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Media Release

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Refinements to ANZ - ING JV drive greater efficiency

ANZ and ING today announced they had agreed refinements to the terms of their wealth management Joint Venture to deepen the Joint Venture relationship and deliver further efficiency gains.

The refinements govern the exit arrangements for ANZ and ING and allow the business to remain intact upon the exit of either party.

The exit arrangements established at the time of the Joint Venture's formation in May 2002 required dissolution of the Joint Venture, with ANZ and ING effectively taking that part of the business they originally contributed to the Joint Venture. In order to allow for this possibility, ongoing duplication of administration, legal entities and products was required.

The new arrangements allow this duplication to be progressively eliminated, delivering future annual cost savings of up to $10 million before tax over time.

The limited circumstances under which either ANZ or ING may exit the Joint Venture have been retained including the requirement that neither party is permitted to exit prior to 30 April 2012 except under limited circumstances.

ANZ's Chief Operating Officer Bob Edgar said the wealth management Joint Venture with ING was an important strategic partnership for ANZ.

"These refinements to the Joint Venture arrangements ensure we can make the necessary operational changes to drive further efficiencies and fully leverage our leading position in wealth management," Mr Edgar said.

Mr Peter Smyth, Regional General Manager, ING Insurance Asia/Pacific, commented: "The Joint Venture with ANZ is part of ING's long-term commitment to Australia which continues to be among the most developed wealth management markets in the world.

"The Joint Venture allows ING to leverage its specialist skills in wealth management and ANZ's franchise and distribution network. These new arrangements deepen our partnership," Mr Smyth said.

A summary of the Joint Venture's revised exit arrangements is set out in the attachment.

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Summary of revised ING Australia Exit Arrangements

1. Limited Termination Rights

Neither party may exit the Joint Venture before 30 April 2012, other than where a material competitor of the Joint Venture has acquired control of either ANZ or ING (see section 3), in certain other limited circumstances (see section 4), or unless they agree to do so.

2. Means of Exit

After 30 April 2012, either ANZ or ING may issue an exit notice. An exit notice is an offer by the issuer to either, at the election of the recipient:

- sell its shares in the Joint Venture to the recipient for their fair value; or
- buy the recipient's shares in the Joint Venture for their fair value.

The issue of an exit notice requires that 2 experts be engaged to each determine the fair value of both ANZ's shares to ING and ING's shares to ANZ. For the purposes of the Joint Venture deed, the "fair value" of each interest is the average of the relevant determinations made by the 2 experts.

The experts are each instructed to value the Joint Venture as a going concern on a stand-alone basis:

- without allocating a premium for control and ignoring synergies;
- assuming where ANZ is the buyer that the ANZ Distribution Deed continues indefinitely and the ING Brand Licence is terminated; and
- assuming where ING is the buyer that the ING Brand Licence continues indefinitely and the ANZ Distribution Deed is terminated.

Following receipt of the expert's valuations, unless the issuer exercises its once off right to "withdraw" the exit notice, the recipient must elect to buy the issuer's shares or sell its shares. If the issuer "withdraws" its exit notice, the recipient may issue a reverse exit notice, offering to sell its shares to the initial issuer and offering to buy the initial issuer's shares, in each case at the "fair value" determined above.

Each party also has a one-off right as a recipient to suspend the exit process for a 12 month period, provided that it exercises this right within 30 days of receipt of the initial exit notice.

3 Changes of Control or Merger

A change in control of either ANZ or ING would not of itself lead to a right to terminate the Joint Venture.

However, if a material competitor of the Joint Venture acquires control of ANZ or ING (or ANZ or ING merges with AMP, CBA, NAB or Westpac) then, unless the competing business is sold to the Joint Venture or a third party within 12 months:

- where ANZ is the acquired or merged entity, ING has a right to sell its shares in the Joint Venture to ANZ, at fair value;
- where ING is the acquired or merged entity, ANZ has a right to acquire ING's shares in the Joint Venture, at fair value;

- if the relevant right is not exercised, either ANZ or ING may issue an exit notice, requiring the other party to elect to sell its shares to the issuer or acquire the issuer's shares, at fair value; and

- if an exit notice is not issued, either ANZ or ING may issue an "auction notice", initiating a process under which each party may bid to buy the other's shares. The party which submits the final highest bid on a per share basis (adjusted for the difference between the fair value of ING's shares to ANZ and the fair value of ANZ's shares to ING determined by the experts) will be the successful bidder.

4 Default Events

Each party has a call option over the other's shares at fair value in a limited number of defined default events (being insolvency, sale of the entity holding the Joint Venture Shares outside the relevant ANZ or ING Group and, in the case of ANZ, termination or closure of a significant part of the ANZ distribution network).

5 Effect of exit

All agreements between ANZ or ING on the one hand and the Joint Venture on the other (such as the ANZ Distribution Deed and the ING Brand Licence) terminate if either ANZ or ING acquires 100% ownership of the Joint Venture.