than \$6.43.

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Post Scheme AMP VWAP	subject to an adjustment for the AMP final dividend described below, the arithmetic average (calculated to 2 decimal places) of the daily VWAPs 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. 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 AMP VWAP under the above paragraph, in calculating the VWAP 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 VWAP 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 VWAP on the Trading Days during that period will be reduced in accordance with this paragraph accordingly).
Post Scheme VWAP Period	the 10 consecutive Trading Days immediately following the Effective Date.
Premium Income	payments received during the reporting period from customers and policyholders in respect of all wealth management and financial protection products.
Pro Forma Summary Financial Information	has the meaning given in section 6.7.1.
Proposal	the proposed merger of the Australian and New Zealand Businesses with AMP, and the sale of the Asian Businesses to AXA SA, to be implemented via the following interdependent transactions: <ul style="list-style-type: none"> - the Share Scheme, under which AMP will acquire all of the Minority Shares; - the AXA SA Share Sale, under which AMP will acquire the AXA SA Holding; and - the Sale of the Asian Businesses, under which AXA SA or its nominees will acquire the Asian Businesses.
Proxy Forms	the proxy forms for the Share Scheme Meeting, the Extraordinary General Meeting, the Rights Scheme Meetings or the Meetings, as the context requires.
Purchase Price Increase	means the amount by which the purchase price payable by AMP for the AXA SA Holding is increased above the Estimated Purchase Price.
related body corporate	has the meaning given in the Corporations Act.
relevant interest	has the meaning given in the Corporations Act.
Rights Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and AXA APH Rightsholders as described in this Explanatory Memorandum and as set out in Appendix 4, subject to any alterations or conditions made or required by the Court pursuant to section 411 of the Corporations Act.
Rights Scheme Consideration	the consideration to be provided by AMP to Rights Scheme Participants under the terms of the Rights Scheme, for the cancellation of their Scheme Rights, as set out in section 8.4.
Rights Scheme Meeting 1	the meeting of AXA APH Rightsholders holding In-the-money AXA APH Rights ordered by the Court to be held to consider the resolution set out in the notice of meeting in Appendix 10 to this Explanatory Memorandum, scheduled to be held at 10.00 am on Wednesday, 2 March 2011.
Rights Scheme Meeting 2	the meeting of AXA APH Rightsholders holding Out-of-the-money AXA APH Rights ordered by the Court to be held to consider the resolution set out in the notice of meeting in Appendix 11 to this Explanatory Memorandum, scheduled to be held at the later of 10.00 am on Wednesday, 2 March 2011 and the conclusion or adjournment of the Rights Scheme Meeting 1.
Rights Scheme Meetings	Rights Scheme Meeting 1 and Rights Scheme Meeting 2.
Rights Scheme Meeting Proxy Forms	the yellow and/or cream proxy forms for the Rights Scheme Meetings which accompany this Explanatory Memorandum.
Rights Scheme Participant	each person who is an AXA APH Rightsholder as at the Scheme Record Date for the Rights Scheme.
Rights Scheme Resolutions	the resolutions to approve the Rights Scheme, as set out in the notices of Rights Scheme Meeting in Appendix 10 or 11 or both, as applicable.
Rightsholder Pack	the meeting package provided to AXA APH Rightsholders, including this Explanatory Memorandum, the Proxy Form(s) for the relevant Rights Scheme Meeting(s) and an Exercise Form.
Ringfence Period	the period from 30 June 2010 until the Implementation Date.
RMBS	residential mortgage backed securities.
RoE - actual	calculated as annualised net profit attributable to shareholders of AMP divided by average of monthly average shareholder equity for the period.
RoE - underlying	calculated as annualised Underlying Profit divided by average of monthly average shareholder equity for the period.
Sale Agent	a nominee holding an Australian Financial Services Licence appointed by AMP.

Sale of the Asian Businesses	the sale of the Asian Businesses to AXA SA or its nominees as described in section 5.2.2.
Sale of the Asian Businesses Resolution	the resolution to give effect to the Sale of the Asian Businesses, as set out in the notice of Extraordinary General Meeting in Appendix 9.
Scheme Meetings	the Share Scheme Meeting and the Rights Scheme Meetings.
Scheme Record Date	when used in relation to a Scheme, 7.00 pm on the date that is five Business Days after the Effective Date for the relevant Scheme, expected to be on Wednesday, 16 March 2011.
Scheme Right	each AXA APH Right on issue as at the Scheme Record Date for the Rights Scheme.
Scheme Shares	each Minority Share on issue as at the Scheme Record Date for the Share Scheme.
Schemes	the Share Scheme and the Rights Scheme.
SEC	US Securities and Exchange Commission.
Second Court Date	the date of the Second Court Hearing.
Second Court Hearing	the hearing of the application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Share Scheme and, if applicable, the Rights Scheme.
Separation Agreement	the agreement of that name entered into between AMP and AXA SA, a summary of which is set out in Table C of Appendix 7.
Share Component	the consideration, in the form of New AMP Shares, to be provided to Share Scheme Participants for the transfer to AMP of each Minority Share, as set out in section 1.2.
Share Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the Minority Shareholders as described in this Explanatory Memorandum and as set out in Appendix 3, subject to any alterations or conditions made or required by the Court pursuant to section 411 of the Corporations Act.
Share Scheme Consideration	the consideration to be provided to Share Scheme Participants for the transfer to AMP of each Minority Share, as set out in section 1.2.
Share Scheme Meeting	the meeting of Minority Shareholders ordered by the Court to be held to consider the resolution set out in the notice of meeting in Appendix 8 to this Explanatory Memorandum, scheduled to be held at 11.00 am on Wednesday, 2 March 2011.
Share Scheme Meeting Proxy Form	the green proxy form for the Share Scheme Meeting which accompanies this Explanatory Memorandum.
Share Scheme Participant	a Minority Shareholder as at the Scheme Record Date for the Share Scheme, including a person who is a Minority Shareholder as at the Scheme Record Date for the Share Scheme as a result of having validly exercised an AXA APH Right.
Share Scheme Resolution	the resolution to approve the Share Scheme, as set out in the notice of Share Scheme Meeting in Appendix 8.
Shareholder Pack	the meeting package provided to AXA APH Shareholders, including this Explanatory Memorandum and the Proxy Forms for the Share Scheme Meeting and the Extraordinary General Meeting.
subsidiary	has the meaning given in the Corporations Act.
Superior Proposal	<p>a Competing Proposal that is publicly announced after 29 November 2010 which the Chairman and a majority of the other members of the Independent Board Committee (a “Prescribed Majority of the Independent Board Committee”), acting in good faith and in order to satisfy what the Prescribed Majority of the Independent Board Committee considers to be its fiduciary and statutory duties (and after having taken advice from its financial and legal advisers) determines is:</p> <ul style="list-style-type: none"> • reasonably capable of being completed taking into account all aspects of the Competing Proposal; and • more favourable to Share Scheme Participants (as a whole) than the transactions contemplated by the Transaction Documents, taking into account all the terms and conditions of the Competing Proposal, <p>and after taking into account a qualitative assessment of the identity, reputation and financial standing of the party making the Competing Proposal.</p>
SuperStream	means the recommendations identified by that name in the Australian Government’s Review into the Governance, Efficiency Structure and Operation of Australia’s Superannuation System.
Termination Benefits	the termination benefits proposed to be given to the Designated Executives, as described in section 9.
Termination Benefits Resolution	the resolution to give effect to the giving of Termination Benefits to the Designated Executives, as set out in the notice of Extraordinary General Meeting in Appendix 9.
Third Party	<p>any of the following:</p> <ul style="list-style-type: none"> • a person other than AMP or any of its subsidiaries; or • a consortium, partnership, limited partnership, syndicate or other group in which neither AMP nor any of its subsidiaries participate.
Towers Watson	Towers Watson Australia Pty Ltd.
Trading Day	has the meaning given in the Listing Rules.
Transaction Document	has the meaning given to it in Table D of Appendix 7.

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Underlying Profit	AMP's key measure of business profitability, as it smoothes investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP Group.
Unvested AXA APH Rights	AXA APH Rights that are not already vested immediately before the Effective Date because the performance hurdles have not been met or waived.
US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
US Exchange Act	the US <i>Securities Exchange Act 1934</i> , as amended.
US Securities Act	the US <i>Securities Act of 1933</i> , as amended.
Value of Inforce	present value of future shareholder profits expected to be derived from all current inforce policies, plus the present value of regulatory capital and franking credits expected to be released to shareholders over time.
Value of One Year's New Business	present value of future shareholder profits expected to be derived from new business written over the last 12 months up until the reporting date.
Vested AXA APH Rights	AXA APH Rights that have vested before the Rights Scheme becomes Effective.
VNB	value of new business.
VWAP	volume weighted average price.
Weighted New Business Premium	100% of all new regular premiums and 10% of all new single premiums written and collected during the reporting period. For AXA Life Insurance Singapore Pte Ltd, Weighted New Business Premium includes adjustments for premium payment terms of less than 10 years.



Appendices

Concise version of Independent Expert's Report

GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

LEVEL 6

1 COLLINS STREET MELBOURNE VIC 3000

T: +61 3 9949 8800 / F: +61 3 9949 8838

www.grantsamuel.com.au

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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ABN 28 050 036 372 AFS LICENCE NO 240985

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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 summary report 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 report contains all the material information contained in the full report. A copy of this summary report 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.

Appendix 1 Concise version of Independent Expert's Report

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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 Appendix B.

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 D. 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 E.

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.

Appendix 1 Concise version of Independent Expert's Report

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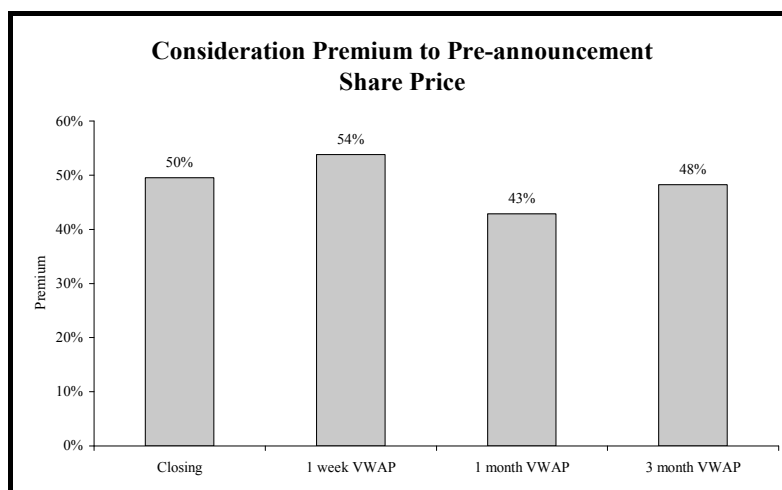
of that component of the Consideration until ultimate disposal of the AMP shares received through the proposal. The cash portion of the Consideration will be subject to taxation.

■ **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

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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 summary report 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 as Appendix A.

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

Appendix 1 Concise version of Independent Expert's Report

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Appendix A

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 full AXA APH Report of which this report is a summary).

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 full 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 by AMP. 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.



Appendix B

Valuation of AXA APH

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 (\$ 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	(1,173)	(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 (millions)	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 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 D. 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

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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 E.

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 million¹:

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 at 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

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 C 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 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:

¹ 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.

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 NPAT. NPAT is defined as net profit after tax before non-recurring items and amortization.

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 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 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.

2 Methodology

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.

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.

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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.

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).

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

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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.

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.

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 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

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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;
- 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 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.

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.

2.5 Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. Multiples of FUM and multiples of FUMA are commonly used valuation benchmarks in the wealth management sector. Accordingly, Grant Samuel has cross-checked its valuation of AXA APH's Australian and New Zealand wealth management businesses by reference to implied multiples of FUMA. However, it should be recognised that rules of thumb such as multiples of FUMA can be relatively crude and prone to misinterpretation.

2.6 Net Assets/Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in AXA APH's case.

3 Capital Allocation

For the purpose of the appraisal valuation, adjusted net worth represents that part of shareholders' funds that is:

- represented by real, realisable assets (excluding goodwill and other intangibles); and

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- not required to support the in-force business (i.e. that is in excess of the regulatory capital required to be held).

The following table shows the derivation of adjusted net worth for valuation purposes, based on AXA APH's deconsolidated balance sheet at 30 June 2010. The adjustments include those made by AXA APH in its estimate of embedded value and additional adjustments made by Towers Watson to:

- adjust for various relatively low value intangible assets; and
- provide for additional capital to support the in-force business, particularly in Asia (i.e. over and above the regulatory capital requirement estimated by AXA APH).

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

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 (\$ millions)		
	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

The valuation range for AXA APH's Asian businesses implies the following multiples:

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Asia – Implied Valuation Multiples			
	Variable (\$ million)	Low	High
Value of in-force at 30 June 2010 ⁶	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.

⁶ 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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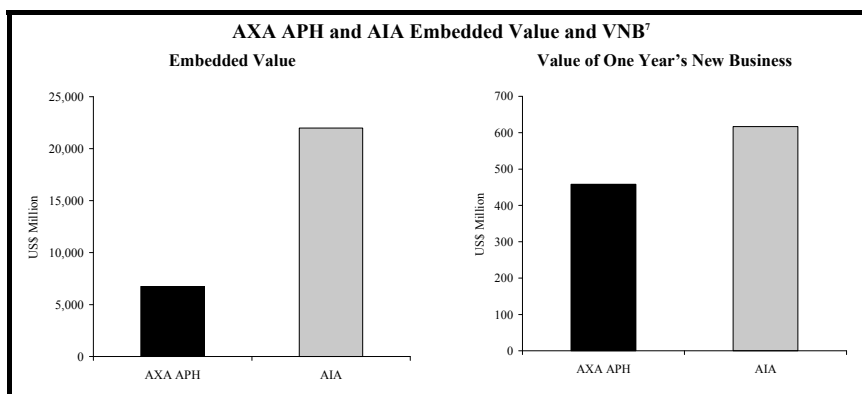
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There is relatively little valuation evidence from transactions or share market trading that is directly relevant to the valuation of AXA APH's Asian business, given its size and geographic spread. Perhaps the most useful evidence as to value relates 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 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

⁷ 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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(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.

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.

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):

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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.

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.

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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 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 ⁸ (millions)	Price Earnings Multiple ⁹ (times)		Geared NTA Multiple (times)	Multiple of Emb. Value of New Business (times)	
			Historical ¹⁰	Forecast		Historical	Historical
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 ¹¹	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 ¹²	20.0	na	10.3	1.6-1.8	10.0-14.3

⁸ Implied equity value if 100% of the company or business had been acquired.

⁹ Represents equity consideration divided by net profit after tax.

¹⁰ 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.

¹¹ 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.

¹² Multiples calculated based on the upfront consideration of HK\$1.9 billion.

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Recent Transaction Evidence – Hong Kong Financial Protection

Date	Transaction Details	Equity Consideration ⁸ (millions)	Price Earnings Multiple ⁹ (times)		Geared NTA Multiple (times)	Multiple of Emb. Value (times)	Multiple of New Business (times)
			Historical ¹⁰	Forecast			
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

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:

- 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:

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Sharemarket Ratings of Selected Listed Asian Companies							
Listed Entity	Market Cap'n (A\$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

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 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.

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:

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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 2010 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):

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).

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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 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 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.

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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	AS22	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

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.

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. 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%.

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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.

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):

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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 ¹³	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 AS1.00 = 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:

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			

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 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

¹³ Value of in-force has not been adjusted for AXA APH Australia and New Zealand's corporate activities.

¹⁴ 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.

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the valuation for AXA Australia and New Zealand is broadly consistent with the valuation evidence derived from the share market value of AMP.

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%;
- 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;

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- 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.

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:

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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 ¹⁵	0.3 ¹⁶ – 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 ¹⁷
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

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
 - 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:

¹⁵ 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.

¹⁶ 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.

¹⁷ 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.

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Sharemarket Ratings of Selected Listed Wealth Management Companies							
Company	Market Capitalisation (\$ millions)	EBIT Multiple ¹⁸ (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;
- 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.

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:

¹⁸ 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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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 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.

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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:

Recent Australasian Transaction Evidence – Diversified Financial Services/Financial Protection									
Date	Transaction	Equity Consideration ¹⁹ (million)	FUMA (million)	Price Earnings Multiple (times)		Geared NTA Multiple (times)	Multiple of Embedded Value (times)	Multiple of New Business (times)	
				Historical ²⁰	Forecast				
Diversified Financial Services									
Dec 2010	Acquisition of remaining interest in Tower Australia by Dai-ichi Mutual Life Insurance Co (pending) ²¹	AS1,720	\$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	AS195	\$2,150	28.5 ²²	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	AS3,451	AS45,000	11.1	13.8	na ²³	1.2	4.8	
Jun 2009	Acquisition of Aviva Australia Holdings Limited by National Australia Bank Limited	AS825	AS15,700	13.6	na	1.4	1.1	na	
Oct 2006	Acquisition of Promina Group Limited by Suncorp-Metway Limited ²⁴	AS7,495	AS16,300 ²⁵	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.	AS1,266	AS3,329	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 ²⁴	AS1,594	na	14.1	na	na	1.4	na	
Jan 2006	Acquisition of PrefSure Holdings and Life Limited by Tower Limited	AS124	na	17.9	13.8	1.1	0.8	na	
Oct 2003	Acquisition of Lumley Life Limited by Capital Alliance Life	AS84	na	na	na	na	1.1	na	

Source: Grant Samuel analysis

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:

¹⁹ Implied equity value if 100% of the company or business had been acquired.

²⁰ Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date.

²¹ Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.

²² 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.

²³ Excluding the impact of changes in the fair value deferred acquisition costs, the price earnings multiple would be 14.9 times.

²⁴ na = not available.

²⁵ 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).

²⁶ 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. 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 (\$ millions)	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 ²⁶	14.9-22.1 ¹⁴
Suncorp-Metway Limited	11,122	13.5	10.9	8.9	4.6	nmf ²⁷
<i>New Zealand</i>						
Tower Limited	411 ²⁸	10.3	10.0	9.6	2.7	47.1

Source: Grant Samuel analysis

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;

²⁶ 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.

²⁷ nmf = not meaningful.

²⁸ 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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- 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.

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.

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.



Appendix C

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%)	632	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 D

Independent Actuarial Report

TOWERS WATSON 

Level 16, 1 Collins Street
Melbourne, Victoria 3000
AUSTRALIA

T +61 3 9655 5222
F +61 3 9654 8227

towerswatson.com

Private and Confidential

14 January 2011

Mr Stephen Cooper
Director
Grant Samuel & Associates
Level 6
1 Collins Street
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.

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Mr Stephen Cooper
14 January 2011

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

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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

- 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 E

Value of In-force, Value of One Year's New Business and Exchange Rate Comparison

Tower 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. Exchange rates have not changed materially since the 8 December 2010. 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

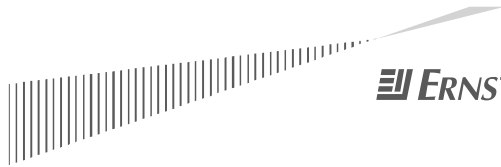
Note: Numbers may not add up due to rounding.

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

Investigating Accountant's Report /



ERNST & YOUNG

**Ernst & Young Transaction
Advisory Services Limited**
Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

14 January 2011

The Directors
AMP Limited
33 Alfred Street
Sydney NSW 2000

Dear Directors

Investigating Accountants' Report on Historical Pro Forma Financial Information

Introduction

We have prepared this Investigating Accountants' Report (the "Report") on the historical statutory financial information of AMP Limited ("AMP") and the historical pro forma financial information of the Merged Group for inclusion in a Explanatory Memorandum to be dated on or about 14 January 2011, which is to be issued by AXA Asia Pacific Holdings Limited ("AXA APH") in connection with the proposed acquisition of AXA APH's Australian and New Zealand businesses (the "Australian and New Zealand Businesses") by AMP.

The proposal will involve the acquisition of the entire share capital of AXA APH under a share acquisition from AXA SA and a scheme of arrangement in relation to the Minority Shareholders, and a subsequent sale by AXA APH of its Asian businesses (the "Asian Businesses") to AXA SA.

Expressions defined in the Explanatory Memorandum have the same meaning in this Report.

Scope

Ernst & Young Transaction Advisory Services Limited has been requested by the AMP Directors to prepare a Report for inclusion in the Explanatory Memorandum to cover the following financial information:

AMP Historical Statutory Financial Information

The AMP Historical Statutory Financial Information, as set out in section 4 of the Explanatory Memorandum, comprises:

- the summary historical (statutory) income statement of AMP for the 12 months ended 31 December 2008 and 2009 and the 6 months ended 30 June 2009 and 2010 as set out in section 4.6.2; and
- the summary statements of financial position of AMP and footnotes thereto as at 31 December 2009 and 30 June 2010 as set out in section 4.6.5.

(collectively the "AMP Historical Statutory Financial Information")

The AMP Historical Statutory Financial Information for the 12 months ended 31 December 2008 and 31 December 2009 has been extracted from the statutory financial statements of AMP which were audited by Ernst & Young and on which unqualified opinions were issued. The AMP Historical Statutory Financial Information for the 6 months ended 30 June 2009 and 2010 has been extracted from the financial statements of AMP which were reviewed by Ernst & Young and on which unqualified review opinions were issued.

Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No. 240585



Merged Group Pro Forma Financial Information

The Merged Group pro forma financial information, as set out in section 6.7 of the Explanatory Memorandum, comprises:

- the Pro Forma Summary (Statutory Basis) Income Statements and footnotes thereto of the Merged Group for the 12 months ended 30 June 2010 as set out in section 6.7.4; and
- the Pro Forma Summary Statement of Financial Position and footnotes thereto of the Merged Group as at 30 June 2010 as set out in section 6.7.5.

(collectively the "Merged Group Pro Forma Financial Information")

The Merged Group Pro forma Financial Information assumes completion of the proposed transaction as outlined in section 1 and the pro forma adjustments disclosed in sections 6.7.2, 6.7.4 and 6.7.5 of the Explanatory Memorandum.

The AMP Historical Statutory Financial Information and the Merged Group Pro Forma Financial Information are presented in an abbreviated form insofar as it does not include all of the presentation and disclosure requirements of Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

This Report has been prepared for the inclusion in the Explanatory Memorandum. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which this Report relates for any purposes other than the purposes for which it was prepared. This Report should be read in conjunction with the Explanatory Memorandum.

Directors' Responsibility for the Historical and Pro Forma Financial Information

The directors of AXA APH have prepared and are responsible for the preparation and presentation of the Australian and New Zealand Businesses Financial Information as set out in section 6.9 of the Explanatory Memorandum.

The directors of AMP have prepared and are responsible for the preparation and presentation of the AMP Historical Statutory Financial Information and the Merged Group Pro Forma Financial Information which incorporates the information regarding Australian and New Zealand Businesses provided to AMP by the AXA APH directors. The directors of AMP are also responsible for the determination of the key assumptions and pro forma adjustments as set out in sections 6.7.2, 6.7.4 and 6.7.5 of the Explanatory Memorandum.

Our Responsibility

Review of the AMP Historical Statutory Financial Information and Merged Group Pro Forma Financial Information

Our responsibility is to express a conclusion on the AMP Historical Statutory Financial Information based on our review. We have conducted an independent review of the AMP Historical Statutory Financial Information in order to state whether on the basis of the procedures described anything has come to our attention that would cause us to believe that:

- (a) the AMP Historical Statutory Financial Information does not present fairly:



- summary historical (statutory) income statement of AMP for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010 as set out in section 4.6.2; and
- the summary statements of financial position of AMP as at 31 December 2009 and 30 June 2010 as set out in section 4.6.5
in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

(b) the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5 do not provide a reasonable basis for the Merged Group Pro Forma Financial Information;

(c) the Merged Group Pro Forma Financial Information set out in section 6.7 has not been prepared on the basis of the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5; and

(d) the Merged Group Pro Forma Financial Information does not present fairly:

- the Pro Forma Summary (Statutory Basis) Income Statements and footnotes thereto of the Merged Group for the 12 months ended 30 June 2010 as set out in section 6.7.4; and
- the Pro Forma Summary Statement of Financial Position and footnotes thereto of the Merged Group as at 30 June 2010 as set out in section 6.7.5

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5 had occurred.

Our independent review of the AMP Historical Statutory Financial Information and the Merged Group Pro Forma Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards. Our procedures consisted of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of directors and management of AMP and AXA APH and analytical and other procedures applied to the AMP and AXA APH accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the AMP Historical Statutory Financial Information and the Merged Group Pro Forma Financial Information.

Conclusion Statements

Review Conclusion on the AMP Historical Statutory Financial Information and Merged Group Pro Forma Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention that causes us to believe that:

(a) the AMP Historical Statutory Financial Information does not present fairly:

- summary historical (statutory) income statement of AMP for the 12 months ended 31 December 2008 and 31 December 2009 and the 6 months ended 30 June 2009 and 30 June 2010 as set out in section 4.6.2; and

- the summary statements of financial position of AMP as at 31 December 2009 and 30 June 2010 as set out in section 4.6.5
in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

(b) the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5 do not provide a reasonable basis for the Merged Group Pro Forma Financial Information;

(c) the Merged Group Pro Forma Historical Financial Information set out in section 6.7 has not been prepared on the basis of the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5; and

(d) the Merged Group Pro Forma Financial Information does not present fairly:

- the Pro Forma Summary Income Statements (Statutory Basis) and footnotes thereto of the Merged Group for the 12 months ended 30 June 2010 as set out in section 6.7.4; and
- the Pro Forma Summary Statement of Financial Position and footnotes thereto of the Merged Group as at 30 June 2010 as set out in section 6.7.5

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma assumptions set out in sections 6.7.2, 6.7.4 and 6.7.5 had occurred.

Subsequent Events

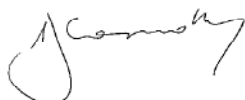
Apart from the matters dealt with in this Report and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of AMP and AXA APH have come to our attention which require comment on or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interest in the outcome of the merger of AMP and Australian and New Zealand Businesses. Ernst & Young provides audit and other advisory services to AMP. Ernst & Young Transaction Advisory Services will receive a professional fee for the preparation of this Report.

Yours faithfully

Ernst & Young Transaction Advisory Services Limited

A handwritten signature in black ink, appearing to read 'Tony Connolly'.

Tony Connolly
Director and Representative



Ernst & Young Transaction Advisory Services Limited
Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE
INVESTIGATING ACCOUNTANT'S REPORT**

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Investigating Accountant's Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



5. Remuneration for our services

We charge fees for providing Reports. In relation to this Offer, Ernst & Young Transaction Advisory Services Limited and Ernst & Young will receive fees in aggregate of approximately \$300,000 (excluding disbursements and GST). These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services. You may request further particulars of our remuneration.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief 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 Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services: AFS Compliance Manager Ernst & Young 680 George Street SYDNEY NSW 2000 Telephone: (02) 9248 5555	Contacting the Independent Dispute Resolution Scheme: Financial Ombudsman Service Limited PO Box 3 MELBOURNE VIC 3001 Telephone: 1300 78 08 08
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

Share Scheme /

CLAYTON UTZ

Scheme of Arrangement pursuant to section 411 of the Corporations Act 2001 (Cth)

AXA Asia Pacific Holdings Limited
AXA APH

Each person who is a Scheme Shareholder

Clayton Utz
Lawyers
Levels 19-35 No. 1 O'Connell Street Sydney NSW 2000 Australia
PO Box H3 Australia Square Sydney NSW 1215
T +61 2 9353 4000 F +61 2 8220 6700

www.claytonutz.com

Our reference 13530/14604/80097690

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Scheme of Arrangement dated

Parties **AXA Asia Pacific Holdings Limited ABN 78 069 123 011** of 750 Collins Street, Docklands VIC 3008 (**AXA APH**)

Each person who is a Scheme Shareholder including, for the avoidance of doubt, a person who is a Scheme Shareholder as a result of having exercised AXA APH Options (**Scheme Shareholders**)

Background

- A. AXA APH is a public company incorporated in Australia and registered in the state of Victoria, is a company limited by shares and is admitted to the official list of ASX.
- B. AMP Limited (ABN 49 079 354 519) of 33 Alfred Street, Sydney, NSW, 2000 (**AMP**) is a public company incorporated in Australia and registered in the state of New South Wales, is a company limited by shares and is admitted to the official list of ASX and the official list of NZX.
- C. AMP Financial Services Holdings Limited (ABN 45 076 716 704) (**AMP Subsidiary**) is a public company incorporated in Australia and registered in the state of New South Wales, is a company limited by shares and is a wholly-owned subsidiary of AMP.
- D. AXA APH, AMP and AXA have entered into a framework deed dated 29 November 2010 (**Framework Deed**), pursuant to which, amongst other things, those parties have agreed on a proposal which includes the implementation of this Scheme.
- E. AXA APH and AMP have entered into a merger implementation deed dated 29 November 2010 (**Merger Implementation Deed**), pursuant to which, amongst other things, AXA APH has agreed to propose this Scheme to AXA APH Shareholders, and each of AXA APH and AMP has agreed to take certain steps to give effect to this Scheme.
- F. If this Scheme becomes Effective, then:
 - (a) all the Scheme Shares will be transferred to AMP Subsidiary and AMP will provide, or procure that AMP Subsidiary provides, the Share Scheme Consideration to the Scheme Shareholders in accordance with the provisions of this Scheme; and
 - (b) AXA APH will enter the name and address of AMP Subsidiary in the AXA APH Share Register as the holder of the Scheme Shares.
- G. AMP has entered into the AMP Share Scheme Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to perform the obligations contemplated of it under this Scheme and to procure that AMP Subsidiary performs the obligations contemplated of it under this Scheme.
- H. AMP Subsidiary has entered into the AMP Share Scheme Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to perform the obligations contemplated of it under this Scheme.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this document, the following definitions apply unless the contrary intention appears or the context requires otherwise:

AAPHL Share Sale Deed means the agreement of that name between AMP and AXA dated on or about 29 November 2010.

AMP has the meaning given in Recital B.

AMP Group means AMP and each of its Subsidiaries.

AMP Share Register means the register of members of AMP maintained by or on behalf of AMP in accordance with section 168(1) of the Corporations Act.

AMP Shares means fully paid ordinary shares in the capital of AMP.

AMP Share Scheme Deed Poll means the deed poll dated 13 January 2011 executed by AMP and AMP Subsidiary in favour of the Scheme Shareholders (subject to any amendments permitted by its terms).

AMP Subsidiary has the meaning given in Recital C.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

AXA means AXA, a company registered under the laws of France.

AXA APH Option means a performance right or allocation right granted pursuant to the AXA APH Option Plan.

AXA APH Option Plan means the Executive Performance Plan 2004 operated by AXA APH.

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 Share Registry means Computershare Investor Services Pty Limited of 452 Johnston Street, Abbotsford, VIC 3067.

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.

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.

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 the Merger Implementation 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.

Business Day means a day which is a Business Day within the meaning given in the Listing Rules.

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 5.1(b).

CHESS means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Conditions Precedent means the conditions precedent to this Scheme set out in clause 2.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of Victoria or such other court of competent jurisdiction as AXA APH and AMP agree in writing .

Effective means, when used in relation to this 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 this Scheme.

Effective Date means the date on which this 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).

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Overseas Shareholder.

Encumbrance includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset, or any pre-emptive or similar right or other third party interest.

Framework Deed means the framework deed between AXA APH, AXA and AMP dated 29 November 2010 described in Recital D.

Implementation Date means the date which is 10 Business Days after the Scheme Record Date or such other date as AXA APH and AMP 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 is a place outside:

- (a) Australia and its external territories;
- (b) New Zealand;
- (c) the United Kingdom;
- (d) Hong Kong; and
- (e) the United States of America,

unless AXA APH and AMP are satisfied, acting reasonably, that the invitation to make an Election or the issue of new AMP Shares to that Scheme Shareholder as Share Scheme Consideration is lawful and not unduly onerous or impracticable in that place.

Listing Rules means the official listing rules of ASX.

Merger Implementation Deed means the deed between AXA APH and AMP dated 29 November 2010 described in Recital E pursuant to which AXA APH proposes to implement this Scheme.

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.

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 means the scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the Scheme Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by AMP and AXA APH.

Scheme Conditions means the conditions precedent to this Scheme becoming Effective set out and separately itemised in the table in clause 3.1 of the Framework Deed.

Scheme Meeting means the meeting of AXA APH Shareholders ordered by the Court to be convened in relation to this Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of that meeting.

Scheme Record Date means 7.00 pm on the date which is 5 Business Days after the Effective Date.

Scheme Share means each AXA APH Share on issue as at the Scheme Record Date 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 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 as a result of having exercised AXA APH Options.

Scheme Transfer means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means 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 this Scheme 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 in accordance with clause 5.

Share Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of this Scheme, for the transfer to AMP Subsidiary of their Scheme Shares, ascertained in accordance with clause 5.

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.

Trading Day has the meaning given in the Listing Rules.

1.2 Interpretation

In this document, headings are for convenience only and do not affect interpretation, and the following rules apply unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;

- (b) each gender includes each other gender;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;
- (e) references to paragraphs or clauses are to a paragraph or clause of this document;
- (f) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;
- (g) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (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 any time is a reference to that time in Melbourne, Australia;
- (k) a reference to \$, A\$ or \$AUD is to the lawful currency of the Commonwealth of Australia;
- (l) a reference to a document is that document as varied, novated, ratified or replaced from time to time;
- (m) the interpretation of a substantive provision is not affected by any heading; and
- (n) includes in any form is not a word of limitation.

1.3 Business Day

Except where otherwise expressly provided, where under this document 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. Conditions Precedent

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent (**Conditions Precedent**):

- (a) as at 8.00 am on the Second Court Date each of the Scheme Conditions (other than the Scheme Condition relating to the approval of the Court set out in item 24 of the table in clause 3.1 of the Framework Deed) has been satisfied or waived in accordance with the terms of the Framework Deed;
- (b) as at 8.00 am on the Second Court Date the Framework Deed has not been terminated;
- (c) the Court makes orders approving this Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court

under section 411(6) of the Corporations Act as are acceptable to AMP and AXA APH;

- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to AMP and AXA APH have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

3. Effective Date of Scheme

This Scheme will take effect on and from the Effective Date.

4. Implementation of Scheme

4.1 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Share Scheme Consideration in the manner contemplated by clauses 4.2, 4.3 and 5 and AMP having provided AXA APH with written confirmation thereof, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, be transferred to AMP Subsidiary without the need for any further act by any Scheme Shareholder (other than acts performed by AXA APH or any of its directors or officers as attorney or agent for Scheme Shareholders under this Scheme), by AXA APH effecting a valid transfer or transfers of the Scheme Shares to AMP Subsidiary under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) AXA APH delivering to AMP Subsidiary completed Scheme Transfers to transfer all of the Scheme Shares to AMP Subsidiary duly executed by AXA APH (or any of its directors or officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 8.2 of this Scheme;
- (b) AMP Subsidiary executing the Scheme Transfers as transferee and delivering them to AXA APH for registration; and
- (c) AXA APH immediately after receipt of the Scheme Transfers under clause 4.1(b), entering, or procuring the entry of, the name and address of AMP Subsidiary in the AXA APH Share Register as the holder of all of the Scheme Shares.

4.2 Provision of Share Scheme Consideration

- (a) On the Implementation Date, in consideration for the transfer to AMP Subsidiary of the Scheme Shares:
 - (i) AMP will pay, or procure that AMP Subsidiary pays, to each Scheme Shareholder such amount of Cash Consideration (if any) as that Scheme Shareholder is entitled to under clause 5 for each Scheme Share registered in the name of that Scheme Shareholder in:
 - A. if the Scheme Shareholder is registered in the AXA APH Share Register as having an address in New Zealand, New Zealand dollars (based on the exchange rate published on the Reserve Bank of New Zealand website at 5.00 pm (New Zealand time) on the Scheme Record Date); or

- B. if the Scheme Shareholder is registered in the AXA APH Share Register as having an address outside New Zealand, A\$,

where, in each case, such amounts will be paid either (in the sole discretion of AMP):

- A. by making, or procuring the making of, a deposit for the relevant amount in an Australian bank account notified by the relevant Scheme Shareholder to AXA APH and recorded in the AXA APH Share Register as at the Scheme Record Date; or
- B. by sending or procuring the despatch to each such Scheme Shareholder by prepaid post to his or her registered address as shown in the AXA APH Share Register as at the Scheme Record Date, a pre-printed cheque for the amount of Cash Consideration (if any) due to that Scheme Shareholder as determined in accordance with this Scheme;

(ii) AMP will issue to each Eligible Scheme Shareholder such number of AMP Shares (if any) as that Eligible Scheme Shareholder is entitled to as Share Consideration under clause 5;

(iii) AMP will issue to a nominee in accordance with clause 5.4 such number of AMP Shares as are attributable to the Ineligible Overseas Shareholders; and

(iv) AMP will procure the entry in the AMP Share Register:

- C. of the name and registered address as shown in the AXA APH Share Register of each Eligible Scheme Shareholder in respect of the AMP Shares issued to them; and
- D. of the name of the nominee in respect of those AMP shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Overseas Shareholder.

(b) Subject to clause 4.3, by midday on the Implementation Date, AMP will send or procure the despatch to each Eligible Scheme Shareholder whose relevant Scheme Shares are held on the issuer sponsored subregister of AXA APH or the nominee (as the case may be), of an uncertificated holding statement in the name of that Eligible Scheme Shareholder or the nominee for the AMP Shares issued to that Eligible Scheme Shareholder or the nominee pursuant to this Scheme, with such despatch to be made by pre-paid post to that Eligible Scheme Shareholder's registered address as shown in the AXA APH Share Register as at the Scheme Record Date or to the nominee.

4.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the registered address as shown in the AXA APH Share Register as at the Scheme Record Date; and

- (b) holding statements for AMP Shares issued to Eligible Scheme Shareholders will be issued in the names of the joint holders as recorded in the AXA APH Share Register as at the Scheme Record Date and will be forwarded to the registered address as shown in the AXA APH Share Register as at the Scheme Record Date.

5. Share Scheme Consideration

5.1 Consideration entitlement

Subject to clauses 5.2 (*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, 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 \$4.50 but less than or equal to \$5.60, the amount given by the following formula:

$$\text{Base Case Value} - (0.73 \times \text{Post Scheme VWAP});$$

- (iii) less than \$4.50, the amount given by the following formula:

$$\text{Base Case Value} - (0.73 \times \$4.50).$$

5.2 Fractional entitlements and share splitting or division

- (a) If the number of Scheme Shares held by a Scheme Shareholder at the Scheme Record Date is such that the aggregate entitlement of the Scheme Shareholder to Share Scheme Consideration:
- (i) comprising AMP Shares is such that a fractional entitlement to a AMP Share arises; or
- (ii) comprising cash is such that a fractional entitlement to a cent arises,
- (b) then the entitlement of that Scheme Shareholder 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). 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, 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 5.2(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 other provisions of this 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 other provisions of this Scheme, be taken to hold no Scheme Shares. Each of AMP and AMP Subsidiary, in complying with the other provisions of this 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 this Scheme.

5.3 Binding instruction or notifications

- (a) Where the Scheme Shares held by a Scheme Shareholder are held in a CHES holding, and the Scheme Shareholder is already a holder of AMP Shares at the Implementation Date outside of the Scheme, all binding instructions between the Scheme Shareholder and AMP relating to those shares that are recorded in the AMP Share Register will, from the Scheme Record Date, be deemed (except to the extent determined otherwise by AMP in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, AMP in respect of the AMP Shares issued to the Scheme Shareholder under the Scheme until that instruction or notification is revoked or amended in writing addressed to AMP through the AMP share registry, provided that any such instructions or notifications accepted by AMP will apply to and in respect of the issue of AMP Shares as part of the Share Consideration component of the Share Scheme Consideration only to the extent that they are not inconsistent with the other provisions of this Scheme.
- (b) Where the Scheme Shares held by a Scheme Shareholder are held in an issuer sponsored holding or where the Scheme Shareholder is not already a holder of AMP Shares at the Implementation Date, all compatible binding instructions between the Scheme Shareholder and AXA APH relating to those shares that are recorded in the AXA APH Share Register (including, without limitation, any instructions relating to payment of dividends or to communications from AXA APH) will, to the maximum extent permitted by law, from the Scheme Record Date, be deemed (except to the extent determined otherwise by AMP in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, AMP in respect of the AMP Shares issued to the Scheme Shareholder under the Scheme until that instruction or notification is revoked or amended in writing addressed to AMP through the AMP share registry, provided that any such instructions or notifications accepted by AMP will apply to and in respect of the issue of AMP Shares as part of the Share Consideration component of the Share Scheme Consideration only to the extent that they are not inconsistent with the other provisions of this Scheme.
- (c) The binding instructions or notifications in clauses 5.3(a) and 5.3(b) will not apply to a Scheme Shareholder's:
 - (i) tax file number (or tax file number exemption disclosure); and

- (ii) election for AXA APH's dividend reinvestment plan.

5.4 Ineligible Overseas Shareholders

- (a) AMP will ensure that AMP Shares to which an Ineligible Overseas Shareholder would otherwise be entitled 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 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

The AMP Shares issued as Share Consideration will:

- (a) the AMP Shares issued as Share Consideration will, on their issue, rank equally in all respects with all other AMP Shares; and
- (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. Dealings in AXA APH Shares

6.1 Dealings in AXA APH Shares by Scheme Shareholders

For the purposes of establishing who are Scheme Shareholders, dealings in AXA APH Shares will be recognised by AXA APH provided that:

- (a) in the case of dealings of the type to be effected on CHES, the transferee is registered in the AXA APH Share Register as the holder of the relevant AXA APH Shares on or by the Scheme Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the AXA APH Share Register is kept by 5:00 pm on the day which is the Scheme Record Date (in which case AXA APH must register such transfers or transmission applications before 7:00 pm on that day),

and AXA APH will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transfer or transmission application in respect of AXA APH Shares received after such times or received prior to such times but not in registrable form.

6.2 AXA APH Share Register

AXA APH will, until the Share Scheme Consideration has been paid and AMP Subsidiary has been entered in the AXA APH Share Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the AXA APH Share Register in accordance with the provisions of this clause 6 and applicable law, and the AXA APH Share Register in this form and the terms of this Scheme will solely determine entitlements to the Share Scheme Consideration.

6.3 Information to be made available to AMP

AXA APH must procure that, as soon as practicable following the Scheme Record Date and in any event at least by the third Business Day after the Scheme Record Date, details of the names, registered addresses and holdings of AXA APH Shares of every Scheme Shareholder shown in the AXA APH Share Register at the Scheme Record Date are made available to AMP (or as it directs) in such form as AMP may reasonably require.

6.4 Effect of share certificates and holding statements

As from the Scheme Record Date (and other than for AMP Subsidiary following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry on the AXA APH Share Register at that date will cease to have any effect other than as evidence of entitlement to the Share Scheme Consideration.

6.5 No disposals after Scheme Record Date

If this Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date.

7. Suspension and termination of quotation

AXA APH must apply to ASX:

- (a) for a suspension in trading in AXA APH Shares on and from the close of trading on the Effective Date for the Share Scheme; and
- (b) as and when required by AMP, for termination of official quotation of the AXA APH Shares on ASX and the removal of AXA APH from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

8. General Scheme provisions

8.1 Further assurances

- (a) Each Scheme Shareholder and AXA APH will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it.

- (b) Without limiting AXA APH's other powers under this Scheme, AXA APH has power to do all things that it considers necessary or desirable to give effect to this Scheme and the Merger Implementation Deed.

8.2 Appointment of agent and attorney

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints AXA APH as its agent and attorney for the purpose of:

- (a) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme and the transactions contemplated by it including, without limitation, the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.1(a), the communication of that Scheme Shareholder's instructions and notifications under clause 5.3 and the giving of the Scheme Shareholders' consent under clause 8.5; and

- (b) enforcing the AMP Share Scheme Deed Poll against AMP or AMP Subsidiary,

and AXA APH accepts such appointment. AXA APH, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.2 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.3 Appointment of AXA APH as sole proxy

From the Effective Date until AXA APH registers AMP Subsidiary as the holder of all of the Scheme Shares in the AXA APH Share Register, each Scheme Shareholder:

- (a) without the need for any further act by that Scheme Shareholder, irrevocably appoints AMP as attorney and agent, and directs AMP in such capacity to appoint AMP Subsidiary and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.3); and

- (b) must take all other actions in the capacity of the registered holder of Scheme Shares as AMP directs.

8.4 Enforcement of AMP Share Scheme Deed Poll

AXA APH undertakes in favour of each Scheme Shareholder that it will enforce the AMP Share Scheme Deed Poll against AMP and AMP Subsidiary (as applicable), on behalf of and as agent and attorney for the Scheme Shareholders.

8.5 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

- (a) consents to AXA APH, AMP and AMP Subsidiary doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme and the transactions contemplated by it;

- (b) if they are entitled to be issued with AMP Shares in accordance with this Scheme:

- (i) consents to become a member of AMP for the purposes of the Corporations Act and to have their name and address entered in the AMP Share Register; and
- (ii) agrees to accept the AMP Shares issued under this Scheme on the terms and conditions of AMP's constitution and agrees to be bound by AMP's constitution (as in force from time to time) in respect of those AMP Shares,

without the need for any further act by them; and

- (c) acknowledges that this Scheme binds AXA APH and all of the AXA APH Shareholders from time to time (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

8.6 Scheme Shareholders' agreements

Under this Scheme each Scheme Shareholder irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to AMP Subsidiary in accordance with the terms of this Scheme.

8.7 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to AMP and AMP Subsidiary, and, to the extent enforceable, to have appointed and authorised AXA APH as that Scheme Shareholder's agent and attorney to warrant to AMP and AMP Subsidiary, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to AMP Subsidiary, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to AMP Subsidiary pursuant to this Scheme. AXA APH undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to AMP and AMP Subsidiary on behalf of that Scheme Shareholder.

8.8 Title to Scheme Shares

AMP Subsidiary will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by AXA APH of AMP Subsidiary in the AXA APH Share Register as the holder of the Scheme Shares.

8.9 Alterations and Conditions

If the Court proposes to approve this Scheme subject to any alterations or conditions, AXA APH may, by its counsel or solicitors, and with the prior consent of AMP, consent on behalf of all persons concerned, including each AXA APH Shareholder, to those alterations or conditions.

8.10 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to AXA APH, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at AXA APH's registered office or by the AXA APH Share Registry (as the case may be).

8.11 Inconsistencies

This Scheme binds AXA APH and all AXA APH Shareholders, and to the extent of any inconsistency, overrides the AXA APH constitution.

8.12 Costs and Stamp Duty

- (a) Subject to clause 8.12(b), each of AMP and AXA APH will pay their share of the costs of the Scheme in accordance with the Framework Deed and Merger Implementation Deed.
- (b) AMP Subsidiary will pay any stamp duty payable on the transfer by Scheme Shareholders of the Scheme Shares to AMP Subsidiary pursuant to the Scheme.

8.13 Governing Law

This Scheme is governed by the laws of the State of Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria, Australia for any proceedings in connection with this Scheme.

Rights Scheme /

CLAYTON UTZ

Scheme of Arrangement pursuant to section 411 of the Corporations Act 2001 (Cth)

AXA Asia Pacific Holdings Limited
AXA APH

Each person who is an AXA APH Optionholder

Clayton Utz
Lawyers
Levels 19-35 No. 1 O'Connell Street Sydney NSW 2000 Australia
PO Box H3 Australia Square Sydney NSW 1215
T +61 2 9353 4000 F +61 2 8220 6700

www.claytonutz.com

Our reference 13530/14604/80097690

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Scheme of Arrangement dated

Parties **AXA Asia Pacific Holdings Limited ABN 78 069 123 011** of 750 Collins Street, Docklands VIC 3008 (**AXA APH**)

Each person who is an AXA APH Optionholder (**AXA APH Optionholders**)

Background

- A. AXA APH is a public company incorporated in Australia and registered in the state of Victoria, is a company limited by shares and is admitted to the official list of ASX.
- B. AMP Limited (ABN 49 079 354 519) of 33 Alfred Street, Sydney, NSW, 2000 (**AMP**) is a public company incorporated in Australia and registered in the state of New South Wales, is a company limited by shares and is admitted to the official list of ASX and the official list of NZX.
- C. AMP Financial Services Holdings Limited (ABN 45 076 716 704) (**AMP Subsidiary**) is a public company incorporated in Australia and registered in the state of New South Wales, is a company limited by shares and is a wholly-owned subsidiary of AMP.
- D. AXA APH, AMP and AXA have entered into a framework deed dated 29 November 2010 (**Framework Deed**), pursuant to which, amongst other things, those parties have agreed on a proposal which includes the implementation of this Scheme.
- E. AXA APH and AMP have entered into a merger implementation deed dated 29 November 2010 (**Merger Implementation Deed**), pursuant to which, amongst other things, AXA APH has agreed to propose this Scheme to AXA APH Optionholders, and each of AXA APH and AMP has agreed to take certain steps to give effect to this Scheme.
- F. If this Scheme becomes Effective, then:
 - (a) all the Scheme Options will be cancelled; and
 - (b) in consideration for the cancellation of the Scheme Options, AMP will pay, or procure that AMP Subsidiary pays, the Option Scheme Consideration to each Scheme Optionholder in accordance with the provisions of this Scheme.
- G. AMP has entered into the AMP Option Scheme Deed Poll for the purpose of covenanting in favour of Scheme Optionholders to perform the obligations contemplated of it under this Scheme and to procure that AMP Subsidiary performs the obligations contemplated of it under this Scheme.
- H. AMP Subsidiary has entered into the AMP Option Scheme Deed Poll for the purpose of covenanting in favour of Scheme Optionholders to perform the obligations contemplated of it under this Scheme.

Operative provisions

1. Definitions and Interpretation

1.1 Definitions

In this document, the following definitions apply unless the contrary intention appears or the context requires otherwise:

AMP has the meaning given in Recital B.

Appendix 4 Rights Scheme

AMP Option Scheme Deed Poll means the deed poll dated 13 January 2011 executed by AMP and AMP Subsidiary in favour of the Scheme Optionholders (subject to any amendments permitted by its terms).

AMP Subsidiary has the meaning given in Recital C.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

AXA means AXA, a company registered under the laws of France.

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 Share Registry means Computershare Investor Services Pty Limited of 452 Johnston Street, Abbotsford, VIC 3067.

AXA APH Shares means fully paid ordinary shares in the capital of AXA APH.

Business Day means a day which is a Business Day within the meaning given in the Listing Rules.

Conditions Precedent means the conditions precedent to this Scheme set out in clause 2.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of Victoria or such other court of competent jurisdiction as AXA APH and AMP agree in writing.

Effective means, when used in relation to this 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 this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Exercise Deadline means 7.00pm on the date which is 2 Business Days before the Share Scheme Record Date.

Framework Deed means the framework deed between AXA APH, AXA and AMP dated 29 November 2010 described in Recital D.

Implementation Date means the date which is ten Business Days after the Share Scheme Record Date or such other date as AXA APH and AMP agree in writing.

Listing Rules means the official listing rules of ASX.

Merger Implementation Deed means the deed between AXA APH and AMP dated 29 November 2010 described in Recital E pursuant to which AXA APH proposes to implement this Scheme.

NZX means NZX Limited.

Option Scheme Consideration means the consideration to be provided to Scheme Optionholders under the terms of this Scheme, for the cancellation of their Scheme Options, ascertained in accordance with clause 5.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the Scheme Optionholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by AMP and AXA APH.

Scheme Conditions means the conditions precedent to this Scheme becoming Effective set out and separately itemised in the table in clause 3.2 of the Framework Deed.

Scheme Meeting means a meeting of AXA APH Optionholders (or if applicable, each meeting of each class of AXA APH Optionholders) ordered by the Court to be convened in relation to this Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of that meeting.

Scheme Option means each AXA APH Option on issue as at the Scheme Record Date.

Scheme Optionholder means each person who is an AXA APH Optionholder as at the Scheme Record Date.

Scheme Record Date means 7.00 pm on the date which is 2 Business Days after the Exercise Deadline.

Second Court Date means 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 this Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Share Scheme has the meaning given in the Merger Implementation Deed.

Share Scheme Record Date means the Scheme Record Date for the Share Scheme as set out in the Merger Implementation Deed.

1.2 Interpretation

In this document, headings are for convenience only and do not affect interpretation, and the following rules apply unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes each other gender;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;
- (e) references to paragraphs, clauses or schedules are to a paragraph, clause or schedule of this document;
- (f) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;

- (g) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (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 any time is a reference to that time in Melbourne, Australia;
- (k) a reference to \$, A\$ or \$AUD is to the lawful currency of the Commonwealth of Australia;
- (l) a reference to a document is that document as varied, novated, ratified or replaced from time to time;
- (m) the interpretation of a substantive provision is not affected by any heading; and
- (n) includes in any form is not a word of limitation.

1.3 Business Day

Except where otherwise expressly provided, where under this document 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. Conditions Precedent

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent (**Conditions Precedent**):

- (a) as at 8.00 am on the Second Court Date each of the Scheme Conditions (other than the Scheme Condition relating to the approval of the Court set out in item 3 of the table in clause 3.2 of the Framework Deed) has been satisfied or waived in accordance with the terms of the Framework Deed;
- (b) as at 8.00 am on the Second Court Date the Framework Deed has not been terminated;
- (c) the Court makes orders approving this Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to AMP and AXA APH;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to AMP and AXA APH have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

3. Effective Date of Scheme

This Scheme will take effect on and from the Effective Date.

4. Implementation of Scheme

4.1 Cancellation of Scheme Options

On the Implementation Date, subject to the provision of the Option Scheme Consideration in the manner contemplated by clauses 4.2 and 5 and AMP having provided AXA APH with written confirmation thereof, all of the Scheme Options will, together with all rights and entitlements attaching to the Scheme Options as at the Implementation Date, be cancelled without the need for any further act by any Scheme Optionholder (other than acts performed by AXA APH or any of its directors or officers as attorney or agent for Scheme Optionholders under this Scheme).

4.2 Provision of Option Scheme Consideration

On the Implementation Date, in consideration for the cancellation of the Scheme Options, AMP will pay, or procure that AMP Subsidiary pays, to each Scheme Optionholder the Option Scheme Consideration in respect of each Scheme Option registered in the name of that Scheme Optionholder in A\$ in accordance with clause 5. Such amounts will be paid either (in the sole discretion of AMP):

- (a) by making, or procuring the making of, a deposit for the relevant amount in an Australian bank account notified by the relevant Scheme Optionholder to AXA APH and recorded in the AXA APH Option Register as at the Scheme Record Date; or
- (b) by sending or procuring the despatch to each such Scheme Optionholder by prepaid post to his or her registered address as shown in the AXA APH Option Register as at the Scheme Record Date, a pre-printed cheque for the amount of Option Scheme Consideration due to that Scheme Optionholder as determined in accordance with this Scheme.

5. Option Scheme Consideration

5.1 Calculation of Option Scheme Consideration

The Option Scheme Consideration in respect of each Scheme Option is a cash amount determined in relation to that Scheme Option in accordance with Schedule 1.

5.2 Fractional entitlements

If the number of Scheme Options held by a Scheme Optionholder at the Scheme Record Date is such that the aggregate entitlement of the Scheme Optionholder to Option Scheme Consideration is such that a fractional entitlement to a 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.

6. Dealings in AXA APH Options

6.1 Dealings in AXA APH Options

- (a) Without limiting, and subject always to compliance with, clause 3.3 of the AXA APH Option Plan, for the purposes of establishing who are Scheme Optionholders, relevant dealings in AXA APH Options will be recognised by AXA APH provided that registrable transfers or transmission applications in respect of those dealings are

received at the place where the AXA APH Option Register is kept by 5:00 pm on the day which is the Scheme Record Date (in which case AXA APH must register such transfers or transmission applications before 7:00 pm on that day); and

- (b) AXA APH will not accept for registration, or recognise for the purpose of establishing who are Scheme Optionholders, any transfer or transmission application in respect of AXA APH Options received after such times or received prior to such times but not in registrable form or that are otherwise contrary to clause 3.3 of the AXA APH Option Plan.

6.2 Exercise Restrictions on AXA APH Options

- (a) If this Scheme becomes Effective then, subject to clause 5 of the AXA APH Option Plan and to clause 6.2(b) of this Scheme, an AXA APH Optionholder may exercise any of the AXA APH Optionholder's AXA APH Options by the Exercise Deadline, whether or not any Performance Condition (as defined in the AXA APH Option Plan) has been satisfied in respect of those AXA APH Options.
- (b) AXA APH will not accept as valid, nor recognise for any purpose, any notice of exercise of an AXA APH Option received:
 - (i) by the Exercise Deadline, unless that notice of exercise is validly submitted in accordance with the terms and conditions of the AXA APH Option (including the AXA APH Option Plan), subject only to clause 6.2(a); or
 - (ii) after the Exercise Deadline.
- (c) AXA APH will transfer or issue to the relevant AXA APH Optionholder, and register the relevant AXA APH Optionholder as the holder of, AXA APH Shares in respect of the exercise of an AXA APH Option in accordance with clause 6.2(a) by the Scheme Record Date, in accordance with the terms and conditions of the AXA APH Option (including the AXA APH Option Plan).

6.3 AXA APH Option Register

AXA APH will, until the Option Scheme Consideration has been paid, maintain, or procure the maintenance of, the AXA APH Option Register in accordance with the provisions of this clause 6 and applicable law, and the AXA APH Option Register in this form and the terms of this Scheme will solely determine entitlements to the Option Scheme Consideration.

6.4 Information to be made available to AMP

AXA APH must procure that, as soon as practicable following the Scheme Record Date and in any event at least 3 Business Days before the Implementation Date, details of the names, registered addresses and holdings of AXA APH Options of every Scheme Optionholder shown in the AXA APH Option Register at the Scheme Record Date are made available to AMP (or as it directs) in such form as AMP may reasonably require.

6.5 No disposals after Scheme Record Date

If this Scheme becomes Effective, a Scheme Optionholder, and any person claiming through that Scheme Optionholder, must not dispose of or purport or agree to dispose of any Scheme Options or any interest in them after the Scheme Record Date.

7. General Scheme provisions

7.1 Further assurances

- (a) Each Scheme Optionholder and AXA APH will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it.
- (b) Without limiting AXA APH's other powers under this Scheme, AXA APH has power to do all things that it considers necessary or desirable to give effect to this Scheme and the Merger Implementation Deed.

7.2 Appointment of agent and attorney

Each Scheme Optionholder, without the need for any further act by that Scheme Optionholder, irrevocably appoints AXA APH as its agent and attorney for the purpose of:

- (a) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme and the transactions contemplated by it; and
- (b) enforcing the AMP Option Scheme Deed Poll against AMP or AMP Subsidiary,

and AXA APH accepts such appointment. AXA APH, as agent and attorney of each Scheme Optionholder, may sub-delegate its functions, authorities or powers under this clause 7.2 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.3 Enforcement of AMP Option Scheme Deed Poll

AXA APH undertakes in favour of each Scheme Optionholder that it will enforce the AMP Option Scheme Deed Poll against AMP and AMP Subsidiary (as applicable), on behalf of and as agent and attorney for the Scheme Optionholders.

7.4 Scheme Optionholders' consent

Each Scheme Optionholder irrevocably:

- (a) consents to AXA APH, AMP and AMP Subsidiary doing all things and executing all deeds, instruments, or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme and the transactions contemplated by it; and
- (b) acknowledges that this Scheme binds AXA APH and all of the AXA APH Optionholders from time to time (including those who do not attend the relevant Scheme Meeting, do not vote at that meeting or vote against this Scheme).

7.5 Scheme Optionholders' agreements

Under this Scheme each Scheme Optionholder irrevocably agrees to the cancellation of their Scheme Options, together with all rights and entitlements attaching to those Scheme Options as at the Implementation Date, in accordance with the terms of this Scheme.

7.6 Alterations and Conditions

If the Court proposes to approve this Scheme subject to any alterations or conditions, AXA APH may, by its counsel or solicitors, and with the prior consent of AMP, consent on behalf of all persons concerned, including each AXA APH Optionholder, to those alterations or conditions.

7.7 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to AXA APH, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at AXA APH's registered office or by the AXA APH Share Registry (as the case may be).

7.8 Inconsistencies

This Scheme binds AXA APH and all AXA APH Optionholders, and to the extent of any inconsistency, overrides the AXA APH constitution and the terms and conditions of the AXA APH Options (including the AXA APH Option Plan and in particular overrides rules 10, 11 and 12 of the AXA APH Option Plan).

7.9 Costs and Stamp Duty

- (a) Subject to clause 7.9(b), each of AMP and AXA APH will pay their share of the costs of this Scheme in accordance with the Framework Deed and Merger Implementation Deed.
- (b) AMP Subsidiary will pay any stamp duty payable on the cancellation of the Scheme Options pursuant to the Scheme.

7.10 Governing Law

This Scheme is governed by the laws of the State of Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria, Australia for any proceedings in connection with this Scheme.

Schedule 1 Option Scheme Consideration

1. Performance Rights

Grant Number	Date of grant	Expiry date	Consideration Per Option
13	15 April 2004	15 April 2011	A\$6.43
14	13 April 2005	13 April 2012	A\$6.43
15	13 April 2006	13 April 2013	A\$6.43
16	17 May 2007	17 May 2014	A\$6.43
17	23 May 2008	23 May 2015	A\$6.43

2. Allocation Rights

Grant Number	Date of grant	Expiry date	Exercise price	Consideration per Option
13	15 April 2004	15 April 2011	A\$3.19	A\$3.24
14	13 April 2005	13 April 2012	A\$4.28	A\$2.15
15	13 April 2006	13 April 2013	A\$6.24	A\$0.19
16	17 May 2007	17 May 2014	A\$7.46	<p>For Allocation Rights which have vested prior to the date on which the Scheme becomes Effective: A\$0.56</p> <p>For Allocation Rights subject to operating earnings conditions which have not vested prior to the date on which the Scheme becomes Effective: A\$0.01</p> <p>For Allocation Rights subject to TSR performance conditions which have not vested prior to the date on which the Scheme becomes Effective:</p> <ul style="list-style-type: none"> ▪ A\$0.55 for Tranche 1 ▪ A\$0.53 for Tranche 2
17	23 May 2008	23 May 2015	A\$5.71	A\$0.72
18	25 May 2009	25 May 2016	A\$3.92	A\$2.51

Deed Poll for Share Scheme /

CLAYTON UTZ

Deed Poll

AMP Limited
AMP

AMP Financial Services Holdings Limited
AMP Subsidiary

Clayton Utz
Lawyers
Levels 19-35 No. 1 O'Connell Street Sydney NSW 2000 Australia
PO Box H3 Australia Square Sydney NSW 1215
T +61 2 9353 4000 F +61 2 8220 6700

www.claytonutz.com

Our reference /14604/80097690

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Appendix 5 Deed Poll for Share Scheme

Deed Poll dated

Parties **AMP Limited ABN 49 079 354 519** of 33 Alfred Street, Sydney, NSW, 2000 (AMP)

AMP Financial Services Holdings Limited ABN 45 076 716 704 of 33 Alfred Street, Sydney, NSW, 2000 (AMP Subsidiary)

Background

- A. The directors of AXA APH have resolved that AXA APH should propose the Share Scheme.
- B. The effect of the Share Scheme will be that all Scheme Shares will be transferred to AMP Subsidiary.
- C. AXA APH and AMP have entered into the Merger Implementation Deed.
- D. In the Merger Implementation Deed, AMP agreed (amongst other things) to provide, or procure the provision of, the Share Scheme Consideration to the Scheme Shareholders, subject to the satisfaction of the Scheme Conditions.
- E. In accordance with the Merger Implementation Deed, each of AMP and AMP Subsidiary is entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Share Scheme, and (in the case of AMP) that it will procure that AMP Subsidiary observes and performs the obligations contemplated of AMP Subsidiary under the Share Scheme.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed poll (unless the contrary intention appears or the context otherwise requires):

- (a) Share Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the AXA APH Shareholders in the form set out in Annexure A to this deed poll together with any alterations made or required pursuant to section 411(6) of the Corporations Act; and
- (b) words and phrases used in this deed poll have the same meaning as given to them in the Share Scheme.

1.2 Interpretation

Clause 1.2 (*Interpretation*) of the Share Scheme applies to the interpretation of this deed poll.

1.3 Nature of deed poll

Each of AMP and AMP Subsidiary acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

- (b) under the Share Scheme, each Scheme Shareholder appoints AXA APH as its agent and attorney to enforce this deed poll against AMP or AMP Subsidiary (as applicable) on behalf of that Scheme Shareholder.

2. Conditions and termination

2.1 Conditions

Each of AMP's and AMP Subsidiary's obligations under clause 3 (*Compliance with Scheme obligations*) are subject to the Share Scheme becoming Effective.

2.2 Termination

If the Framework Deed is validly terminated this deed poll will automatically terminate.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2 (*Termination*), then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) each of AMP and AMP Subsidiary is released from its obligations to further perform this deed poll except those obligations contained in clause 7.1 (*Stamp duty*) and any other obligations which by their nature survive termination; and
- (b) each Scheme Shareholder retains the rights, powers or remedies they have against AMP and AMP Subsidiary in respect of any breach of this deed poll which occurred before it was terminated.

3. Compliance with Scheme obligations

3.1 Obligations of AMP and AMP Subsidiary

Subject to clause 2.1 (*Conditions*), in consideration of the transfer to AMP Subsidiary of the Scheme Shares in accordance with the Share Scheme:

- (a) AMP covenants in favour of each Scheme Shareholder that:
 - (i) it will observe and perform all obligations contemplated of it under the Share Scheme; and
 - (ii) it will procure that AMP Subsidiary observes and performs all obligations contemplated of AMP Subsidiary under the Share Scheme; and
- (b) AMP Subsidiary covenants in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of it under the Share Scheme,

including in each case the relevant obligations relating to the provision of the Share Scheme Consideration in accordance with the terms of the Share Scheme.

3.2 Official quotation of AMP Shares

Subject to clause 2.1 (*Conditions*), AMP will use its best endeavours to procure that the AMP Shares to be issued pursuant to the Share Scheme 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.

4. Warranties

Each of AMP and AMP Subsidiary represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon AMP and AMP Subsidiary and enforceable against AMP and AMP Subsidiary in accordance with its terms.

5. Continuing obligations

This deed poll is irrevocable and remains in full force and effect until:

- (a) each of AMP and AMP Subsidiary has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2 (*Termination*).

6. Notices

6.1 How notice to be given

Each communication to AMP and AMP Subsidiary (including each notice, consent, approval, request and demand) under or in connection with this deed poll must be:

- (a) in writing;
- (b) be addressed as follows:

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

- (c) 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 6.1(b).

6.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed poll 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 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.

7. General

7.1 Stamp duty

AMP must:

- (a) pay, or procure that AMP Subsidiary pays, all stamp duty (including fines and penalties) payable and assessed on this deed poll, any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Share Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 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 poll by any of AMP and AMP Subsidiary or by any Scheme Shareholder 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 poll.
- (b) A waiver under this deed poll is not valid or binding on the person granting that waiver unless made in writing.
- (c) No waiver of a breach of a term of this deed poll operates as a waiver of another breach of that term or of a breach of any other term of this deed poll.

7.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by AXA APH, AMP Subsidiary and AMP in writing (which such agreement may be given or withheld without reference to or approval by any AXA APH Shareholder) and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Share Scheme, in which event AMP and

Appendix 5 Deed Poll for Share Scheme

AMP Subsidiary must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

7.4 Remedies cumulative

The rights and remedies of each of AMP and AMP Subsidiary and of each Scheme Shareholder under this deed poll are in addition to other rights and remedies given by law independently of this deed poll.

7.5 No assignment

AMP, AMP Subsidiary and each Scheme Shareholder cannot assign, novate or otherwise transfer any of their rights or obligations under this deed poll.

7.6 Governing law

This deed poll is governed by and must be construed according to the law applying in the state of Victoria, Australia.

7.7 Jurisdiction

Each of AMP and AMP Subsidiary 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 poll; 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 7.7(a).

7.8 Further acts and documents

Each of AMP and AMP Subsidiary must promptly do all further acts and execute and deliver all further documents required by law or reasonably requested by another party to give effect to this deed poll.

Executed as a deed poll

Deed Poll for Rights Scheme /

CLAYTON UTZ

Deed Poll

AMP Limited
AMP

AMP Financial Services Holdings Limited
AMP Subsidiary

Clayton Utz
Lawyers
Levels 19-35 No. 1 O'Connell Street Sydney NSW 2000 Australia
PO Box H3 Australia Square Sydney NSW 1215
T +61 2 9353 4000 F +61 2 8220 6700

www.claytonutz.com

Our reference /14604/80097690

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Deed Poll dated

Parties **AMP Limited ABN 49 079 354 519** of 33 Alfred Street, Sydney, NSW, 2000 (AMP)

AMP Financial Services Holdings Limited ABN 45 076 716 704 of 33 Alfred Street, Sydney, NSW, 2000 (AMP Subsidiary)

Background

- A. The directors of AXA APH have resolved that AXA APH should propose the Option Scheme.
- B. The effect of the Option Scheme will be that all Scheme Options will be cancelled in consideration for the provision of the Option Scheme Consideration.
- C. AXA APH and AMP have entered into the Merger Implementation Deed.
- D. In the Merger Implementation Deed, AMP agreed (amongst other things) to provide, or procure the provision of, the Option Scheme Consideration to the Scheme Optionholders, subject to the satisfaction of the Scheme Conditions.
- E. In accordance with the Merger Implementation Deed, each of AMP and AMP Subsidiary is entering into this deed poll for the purpose of covenanting in favour of the Scheme Optionholders that it will observe and perform the obligations contemplated of it under the Option Scheme, and (in the case of AMP) that it will procure that AMP Subsidiary observes and performs the obligations contemplated of AMP Subsidiary under the Option Scheme.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed poll (unless the contrary intention appears or the context otherwise requires):

- (a) Option Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between AXA APH and the AXA APH Optionholders in the form set out in Annexure A to this deed poll together with any alterations made or required pursuant to section 411(6) of the Corporations Act; and
- (b) words and phrases used in this deed poll have the same meaning as given to them in the Option Scheme.

1.2 Interpretation

Clause 1.2 (*Interpretation*) of the Option Scheme applies to the interpretation of this deed poll.

1.3 Nature of deed poll

Each of AMP and AMP Subsidiary acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Optionholder in accordance with its terms even though the Scheme Optionholders are not party to it; and

- (b) under the Option Scheme, each Scheme Optionholder appoints AXA APH as its agent and attorney to enforce this deed poll against AMP or AMP Subsidiary (as applicable) on behalf of that Scheme Optionholder.

2. Conditions and termination

2.1 Conditions

Each of AMP's and AMP Subsidiary's obligations under clause 3 (*Compliance with Scheme obligations*) are subject to the Option Scheme becoming Effective.

2.2 Termination

If the Framework Deed is validly terminated this deed poll will automatically terminate.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2 (*Termination*), then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) each of AMP and AMP Subsidiary is released from its obligations to further perform this deed poll except those obligations contained in clause 7.1 (*Stamp duty*) and any other obligations which by their nature survive termination; and
- (b) each Scheme Optionholder retains the rights, powers or remedies they have against AMP and AMP Subsidiary in respect of any breach of this deed poll which occurred before it was terminated.

3. Compliance with Scheme obligations

Subject to clause 2.1 (*Conditions*), in consideration for the cancellation of the Scheme Options in accordance with the Option Scheme:

- (a) AMP covenants in favour of each Scheme Optionholder that:
 - (i) it will observe and perform all obligations contemplated of it under the Option Scheme; and
 - (ii) it will procure that AMP Subsidiary observes and performs all obligations contemplated of AMP Subsidiary under the Option Scheme; and
- (b) AMP Subsidiary covenants in favour of each Scheme Optionholder that it will observe and perform all obligations contemplated of it under the Option Scheme,

including in each case the relevant obligations relating to the provision of the Option Scheme Consideration to each Scheme Optionholder in accordance with the terms of the Option Scheme.

4. Warranties

Each of AMP and AMP Subsidiary represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;

- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon AMP and AMP Subsidiary and enforceable against AMP and AMP Subsidiary in accordance with its terms.

5. Continuing obligations

This deed poll is irrevocable and remains in full force and effect until:

- (a) each of AMP and AMP Subsidiary has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2 (Termination).

6. Notices

6.1 How notice to be given

Each communication to AMP and AMP Subsidiary (including each notice, consent, approval, request and demand) under or in connection with this deed poll must be:

- (a) in writing;
- (b) be addressed as follows:

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

- (c) 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 6.1(b).

6.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this deed poll 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 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.

7. General

7.1 Stamp duty

AMP must:

- (a) pay, or procure that AMP Subsidiary pays, all stamp duty (including fines and penalties) payable and assessed on this deed poll, any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Option Scheme and this deed poll; and
- (b) indemnify each Scheme Optionholder against any liability arising from failure to comply with clause 7.1(a).

7.2 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 poll by any of AMP and AMP Subsidiary or by any Scheme Optionholder 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 poll.
- (b) A waiver under this deed poll is not valid or binding on the person granting that waiver unless made in writing.
- (c) No waiver of a breach of a term of this deed poll operates as a waiver of another breach of that term or of a breach of any other term of this deed poll.

7.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by AXA APH, AMP Subsidiary and AMP in writing (which such agreement may be given or withheld without reference to or approval by any AXA APH Optionholder) and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Option Scheme, in which event AMP and AMP Subsidiary must enter into a further deed poll in favour of the Scheme Optionholders giving effect to the variation, alteration or amendment.

7.4 Remedies cumulative

The rights and remedies of each of AMP and AMP Subsidiary and of each Scheme Optionholder under this deed poll are in addition to other rights and remedies given by law independently of this deed poll.

7.5 No assignment

AMP, AMP Subsidiary and each Scheme Optionholder cannot assign, novate or otherwise transfer any of their rights or obligations under this deed poll.

7.6 Governing law

This deed poll is governed by and must be construed according to the law applying in the state of Victoria, Australia.

7.7 Jurisdiction

Each of AMP and AMP Subsidiary 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 poll; 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 7.7(a).

7.8 Further acts and documents

Each of AMP and AMP Subsidiary must promptly do all further acts and execute and deliver all further documents required by law or reasonably requested by another party to give effect to this deed poll.

Executed as a deed poll

Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

1 Overview

On 29 November 2010, AXA APH, AMP and AXA SA entered into the following transaction documents:

- **Framework Deed** – the Framework Deed sets out the key terms on which AXA APH, AMP and AXA SA have agreed to effect the Proposal and the Rights Scheme.
- **Merger Implementation Deed** – the Merger Implementation Deed sets out specified obligations that AXA APH and AMP have assumed to give effect to the Share Scheme and the Rights Scheme, including the provision of the Share Scheme Consideration and the Rights Scheme Consideration.
- **Co-operation Deed** – the Co-operation Deed requires AMP and AXA SA to co-operate in good faith for the purposes of ensuring completion of the Proposal and confers and imposes further rights and obligations on the parties with respect to the Proposal.

The Framework Deed and Merger Implementation Deed were subsequently amended by one or more amending deeds.

Summaries of the key terms and conditions of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement are set out in the tables below. To the extent applicable, capitalised terms in this Appendix 7 have the meaning given to them in the Glossary in section 11 of this Explanatory Memorandum and all other capitalised terms not defined in the Glossary in section 11 have the meaning given to them in Table D in this Appendix 7.

Complete copies of the Framework Deed and the Merger Implementation Deed are contained in the Explanatory Memorandum Supplement. Details of how to obtain a copy of the Explanatory Memorandum Supplement are set out in section 1.14 of this Explanatory Memorandum. The Co-operation Deed is attached to the substantial holding notice given by AMP to ASX on 7 December 2010 and may be accessed at www.asx.com.au.

Table A

Topic	Summary of Framework Deed and Merger Implementation Deed
1 Conditions Precedent for the Share Scheme	<p>The Proposal and the Rights Scheme can only be implemented if the Conditions Precedent are satisfied or waived. In summary, the outstanding Conditions Precedent as at the date of this Explanatory Memorandum include the following:</p> <ul style="list-style-type: none"> a) the relevant Minority Shareholders approving the Share Scheme and the Sale of the Asian Businesses Resolution by the required majorities; b) the Court approving the Share Scheme; c) no AXA APH Group ANZ Material Adverse Change (as defined in the Framework Deed) having occurred or becoming known to AMP (unless waived) after 29 November 2010 and before 8:00 am on the Second Court Date; d) no AXA APH Group ANZ Prescribed Occurrence (as defined in the Framework Deed) having occurred after 29 November 2010 and before 8:00 am on the Second Court Date, except for any event that was fully and fairly disclosed before 29 November 2010; e) no AXA APH Group Asia Material Adverse Change or AXA APH Group Asia Prescribed Occurrence (except for any event that was fully and fairly disclosed before 29 November 2010 in the case of an AXA APH Group Asia Prescribed Occurrence) having occurred after 29 November 2010 and before 8:00 am on the Second Court Date; f) no AMP Material Adverse Change having occurred or become known to AXA APH after 29 November 2010 and before 8:00 am on the Second Court Date; g) no AMP Prescribed Occurrence having occurred after 29 November 2010 and before 8:00 am on the Second Court Date, except for any event that was fully and fairly disclosed before 29 November 2010; h) the representations and warranties given by AXA APH, AMP and AXA SA under the Framework Deed being true and correct (for those qualified as to materiality) or true and correct in all material respects (for those not qualified as to materiality) at the time they are given; i) ASX approval of the official quotation of the AMP Shares to be issued to Share Scheme Participants pursuant to the Share Scheme before 8:00 am on the Second Court Date; j) the necessary Australian and New Zealand regulatory approvals, consents and authorisations being received, including: <ul style="list-style-type: none"> i) consents and approvals from ASIC and ASX; ii) all necessary approvals and confirmations under the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Financial Sector (Shareholdings) Act 1998 (Cth); and iii) all consents required under the Overseas Investment Act 2005 (NZ), (see section 10.11 of this Explanatory Memorandum for the status of these approvals); k) other regulatory approvals required as a consequence of the Proposal (including the Sale of the Asian Businesses) are received (see section 10.11 of this Explanatory Memorandum for the status of these approvals); l) the ATO issuing a binding private ruling to AMP before 8.00 am on the Second Court Date, which confirms certain tax treatment of the transactions; m) no order, temporary restraining order, preliminary or permanent injunction or any other action being issued, enacted or promulgated by a Court or regulatory authority or other legal restraint or prohibition preventing any component of the Proposal. <p>Full details of the Conditions Precedent for the Share Scheme, the ability of the parties to rely on the Conditions Precedent and the provisions relating to satisfaction or waiver of the Conditions Precedent are contained in clause 3.1 of the Framework Deed.</p>

Topic	Summary of Framework Deed and Merger Implementation Deed
2 Conditions precedent for the Rights Scheme	<p>In addition, the Rights Scheme is subject to the following conditions:</p> <ol style="list-style-type: none"> a) the Share Scheme having become Effective; b) each class of AXA APH Rightsholders approving the Rights Scheme (if applicable) by the required majorities; c) the Court approving the Rights Scheme; d) ASX granting a waiver of any requirement under Listing Rule 6.23 to obtain the approval of AXA APH Shareholders for the cancellation of the AXA APH Rights pursuant to the Rights Scheme; e) ASIC and ASX issuing or providing the consents or approvals which AMP and AXA APH agree are reasonably necessary to implement the Rights Scheme; and f) no order, temporary restraining order, preliminary or permanent injunction or any other action being issued, enacted or promulgated by a Court or regulatory authority or other legal restraint or prohibition preventing the Rights Scheme which remains in effect at 8:00 am on the Second Court Date. <p>Full details of the Conditions Precedent for the Rights Scheme, the ability of the parties to rely on the Conditions Precedent and the provisions relating to satisfaction or waiver of the Conditions Precedent are contained in clause 3.2 of the Framework Deed.</p>
3 Conduct of business obligations	<p>AXA APH has agreed that in the period from 29 November 2010 up to and including the Implementation Date it must procure that the business and operations of the:</p> <ul style="list-style-type: none"> - Australian and New Zealand Businesses; - the Asian Businesses; and - the AB Entities, <p>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 business and operation is conducted prior to 29 November 2010 and, in the case of the Australian and New Zealand Businesses and the AB Entities, 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 29 November 2010.</p> <p>In respect of any AB Entity, AXA APH Group ANZ Subsidiary, AXA APH Group Asia Subsidiary or Asian Affiliate (as defined in the Framework Deed) that is not a wholly-owned Subsidiary of AXA APH, AXA APH will only breach its obligation if it (based on the knowledge of certain executives) is aware of the activity proposed to be conducted outside the ordinary course and fails to take such action available to it under the constituent documents or relevant agreements to which it is subject.</p> <p>AXA APH must also ensure that no AXA APH Group ANZ Prescribed Occurrence or AXA APH Group Asia Prescribed Occurrence occurs during this period.</p> <p>The conduct of business obligations do not apply 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:</p> <ul style="list-style-type: none"> - in relation to the Australian and New Zealand Businesses, AMP has approved; or - in relation to the Asian Businesses, AXA SA (and, if the matter would materially affect AMP in its capacity as the prospective ultimate holding company or head company of AXA APH, AMP) has approved. <p>AMP has agreed that in the period from 29 November 2010 up to and including the Implementation Date, it must:</p> <ul style="list-style-type: none"> - procure that the AMP Group conducts its business and operations in the ordinary course and (subject to any applicable laws, regulations and licence conditions) with the manner in which each business and operation is conducted prior to 29 November 2010; and - ensure that no AMP Prescribed Occurrence occurs, <p>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 which has been approved by AXA APH.</p>
4 Exclusivity arrangements	<p>AXA APH has agreed to 'no shop', 'no talk' and 'no due diligence' exclusivity arrangements. These restrictions are summarised in items 4(a) – 5 below and they apply during the period from 29 November 2010 until the earlier of the date the Framework Deed is terminated and the Implementation Date.</p>
4(a) No shop	<p>AXA APH must not, and must ensure that each of its representatives does not (except with AMP's prior consent), 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.</p> <p>The 'no shop' arrangements do not prevent AXA APH from making normal presentations to, and responding to, enquiries from brokers, portfolio investors and analysts in the ordinary course in relation to the Share Scheme, the Rights Scheme or the AXA APH Group generally.</p>
4(b) No talk	<p>AXA APH must not, and must ensure that each of its representatives does not (except with AMP's prior consent), directly or indirectly, 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.</p>
4(c) No due diligence	<p>AXA APH must not, and must ensure that each of its representatives does not (except with AMP's prior consent), directly or indirectly make available to any Third Party or permit any such Third Party to receive any non public information relating to any member of the 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.</p>

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Topic	Summary of Framework Deed and Merger Implementation Deed
5 Exceptions to no talk and no due diligence	<p>The 'no talk' and 'no due diligence' arrangements do not apply where both:</p> <ol style="list-style-type: none"> the Independent Board Committee, acting in good faith and in order to satisfy what it reasonably 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 it proposes to take may reasonably be expected to lead to a Competing Proposal that is a Superior Proposal; AXA APH has not breached the no shop arrangement, with the parties acknowledging that AXA APH will not have breached the no shop arrangement by responding in accordance with and as permitted by paragraph (a) above 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 Subsidiaries, directors and other representatives directly or indirectly solicited, initiated or encouraged the initial inquiry, expression of interest, offer, proposal, negotiations or discussions; and if the Third Party has entered into a confidentiality agreement with AXA APH and to the extent the terms of that agreement are less favourable to AXA APH than the confidentiality agreement entered into between AXA APH, AXA SA and AMP, AXA APH, AXA SA and AMP have amended their confidentiality agreement so that it is no more favourable to AXA APH than the confidentiality agreement with the Third Party.
6 Limitation of liability	<p>AMP and AXA SA have acknowledged and agreed that if the Framework Deed is terminated for any reason, their sole and exclusive remedy for any liability of AXA APH and its representatives in connection with the Transactions (whether under the Framework Deed or otherwise) will be limited to \$35 million in aggregate for all claims.</p>
7 Termination rights of all parties	<p>Each of AXA APH, AMP or AXA SA may terminate the Framework Deed in certain circumstances, including the following:</p> <ol style="list-style-type: none"> for failure of a Condition Precedent, but only in certain circumstances; if the Share Scheme has not become Effective before the End Date (subject to any extensions of the End Date); if the Court makes a determination to not approve the Share Scheme (provided that, in the case of AMP and AXA APH, the party has complied with its best endeavours obligation to satisfy that condition); one of the other parties is in material breach of the Framework Deed, the Merger Implementation Deed or certain other transaction documents relating to the transactions and the Sale of the Asian Businesses to AXA SA (although different parties will be entitled to terminate depending upon which transaction documents (and in some cases, which provisions of those transaction documents) have been breached).
8 AXA APH's other termination rights	<p>AXA APH may also terminate the Framework Deed in circumstances including the following:</p> <ol style="list-style-type: none"> each of the Chairman and a majority of the Independent Board Committee does not recommend that relevant AXA APH Shareholders vote in favour of the Share Scheme and the Sale of the Asian Businesses Resolution in the Explanatory Memorandum, where that is because a Superior Proposal is made or the Independent Expert does not conclude that the Share Scheme is in the best interests of Share Scheme Participants or the transactions the subject of the Sale of the Asian Businesses Resolution is fair and reasonable to, and in the best interests of, relevant AXA APH Shareholders; the prescribed majority of the Independent Board Committee (being the Chairman and a majority of the other members) publicly changes or withdraws its recommendation that relevant AXA APH Shareholders vote in favour of the Share Scheme or the Sale of the Asian Businesses Resolution, where that is because a Superior Proposal is made or the Independent Expert does not conclude that the Share Scheme is in the best interests of Share Scheme Participants or the transactions the subject of the Sale of the Asian Businesses Resolutions are fair and reasonable to, and in the best interests of, relevant AXA APH Shareholders; the ATO does not issue the binding private ruling to AMP by 14 February 2011, provided that this Condition Precedent has not been waived or satisfied before AXA APH exercises its right to terminate. if, after the date of the Framework Deed and prior to the date of the Scheme Meetings (excluding those two dates), the arithmetic average of the daily volume weighted average share prices for AMP Shares traded on the ASX (excluding certain transactions such as special crossings) in any consecutive 10 Trading Day period is less than \$4.50.
9 AMP's other termination rights	<p>AMP may also terminate the Framework Deed in circumstances including the following:</p> <ol style="list-style-type: none"> the Independent Board Committee does not unanimously recommend that relevant AXA APH Shareholders vote in favour of the Share Scheme and the Sale of the Asian Businesses Resolution in the Explanatory Memorandum; the Chairman, or at least half of the other members of the Independent Board Committee, publicly change or withdraw their recommendation that relevant AXA APH Shareholders vote in favour of the Share Scheme or the Sale of the Asian Businesses Resolution, whether that is because a Superior Proposal is made or the Independent Expert does not conclude that the Share Scheme is in the best interests of Share Scheme Participants or the transactions the subject of the Sale of the Asian Business Resolutions are fair and reasonable to and in the best interests of relevant AXA APH Shareholders, or otherwise. <p>The Co-operation Deed between AMP and AXA SA restricts the circumstances in which either party may exercise certain of its termination rights under the Framework Deed without the other's consent.</p>
10 AXA SA's other termination rights	<p>AXA SA has substantially equivalent termination rights to AMP. AXA SA may also terminate where AXA APH is in material breach of the requirements set out regarding the conduct of the Asian businesses.</p>
11 Representations and warranties	<p>AXA APH, AMP and AXA SA have given representations and warranties to the other parties which are considered to be normal for an agreement of this kind.</p>
12 End Date	<p>AXA APH, AMP and AXA SA have committed to implement the Share Scheme by the End Date, currently being 30 June 2011.</p>

Table B

Topic	Summary of Co-operation Deed
1 Exclusivity arrangements between AXA SA and AMP	AXA SA and AMP have agreed to 'no shop' and 'no talk' exclusivity arrangements and certain other exclusivity arrangements under the Co-operation Deed. These are summarised in items 2 – 7 below.
2 No shop	<p>During the "Exclusivity Period", AXA SA and AMP must not, and must ensure that each of its representatives does not, except as contemplated by the Co-operation Deed or with the consent of the other party:</p> <ul style="list-style-type: none"> a) directly or indirectly solicit, initiate or encourage any Relevant Proposal (being a Competing Proposal if the Co-operation Deed has not been terminated or, during the period after termination of the Co-operation Deed, a proposal pursuant to which AXA SA would directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in or control of, all or a substantial part of the Asian Businesses other than pursuant to a transaction or arrangement, or series of transactions or arrangements, pursuant to which AMP also acquires all or a substantial part of the Australian and New Zealand Businesses) or any enquiry, expression of interest, offer, proposal, negotiations or discussions in relation to, or that may be reasonably expected to lead to, a Relevant Proposal; or b) directly or indirectly participate in any enquiries, negotiations or discussions with any third party (including AXA APH) or enter into any agreement, arrangement or understanding with any third party in relation to, or that may reasonably be expected to lead to, any Relevant Proposal; c) take any action (including by providing information) to respond to any unsolicited approach by any third party (including AXA APH) in relation to, or that may reasonably be expected to lead to, any Relevant Proposal; or d) communicate any intention to do any of the things in paragraph (a) to (c). <p>The Exclusivity Period operates from the date of the Co-operation Deed until the Termination Date (being the earlier of the Implementation Date, termination of the Co-operation Deed or 30 June 2011).</p>
3 Release for Superior Proposal	AXA SA and AMP are released from the no shop and no talk obligations in relation to a Competing Proposal where the Independent Board Committee, acting in good faith and in order to satisfy what it reasonably considers to be its fiduciary or statutory duties, has formed the opinion that the Competing Proposal would, if supported by AXA SA, be likely to be a Superior Proposal, for so long as the Independent Board Committee holds that opinion.
4 Notice of approaches	<p>During the Exclusivity Period, AXA SA and AMP must promptly notify the other party of any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with, that party (or any of its representatives) in relation to, or that may reasonably be expected to lead to:</p> <ul style="list-style-type: none"> a) any Relevant Proposal; or b) any transaction or proposal that may adversely affect or reduce the likelihood of the successful completion of any of the transactions or the Sale of the Asian Businesses to AXA SA, <p>whether unsolicited or otherwise, and must, as part of that notice provide details of:</p> <ul style="list-style-type: none"> c) the identity of the person making that approach, inquiry, proposal or attempt; and d) the nature and terms of the proposal.
5 Increase in scheme consideration	<p>If AXA SA or AMP considers that the existence of a Competing Proposal indicates that the consideration under the Schemes would need to be increased or varied to ensure their success, then AXA SA and AMP will promptly confer and decide whether the consideration should be increased or varied and how the costs of that will be shared between the parties.</p> <p>If AXA SA and AMP agree that the consideration should be increased or varied and also agree as to how the costs of that will be shared between them, they will use their best endeavours to reach agreement with AXA APH in relation to the consideration offered under the Schemes and will agree appropriate amendments to the relevant Transaction Documents.</p> <p>If AXA SA and AMP are not able to agree arrangements in relation to these matters, AMP may, at any time before the Termination Date, give written notice ("Top-up Right Notice") to AXA SA that it proposes to increase or vary the consideration under the Schemes and/or to modify any other aspect of the transactions or the transactions relating to the Sale of the Asian Businesses to AXA SA.</p> <p>If AMP gives a Top-up Right Notice to AXA SA, AMP may seek to reach agreement with AXA APH in relation to an increase in, or variation to, the consideration under the Schemes and agree appropriate amendments to the relevant Transaction Documents. AXA SA must agree to any amendments to those documents (other than the Co-operation Deed) requested by AMP (or, where any of the documents have been terminated, agree upon and execute appropriate substitute documents), provided that:</p> <ul style="list-style-type: none"> a) AMP will be wholly responsible for providing, or procuring the provision of, any increase in, or variation to, the consideration under the Schemes; and b) AXA SA is satisfied, acting reasonably, that: <ul style="list-style-type: none"> i) as a result of agreeing to the amendments to the documents and implementation of the relevant transactions pursuant to those documents, AXA SA will not be worse off overall compared to the outcome or likely outcome for AXA SA pursuant to the Competing Proposal and will not be worse off overall compared to the outcome or likely outcome for AXA SA pursuant to the position under the relevant documents prior to the amendments being made and implementation of the relevant transactions pursuant to those documents; and ii) its rights and obligations under the Co-operation Deed and the other Transaction Documents will be otherwise unaffected.
6 Subordinated debt	AXA SA has agreed that it will, or one of its subsidiaries will, offer to purchase subordinated notes in an aggregate principal amount of not less than \$600 million (to the extent that other institutional investors elect not to participate) to be issued by AMP Group Finance Services Limited, priced at a margin of 250 basis points over the 3 month Bank Bill Swap Rate, and to be listed on the Luxembourg Stock Exchange.

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Topic	Summary of Co-operation Deed
7 Transaction costs	<p>AXA SA and AMP agree that the transaction costs incurred by AXA APH in relation to the both the previous proposals made by AXA SA and AMP and the proposal made by AXA SA and NAB will be shared as follows:</p> <ol style="list-style-type: none"> AXA SA will pay two-thirds of the after-tax costs incurred by AXA APH after 30 September 2010; AMP will bear one-third of the after-tax costs incurred by AXA APH after 30 September 2010; AXA SA will pay an amount of \$5.2 million in respect of certain costs; AMP will bear an amount of \$8.2 million in respect of certain costs; and AXA SA will pay certain other costs associated with the proposal made by AXA SA and NAB.

Table C

Topic	Summary of Separation Agreement
1 Overview of separation and Transition Services	<p>The Separation Agreement entered into by AMP and AXA SA sets out terms upon which the parties have agreed to address issues arising from:</p> <ol style="list-style-type: none"> AXA APH ceasing to be a subsidiary of AXA SA and becoming wholly owned by AMP; and the proposed separation of the AXA APH Group's business in Australia and New Zealand from the AXA APH Group's business elsewhere in Asia, <p>as a result of the implementation of the Scheme of Arrangement between AMP and AXA APH. The Separation Agreement sets out separation arrangements to be implemented by the parties and will establish transitional arrangements for the sharing of certain transitional services and capabilities.</p> <p>The key transition services provided for by the Separation Agreement are information technology services (IT Services), data processing and software-related services (Business Services), hedging services, the continuation of certain reinsurance arrangements, investment advisory services related to ipac funds in Asia and Ireland and certain additional services identified by the parties (each a Transition Service).</p> <p>Transition Services will generally be provided in accordance with the underlying agreement (if any) pursuant to which such services are currently provided, subject to certain amendments or additional terms set out in the Separation Agreement. Other Transition Services will be provided on terms agreed between AXA SA and AMP.</p>
2 AXA trade mark and 'ipac' intellectual property	<p>AXA APH Group ANZ will have the right to continue to use the 'AXA' trade mark for a period of 24 months following the Implementation Date. The 'ipac' brand will be owned by the Merged Group following the Implementation Date, however AXA Group will continue to have the right to use the 'ipac' brand in Taiwan, Singapore, Hong Kong and Ireland for a period of 24 months following the Implementation Date. AXA Group will also have a continuing perpetual right to use any 'ipac' Asia intellectual property (which does not include the 'ipac' brand) in Taiwan, Singapore, Hong Kong and Ireland.</p>
3 Other intellectual property	<p>Intellectual property relating solely or predominantly to a member of AXA APH Group ANZ will remain with the relevant member, or will be transferred to a member of the Merged Group, and intellectual property relating solely or predominantly to a member of AXA APH Group Asia will remain with the relevant member, or will be transferred to a member of AXA APH Group Asia or a member of the AXA SA Group. Where intellectual property is predominantly (but not solely) used by a party, that party will grant a royalty free and perpetual licence to the other party to enable it to continue to use that intellectual property.</p>
4 Asian assets and liabilities	<p>Assets that relate solely to the operation of a member of AXA APH Group Asia will be retained by or transferred to a member of AXA APH Group Asia or a member of the AXA SA Group. Liabilities incurred prior to the Implementation Date that relate solely to the operation of a business by a member of AXA APH Group Asia before the Implementation Date will be borne by, or conveyed to, a member of AXA APH Group Asia or a member of the AXA SA Group.</p>
5 Australia and New Zealand assets and liabilities	<p>Assets that relate solely to the operation of a business by a member of AXA APH Group ANZ will be retained by or transferred to a member of the Merged Group. Liabilities incurred prior to the Implementation Date that relate solely to the operation of a business by a member of AXA APH Group ANZ before the Implementation Date will be borne by, or conveyed to, a member of the Merged Group.</p>
6 Shared assets	<p>An asset (other than intellectual property) used by both AXA APH Group Asia and AXA APH Group ANZ will be retained by:</p> <ol style="list-style-type: none"> a member AXA APH Group Asia if the shared asset is located in Asia or certain other countries outside Australia or New Zealand as at the Implementation Date; or a member of AXA APH Group ANZ if the shared asset is located in Australia or New Zealand as at the Implementation Date.
7 Liabilities outside Asia, Australia and New Zealand	<p>A liability (other than a tax liability) which was incurred or arose due to events occurring before the Implementation Date, and arose solely from the operation of a business by a member of the AXA APH Group outside Australia, New Zealand, Asia and certain other countries, will be allocated so that two-thirds of the liability will be borne by AXA SA and one-third of the liability will be borne by AMP.</p>

Topic	Summary of Separation Agreement
8 Employees	<p>a) Certain employees of members of AXA APH Group ANZ who are working as expatriates outside Australia and New Zealand will receive an offer of employment from the relevant entity for which that employee is working as an expatriate on terms and conditions that are comparable or superior to their existing terms of employment.</p> <p>b) Employees of a member of AXA APH Group Asia who are working as expatriates in Australia or New Zealand will receive an offer of employment from the relevant member of AXA APH Group ANZ on terms and conditions that are comparable or superior to their existing terms of employment.</p> <p>c) The Merged Group will bear 85% and AXA SA will bear 15% of the after-tax costs (including redundancy costs) relating to the termination of employment of AXA APH head office employees (including group service functions) within 12 months of the Implementation Date.</p> <p>d) From the Implementation Date, any AXA SA issued employee options (or other AXA SA share based compensation) will be maintained “as is” for participating employees who are no longer employed within the global AXA Group due to the implementation of the Merger, and AXA SA will waive the service based conditions under the relevant plans or terms of offer as required to permit those employees to continue to participate.</p> <p>e) In relation to the costs associated with employee options granted by AXA APH (as at 29 November 2010) and deferred cash payments by AXA APH to employees of AXA APH Group (in respect of rights granted prior to the Implementation Date), those costs will be shared according to the following general principles:</p> <ul style="list-style-type: none"> i) AXA SA will be responsible for all such costs in relation to ‘Asia Employees’ and two-thirds of all such costs in connection with ‘Group Employees’ (as those terms are defined in the Separation Agreement). ii) AMP will be responsible for all such costs in connection with ‘ANZ Employees’, and one-third of all such costs in connection with ‘Group Employees’ (as those terms are defined in the Separation Agreement). <p>Unless otherwise agreed, following the Implementation Date, AXA SA must pay to AMP a fixed amount as an estimate of those costs AXA SA is responsible for based on the information that was available on 29 November 2010, a variable portion of those costs which depends on the Post Scheme AMP VWAP and further variable amounts referable to the deferred cash payments for which AXA SA is responsible.</p>
9 Swaps costs	<p>If the amount calculated as:</p> <ul style="list-style-type: none"> a) the aggregate net amount that would have been payable by AXA APF if all the AXA APF swaps had been terminated on 28 November 2010; less b) the aggregate net amount which was payable on termination of all of the AXA APF swaps prior to the completion of the sale of the Asian Businesses or, if those swaps were not terminated by that date, the aggregate net amount which would have been payable had the swaps been terminated on that completion date, <p>is positive, then AMP must pay AXA SA that amount less any tax payable. Alternatively, if the above amount is negative, AXA SA must pay the relevant amount to AMP less any tax effect.</p>
10 Liability	<p>Each party’s liability for losses arising in connection with the Separation Agreement (other than in connection with provision of certain IT Services, Business Services and hedging services) is capped at an aggregate amount of \$3,000,000 per contract year. AXA SA’s liability for loss in relation to the provision of:</p> <ul style="list-style-type: none"> a) Business Services, is \$5,000,000 per contract year; b) hedging services, is 25% of the annual fee payable under the relevant hedging contract; and c) certain IT Services, is \$10,000,000 per contract year. <p>These liability caps do not apply in certain circumstances, including liability for death or personal injury arising from negligence, fraud, infringement of third party rights or wilful default.</p> <p>AMP’s liability for charges (being retention bonuses for seconded employees, severance costs, contract termination liabilities and consent fees for vendors during separation) associated with cessation of the IT Services is limited to \$14,000,000 (inclusive of tax).</p>
11 Termination	<p>The Separation Agreement is terminable in limited circumstances, including at one party’s election if an insolvency event occurs in respect of the other party, if the Framework Deed is terminated or if the Implementation Date does not occur before the End Date. A party may terminate a specific Transition Service if a valid invoice that is not in dispute has not been paid by the due date and the other party does not rectify the non-payment within a certain timeframe, or if the service provider commits a material breach of the terms governing the provision of that Transition Service (which is either incapable of remedy or is not remedied within a certain timeframe).</p>
12 Term	<p>The term for the Separation Agreement will expire either at the end of the longest service term for a Transition Service or on the date on which the last separation arrangements have been implemented (whichever is the later), provided that the term will expire no later than 31 March 2013.</p>

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Table D

Definitions

AB Entity	means Alliance Bernstein Australia Ltd or Alliance Bernstein New Zealand Ltd.
Affiliate	means a company, trust or other entity in which a member of the AXA APH Group holds an interest but that is not a Subsidiary of AXA APH.
AMP Confirmatory Due Diligence	has the meaning given to that term in clause 5 of the Framework Deed.
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 of the Framework Deed.
AMP Material Adverse Change	<p>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:</p> <p>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;</p> <p>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,</p> <p>other than an event, occurrence or matter which:</p> <p>c) was fairly disclosed (excluding any sensitivity analysis) in:</p> <p style="padding-left: 20px;">i) any announcement on ASX made by AMP prior to 29 November 2010; or</p> <p style="padding-left: 20px;">ii) the AMP Due Diligence Information; or</p> <p>d) is required to be undertaken or procured by the AMP Group either:</p> <p style="padding-left: 20px;">i) pursuant to the Transaction Documents; or</p> <p style="padding-left: 20px;">ii) as a result of, or in order to implement, the Transactions,</p> <p>and disregarding the effect of any:</p> <p>e) change in equity markets, interest rates, exchange rates or credit spreads;</p> <p>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</p> <p>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.</p>
AMP Material Subsidiary	<p>means:</p> <p>a) AMP Life Limited;</p> <p>b) AMP Bank Limited;</p> <p>c) AMP Capital Holdings Limited;</p> <p>d) AMP Services Limited;</p> <p>e) AMP Group Finance Services Limited; and</p> <p>f) AMP Group Holdings Limited.</p>
AMP Portfolio Investments	<p>means:</p> <p>a) Investor directed portfolio service client directed investments;</p> <p>b) policyholder funds;</p> <p>c) unit trusts or other collective investment schemes for which AMP and its Subsidiaries act as trustee, responsible entity, custodians or investment managers;</p> <p>d) client funds under management;</p> <p>e) portfolios managed under investment management agreements; or</p> <p>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.</p>

Definitions

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 SA):

- 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 SA 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:
 - i) to a wholly-owned Subsidiary of AMP, or to AXA SA or any of its Subsidiaries;
 - ii) 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 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 Rights 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.

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Definitions

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.
Asian Affiliate	means any Affiliate that is a member of AXA APH Group Asia.
Asia Due Diligence Information	means the information and documents fairly disclosed by AXA APH or its representatives to AXA SA or its representatives prior to 29 November 2010.
Asian Transactions	means the transactions and arrangements (as agreed or contemplated by AMP and AXA SA) relating to the sale of the Asian Businesses and AXA APH Group Asia to AXA SA and/or the Nominees, and associated transactions and arrangements (as agreed or contemplated by AMP and AXA SA) relating to the separation of the AXA APH Group ANZ from AXA SA and of AXA APH Group Asia from AXA APH Group ANZ.
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 SA before execution of the Framework Deed as constituting "Asian Transaction Documents" for the purposes of the Framework Deed.
AXA APH Due Diligence Information	means: <ul style="list-style-type: none"> 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 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 that operate the Australian and New Zealand Businesses.
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: <ul style="list-style-type: none"> 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, <p>other than an event, occurrence or matter which:</p> <ul style="list-style-type: none"> c) was fairly disclosed (excluding any sensitivity analysis) in: <ul style="list-style-type: none"> i) any announcement on ASX made by AXA APH prior to 29 November 2010; or ii) the AXA APH Due Diligence Information; or d) is required to be undertaken or procured by the AXA APH Group either: <ul style="list-style-type: none"> i) pursuant to the Transaction Documents; or ii) as a result of, or in order to implement, the Transactions, <p>and disregarding the effect of any:</p> <ul style="list-style-type: none"> 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.

Definitions

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 of the Framework Deed (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 Rights that are on issue as at 29 November 2010, where such issue is permitted under clause 11 of the Framework Deed (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) of the Framework Deed is complied with, a dividend or any other form of distribution of profits or capital constituting certain 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 29 November 2010; or
 - iii) is otherwise material to the business or operations of the AXA APH Group ANZ as a whole,

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Definitions

**AXA APH Group
ANZ Prescribed
Occurrence
continued**

- 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
 - ix) except in respect of IMAs and provided that clause 7.1(b) of the Framework Deed is complied with, where that agreement, arrangement or understanding is in respect of certain portfolio investments;
- 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) of the Framework Deed is complied with, as attributable to certain portfolio investments;
- 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) of the Framework Deed is complied with, as attributable to certain 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 \$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) of the Framework Deed is complied with, AXA APH Shares which constitute certain 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) of the Framework Deed is complied with, assets constituting certain portfolio investments) 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 SA or a Subsidiary of AXA SA existing debt with AXA SA or a Subsidiary of AXA SA;
 - iv) it does so pursuant to advances under bank overdraft facilities in existence as at 29 November 2010, 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) of the Framework Deed is complied with, it does so as part of its business in relation to certain portfolio investments, where the lender or holder of debt securities has recourse only to certain portfolio investments in respect of the relevant indebtedness or debt securities;

Definitions

AXA APH Group ANZ Prescribed Occurrence continued

- 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) of the Framework Deed) 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;
 - iii) in favour of another member of the AXA APH Group ANZ or, provided that clause 7.1(b) of the Framework Deed is complied with, as part of its business in relation to certain portfolio investments where the repayment, capital contribution or investment is made out of certain portfolio investments; or
 - iv) 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:
 - vi) the Framework Deed is terminated; or
 - vii) the Share Scheme has not become Effective before the End Date;
 - viii) 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 29 November 2010;
 - ix) in accordance with the requirements of the employment terms of, and AXA APH policies applying to, that director or executive in existence as at 29 November 2010, as fully and fairly disclosed to AMP or its representatives before 29 November 2010;
 - x) 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 29 November 2010 (including to fill roles of directors or executives of AXA APH Group as at 29 November 2010 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 29 November 2010 and before the Implementation Date);
 - xi) 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
 - xii) under the deferred incentive plan referred to in clause 11.6 of the Framework Deed;
- 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 that operate the Asian Businesses.

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Definitions

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 SA was aware of prior to 29 November 2010. For the purposes of this paragraph (c), AXA SA is "aware" of an event, occurrence or matter if it or a director or executive of AXA SA or a Subsidiary of AXA SA (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 SA Holding; or
 - ii) a representative of AXA SA 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 29 November 2010; 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 SA, or where the relevant event had been fully and fairly disclosed to AXA SA by AXA APH or its representatives prior to 29 November 2010):

- 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 of the Framework Deed (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 of the Framework Deed (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 29 November 2010 (on a proportionate basis);
 - ii) a dividend or any other form of distribution of profits or capital constituting certain portfolio investments;
 - iii) payments required to be made in respect of the Permitted AXA APH Dividend in accordance with clause 7.3(p) of the Framework Deed;
- 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 certain portfolio investments 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 certain portfolio investments), 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;

Definitions

AXA APH Group Asia Prescribed Occurrence continued	<p>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 certain 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 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;</p> <p>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 certain 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;</p> <p>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:</p> <p>i) in the ordinary course of business;</p> <p>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</p> <p>iii) as part of its business in relation to certain 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;</p> <p>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);</p> <p>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</p> <p>n) any event described in paragraphs (a) or (d) of the definition of AXA APH Group ANZ Prescribed Occurrence.</p> <p>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:</p> <p>o) 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</p> <p>p) 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.</p>
AXA APH Group Asia Subsidiary	means any member of AXA APH Group Asia which is a Subsidiary of AXA APH.
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 29 November 2010.
AXA APH Life Company	means The National Mutual Life Association of Australasia Limited.
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.
Confirmatory Due Diligence	has the meaning given to that term in clause 4.1 of the Framework Deed.
Confirmatory Due Diligence Period	has the meaning given to that term in clause 4.1 of the Framework Deed.
Nominee	means any wholly owned subsidiary of AXA SA nominated by AXA SA.
Operating Earnings	<p>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:</p> <p>a) normalised investment earnings on shareholder capital (based upon long term normalised investment assumptions);</p> <p>b) interest expense on debt;</p> <p>c) corporate expenses;</p> <p>d) executive share plan expenses;</p> <p>e) amortisation of value of businesses acquired;</p> <p>f) investment experience (from normalised investment earnings); and</p> <p>g) one-off items, such as transformation costs, assets sales and value adjustments.</p>

Appendix 7 Summary of the Framework Deed, the Merger Implementation Deed, the Co-operation Deed and the Separation Agreement

Definitions

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.
Subsidiary	has the meaning given to that term in the Corporations Act, provided that: <ul style="list-style-type: none">• 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• 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.
Third Party	means any of the following: <ul style="list-style-type: none">a) a person other than AMP or any of its Subsidiaries; orb) consortium, partnership, limited partnership, syndicate or other group in which neither AMP nor any of its Subsidiaries participate.
Transaction Documents	means: <ul style="list-style-type: none">a) the Framework Deed;b) the Merger Implementation Deed;c) the Share Scheme;d) the Rights Scheme;e) the Deeds Poll;f) the Asian Subsidiary Deed and any sale agreements pursuant to the Asian Subsidiary Deed;g) the AXA SA Share Sale Deed;h) the Co-operation Deed; andi) such other documents that are agreed by the parties in writing to be considered "Transaction Documents" for the purposes of the Framework Deed.
Transactions	means the transactions that are contemplated by the Transaction Documents.

Appendix 8

Notice of Court ordered Share Scheme meeting

Notice of Court ordered meeting of holders of AXA Asia Pacific Holdings Limited Shares

AXA Asia Pacific Holdings Limited ABN 78 069 123 011

By order of the Supreme Court of Victoria made on 14 January 2011 pursuant to section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in AXA Asia Pacific Holdings Limited (AXA APH), other than holders of Excluded Shares, will be held:

At: Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia

On: Wednesday, 2 March 2011 at 11.00 am (Melbourne time).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between AXA APH and the holders of its fully paid ordinary shares apart from holders of Excluded Shares (Share Scheme).

Share Scheme Resolution

“That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between AXA Asia Pacific Holdings Limited and the holders of its ordinary shares (apart from holders of Excluded Shares) as contained in and more precisely described in the Explanatory Memorandum of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of Victoria).”

Kevin Keenan
Company Secretary
14 January 2011

Notes to Notice of Meeting

The Court has directed that Richard Hugh Allert, AO act as chairperson of the meeting or failing him, Paul Ashley Cooper (unless the members of the meeting elect some other person to act as chairperson) and has directed the chairperson to report the result of the meeting to the Court.

Information on the Share Scheme is set out in the Explanatory Memorandum of which this notice forms part. Terms used in this notice have the same meaning as set out in the Glossary to the Explanatory Memorandum.

AXA APH Shareholders who are entitled to vote

For the purposes of the Share Scheme Meeting, the Court has determined that the time for determining eligibility to vote at the meeting is 7.00 pm on Monday, 28 February 2011. Only those shareholders entered on AXA APH's register of ordinary shares (apart from holders of Excluded Shares) at that time will be entitled to attend and vote at the Share Scheme Meeting.

Any vote cast by AXA APH and its associates, AMP's associates or AXA SA's associates will not be counted in determining the outcome on the Share Scheme Resolution (other than in respect of AXA APH Shares held by them in a fiduciary or nominee capacity).

Appendix 8 Notice of Court ordered Share Scheme Meeting

Voting

How to vote

You can vote in either of two ways:

- by attending the Share Scheme Meeting and voting in person or by attorney or, in the case of corporate shareholders, by corporate representative; or
- by appointing a **proxy** to attend and vote at the Share Scheme Meeting on your behalf, using the green Proxy Form accompanying the Explanatory Memorandum (of which this notice forms part) or online using the service at www.axaaphproposal.com.au.

Voting in person (or by attorney)

You should arrive at the meeting venue 30 minutes before the time designated for the Share Scheme Meeting, if possible, so that your shareholding can be checked against AXA APH's Share Register and attendances noted. Attorneys must bring to the Share Scheme Meeting an original or a certified copy of the power of attorney under which they have been authorised to attend and vote, unless the AXA APH Share Registry has already noted it.

A representative of a company attending the meeting should bring to the Share Scheme Meeting satisfactory evidence of their appointment, including any authority under which that appointment is signed, unless previously given to AXA APH's Share Registry.

Voting by proxy

An AXA APH Shareholder who is entitled to attend and vote at the Share Scheme Meeting can appoint a proxy to attend and vote for them at the Share Scheme Meeting in accordance with the directions set out on the Proxy Form or using the online service at www.axaaphproposal.com.au. An AXA APH Shareholder who is entitled to cast two or more votes can appoint no more than two proxies. Each proxy has the right to vote on the poll and also to speak at the Share Scheme Meeting.

A proxy does not have to be a shareholder of AXA APH.

If an AXA APH Shareholder appoints two proxies, each proxy must be appointed to represent a specified number or proportion of the shareholder's voting rights. If a number or proportion is not specified on the proxy form, then each proxy is entitled to exercise half of the voting rights regardless of any proportion stated on any other form.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll and the shares the subject of the proxy appointment will not be counted in determining the required majority.

AXA APH Shareholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairperson of the Share Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Share Scheme Meeting, the chairperson of the Share Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Undirected proxy appointments in favour of the chairperson of the Share Scheme Meeting, the company secretary or any other officer of AXA APH will be used to support the resolution to approve the Share Scheme.

Lodging your Proxy Forms

Please lodge completed Proxy Form(s) with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3001, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland, 1142, New Zealand (for AXA APH Shareholders located in New Zealand);
- by faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- online by using the service at www.axaaphproposal.com.au.

To be treated as valid, Proxy Forms **and** any authority under which the forms are signed must be received by no later than 11.00 am on Monday, 28 February 2011. If Proxy Forms are not received by this time (either in hard copy or online), the vote by proxy will not be valid.

The Proxy Form must be signed by the AXA APH Shareholder or the AXA APH Shareholder's attorney. Proxies given by corporations must be executed by a duly authorised officer or attorney in accordance with applicable law. Where the appointment of a proxy is signed by the appointor's attorney and the AXA APH Share Registry has not previously seen the relevant power of attorney, then the original power of attorney or a certified copy of it must be enclosed with the Proxy Form. If sent by fax the power of attorney must be certified. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Share Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is passed by the required majorities and the other Conditions Precedent to the Share Scheme (other than that relating to Court approval of the Share Scheme) are satisfied or waived (including approval of the Sale of the Asian Businesses Resolution being considered at the Extraordinary General Meeting), AXA APH intends to apply to the Court for approval of the Share Scheme on Monday, 7 March 2011.

Required majorities

In accordance with section 411(4)(a) of the Corporations Act, the Share Scheme Resolution must be passed by:

- a majority in number of the members present and voting at the Share Scheme Meeting (in person, by proxy or by corporate representative or attorney); and
- at least 75% of the total number of votes cast on the Share Scheme Resolution (in person, by proxy or by corporate representative or attorney).

The Share Scheme Resolution is conditional on the approval of the:

- Sale of the Asian Businesses Resolution by the required majorities of AXA APH Shareholders at the Extraordinary General Meeting; and
- the Court approving the Share Scheme at the Second Court Hearing and each of the other Conditions Precedent having been satisfied or waived.

Appendix 9

Notice of Extraordinary General Meeting /

Notice of Extraordinary General Meeting of AXA Asia Pacific Holdings Limited

AXA Asia Pacific Holdings Limited ABN 78 069 123 011

Notice is given that a general meeting of AXA Asia Pacific Holdings Limited (AXA APH) shareholders will be held:

At: Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia

On: Wednesday, 2 March 2011 at the later of 12.00 pm (Melbourne time)
and the conclusion or adjournment of the Share Scheme Meeting,

for the purpose of transacting the following business.

Purpose of the Extraordinary General Meeting

The purpose of the meeting is to consider and, if thought fit, to pass the following resolutions as ordinary resolutions.

Sale of the Asian Businesses Resolution

“That for the purposes of Australian Securities Exchange Listing Rule 10.1 and 10.5 and Chapter 2E of the Corporations Act 2001 (Cth) and all other purposes, the acquisition by AXA SA and/or one or more subsidiaries of AXA SA of the Asian Businesses as described in section 5 of the Explanatory Memorandum accompanying this notice of meeting be approved.”

Termination Benefits Resolution

“That the giving of benefits (as described in section 9 of the Explanatory Memorandum accompanying this notice of meeting) to each of the Designated Executives by AXA APH and its related bodies corporate, their associates or any superannuation fund on any termination of employment with the AXA APH Group in connection with the Proposal proceeding, be approved for all purposes.”

By order of the Board

Kevin Keenan
Company Secretary
14 January 2011

Notes to Notice of Meeting

Information on the Sale of the Asian Businesses Resolution and the Termination Benefits Resolution is set out in the Explanatory Memorandum of which this notice forms part. Terms used in this notice have the same meaning as set out in the Glossary to the Explanatory Memorandum.

AXA APH Shareholders who are entitled to vote

For the purposes of the Extraordinary General Meeting, AXA APH has determined that the time for determining eligibility to vote at the meeting is 7.00 pm on Monday, 28 February 2011. Only those shareholders entered on AXA APH's register of ordinary shares at that time will be entitled to attend and vote at the Extraordinary General Meeting.

Voting

Voting exclusion

AXA APH will disregard any votes cast on:

- the Sale of the Asian Businesses Resolution by AXA SA, AXA APH, AMP and their respective associates; and
- the Termination Benefits Resolution by the Designated Executives and their associates.

However, AXA APH need not disregard votes cast by:

- in relation to both the Sale of the Asian Businesses Resolution and the Termination Benefits Resolution, any such person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- in relation to the Termination Benefits Resolution, the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with their direction on the Proxy Form to vote as the proxy decides.

How to vote

You can vote in either of two ways:

- by attending the Extraordinary General Meeting and voting in person or by attorney or, in the case of corporate shareholders, by corporate representative; or
- by appointing a **proxy** to attend and vote at the Extraordinary General Meeting on your behalf, using the orange Proxy Form accompanying the Explanatory Memorandum (of which this notice forms part) or online using the service at **www.axaaphproposal.com.au**.

Voting in person (or by attorney)

You should arrive at the meeting venue 30 minutes before the time designated for the Share Scheme Meeting, if possible, so that your shareholding can be checked against AXA APH's Share Register and attendances noted. Attorneys must bring to the Extraordinary General Meeting an original or a certified copy of the power of attorney under which they have been authorised to attend and vote, unless the AXA APH Share Registry has already noted it.

A representative of a company attending the meeting should bring to the Extraordinary General Meeting satisfactory evidence of their appointment, including any authority under which that appointment is signed, unless previously given to AXA APH's Share Registry.

Voting by proxy

An AXA APH Shareholder who is entitled to attend and vote at the Extraordinary General Meeting can appoint a proxy to attend and vote for them at the Extraordinary General Meeting in accordance with the directions set out on the Proxy Form or using the online service at **www.axaaphproposal.com.au**. An AXA APH Shareholder who is entitled to cast two or more votes can appoint no more than two proxies. Each proxy has the right to vote on the poll and also to speak at the Extraordinary General Meeting.

A proxy does not have to be a shareholder of AXA APH.

If an AXA APH Shareholder appoints two proxies, each proxy must be appointed to represent a specified number or proportion of the shareholder's voting rights. If a number or proportion is not specified on the proxy form, then each proxy is entitled to exercise half of the voting rights regardless of any proportion stated on any other form.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll and the shares the subject of the proxy appointment will not be counted in determining the required majority.

AXA APH Shareholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairperson of the Extraordinary General Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Extraordinary General Meeting, the chairperson of the Extraordinary General Meeting will act in place of the nominated proxy and vote in accordance with any instructions. The Chairman, other Directors and the company secretary are not able to vote undirected proxy appointments on the Sale of the Asian Businesses Resolution. AXA APH Shareholders who wish to appoint the Chairman, any other Director or company secretary as their proxy and to vote in favour of the Sale of the Asian Businesses Resolution must therefore direct them how to vote on this resolution.

Appendix 9 Notice of Extraordinary General Meeting

Lodging your Proxy Forms

Please lodge completed Proxy Form(s) with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3001, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand (for AXA APH Shareholders located in New Zealand);
- by faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- online by using the service at www.axaaphproposal.com.au.

To be treated as valid, Proxy Forms **and** any authority under which the forms are signed must be received by no later than 11.00 am on Monday, 28 February 2011. If Proxy Forms are not received by this time (either in hard copy or online), the vote by proxy will not be valid.

The Proxy Form must be signed by the AXA APH Shareholder or the AXA APH Shareholder's attorney. Proxies given by corporations must be executed by a duly authorised officer or attorney in accordance with applicable law. Where the appointment of a proxy is signed by the appointor's attorney and the AXA APH Share Registry has not previously seen the relevant power of attorney, then the original power of attorney or a certified copy of it must be enclosed with the Proxy Form. If sent by fax the power of attorney must be certified. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

Required majorities

The Sale of the Asian Businesses Resolution and the Termination Benefits Resolution must each be passed by more than 50% of the total number of votes cast by AXA APH Shareholders entitled to vote on the resolution (in person, by proxy, by corporate representative or attorney).

Appendix 10

Notice of Court ordered Rights Scheme Meeting 1

Notice of Court ordered meeting of holders of In-the-money AXA Asia Pacific Holdings Limited Rights AXA Asia Pacific Holdings Limited ABN 78 069 123 011

By order of the Supreme Court of Victoria made on 14 January 2011 pursuant to section 411(1) of the Corporations Act, a meeting of holders of In-the-money AXA APH Rights (as defined in section 8.4.2 of the Explanatory Memorandum of which the notice convening this meeting forms part) in AXA Asia Pacific Holdings Limited (AXA APH) will be held:

At: Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia

On: Wednesday, 2 March 2011 at 10.00 am (Melbourne time).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between AXA APH and the holders of certain rights issued under the Executive Performance Plan 2004 operated by AXA APH (Rights Scheme).

Rights Scheme Resolution

“That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between AXA APH and the holders of performance rights and allocation rights granted under the Executive Performance Plan 2004 operated by AXA APH, as contained in and more precisely described in the Explanatory Memorandum of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of Victoria).”

Kevin Keenan
Company Secretary
14 January 2011

Notes to Notice of Meeting

The Court has directed that Richard Hugh Allert, AO act as chairperson of the meeting or failing him, Paul Ashley Cooper (unless the members of the meeting elect some other person to act as chairperson) and has directed the chairperson to report the result of the meeting to the Court.

Information on the Rights Scheme is set out in the Explanatory Memorandum of which this notice forms part. Terms used in this notice have the same meaning as set out in the Glossary to the Explanatory Memorandum.

AXA APH Rightsholders who are entitled to vote

For the purposes of Rights Scheme Meeting 1, the Court has determined that the time for determining eligibility to vote at the meeting is 7.00 pm on Monday, 28 February 2011. Only holders of In-the-money AXA APH Rights entered on AXA APH's register of rights at that time will be entitled to attend and vote at Rights Scheme Meeting 1.

Voting

How to vote

You can vote in either of two ways:

- by attending Rights Scheme Meeting 1 and voting in person or by attorney; or
- by appointing a **proxy** to attend and vote at Rights Scheme Meeting 1 on your behalf, using the yellow Proxy Form accompanying the Explanatory Memorandum (of which this notice forms part).

Voting in person (or by attorney)

You should arrive at the meeting venue 30 minutes before the time designated for the Rights Scheme Meeting 1, if possible, so that your rightsholding can be checked against AXA APH's Rights Register and attendances noted. Attorneys must bring to Rights Scheme Meeting 1 an original or a certified copy of the power of attorney under which they have been authorised to attend and vote, unless the AXA APH Share Registry has already noted it.

Appendix 10 Notice of Court ordered Rights Scheme Meeting 1

Voting by proxy

An AXA APH Rightsholder who is entitled to attend and vote at the Rights Scheme Meeting 1 can appoint a proxy to attend and vote for them at the Rights Scheme Meeting 1 in accordance with the directions on the Proxy Form. An AXA APH Rightsholder who is entitled to cast two or more votes can appoint no more than two proxies. Each proxy has the right to vote on the poll and also to speak at the Rights Scheme Meeting 1.

A proxy does not have to be a member or rightsholder of AXA APH.

If an AXA APH Rightsholder appoints two proxies, each proxy must be appointed to represent a specified number or proportion of the rightsholder's voting rights. If a number or proportion is not specified on the proxy form, then each proxy is entitled to exercise half of the voting rights regardless of any proportion stated on any other form.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the rightsholder's behalf on the poll and the rights the subject of the proxy appointment will not be counted in determining the required majority.

AXA APH Rightsholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairperson of the Rights Scheme Meeting 1 as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Rights Scheme Meeting 1, the chairperson of the Rights Scheme Meeting 1 will act in place of the nominated proxy and vote in accordance with any instructions. Undirected proxy appointments in favour of the chairperson of the Rights Scheme Meeting 1, the company secretary or any other officer of AXA APH will be used to support the resolution to approve the Rights Scheme.

Lodging your Proxy Forms

Please lodge completed Proxy Form(s) with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3001, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand, (for AXA APH Rightsholders located in New Zealand); or
- by faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To be treated as valid, Proxy Forms **and** any authority under which the forms are signed must be received by no later than 11.00 am on Monday, 28 February 2011. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the AXA APH Rightsholder or the AXA APH Rightsholder's attorney. Where the appointment of a proxy is signed by the appointor's attorney and the AXA APH Share Registry has not previously seen the relevant power of attorney, then the original power of attorney or a certified copy of it must be enclosed with the Proxy Form. If sent by fax, the power of attorney must be certified. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Rights Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is passed by the required majorities and the other Conditions Precedent to the Rights Scheme are satisfied or waived (other than those relating to Court approval of the Share Scheme and the Rights Scheme), AXA APH intends to apply to the Court for approval of the Rights Scheme on Monday, 7 March 2011.

Required majorities

In accordance with section 411(4)(a) of the Corporations Act, the Rights Scheme Resolution must be passed at Rights Scheme Meeting 1 by:

- a majority in number of In-the-money AXA APH Rightsholders present and voting at the Rights Scheme Meeting (in person or by proxy or attorney);
- being a majority whose In-the-money AXA APH Rights amount in aggregate to at least 75% (by value) of the total of all In-the-money AXA APH Rights voted at the meeting (in person or by proxy or attorney).

The same resolution must be passed at Rights Scheme Meeting 2 by a required majority of Out-of-the-money AXA APH Rights holders.

The value of the Rights Scheme Consideration that would be payable to an In-the-money AXA APH Rightsholder as Rights Scheme Consideration will be used to determine the value of voting entitlements on the Resolution.

The Rights Scheme is conditional on:

- each of the Rights Scheme Resolutions, the Share Scheme Resolution and the Sale of the Asian Businesses Resolutions being passed by the required majorities;
- the Share Scheme being approved by the Court at the Second Court Hearing and an office copy of the order of the Court being lodged with ASIC, and each of the other Conditions Precedent being satisfied or waived; and
- the Rights Scheme being approved by the Court at the Second Court Hearing, an office copy of the order of the Court being lodged with ASIC, and each of the other conditions precedent to the Rights Scheme being satisfied or waived.

Concurrent Meetings

Rights Scheme Meeting 1 will be held concurrently with Rights Scheme Meeting 2 for the purposes of the Chairman providing an introduction to and overview of the Rights Scheme and for the purposes of a joint question and answer session.

Rights Scheme Meeting 1 will be held separately for all purposes including as to voting.

Appendix 11

Notice of Court ordered Rights Scheme Meeting 2

Notice of Court ordered meeting of holders of Out-of-the-money AXA Asia Pacific Holdings Limited Rights AXA Asia Pacific Holdings Limited ABN 78 069 123 011

By order of the Supreme Court of Victoria made on 14 January 2011 pursuant to section 411(1) of the Corporations Act, a meeting of holders of Out-of-the-money AXA APH Rights (as defined in section 8.4.2 of the Explanatory Memorandum of which the notice convening this meeting forms part) in AXA Asia Pacific Holdings Limited (AXA APH) will be held:

At: Arthur Streeton Auditorium, Sofitel Melbourne, 25 Collins Street, Melbourne, Victoria 3000, Australia

On: Wednesday, 2 March 2011 at 10.00 am (Melbourne time).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between AXA APH and the holders of certain rights issued under the Executive Performance Plan 2004 operated by AXA APH (Rights Scheme).

Rights Scheme Resolution

“That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between AXA APH and the holders of performance rights and allocation rights granted under the Executive Performance Plan 2004 operated by AXA APH, as contained in and more precisely described in the Explanatory Memorandum of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of Victoria).”

Kevin Keenan
Company Secretary
14 January 2011

Notes to Notice of Meeting

The Court has directed that Richard Hugh Allert, AO act as chairperson of the meeting or failing him, Paul Ashley Cooper (unless the members of the meeting elect some other person to act as chairperson) and has directed the chairperson to report the result of the meeting to the Court.

Information on the Rights Scheme is set out in the Explanatory Memorandum of which this notice forms part. Terms used in this notice have the same meaning as set out in the Glossary to the Explanatory Memorandum.

AXA APH Rightsholders who are entitled to vote

For the purposes of Rights Scheme Meeting 2, the Court has determined that the time for determining eligibility to vote at the meeting is 7.00 pm on Monday, 28 February 2011. Only those holders of Out-of-the-money AXA APH Rights entered on AXA APH's register of rights at that time will be entitled to attend and vote at Rights Scheme Meeting 2.

Voting

How to vote

You can vote in either of two ways:

- by attending Rights Scheme Meeting 2 and voting in person or by attorney; or
- by appointing a **proxy** to attend and vote at Rights Scheme Meeting 2 on your behalf, using the cream Proxy Form accompanying the Explanatory Memorandum (of which this notice forms part).

Voting in person (or by attorney)

You should arrive at the meeting venue 30 minutes before the time designated for the Rights Scheme Meeting 2, if possible, so that your rightsholding can be checked against AXA APH's Rights Register and attendances noted. Attorneys must bring to Rights Scheme Meeting 2 an original or a certified copy of the power of attorney under which they have been authorised to attend and vote, unless the AXA APH Share Registry has already noted it.

Voting by proxy

An AXA APH Rightsholder who is entitled to attend and vote at the Rights Scheme Meeting 2 can appoint a proxy to attend and vote for them at the Rights Scheme Meeting 2 in accordance with the directions on the Proxy Form. An AXA APH Rightsholder who is entitled to cast two or more votes can appoint no more than two proxies. Each proxy has the right to vote on the poll and also to speak at the Rights Scheme Meeting 2.

A proxy does not have to be a member or rightsholder of AXA APH.

If an AXA APH Rightsholder appoints two proxies, each proxy must be appointed to represent a specified number or proportion of the rightsholder's voting rights. If a number or proportion is not specified on the proxy form, then each proxy is entitled to exercise half of the voting rights regardless of any proportion stated on any other form.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the rightsholder's behalf on the poll and the rights the subject of the proxy appointment will not be counted in determining the required majority.

AXA APH Rightsholders who return their Proxy Form(s) with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairperson of the Rights Scheme Meeting 2 as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Rights Scheme Meeting 2, the chairperson of the Rights Scheme Meeting 2 will act in place of the nominated proxy and vote in accordance with any instructions. Undirected proxy appointments in favour of the chairperson of the Rights Scheme Meeting 2, the company secretary or any other officer of AXA APH will be used to support the resolution to approve the Rights Scheme.

Lodging your Proxy Forms

Please lodge completed Proxy Form(s) with the AXA APH Share Registry:

- by mailing them (using the envelope included with this Explanatory Memorandum) to:
 - Computershare Investor Services Ltd, GPO Box 242, Melbourne, Victoria 3001, Australia; or
 - Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand (for AXA APH Rightsholders located in New Zealand); or
- by faxing them to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To be treated as valid, Proxy Forms **and** any authority under which the forms are signed must be received by no later than 11.00 am on Monday, 28 February 2011. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the AXA APH Rightsholder or the AXA APH Rightsholder's attorney. Where the appointment of a proxy is signed by the appointor's attorney and the AXA APH Share Registry has not previously seen the relevant power of attorney, then the original power of attorney or a certified copy of it must be enclosed with the Proxy Form. If sent by fax, the power of attorney must be certified. A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Rights Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this meeting is passed by the required majorities and the other Conditions Precedent to the Rights Scheme are satisfied or waived (other than those relating to Court approval of the Share Scheme and the Rights Scheme), AXA APH intends to apply to the Court for approval of the Rights Scheme on Monday, 7 March 2011.

Required majorities

In accordance with section 411(4)(a) of the Corporations Act, the Rights Scheme Resolution must be passed at Rights Scheme Meeting 2 by:

- a majority in number of Out-of-the-money AXA APH Rightsholders present and voting at the Rights Scheme Meeting (in person or by proxy or attorney);
- being a majority whose Out-of-the-money AXA APH Rights amount in aggregate to at least 75% (by value) of the total of all Out-of-the-money AXA APH Rights voted at the meeting (in person or by proxy or attorney).

Appendix 11 Notice of Court ordered Rights Scheme Meeting 2

The same resolution must be passed at Rights Scheme Meeting 1 by a required majority of In-the-money AXA APH Rights holders.

The value of the Rights Scheme Consideration that would be payable to an Out-of-the-money AXA APH Rightsholder as Rights Scheme Consideration will be used to determine the value of voting entitlements on the Resolution.

The Rights Scheme is conditional on:

- each of the Rights Scheme Resolutions, the Share Scheme Resolution and the Sale of the Asian Businesses Resolutions being passed by the required majorities;
- the Share Scheme being approved by the Court at the Second Court Hearing and an office copy of the order of the Court being lodged with ASIC, and each of the other Conditions Precedent being satisfied or waived; and
- the Rights Scheme being approved by the Court at the Second Court Hearing, an office copy of the order of the Court being lodged with ASIC, and each of the other conditions precedent to the Rights Scheme being satisfied or waived.

Concurrent Meetings

Rights Scheme Meeting 2 will be held concurrently with Rights Scheme Meeting 1 for the purposes of the Chairman providing an introduction to and overview of the Rights Scheme and for the purposes of a joint question and answer session.

Rights Scheme Meeting 2 will be held separately for all purposes including as to voting.

Corporate directory

AXA Asia Pacific Holdings Limited

750 Collins Street
Docklands, Victoria 3008
Australia

Financial Adviser

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

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AXA Asia Pacific Holdings Limited
ABN 78 069 123 011

