

## **AXA and AMP make a joint proposal to AXA APH whereby AXA would dispose of its 54% stake in AXA APH to AMP and would acquire AXA APH Asian operations**

AXA announced today that a joint proposal (“Proposal”) by AXA and AMP has been made to AXA APH whereby AMP would acquire 100% of AXA APH, retaining AXA APH’s Australia and New Zealand businesses and divesting AXA APH’s Asian businesses to AXA.

AXA APH Independent Directors are currently considering the Proposal.

This transaction, if successful, would allow AXA to increase its exposure to high growth Asian markets where AXA APH Asian operations continued to perform very strongly in 2010 with 37% increase in APE and 28% increase in NBV in 9M10 vs. 9M09.

This Proposal is subject to completion of due diligence by AMP and agreement between AMP, AXA APH and AXA on the final legal documentation which all parties would seek to achieve as soon as possible.

If a final agreement is reached and a final transaction is announced, it would be implemented through a Scheme of Arrangement which requires approval of AXA APH minority shareholders<sup>1</sup> and would be subject to customary conditions, including Australian and Asian regulatory approvals.

### **Proposal to minority shareholders**

Under the Proposal, AXA APH shareholders will receive the equivalent of A\$6.43 per share, consisting of cash and AMP shares, as well as AXA APH’s 2010 final dividend of up to 9.25 cents per share (provided that AXA APH declares such a dividend).

The Proposal (excluding the above dividend) comprises 0.73 AMP shares (worth A\$3.88 per share) and A\$2.55 cash per AXA APH share<sup>2</sup> (subject to movements in the AMP share price as described further below).

AXA APH minority shareholders will receive full protection for a decline of AMP Post Scheme VWAP<sup>3</sup> down to A\$4.50 with additional cash to be provided to maintain the offer price equivalent of A\$6.43<sup>4</sup>.

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<sup>1</sup> At least 50% in number representing 75% or more in value of the shares of the AXA APH minority shareholders voting

<sup>2</sup> Based on AMP’s 10 day VWAP of A\$5.32, as at the close of trading on Friday, 12 November 2010

<sup>3</sup> Calculated as the arithmetic average of the daily volume weighted average prices of AMP ordinary shares traded on ASX in the ordinary course of trading during the period of 10 consecutive trading days immediately prior to the relevant day

<sup>4</sup> Pre any AXA APH 2010 final dividend of up to A\$9.25 cents per share

AXA APH minority shareholders will also participate in 50% of any increase in the AMP Post Scheme VWAP above A\$5.60.

The offer is designed to give AXA APH shareholders price protection against movements in AMP share price, and will vary depending upon AMP's Post Scheme VWAP measured over a 10-day period (on an ex-dividend basis) immediately after completion of the scheme. It is expected that the proposal will be put to a vote of the AXA APH shareholders by the end of March 2011. This protection is detailed in the appendix.

### **AXA APH Board termination rights**

Under the Proposal, if the Independent Directors recommend the deal, AXA APH would have the right to terminate the transaction without penalty if at any time prior to the day of the AXA APH shareholders vote in relation to the transaction, the rolling AMP 10 day VWAP falls below A\$4.50.

### **Impacts for AXA**

If successful and based on an AMP VWAP of A\$5.32:

- AMP would acquire 100% of AXA APH's outstanding shares for A\$13.3 bn. AMP would buy AXA's shares in AXA APH for A\$7.2bn in cash.
- As part of the transaction, AXA would acquire from AMP 100% of AXA APH's Asian operations for A\$9.8bn in cash. AXA APH's Australia and New Zealand businesses price would be A\$3.5bn.

The net cash payment for AXA would be A\$2.7bn (or ca. Euro 1.8bn benefiting from existing FX hedging gains) before reimbursement of the A\$0.7bn (or ca. Euro 0.5bn) internal loan granted by AXA to AXA APH.

In addition, AXA would subscribe A\$0.6bn of subordinated debt issued by AMP.

Under these terms and assuming an AMP VWAP of A\$5.32, the transaction is expected to have the following impacts on AXA in 2011:

- Accretive on earnings per share in 2011
- -1 pt on Solvency I ratio, which was 188% at June 30, 2010
- +4 pts on debt gearing, which was 27% at June 30, 2010 on a proforma basis, including the proceeds from the partial sale of UK Life business
- AXA would receive in 1H11 a 9.25 cents per share dividend from AXA APH for the 2010 accounting year, for a total consideration of A\$103m (provided that AXA APH declares such a dividend).

Refer to appendix for detailed impact sensitivities on the AMP 10-day VWAP.

### **Next steps**

If the parties reach a final agreement on the Proposal, the transaction will be contingent upon its approval by AXA APH's minority shareholders through a scheme of arrangement, currently expected to take place in late March 2011, and obtaining of customary regulatory approvals, including the Australian Treasurer's approval and Asian regulatory approvals.

AMP has already received approval for the acquisition from both the Australian Competition and Consumer Commission (ACCC) and the New Zealand Commerce Commission.

AXA currently anticipates that if successful the transaction would be completed shortly after the AXA APH shareholders' vote.

## APPENDIX 1: Evolution of the offer according to AMP's Post Scheme VWAP

<b>AMP VWAP (A\$)</b>	<b>4.50</b>	<b>5.00</b>	<b>5.32</b>	<b>5.60</b>	<b>5.80</b>	<b>6.00</b>	<b>6.20</b>
AMP share component (A\$)	3.29	3.65	3.88	4.09	4.23	4.38	4.53
Cash component (A\$)	3.15	2.78	2.55	2.34	2.27	2.20	2.12
<b>Total offer per AXA APH share (A\$)</b>	<b>6.43</b>	<b>6.43</b>	<b>6.43</b>	<b>6.43</b>	<b>6.50</b>	<b>6.58</b>	<b>6.65</b>
Cash out for AXA (A\$bn)	3.2	2.9	2.7	2.5	2.4	2.4	2.3
AXA Solvency impact	-3pts		-1pt				0pt
AXA Gearing impact	+4pts		+4pts				+3pts

If AMP's Post Scheme VWAP is less than A\$5.32 per share, AXA APH minority shareholders will receive additional cash consideration from AXA to maintain the value to AXA APH minority shareholders at A\$6.43 per share<sup>5</sup>, down to an AMP Post Scheme VWAP of A\$4.50.

If AMP's Post Scheme VWAP is between A\$5.32 and A\$5.60 per share, the value to AXA APH minority shareholders will be maintained at A\$6.43 per share – the cash contribution by AXA would be reduced accordingly as AXA receives 100% of the upside from A\$5.32 to A\$5.60.

If AMP's Post Scheme VWAP is greater than A\$5.60 per share but less than or equal to A\$5.80 per share, AXA APH minority shareholders will receive 50% of the upside in value above an AMP Post Scheme VWAP of A\$5.60 (and the cash contribution from AXA would be adjusted accordingly as AXA receives 50% of the upside; there will be no adjustment to the AMP cash contribution).

If AMP's Post Scheme VWAP is greater than A\$5.80 per share, AXA APH minority shareholders will continue to receive 50% of the upside in value above an AMP Post Scheme VWAP of A\$5.80 (and the cash contributions from both AXA and AMP would be adjusted accordingly in equal parts to reflect their 25% share of the upside). To the extent that the ex date for AMP's 2H10 dividend has not occurred prior to the Post Scheme VWAP period, the Post Scheme VWAP will be calculated on an ex dividend basis in respect of the days in the calculation period that the AMP share price is not yet trading ex dividend.

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<sup>5</sup> Pre any AXA APH 2010 final dividend of up to A\$9.25 cents per share

## APPENDIX 2: AXA APH key figures

	Revenues FY09	Underlying earnings FY09	APE FY09	NBV FY09	NAV FY09	VIF FY09	Life EEV FY09
<b>Euro m</b>	<b>IFRS</b>	<b>IFRS</b>					
Aus / NZ	1,532	73	498	70	884	979	1,863
Asia	1,367	244	340	213	548	2,159	2,707
<b>Total</b>	<b>2,899</b>	<b>317</b>	<b>838</b>	<b>283</b>	<b>1,433</b>	<b>3,138</b>	<b>4,571</b>

  

	Revenues 1H10	Underlying earnings 1H10	APE 1H10	NBV 1H10	APE growth 1H09 / 1H10	NBV growth 1H09 / 1H10
<b>Euro m</b>	<b>IFRS</b>	<b>IFRS</b>				
Aus / NZ	811	67	283	37	-7%	-8%
Asia	776	135	278	152	+42%	+33%
<b>Total</b>	<b>1,587</b>	<b>201</b>	<b>561</b>	<b>189</b>	<b>+14%</b>	<b>+24%</b>

Note: As published in the FY09 and 1H10 earnings releases and financial supplement (except for underlying earnings, where AXA APH holding costs have been split between Australia and Asia).

These numbers are based on: FY09 and 1H10 average FX rates for revenues, earnings, APE and NBV and December 31, 2009 closing FX for Balance Sheet and EEV.

Life EEV includes India's NAV which is not modelled.

APE and NBV growth based on group share figures, on a constant FX and scope basis.

## **About AXA**

AXA Group is a worldwide leader in insurance and asset management, with 216,000 employees serving 96 million clients in 57 countries. For 1H10, IFRS revenues amounted to Euro 49.9 billion and IFRS underlying earnings to Euro 2.1 billion.

AXA had Euro 1,089 billion in assets under management as of June 30, 2010.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Shares are also quoted on the OTC QX platform under the ticker symbol AXAHY.

The Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

This press release is available on the AXA Group website: [www.axa.com](http://www.axa.com)

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## **IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS**

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