



**Kevin Keenan**  
Company Secretary

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12 November 2009

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

Dear Sir/Madam

**AXA Asia Pacific Holdings Limited**

Please refer to the attached letter from our Chairman, Mr Rick Allert, to the Shareholders of AXA Asia Pacific Holdings Limited regarding its rejection of the scheme proposal received on 7 November 2009.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a horizontal line extending to the right.

**Kevin Keenan**  
Company Secretary

Page 1 of 7 pages

12 November 2009

Dear Shareholder

**AXA APH rejects scheme proposal from AMP and AXA SA**

I am writing to advise you that on Saturday 7 November 2009, AXA Asia Pacific Holdings Limited (AXA APH) received an unsolicited and conditional scheme proposal from AMP Limited (AMP) and AXA SA, AXA APH's largest shareholder. Under the proposal, AMP would acquire all of the shares in AXA APH, including those held by AXA SA, and the Asian operations of AXA APH would be sold to AXA SA. The part AMP share and part cash offer implied an offer price of A\$5.34 per AXA APH share<sup>1</sup>, with the actual consideration to be varied with movements in the AMP share price and the exchange rate between the Australian dollar and US dollar.

A committee comprising all of the independent directors (the Independent Board Committee) carefully reviewed the proposal with assistance from their advisers. Following this review, the Independent Board Committee formally advised AMP and AXA SA that the proposal had been rejected because it was inadequate and was not in the best interests of AXA APH's minority shareholders.

It is the unanimous view of the Independent Board Committee that the proposal significantly undervalues AXA APH. Through their shareholding, AXA APH's shareholders own an outstanding high growth asset, with:

- excellent strategic positioning and scale in the appealing markets of Australia and New Zealand, including being well placed to respond to the anticipated regulatory changes;
- a unique and growing Asian footprint which is impossible to replicate;
- substantial upside in AXA APH's earnings as equity markets, economic conditions and investor confidence rebound;
- a consistent track record of execution and delivery on key business initiatives; and
- a strong balance sheet and capital position to support AXA APH's growth.

The value of the proposal did not fully reflect the above factors. In addition, the proposal was received against the backdrop of the last 12 months weakness in global financial markets and before our growth in the Asian region is fully reflected in our profitability. The proposal was also subject to a significant number of material conditions and risks including extensive due diligence by a competitor and numerous regulatory approvals.

Details of the proposal are contained in the attached ASX release, which was issued by the Independent Board Committee to advise the market of the proposal and the reasons for its rejection. This announcement can also be accessed on the internet from AXA APH's website ([www.axa-asiapacific.com.au](http://www.axa-asiapacific.com.au)) or from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

AXA APH's Independent Directors remain committed to AXA APH's current strategies to maximise shareholder value for all of our shareholders.

If you have any questions please call 1300 367 373.

Yours sincerely,



Rick Allert  
Chairman

<sup>1</sup> Based on the AXA APH and AMP closing prices and the Australian dollar/US dollar exchange rate on Thursday 5 November 2009.

**Share Registry**

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9 November 2009

## AXA ASIA PACIFIC HOLDINGS REJECTS SCHEME PROPOSAL FROM AMP AND AXA SA

AXA Asia Pacific Holdings Limited (**AXA APH**) advises that early on Saturday 7 November 2009 it received an unsolicited and conditional scheme proposal from AMP Limited (**AMP**) and AXA SA, AXA APH's largest shareholder. Under the proposal, AMP would acquire all of the shares in AXA APH, including those held by AXA SA, and the Asian operations of AXA APH would be sold to AXA SA. The part AMP share and part cash offer implied an offer price of A\$5.34 per AXA APH share<sup>1</sup> for the minority shareholders in AXA APH.

A committee of independent directors (the **Independent Board Committee**), with its advisers Macquarie and Mallesons, has carefully reviewed the proposal. Following this review, the Independent Board Committee has formally advised AMP and AXA SA that it believes the proposal is inadequate and is not in the best interests of AXA APH's minority shareholders.

AXA APH Chairman, Mr Rick Allert, commented, "It is the unanimous view of the Independent Board Committee that the proposal significantly undervalues AXA APH. The proposal has been received against the backdrop of recent weakness in global financial markets and before the growth of our Asian operations is fully reflected in our profitability. The non-financial terms of the proposal also imposed excessive uncertainty and risk on AXA APH's minority shareholders".

"AXA APH is a strong business with outstanding prospects. AXA APH has an impressive standalone growth profile, with an enviable position in Asia delivering strong growth, and an Australian and New Zealand business that is well positioned to take advantage of the recovery in markets and to respond to the anticipated future regulatory changes".

### Outline of the Proposal

Under a complex proposal, the offer to AXA APH's minority shareholders consisted of the following consideration for each AXA APH share:

- 0.6896 AMP shares; and
- \$A1.3796 in cash. The cash component varied with movements in the Australian dollar / US dollar exchange rate, subject to a minimum value of A\$1.2071<sup>2</sup>.

<sup>1</sup> Based on closing prices and exchange rates on Thursday, 5 November 2009.

<sup>2</sup> Assuming the A\$/ US\$ exchange rate was 0.9552, being a 5% appreciation to the exchange rate on 5 November 2009.

The value of the offer was uncertain and varied with any movement in the AMP share price and the Australian dollar / US dollar exchange rate. Based on the closing AMP share price and the Australian dollar / US dollar exchange rate on Thursday 5 November 2009, being the date cited in the proposal, the implied value of the offer to AXA APH minority shareholders was approximately A\$5.34 per AXA APH share, or A\$5.17 per AXA APH share assuming the minimum cash component.

The proposal was subject to a significant number of material conditions including extensive due diligence by a competitor and numerous regulatory approvals. A summary of the key terms of the proposal is contained in Appendix A.

### **Basis for the Independent Board Committee's Conclusion**

In concluding the proposal undervalued AXA APH, the Independent Board Committee considered the fact that the proposal did not fully reflect the following:

#### **1. The value of AXA APH's Australian and New Zealand businesses, with its strategic position and scale.**

- The ongoing favourable population demographics, coupled with compulsory superannuation in Australia, KiwiSaver in New Zealand and below average life insurance penetration, should ensure strong market growth for the foreseeable future.
- AXA APH has a high quality multi-distribution business model that is well positioned to respond to anticipated regulatory changes.
- The Australian and New Zealand wealth management market is highly consolidated and AXA APH's Australian and New Zealand business, because of its scale and market position, represents a unique value opportunity with significant synergies accruing to any in-market acquirer.

#### **2. The value of AXA APH's unique position in the dynamic Asian markets, built over 25 years.**

- AXA APH's substantial Asian footprint, covering Hong Kong, China, India, Thailand, Philippines, Indonesia, Singapore and Malaysia, provides two thirds of AXA APH's operating earnings<sup>3</sup>. These markets are characterised by high savings rates, low life insurance penetration, favourable demographics, emerging national savings systems and economies growing faster than the global average.
- It is impossible to replicate this footprint due to the high barriers to entry, established relationships and the breadth of the operations.
- AXA APH's growth in the Asian region is not yet fully reflected in its profitability.

#### **3. AXA APH shareholders will continue to benefit from the substantial upside to AXA APH's operating earnings as economic conditions and markets rebound.**

- As flows in funds under management, advice and administration traditionally lag market improvements, AXA APH will continue to benefit from any improved market conditions.

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<sup>3</sup> Based on AXA APH's 1H09 operating earnings.

- AXA APH's earnings will benefit from the growth in funds under management as markets improve.

**4. AXA APH has a number of initiatives underway that will underpin medium term growth with a track record of delivering on key initiatives and acquisitions.**

- AXA APH has already rolled out the unique North product in Australia, which has been extended into the post retirement market, and has developed an underlying low cost platform.
- AXA APH has continued to develop its multi-distribution capabilities in the Asian region.
- There has been new product development and innovation in the Asian region such as Takaful products that have been recently launched through agents and bancassurance arrangements in Indonesia and Malaysia.
- AXA APH continues to evaluate a number of market and new business opportunities within the Asian region. It has successfully integrated numerous acquisitions and joint ventures using its market and operational blueprints.

**5. AXA APH's balance sheet and capital position is strong, allowing it to take advantage of attractive opportunities.**

- AXA APH has in excess of A\$1.6 billion in total assets above regulatory requirements, including more than A\$900 million in excess of its target surplus, as at 30 September 2009.
- AXA APH's debt to equity ratio at 30 September 2009 was less than 30%, well below its target ratio of 40% to 50%.

Mr Allert said, "AXA APH's Independent Directors remain committed to AXA APH's current strategies to maximise shareholder value. The Independent Board Committee will continue to appropriately and carefully consider all compelling strategic options available that are in the interests of shareholders".

AXA APH will remain a successful and meaningful contributor to the worldwide AXA SA group, and continue to perform strongly for all of our shareholders.

For further information please contact:

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## APPENDIX A: SUMMARY OF KEY PROPOSAL TERMS

Term	Details
Proposal structure	<ul style="list-style-type: none"> <li>— AMP proposed to acquire all the shares in AXA APH, with AXA SA's shareholding to be acquired off-market and the remaining shares to be acquired by way of a scheme of arrangement.</li> <li>— AMP proposed to divest AXA APH's Asian operations to AXA SA.</li> <li>— AMP and AXA SA have entered into an exclusivity arrangement in relation to the proposal.</li> </ul>
Business valuations	<ul style="list-style-type: none"> <li>— The proposal stated the consideration was based on an ungeared value of A\$3,991 million for AXA APH's Australian and New Zealand operations and an ungeared value of A\$8,239 million for AXA APH's Asian operations.</li> <li>— The equity value of AXA APH's Australian and New Zealand operations was A\$3,314 million post deduction of the value of debt of US\$225 million and A\$430 million based on an A\$/US\$ exchange rate of 0.9097 as at 5 November 2009. The equity value of AXA APH's Asian operations was stated as A\$7,734 million post deduction of debt of US\$459 million.</li> </ul>
Scheme consideration	<ul style="list-style-type: none"> <li>— The scheme consideration was proposed to comprise: <ul style="list-style-type: none"> <li>○ 0.6896 AMP shares; and</li> <li>○ based on the Australian dollar / US dollar exchange rate as of 5 November 2009, A\$1.3796 in cash.</li> </ul> </li> <li>— The cash consideration was subject to movements in the A\$/US\$ exchange rate and was calculated as the greater of: (a) US\$3.2948 / (1.05 x A\$/US\$) minus A\$2.2423, whereby A\$/US\$ was defined as the A\$/US\$ exchange rate on the day the signing of a definitive transaction would have been announced; or (b) US\$3.2948 / A\$/US\$ minus A\$2.2423 whereby A\$/US\$ was defined as the A\$/US\$ exchange rate two days prior to the closing date for proxies for any scheme meeting.</li> <li>— The cash consideration had a guaranteed minimum, which was determined using the A\$/US\$ exchange rate on the day the signing of a definitive transaction would have been announced (plus a 5% appreciation of the A\$ against the US\$ from this exchange rate). Based on 5 November 2009 A\$/US\$ exchange rate of 0.9097, this guaranteed minimum would have been A\$1.2071.</li> </ul>
Key conditions to the offer	<ul style="list-style-type: none"> <li>— Exclusivity for AMP</li> <li>— Detailed due diligence</li> <li>— Unanimous agreement of AXA APH's Independent Directors to recommend the proposal (subject to the opinion of an independent expert and no superior proposal emerging)</li> <li>— All required regulatory approvals in Australia, New Zealand and in respect of seven countries in which AXA APH operates in Asia</li> <li>— No material adverse change in AXA APH's business</li> <li>— No prescribed occurrence in AXA APH</li> <li>— AXA APH minority shareholders' approval of a scheme of arrangement</li> <li>— Court approval</li> </ul>