ENFORCEABLE UNDERTAKING

Australian Securities and Investments Commission Act 2001 (Cth)

Section 93AA

The commitments in this Enforceable Undertaking are offered on a voluntary basis to the Australian Securities and Investments Commission (**Regulator**) by:

AXA Australia Staff Superannuation Pty Ltd (ABN 44 065 632 206) (Trustee)

1 **The Trustee**

1.1 The Trustee is the trustee of the AXA Australia Staff Superannuation Plan (**Plan**).

2 **The Plan**

2.1 The Plan is a regulated superannuation fund within the meaning of section 19 of the Superannuation Industry (Supervision) Act 1993 (**SIS Act**).

2.2 The Plan is a defined benefit superannuation fund established principally for the benefit of present and certain former employees of The National Mutual Life Association of Australasia Limited (**Employer**) and its related companies. The Employer has certain funding obligations under the Plan as set out in the Plan deed.

2.3 As at 30 June 2004, the Plan had 2,527 members in total and, of those, 236 were defined benefit members who ceased employment with the Employer after having completed at least ten years' service and who elected to leave all or part of their termination benefit in the Plan (**Deferred Benefit Members**).

3 **Background – Crediting of interest**

3.1 Before 24 June 2002, the Trustee credited interest in respect of the accumulation accounts of defined benefit members of the Plan, including Deferred Benefit Members (**Relevant Accounts**), based on a three-year averaging method subject to a minimum floor and the advice of the Plan actuary (**Smoothing Method**).

3.2 For the purposes of this Enforceable Undertaking, persons with Relevant Accounts who were subject to the Smoothing Method are referred to as the **Earnings Affected Members**.

3.3 On 25 July 2001, the Employer raised concerns with the Trustee about:

(a) issues of equity between Deferred Benefit Members and current employees; and

(b) the cost to the Employer of its continued funding of benefits for Deferred Benefit Members.

3.4 On or about 18 October 2001, the Plan's actuary advised the Trustee that:

(a) the coverage of vested benefits under the Plan by the net assets of the Plan had reduced from 113% as at 1 July 2000 to 102% as at 1 July 2001;

(b) the main factors leading to the reduction in the coverage were:

(i) the Employer's contribution holiday;

(ii) the net earning rate of the Plan of 5.1% per annum was lower than the assumed rate of 8% per annum;

(iii) to a lesser extent, the fact that the crediting rate for the year had exceeded the earning rate by around 3% and pension increases were greater than assumed.

3.5 On 14 May 2002 the Plan actuary advised the Trustee, and on 5 June 2002 advised the Employer, that:

(a) unless there was a substantial improvement in investment earnings over the June quarter, the Plan was likely to be in an unsatisfactory financial position at the balance date of 30 June 2002; and

(b) if the Plan was in an unsatisfactory financial position at 30 June 2002, the Plan actuary would expect to recommend a review of the Employer contribution program to address the shortfall in coverage over a suitable period agreed between the Trustee and the Employer.

3.6 On or about 18 June 2002, the Plan actuary recommended to the Trustee that:

(a) the Smoothing Method be discontinued, effective for the 2001/2002 financial year and subsequent financial years; and

(b) the crediting rate for the 2001/2002 financial year and subsequent financial years be determined by the Trustee having regard to the advice of the Plan actuary, the earning rate for the year and the level of past under-crediting or over-crediting of earnings.

3.7 On 24 June 2002, the Trustee resolved to discontinue the Smoothing Method with effect for the 2001/2002 financial year and subsequent years. In its place, the Trustee resolved to develop and implement a new interest rate crediting procedure in respect of Relevant Accounts which had regard to the advice of the Plan actuary, the relevant Plan earning rate for the year and the level of Plan's relevant crediting rate reserve (**Actual Method**).

3.8 On 13 August 2002, taking into account the factors required by the 24 June 2002 resolution, the Trustee resolved to set a crediting rate in respect of Relevant Accounts for the full financial year ended 30 June 2002 equal to minus 5.8%. This rate was the actual net (of tax and investment management fees) earning rate on the relevant Plan investments for the year.

3.9 Similarly, for the full financial year ended 30 June 2003 the Trustee set a rate in respect of Relevant Accounts equal to minus 0.1%.

4 Trustee's resolutions in respect of the Actual Method

4.1 On 11 November 2004 and following its own internal review, the Trustee made a resolution to the effect that Earnings Affected Members be placed in the same position they would have been in if the Smoothing Method had remained in effect for the years ended 30 June 2002 and 30 June 2003 (**Earnings Resolution**).

4.2 The Trustee's resolution regarding the Actual Method involved very complex issues and questions of judgement on which more than one view was available. The Trustee respects that this resolution was made in good faith. However, the Trustee was able to review the Actual Method resolution with the benefit of hindsight and exercise its judgement afresh. The Trustee concluded, having considered all relevant matters, that it would reverse the Actual Method resolution and, in its place, make the Earnings Resolution.

4.3 On 23 November 2004, the Employer acknowledged that any increased liability arising from the Earnings Resolution would be recognised in the review of the Plan's funding arrangements following completion of the actuarial valuation as at 30 June 2004.

5 **Regulator's concerns about the Actual Method**

5.1 Following an investigation the Regulator expressed concerns to the Trustee on various aspects of the Trustee's resolution to adopt the Actual Method, including concerns regarding statutory requirements to disclose significant events, statutory prohibitions against misleading and deceptive conduct, and statutory obligations relating to adverse alterations to accrued benefits. Among other things, the Regulator is concerned about the discontinuance of the Smoothing Method because the Regulator considers that:

(a) the Trustee stated to members that the Smoothing Policy would not be changed unless there was a significant change in the Plan's demographics or benefit design;

(b) the members expected that the Trustee would give them reasonable notice of any such change; and

(c) the resolutions were retrospective in operation,

(Actual Method Concerns).

6 **Trustee's position**

6.1 The Trustee and the Regulator have held discussions, involving complex legal and factual issues, in relation to the Actual Method and the Actual Method Concerns. During these discussions, the Trustee stated that it did not share the Regulator's views on the Actual Method. The Trustee maintains its position on this matter.

6.2 Further, the Trustee denies that it (or any of its officers or employees) breached any statutory or other legal or equitable obligation with respect to the Actual Method.

6.3 In November 2004, the Earnings Resolution was made by the Trustee following completion of its internal review of the Actual Method.

7 **Regulator's position**

7.1 The Regulator confirms that each of the Actual Method Concerns will be finally resolved by the Trustee entering into and complying with the undertakings set out in paragraph 8 of this Enforceable Undertaking.

8 **Trustee's undertakings with respect to the Earnings Resolution**

8.1 Pursuant to section 93AA of the ASIC Act, the Trustee offers the following undertakings to the Regulator in respect of the Earnings Resolution.

Disclosure of the Earnings Resolution

8.2 Within 20 business days from the date on which this Enforceable Undertaking is signed by the Regulator, the Trustee will notify each Earnings Affected Member of the Earnings Resolution by sending a letter (**Earnings Letter**) to:

(a) all Earnings Affected Members other than those referred to in sub paragraph 8.2(b) in the form of the letter at Annexure A; and

(b) all Earnings Affected Members presently in receipt of a pension from the Plan in the form of the letter at Annexure B.

8.3 The Earnings Letter will be sent by ordinary mail to the most recent address recorded by the Trustee for the relevant Earnings Affected Member.

Implementation of the Earnings Resolution

8.4 In respect of Earnings Affected Members who remain Plan members, the Trustee will implement the Earnings Resolution as soon as practicable after the Earnings Letter is sent to those Members.

8.5 Once the necessary responses have been received to the requests set out in the Earnings Letter from all other Earnings Affected Members (ie, Earnings Affected Members other than those referred to in paragraph 8.4), or the relevant time for receipt of such responses has expired, as the case may be, the Trustee will implement the Earnings Resolution in respect of those other Members.

8.6 The Plan administrator will administer the implementation of the Earnings Resolution.

9 **Background – Employer offer**

9.1 On or around 4 April 2003, the Trustee resolved to distribute to Deferred Benefit Members documents communicating an offer made by the Employer (**Employer Offer**).

9.2 Broadly speaking, the Employer Offer consisted of an offer by the Employer to pay a ten per cent enhancement to any Deferred Benefit Member (not then in receipt of a pension from the Plan) who elected between 15 April and 13 June 2003 to withdraw at least 75 per cent of their "Retained-Defined Benefit Account" from the Plan.

9.3 For the purposes of this Enforceable Undertaking, Deferred Benefit Members who accepted the Employer Offer are referred to as **Offer Affected Members**.

10 **Regulator's concerns**

10.1 Following an investigation the Regulator expressed concerns to the Trustee on various aspects of the communications on the Employer Offer, including concerns regarding statutory requirements to disclose significant events and statutory prohibitions against misleading and deceptive conduct. Among other things, the Regulator is concerned that decisions made by Offer Affected Members with respect to the Employer Offer may have been made on the basis of misleading or inadequate disclosure by the Trustee including failure to include an indicative collective or individual value of the pension conversion option in relation to members' account balances (**Employer Offer Concerns**).

11 Trustee's position

11.1 The Trustee denies that it (or any of its officers or employees) breached any statutory or other legal or equitable obligation with respect to the Employer Offer.

11.2 The Trustee does not share the Regulator's views on the Employer Offer. However, in the context of procuring an overall resolution and settlement of the matter, the Trustee has no objection to providing Offer Affected Members with an opportunity to reconsider their acceptance of the Employer Offer.

11.3 With overall resolution and settlement in mind, the Trustee resolved on 12 May 2005 to:

(a) provide Offer Affected Members with an opportunity to reconsider their acceptance of the Employer Offer (**New Offer**);

(b) place all Offer Affected Members who accept the New Offer in a position no less advantageous than they would have been in had they not accepted the Employer Offer (**New Offer Terms**); and

(c) arrange reimbursement for each Offer Affected Member of no more than $2,000 for independent financial advice obtained in respect of the New Offer provided that the Member provides a tax invoice to the Trustee confirming their expenditure on obtaining the relevant advice,

(**New Offer Resolution**).

11.4 On 13 May 2005, the Employer acknowledged that any change in liability arising from the New Offer Resolution would be recognised in the review of the Plan's funding arrangements following completion of the Plan's next actuarial valuation.

12 Regulator's position

12.1 The Regulator confirms that each of the Employer Offer Concerns will be finally resolved by the Trustee entering into and complying with the undertakings set out in paragraph 13 of this Enforceable Undertaking.

13 Trustee's undertakings with respect to the New Offer Resolution

13.1 Pursuant to section 93AA of the ASIC Act, the Trustee offers the following undertakings to the Regulator in respect of the New Offer Resolution.

Disclosure of the New Offer Resolution

13.2 Within 20 business days from the date on which this Enforceable Undertaking is signed by the Regulator, the Trustee will notify each Offer Affected Member of the New Offer Resolution by sending a letter (**New Offer Letter**) to all Offer Affected Members in the form of the letter at Annexure C.

13.3 The New Offer Letter will be sent by ordinary mail to the most recent address recorded by the Trustee for the relevant Offer Affected Member.

Implementation of the New Offer Resolution

13.4 If an Offer Affected Member accepts the New Offer and complies with the requirements set out in the New Offer Letter, the Trustee undertakes to implement the New Offer Resolution in respect of that Member within the period set out in the New Offer Letter.

13.5 The Plan administrator will administer the implementation of the New Offer Resolution.

14 Trustee's other undertakings

Review

14.1 By 31 July 2005 the Trustee will appoint KPMG (**Reviewer**) to conduct a review of whether the Trustee has complied with this Enforceable Undertaking. The terms of engagement of the Reviewer must be approved by the Regulator and must specify the steps that the Reviewer proposes to take in reviewing compliance with the undertakings.

14.2 Pursuant to the terms of engagement approved by the Regulator, the Reviewer must review the Trustee's compliance with the undertakings and prepare a written report (**Initial Report**). The Initial Report must be provided to the Director of Financial Services Compliance of the Regulator within 7 months from the date on which the Trustee sent the Earnings Letters or the New Offer Letters to relevant Members, whichever is later.

14.3 The Initial Report must clearly specify any deficiencies of the Trustee in complying with the undertakings identified by the Reviewer.

14.4 If the Initial Report identifies deficiencies in complying with the undertakings, the Trustee must provide a plan to the Regulator setting out the action it proposes to take to rectify these deficiencies (**Remedial Action**) and specifying the time in which the Remedial Action will be taken (**Specified Time to Remedy**). The Trustee must provide this plan within 14 days of the date that the Initial Report is provided to the Regulator.

14.5 The Trustee will implement the Remedial Action in accordance with its plan or, if the Regulator requests any reasonable modifications to the plan, in accordance with the plan as so modified.

14.6 At the expiry of the Specified Time to Remedy the Reviewer will review the Trustee's implementation of the Remedial Action and will within 28 days provide a written report on that implementation to the Director of Financial Services Compliance of the Regulator.

Members who cannot be located

14.7 If the Trustee is reasonably satisfied, from searches which the Trustee shall carry out in the case of each relevant person of:

(a) White pages online;

(b) Australia Post's records; and

(c) the Trustee's and the Employer's databases,

(as long as those searches are permitted by law, including by applicable privacy laws) that the relevant person has a subsequent address, then the Trustee will send the Earnings Letter or the New Offer Letter or both, as the case requires, to that subsequent address.

14.8 If a relevant person cannot be located after the Trustee has completed the requirements set out in paragraph 14.7, the Trustee will advise the Regulator in writing of the name of the relevant person and the steps undertaken by the Trustee to attempt to find a current contact for that person.

14.9 When satisfied that the attempts to locate relevant persons have been reasonable, the Regulator will release the Trustee from the undertakings set out in paragraphs 8.5 and 13.4 of this Enforceable Undertaking.

15 **Other matters**

15.1 The Regulator acknowledges that the Trustee has cooperated fully with the Regulator in resolving the Actual Method Concerns and the Employer Offer Concerns.

15.2 The Regulator:

(a) may, from time to time, refer to the terms of this Enforceable Undertaking in public;

(b) may issue a media release referring to the terms and effect of this Enforceable Undertaking and its annexures and any relevant background information and the concerns of ASIC which led to the execution of the Undertaking; and

(c) will place a copy of the executed Enforceable Undertaking on a public register.

15.3 The Regulator's acceptance of this Enforceable Undertaking does not affect its power to investigate a contravention arising from future conduct of the Trustee.

15.4 This Enforceable Undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this Enforceable Undertaking.

15.5 If any obligation imposed on the Trustee by this Enforceable Undertaking is illegal, invalid or unenforceable, it shall be severed but the other obligations shall continue to apply.

15.6 This Enforceable Undertaking will take effect on the date on which it is signed by the Regulator.

Signed on 30 May/2005.

Signed for
AXA Australia Staff Superannuation Pty Ltd
in accordance with section 127 of the Corporations Act 2001.

Director

Director/~~Secretary~~

Accepted by the Australian Securities and Investments Commission pursuant to section 93AA of the Australian Securities and Investments Commission Act by its duly authorised delegate.

Jan Redfern
~~Deputy~~ Executive Director
Enforcement

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ANNEXURE A

Enforceable Undertaking

AXA Australia Staff Superannuation Pty Ltd

Member Information Booklet on Interest Rate Adjustment

<on AXA Australia Staff Superannuation Plan letterhead>

<insert date>

<insert member's name>
<insert member's address>

Dear *<Member/Former Member>*

AXA Australia Staff Superannuation Plan

Why am I writing to you?

The Trustee has recently made important decisions that may:

- increase the balance in your account;
- increase your pension, if you commenced your pension after 1 July 2001; or
- entitle you to a payment if you left the Plan after 1 July 2001.

What has the Trustee decided?

The Trustee has decided to make a positive adjustment to the accounts of certain members and former members who were affected by certain crediting rate decisions made in 2002 and 2003. The details of the Trustee's decisions are set out in the Member Information Booklet accompanying this letter. You should read both this letter and the accompanying Booklet in full and carefully.

The Trustee also reviewed the current Cash Crediting Method which applies to Retained – Defined Benefit Accounts (also known as Pension Option Accounts) in the Deferred Benefit Members' section of the Plan and has confirmed that this Method is appropriate. The Trustee took advice from Mercer Human Resources Consulting Pty Ltd and then concluded that the Cash Crediting Method is a sound interest calculation method for the Trustee to use for those Accounts.

Why has the Trustee reviewed the earlier decisions?

The Trustee was mindful that a number of members were dissatisfied with the crediting rate decisions made in 2002 and 2003. The Trustee decided in November 2003 to review those decisions and undertook an extensive review process.

The earlier decisions involved very complex issues and questions of judgment on which more than one view was available. The Trustee respects that the earlier decisions were made in good faith. However, the Trustee was able to review the decisions with the benefit of hindsight and exercise its judgment afresh. The Trustee concluded, having considered all relevant matters, that it would reverse the decision made in 2002 to move from the Old Crediting Method in respect of the years ended 30 June 2002 and 30 June 2003.

What is the intended effect of the adjustments?

A statement is also attached to the Booklet detailing your adjustment. However, in broad effect, the adjustment is intended to place you in the position that you would have been in had the crediting rate method not been changed for 2002 and 2003.

Does the Employer support these adjustments?

The Trustee undertook its review independently of the Employer. However, the Employer has acted supportively and has acknowledged that any increase in liabilities flowing from the adjustments will be incorporated by the actuary in the next round of funding discussions.

Has the Trustee advised APRA and ASIC of the adjustments?

APRA and ASIC had concerns in relation to the crediting rate decisions made in 2002 and 2003 and made those concerns known to the Trustee and the Employer. These concerns have been resolved by the Trustee entering into enforceable undertakings on <*insert date*> 2005 with both APRA and ASIC. The enforceable undertakings are available to be viewed at the websites of both APRA (www.apra.gov.au) and ASIC (www.asic.gov.au).

What action should you take?

The Member Information Booklet accompanying this letter addresses the question of what (if any) actions you must take to obtain the benefit of the adjustment. Please review the important information contained in it carefully. Also, please note that if you are no longer a member of the Plan, there is a **time limit** within which you must provide instructions to the Trustee as to the payment of your adjustment (see item 4 the enclosed Booklet).

Who should you contact if you have any questions?

If you have any questions, please contact your financial advisor or the Plan Administrator on 1800 222 243.

Yours sincerely

Paul Cooper
Chairman

Encl.

OP-

AXA AUSTRALIA STAFF SUPERANNUATION PLAN

Interest rate adjustment

MEMBER INFORMATION BOOKLET
(for <*insert member name*>)

<*insert date*> 2005

Ref: <Category>-<Status>-<Member #>

1. Introduction

The Trustee of the Plan wants to advise you of recent decisions it made to credit additional interest to the accounts of certain present and former Plan members, including you.

As a result of this adjustment, *<your account balance will be increased by <$x,xxx.xx>/<an additional amount of <$x,xxx.xx> will be paid in accordance with your instructions>.*

The Trustee urges you to read this Booklet in its entirety. In this Booklet the Trustee explains in detail the implications of its recent decisions on *<your benefits in the Plan>/<benefits paid to you from the Plan>.*

A glossary of terms is included at the end of this Booklet for ease of reference. The terms included in the glossary appear in capital letters in this Booklet.

2. Background

2.1. Crediting of interest

As communicated to you in the past, the Trustee credits interest in arrears to the accounts of Defined Benefit Members of the Plan on an annual basis. Other than Surcharge Offset Accounts, the accounts to which interest is credited are:

- the accumulation accounts of Current Defined Benefit Members; and
- the Retained-Defined Benefit, Retained-Additional Accumulation and Roll Over Accounts of Deferred Benefit Members.

In this Booklet, we refer to these accounts as "Relevant Accounts".

2.2. The Plan's crediting history

For the financial years ended 30 June 1998 to 30 June 2001, the Trustee credited interest in respect of Relevant Accounts based on an average of the Plan's prior three years' actual annual earnings, subject to a set minimum and the advice of the Plan actuary. This method of crediting interest is called the "Old Crediting Method".

On 24 June 2002 the Trustee resolved that:

- "the current interest rate crediting procedures, methodology and process be discontinued effective for 2001/02 and subsequent years, and

- to develop and implement new current interest rate procedures, methodology and (sic) for 2001/02 and subsequent years by the Trustee having regard to the advice of the Actuary, the earning rate for the year and the level of the relevant Crediting Rate Reserve."

This procedure is called the "Actual Crediting Method".

Also, on 24 June 2002 the Trustee resolved to reduce the interim crediting rate at that time to the target rate of 2% pa and it resolved that future interim crediting rates were to be determined in accordance with the Actual Crediting Method.

On 13 August 2002, the Trustee resolved to set a rate in respect of Relevant Accounts for the full financial year ended 30 June 2002 equal to -5.8% per annum. This rate was the actual net (of tax and investment management fees) earning rate on the relevant Plan investments for the year.

Similarly, for the financial year ended 30 June 2003 the Trustee credited Relevant Accounts with a rate equal to -0.1% per annum (except in relation to Deferred Benefit

Members who elected the option to adopt the Cash Crediting Rate with effect prior to 30 June 2003).

2.3. Were you affected by the Actual Crediting Method?

You were a member of the Plan in either or both of the Relevant Financial Years. According to the Trustee's records, you had a Relevant Account which was credited with interest based on the Actual Crediting Method in either or both of the Relevant Financial Years. As such, you were affected by the Actual Crediting Method. For the purposes of this Booklet, we refer to you and to other persons like you as "Affected Members".

2.4. New Crediting Resolution

On 11 November 2004, the Trustee resolved, in broad terms, that Affected Members be placed in the same position they would have been in if the Old Crediting Method had remained in effect for the Relevant Financial Years. A number of consequential resolutions were also made by the Trustee on that date. Together, these resolutions are referred to in this Booklet as the "New Crediting Resolution".

The Trustee made the New Crediting Resolution after taking into account all relevant circumstances including the best interests of Plan members, the Plan's present financial situation and member complaints. Further, in making the New Crediting Resolution, the Trustee exercised its own judgment afresh and with the benefit of hindsight.

2.5. Additional interest to be credited based on New Crediting Resolution

The following table sets out the declared interest rates that were applied to Relevant Accounts as a result of the Actual Crediting Method during the Relevant Financial Years. The third column sets out the rates that will be applied to Relevant Accounts (as a result of the New Crediting Resolution) when calculating the interest rate adjustment.

<Insert for all members excluding AC&L>

Year Ended	Full year rate [illegible] based on [illegible] Crediting Method	[illegible]
30 June 2002	-5.8% pa	3.9% pa
30 June 2003	-0.1% pa	2.0% pa

<Insert for AC&L members only>

Year Ended	Full year rate [illegible] based on [illegible] Crediting Method	[illegible]
30 June 2002	-5.8% pa	2.0% pa
30 June 2003	-0.1% pa	2.0% pa

3. Implications of the New Crediting Resolution

3.1 Who will receive an additional interest rate adjustment?

As mentioned, the effect of the New Crediting Resolution will be to put Affected Members in the same position they would have been in had interest been credited to Relevant Accounts based on the Old Crediting Method (rather than based on the Actual Crediting Method) for the Relevant Financial Years.

Accordingly, all Affected Members *will* receive an interest rate adjustment from the application of the New Crediting Resolution.

3.2. Surcharge offset accounts

Like Relevant Accounts, Surcharge Offset Accounts are also credited with interest. However, the New Crediting Resolution will not be applied in respect of any Surcharge Offset Accounts. To do so would result in an Affected Member's surcharge liability to the Plan increasing. The New Crediting Resolution will be applied only in respect of Relevant Accounts.

3.3. What does the New Crediting Resolution mean for current and future crediting of interest?

As you may know, after 30 June 2003 interest was credited to Relevant Accounts on different bases depending on the type of account. Specifically, after 30 June 2003 the Trustee credited interest on the basis of:

- the Investment Crediting Method in respect of the accumulation accounts of Current Defined Benefit Members;
- the Cash Crediting Method in respect of the Retained-Defined Benefit Accounts of Deferred Benefit Members; and
- either the Investment Crediting Method or the Cash Crediting Method in respect of the Retained-Additional Accumulation and Roll Over Accounts of Deferred Benefit Members (depending on the method chosen by each Deferred Benefit Member in the June quarter of 2003 or on subsequent commencement of their deferred benefit membership).

In this Booklet, we refer to these crediting methods as the "Current Crediting Methods". (Please refer to the 2004 Annual Trustee Report to Members for further details about the Current Crediting Methods.)

The New Crediting Resolution will *not* have any effect on the Current Crediting Methods. From 1 July 2003 the Trustee has and will continue to apply the Current Crediting Methods in respect of Relevant Accounts. In other words, the New Crediting Resolution affects interest credited only in respect of the Relevant Financial Years. It will *not* affect interest rates credited in any other financial years.

3.4. Who bears the cost of the New Crediting Resolution?

On 23 November 2004, the Employer gave the Trustee a written acknowledgement that any increased liability arising from the New Crediting Resolution would be recognised in the review of the Plan's funding arrangements in conjunction with the Plan's actuarial review as at 30 June 2004.

In simple terms, this means that ultimately the Employer will bear the cost of any increased cost arising from the New Crediting Resolution.

3.5. What will Affected Members get as a result of the New Crediting Resolution?

Broadly speaking, the effect of the New Crediting Resolution will be to increase the interest credited for the Relevant Financial Years in respect of each Affected Member by the difference between:

- the amount that would have been credited to each Affected Member's Relevant Accounts using the Old Crediting Method; and
- the amount that was credited to each Affected Member's Relevant Account using the Actual Crediting Method,

with further interest added to the date crediting actually occurs.

3.6. **Calculating individual interest rate adjustments**

Clearly, a different dollar adjustment amount will be made in respect of each Affected Member according to each their individual circumstances including, in particular, according to the amount standing to the credit of their Relevant Accounts during the Relevant Financial Years.

There are approximately 1,200 Affected Members. Consequently, the process of calculating the interest rate adjustment in respect of each Affected Member has been time consuming.

The Trustee engaged KPMG, an independent professional accounting firm, to assist in that process. That process has now been completed. As a result, set out below are details of the amount of the interest rate adjustment you will receive.

3.7. **What will you receive as a result of the New Crediting Resolution?**

<Insert if person remains a Plan member at date of payment>
As a result of the New Crediting Resolution, your Relevant Accounts have been credited with additional interest totalling *<$x,xxx.xx>*. This adjustment includes an additional interest component for the financial year ended 30 June 2004 (based on the Current Crediting Method which applies to each Relevant Account).

Further, the interest rate adjustment to each Relevant Account was made effective from 1 July 2004. This means you will also receive interest (based on the Current Crediting Method which applies to each Relevant Account) on the adjusted amount for the current financial year.

Details of how the interest adjustment is calculated are shown on the attached statement.

<Insert if person has exited the Plan at any time prior to date of payment>
As a result of the New Crediting Resolution, you are entitled to an interest rate adjustment equal to *<$x,xxx.xx>* as at 1 July 2004. This adjustment includes interest at the Plan's Late Payment Interest rate for the period from your date of leaving to 30 June 2004). Details of how this adjustment is calculated are shown on the attached statement.

When your interest rate adjustment is paid, it will be updated with interest from 1 July 2004 to the date of payment at the Plan's Late Payment Interest Rate.

<Insert if person accepted the Employer Offer>
If you accepted the Employer Offer, please refer to item 9 of the New Offer Booklet for information on the impact that your decision on the New Offer will have with respect to the interest rate adjustment.

4. **How and when will you get your interest rate adjustment?**

<Insert if person is still a Plan member at date of payment>
No action is required by you to receive your interest rate adjustment as described above. The adjustment will be made automatically by the Trustee and will appear on your next annual benefit statement (ie, for the year ended 30 June 2005) or exit statement as the case may be. It will appear on that statement as an entry titled "Interest Rate Adjustment".

<Insert if person exited the Plan at any time prior to date of payment>
As you no longer have a Relevant Account in the Plan, the Trustee requires you to complete the attached "ETP Pre-payment Statement – Superannuation Payer" form to process your interest rate adjustment. When completing this form, you must provide the Trustee with details of the manner in which, or destination to which, the interest rate adjustment is to be paid.

Please return the form to the Trustee in the enclosed Reply Paid envelope within **90 days** from the date of this Booklet.

If you are unable to return the form within 90 days, please notify the Trustee in writing that you are unable to do so (together with your reasons) and the Trustee may grant you an extension.

If you do not return the form within **90 days** from the date of this Booklet (or any extended period notified to you in writing by the Trustee), we will pay your interest rate adjustment to the National Preservation Trust (at GPO Box 2163T, Melbourne, VIC, 3001, Tel 1800 331 210).

The National Preservation Trust is the Plan's selected eligible rollover fund. Details of the National Preservation Trust (including details of the fees charged and returns crediting by the Trust) can be obtained by requesting a product disclosure statement from the Trust.

5. Further information

If you require further information on any of the above matters, please contact your financial advisor or the Plan Administrator on **1800 222 243**.

GLOSSARY

Actual Crediting Method means the crediting of interest by the Trustee in respect of Relevant Accounts for the Relevant Financial Years after having regard to the advice of the Plan actuary, the actual net (of tax and investment management fees) earning rate for the year in respect of relevant Plan investments and the level of the relevant crediting rate reserve.

Affected Members means members, like you, who had a Relevant Account which was credited with interest based on the Actual Crediting Method in either or both of the Relevant Financial Years.

Cash Crediting Method means the crediting of interest by the Trustee after having regard to the advice on the Plan actuary based on a cash index return selected by the Trustee less an allowance for the 15% investment tax.

Current Crediting Methods means the Investment Crediting Method and the Cash Crediting Method.

Current Defined Benefit Members means Defined Benefit Members who, at the relevant time, were current employees or officers of the Employer and includes Ex Agency Accumulation members but excludes Category T members.

Deferred Benefit Members means Defined Benefit Members who are no longer employees of the Employer but who, on cessation of employment, elected to retain their termination benefit in the Plan.

Defined Benefit Members means members of the defined benefit division of the Plan.

Employer means The National Mutual Life Association of Australasia Limited and its related entities.

Investment Crediting Method means the crediting of interest by the Trustee after having regard to the advice on the Plan actuary and the Plan's actual net (of tax and investment management fees) earning rate for the year in respect of relevant investments in the Plan's defined benefit division.

Late Payment Interest Rate means the interest rate paid by the Plan on leaving service benefits for the period from the date of leaving service to the date of payment of the benefit, or, where the member elects to retain the leaving service benefit in the Plan as a deferred benefit, for the period from the date of leaving service to the date of the election by the member. The Late Payment Interest Rates relevant for the purposes of this Booklet are set out in the table below:

Late Payment Interest Rate	Period to which applicable
3.00 % per annum	Up to 19 September 2002
3.75 % per annum	20 September 2002 to 4 March 2003
3.95 % per annum	5 March 2003 to 15 April 2003
4.10 % per annum	16 April 2003 to 30 June 2003
4.20 % per annum	1 July 2003 to 31 December 2003
4.82 % per annum	1 January 2004 to 30 June 2004
4.60% per annum*	1 July 2004 to 28 February 2005
4.80% per annum*	From 1 March 2005

New Crediting Resolution means in broad terms the Trustee's resolution, made on 11 November 2004, to place Affected Members in the same position they would have been in if the Old Crediting Method had remained in effect for the Relevant Financial Years.

* Rate subject to change. However, it is not anticipated that the rate for the period to 30 April 2005 will be reduced.

New Offer Booklet means the booklet titled "Opportunity to Reconsider the Employer Offer – Member Information Booklet" dated <insert date> May 2005.

Old Crediting Method means the crediting of interest by the Trustee for each financial year ended 30 June 1998 to 30 June 2001 in respect of Relevant Accounts based on an average of the Plan's prior three years' actual annual earnings, subject to a set minimum and the advice of the Plan actuary.

Plan means the AXA Australia Staff Superannuation Plan.

Plan Administrator means Mercer Benefit Services (formerly known as Mellon Human Resources and Investor Solutions Pty Ltd prior to 30 April 2005).

Relevant Accounts means the accumulation accounts of Defined Benefit Members during the Relevant Financial Years and the Retained-Defined Benefit, Retained-Additional Accumulation, and Roll Over Accounts of Deferred Benefit Members.

Relevant Financial Years means the financial years ended 30 June 2002 and 30 June 2003.

Retained-Additional Accumulation Account is also referred to in other Trustee communications (eg in the Trustee's product disclosure statement regarding Deferred Benefits) as the Non Pension Option Account.

Retained-Defined Benefit Account is also referred to in other Trustee communications (eg in the Trustee's product disclosure statement regarding Deferred Benefits) as the Pension Option Account.

Surcharge Offset Account means the account to which individual member's surcharge liabilities are debited and to which interest accrues. Broadly, surcharge is a government tax levied on surchargeable superannuation contributions of higher income individuals.

Trustee means AXA Australia Staff Superannuation Pty Ltd.

Table setting out details of interest rate adjustment

ANNEXURE B

Enforceable Undertaking

AXA Australia Staff Superannuation Pty Ltd

Pensioner Information Booklet on Interest Rate Adjustment

<on AXA Australia Staff Superannuation Plan letterhead>

<insert date>

<insert member's name>
<insert member's address>

Dear <Member/Former Member>

AXA Australia Staff Superannuation Plan

Why am I writing to you?

The Trustee has recently made important decisions that may:

- increase the balance in your account;
- increase your pension, if you commenced your pension after 1 July 2001; or
- entitle you to a payment if you left the Plan after 1 July 2001.

What has the Trustee decided?

The Trustee has decided to make a positive adjustment to the accounts of certain members and former members who were affected by certain crediting rate decisions made in 2002 and 2003. The details of the Trustee's decisions are set out in the Member Information Booklet accompanying this letter. You should read both this letter and the accompanying Booklet in full and carefully.

The Trustee also reviewed the current Cash Crediting Method which applies to Retained – Defined Benefit Accounts (also known as Pension Option Accounts) in the Deferred Benefit Members' section of the Plan and has confirmed that this Method is appropriate. The Trustee took advice from Mercer Human Resources Consulting Pty Ltd and then concluded that the Cash Crediting Method is a sound interest calculation method for the Trustee to use for those Accounts.

Why has the Trustee reviewed the earlier decisions?

The Trustee was mindful that a number of members were dissatisfied with the crediting rate decisions made in 2002 and 2003. The Trustee decided in November 2003 to review those decisions and undertook an extensive review process.

The earlier decisions involved very complex issues and questions of judgment on which more than one view was available. The Trustee respects that the earlier decisions were made in good faith. However, the Trustee was able to review the decisions with the benefit of hindsight and exercise its judgment afresh. The Trustee concluded, having considered all relevant matters, that it would reverse the decision made in 2002 to move from the Old Crediting Method in respect of the years ended 30 June 2002 and 30 June 2003.

What is the intended effect of the adjustments?

A statement is also attached to the Booklet detailing your adjustment. However, in broad effect, the adjustment is intended to place you in the position that you would have been in had the crediting rate method not been changed for 2002 and 2003.

Does the Employer support these adjustments?

The Trustee undertook its review independently of the Employer. However, the Employer has acted supportively and has acknowledged that any increase in liabilities flowing from the adjustments will be incorporated by the actuary in the next round of funding discussions.

qup

Has the Trustee advised APRA and ASIC of the adjustments?

APRA and ASIC had concerns in relation to the crediting rate decisions made in 2002 and 2003 and made those concerns known to the Trustee and the Employer. These concerns have been resolved by the Trustee entering into enforceable undertakings on <*insert date*> 2005 with both APRA and ASIC. The enforceable undertakings are available to be viewed at the websites of both APRA (www.apra.gov.au) and ASIC (www.asic.gov.au).

What action should you take?

The Member Information Booklet accompanying this letter addresses the question of what (if any) actions you must take to obtain the benefit of the adjustment. Please review the important information contained in it carefully. Also, please note that if you are no longer a member of the Plan, there is a **time limit** within which you must provide instructions to the Trustee as to the payment of your adjustment (see item 4 the enclosed Booklet).

Who should you contact if you have any questions?

If you have any questions, please contact your financial advisor or the Plan Administrator on 1800 222 243.

Yours sincerely

Paul Cooper
Chairman

Encl.

AXA AUSTRALIA STAFF SUPERANNUATION PLAN

Interest rate adjustment

PENSIONER INFORMATION BOOKLET
(for <*insert member name*>)

<*insert date*> 2005

Ref: <Category>-<Status>-<Member>

1. Introduction

The Trustee of the Plan wants to advise you of recent decisions it made to credit additional interest to the accounts of certain present and former Plan members, including you.

As a result of this adjustment, your Relevant Account as at the date you commenced a pension will be increased by *<$x,xxx.xx>*.

The Trustee urges you to read this Booklet in its entirety. In this Booklet the Trustee explains in detail the implications of its recent decisions on your benefits in the Plan. Also, given the complexity of the matters set out in this Booklet, the Trustee urges you to **obtain professional financial advice** from an independent advisor before making a decision on those matters.

A glossary of terms is included at the end of this Booklet for ease of reference. The terms included in the glossary appear in capital letters in this Booklet.

2. Background

2.1. Crediting of interest

As communicated to you in the past, the Trustee credits interest in arrears to the accounts of Defined Benefit Members of the Plan on an annual basis. Other than Surcharge Offset Accounts, the accounts to which interest is credited are:

- the accumulation accounts of Current Defined Benefit Members; and
- the Retained-Defined Benefit, Retained-Additional Accumulation and Roll Over Accounts of Deferred Benefit Members.

In this Booklet, we refer to these accounts as "Relevant Accounts".

2.2. The Plan's crediting history

For the financial years ended 30 June 1998 to 30 June 2001, the Trustee credited interest in respect of Relevant Accounts based on an average of the Plan's prior three years' actual annual earnings, subject to a set minimum and the advice of the Plan actuary. This method of crediting interest is called the "Old Crediting Method".

On 24 June 2002 the Trustee resolved that:

- "the current interest rate crediting procedures, methodology and process be discontinued effective for 2001/02 and subsequent years, and

- to develop and implement new current interest rate procedures, methodology and (sic) for 2001/02 and subsequent years by the Trustee having regard to the advice of the Actuary, the earning rate for the year and the level of the relevant Crediting Rate Reserve."

This procedure is called the "Actual Crediting Method".

Also, on 24 June 2002 the Trustee resolved to reduce the interim crediting rate at that time to the target rate of 2% pa, and it resolved that future interim crediting rates were to be determined in accordance with the Actual Crediting Method.

On 13 August 2002, the Trustee resolved to set a rate in respect of Relevant Accounts for the full financial year ended 30 June 2002 equal to -5.8% per annum. This rate was the actual net (of tax and investment management fees) earning rate on the relevant Plan investments for the year.

Similarly, for the financial year ended 30 June 2003 the Trustee credited Relevant Accounts with a rate equal to -0.1% per annum (except in relation to Deferred Benefit Members who elected the option to adopt the Cash Crediting Rate with effect prior to 30 June 2003).

2.3. Were you affected by the Actual Crediting Method?

You were a member of the Plan in either or both of the Relevant Financial Years and, subsequently, commenced a pension from the Plan. According to the Trustee's records, you had a Relevant Account which was credited with interest based on the Actual Crediting Method in either or both of the Relevant Financial Years. As such, you were affected by the Actual Crediting Method. For the purposes of this Booklet, therefore, we refer to you and to other persons like you as "Affected Members".

2.4. New Crediting Resolution

On 11 November 2004, the Trustee resolved, in broad terms, that Affected Members be placed in the same position they would have been in if the Old Crediting Method had remained in effect for the Relevant Financial Years. A number of consequential resolutions were also made by the Trustee on that date. Together, these resolutions are referred to in this Booklet as the "New Crediting Resolution".

The Trustee made the New Crediting Resolution after taking into account all relevant circumstances including the best interests of Plan members, the Plan's present financial situation and member complaints. Further, in making the New Crediting Resolution, the Trustee exercised its own judgment afresh and with the benefit of hindsight.

2.5. Additional interest to be credited based on New Crediting Resolution

The following table sets out the declared interest rates that were applied to Relevant Accounts as a result of the Actual Crediting Method during the Relevant Financial Years. The third column sets out the rates that will be applied to Relevant Accounts (as a result of the New Crediting Resolution) when calculating the interest rate adjustment.

Year Ended	Full year rate [illegible] based on [illegible] Crediting [illegible]	[illegible]
30 June 2002	-5.8% pa	3.9% pa
30 June 2003	-0.1% pa	2.0% pa

3. Implications of the New Crediting Resolution

3.1 Who will receive an additional interest rate adjustment?

As mentioned, the effect of the New Crediting Resolution will be to put Affected Members in the same position they would have been in had interest been credited to Relevant Accounts based on the Old Crediting Method (rather than based on the Actual Crediting Method) for the Relevant Financial Years.

Accordingly, all Affected Members *will* receive an interest rate adjustment from the application of the New Crediting Resolution.

3.2. Surcharge offset accounts

Like Relevant Accounts, Surcharge Offset Accounts are also credited with interest. However, the New Crediting Resolution will not be applied in respect of any Surcharge Offset Accounts. To do so would result in an Affected Member's surcharge liability to the

Plan increasing. This would clearly be detrimental. The New Crediting Resolution will be applied only in respect of Relevant Accounts.

3.3. What does the New Crediting Resolution mean for current and future crediting of interest?

As you may know, after 30 June 2003 interest was credited to Relevant Accounts on different bases depending on the type of account. Specifically, after 30 June 2003 the Trustee credited interest on the basis of:

- the Investment Crediting Method in respect of the accumulation accounts of Current Defined Benefit Members;
- the Cash Crediting Method in respect of the Retained-Defined Benefit Accounts of Deferred Benefit Members; and
- either the Investment Crediting Method or the Cash Crediting Method in respect of the Retained-Additional Accumulation and Roll Over Accounts of Deferred Benefit Members (depending on the method chosen by each Deferred Benefit Member in the June quarter of 2003 or on subsequent commencement of their deferred benefit membership).

In this Booklet, we refer to these crediting methods as the "Current Crediting Methods". (Please refer to the 2004 Annual Trustee Report to Members for further details about the Current Crediting Methods.)

The New Crediting Resolution will *not* have any effect on the Current Crediting Methods. From 1 July 2003 the Trustee has and will continue to apply the Current Crediting Methods in respect of Relevant Accounts. In other words, the New Crediting Resolution affects interest credited only in respect of the Relevant Financial Years. It will *not* affect interest rates credited in any other financial years.

3.4. Who bears the cost of the New Crediting Resolution?

On 23 November 2004, the Employer gave the Trustee a written acknowledgement that any increased liability arising from the New Crediting Resolution would be recognised in the review of the Plan's funding arrangements in conjunction with the Plan's actuarial review as at 30 June 2004.

In simple terms, this means that ultimately the Employer will bear the cost of any increased cost arising from the New Crediting Resolution.

3.5. What will Affected Members get as a result of the New Crediting Resolution?

Broadly speaking, the effect of the New Crediting Resolution will be to increase the interest credited for the Relevant Financial Years in respect of each Affected Member by the difference between:

- the amount that would have been credited to each Affected Member's Relevant Accounts using the Old Crediting Method; and
- the amount that was credited to each Affected Member's Relevant Account using the Actual Crediting Method,

with further interest added to the date crediting actually occurs.

3.6. Calculating individual interest rate adjustments

Clearly, a different dollar adjustment will be made in respect of each Affected Member according to their individual circumstances including, in particular, according to the amount standing to the credit of their Relevant Accounts during the Relevant Financial Years.

There are approximately 1,200 Affected Members. Consequently, the process of calculating the interest rate adjustment in respect of each Affected Member has been time consuming.

The Trustee engaged KPMG, an independent professional accounting firm, to assist in that process. That process has now been completed. As a result, set out below are details of the amount of the interest rate adjustment you will receive.

4. What will <u>you</u> receive as a result of the New Crediting Resolution?

4.1 Increase to your Relevant Accounts

As a result of the New Crediting Resolution, your Relevant Accounts as at the date you commenced a pension from the Plan have been increased by a total of *<$x,xxx.xx>*. *<<u>If member commenced pension after 1 July 2003</u>: This adjustment includes an interest component for the period from 30 June 2003 to the date your pension commenced, based on the Current Crediting Method for each Relevant Account>*. Details of how this interest adjustment is calculated are shown on the attached statement titled "Details of Interest Rate Adjustment".

4.2 How will the interest rate adjustment actually be made?

(a) Adjustments to Retained-Additional Accumulation and Roll Over Accounts

Subject to statutory preservation requirements, the adjustment to your Retained–Additional Accumulation and Roll Over Accounts (if applicable to you) will be paid as a lump sum in accordance with your instructions.

(b) Adjustments to Retained-Defined Benefit Accounts – three choices

Depending on your circumstances (see item 4.2(c) below), you may have up to three choices as to how to receive the interest rate adjustment in respect of your Retained-Defined Benefit Account. These are as follows.

(1) You may choose to take the interest rate adjustment wholly as a lump sum; or
(2) Subject to statutory preservation requirements, you may choose to take the interest rate adjustment wholly as a new additional Plan pension, calculated as though it commenced at the same time as your original Plan pension; or
(3) You may choose to take the interest rate adjustment partly as a lump sum and, subject to statutory preservation requirements, partly as a new additional Plan pension in any proportion you nominate (with the pension component calculated as though it commenced at the same time as your original Plan pension).

Please note that if you elect to receive a new additional Plan pension, it will actually commence from the date your instructions are received but will be at a level equivalent to the indexed value of the pension that would have commenced at the time your original Plan pension commenced. Also, choosing to receive a new additional Plan pension for part or all of the adjustment amount does not give rise to any requirement to amend your income tax returns for prior years.

To enable you to compare the above three choices, we have attached to this Booklet an illustration of the impact of making any one of these choices on your circumstances (see attached document titled "Illustration of Pensioner Choices").

(c) Limits on availability of choices

The interest rate adjustment is a preserved benefit. This means you can use it to commence a new additional Plan pension (in the ways set out in choices (2) and (3) in item 4.2(b) above) *only* if you satisfied a statutory condition of release (eg, retirement) at the time your original pension commenced and if you continue to satisfy that condition. If you did not then (or do not now) satisfy the relevant condition, choices (2) and (3) above will not be available to you.

Further, if you accepted the Employer Offer, the component of the interest rate adjustment which relates to the amount of your Retained-Defined Benefit Account withdrawn under the Employer Offer must be taken as a lump sum.

(d) Additional adjustments

Depending on the choice you make, certain additional adjustments (ie, adjustments in addition to the basic interest rate adjustment) will be made. These are summarised in the following table.

Option	Additional adjustment
Lump sum (or part lump sum)	Additional interest component calculated at the Plan's Late Payment Interest Rate from the date your pension commenced to the date the lump sum payment to you is processed.
Additional pension (or part pension)	An additional lump sum will be paid to you, equivalent to the "back payment" of the new additional Plan pension for the period from the date your original pension commenced to the date your new additional Plan pension commences, together with interest at the Plan's Late Payment Interest Rate.

4.3 How to notify the Trustee of your choices?

You need to notify the Trustee of your selection from the choices set out in item 4.2(b) above by completing and returning the attached Pensioner Options Form.

If you select option 3 on the Pensioner Options Form, you also need to nominate your preferred portions as between lump sum and pension.

To provide the Trustee with your instructions in regard to the payment of lump sum amounts, you will also need to complete the attached ETP Form and return it to the Trustee.

4.4 When must the forms be completed and returned?

Please return all forms (including the Pensioner Options and ETP Forms) to the Trustee in the enclosed reply paid envelope within **90 days** from the date of this Booklet.

If you are unable to return the Forms within 90 days, please notify the Trustee in writing that you are unable to do so (together with your reasons) and the Trustee may grant you an extension.

If you do not return the Forms within **90 days** of the date of this Booklet (or any extended period notified to you in writing by the Trustee), we will pay your interest rate adjustment wholly as a lump sum to the National Preservation Trust (at GPO Box 2163T, Melbourne, VIC, 3001, Tel 1800 331 210).

The National Preservation Trust is the Plan's selected eligible rollover fund. Details of the National Preservation Trust (including details of the fees charged and returns crediting by the Trust) can be obtained by requesting a product disclosure statement from the Trust.

5. Further information

If you require further information on any of the above matters, please contact your financial advisor or the Plan Administrator on **1800 222 243**.

GLOSSARY

Actual Crediting Method means the crediting of interest by the Trustee in respect of Relevant Accounts for the Relevant Financial Years after having regard to the advice of the Plan actuary, the actual net (of tax and investment management fees) earning rate for the year in respect of relevant Plan investments and the level of the relevant crediting rate reserve.

Affected Members means members, like you, who had a Relevant Account which was credited with interest based on the Actual Crediting Method in either or both of the Relevant Financial Years.

Cash Crediting Method means the crediting of interest by the Trustee after having regard to the advice of the Plan actuary based on a cash index return selected by the Trustee less an allowance for the 15% investment tax.

Current Crediting Methods means the Investment Crediting Method and the Cash Crediting Method.

Current Defined Benefit Members means Defined Benefit Members who, at the relevant time, were current employees or officers of the Employer and includes Ex Agency Accumulation members but excludes Category T members.

Deferred Benefit Members means Defined Benefit Members who are no longer employees of the Employer but who, on cessation of employment, elected to retain their termination benefit in the Plan as a deferred benefit.

Defined Benefit Members means members of the defined benefit division of the Plan.

Employer means The National Mutual Life Association of Australasia Limited and its related entities.

Employer Offer refers to the offer made to Deferred Benefit Members by the Employer dated April 2003 to supplement by 10 per cent any amounts withdrawn as lump sums from these Members' Retained-Defined Benefit Accounts (as long as the amounts withdrawn represented not less than 75% of those Accounts).

ETP Form means the attached "ETP Pre-payment Statement – Superannuation Payer" form.

Investment Crediting Method means the crediting of interest by the Trustee after having regard to the advice on the Plan actuary and the Plan's actual net (of tax and investment management fees) earning rate for the year in respect of relevant investments in the Plan's defined benefit division.

Late Payment Interest Rate means the interest rate paid by the Plan on leaving service benefits for the period from the date of leaving service to the date of payment of the benefit, or, where the member elects to retain the leaving service benefit in the Plan as a deferred benefit, for the period from the date of leaving service to the date of the election by the member. The Late Payment Interest Rates relevant for the purposes of this Booklet are set out in the table below:

Late Payment Interest Rate	Period to which applicable
3.00 % per annum	Up to 19 September 2002
3.75 % per annum	20 September 2002 to 4 March 2003
3.95 % per annum	5 March 2003 to 15 April 2003
4.10 % per annum	16 April 2003 to 30 June 2003
4.20 % per annum	1 July 2003 to 31 December 2003
4.82 % per annum	1 January 2004 to 30 June 2004
4.60% per annum*	1 July 2004 to 28 February 2005
4.80% per annum*	From 1 March 2005

* Rate subject to change. However, it is not anticipated that the rate for the period to 30 April 2005 will be reduced.

Ref: <Category>-<Status>-<Member>

New Crediting Resolution means in broad terms the Trustee's resolution, made on 11 November 2004, to place Affected Members in the same position they would have been in if the Old Crediting Method had remained in effect for the Relevant Financial Years.

Old Crediting Method means the crediting of interest by the Trustee for each financial year ended 30 June 1998 to 30 June 2001 in respect of Relevant Accounts based on an average of the Plan's prior three years' actual annual earnings, subject to a set minimum and the advice of the Plan actuary.

Pensioner Options Form means the form attached to this Booklet titled "Pensioner Options Form".

Plan means the AXA Australia Staff Superannuation Plan.

Plan Administrator means Mercer Benefit Services (formerly known as Mellon Human Resources and Investor Solutions Pty Ltd prior to 30 April 2005).

Relevant Accounts means the accumulation accounts of Defined Benefit Members during the Relevant Financial Years and the Retained-Defined Benefit, Retained-Additional Accumulation and Roll Over Accounts of Deferred Benefit Members.

Relevant Financial Years means the financial years ended 30 June 2002 and 30 June 2003.

Retained-Additional Accumulation Account is also referred to in other Trustee communications (eg in the Trustee's product disclosure statement regarding Deferred Benefits) as the Non Pension Option Account.

Retained-Defined Benefit Account is also referred to in other Trustee communications (eg in the Trustee's product disclosure statement regarding Deferred Benefits) as the Pension Option Account.

Surcharge Offset Account means the account to which individual member's surcharge liabilities are debited and to which interest accrues. Broadly, surcharge is a government tax levied on surchargeable superannuation contributions of higher income individuals.

Trustee means AXA Australia Staff Superannuation Pty Ltd.

Table setting out details of interest rate adjustment

Table setting out illustration of pensioner options

Pensioner Options Form

ANNEXURE C

Enforceable Undertaking

AXA Australia Staff Superannuation Pty Ltd

Member Information Booklet on New Offer

<on AXA Australia Staff Superannuation Plan letterhead>

<insert date>

<insert member's name>
<insert member's address>

Dear *<Member/Former Member>*

AXA Australia Staff Superannuation Plan ("Plan")

"2003 Employer Offer"

Why am I writing to you?

The Trustee wrote to you in April 2003 setting out an offer by The National Mutual Life Association of Australasia Limited ("Employer") to pay a 10 per cent enhancement to you if you elected to withdraw at least 75% of your Retained-Defined Benefit Account from the Plan ("Employer Offer"). Our records indicate that you accepted the Employer Offer.

The Trustee decided to review the Employer Offer following discussions with ASIC and APRA in recent months about concerns they had regarding the Employer Offer.

What has the Trustee decided?

The Trustee has decided to provide each member who accepted the Employer Offer ("Affected Member") with an offer to reverse his or her acceptance of the Employer Offer ("New Offer"). As you accepted the Employer Offer, you qualify for this New Offer. You are entitled to accept or decline the New Offer, whichever you prefer.

What is the intended effect of the New Offer?

Broadly speaking, Affected Members who accept the New Offer will be placed in the position that they would have occupied as members of the Plan had they not accepted the Employer Offer. Please refer to the attached Member Information Booklet titled "Opportunity to Reconsider the Employer Offer" ("New Offer Booklet") which sets out in greater detail the terms of the New Offer.

What happens if you do not accept the New Offer?

If you do not accept the New Offer, nothing will change and your status as a current or former member of the Plan continues on the current terms.

Is the Trustee providing a recommendation?

The Trustee is not able to provide a recommendation to you regarding the New Offer as it is not licensed to provide financial advice and because your decision as to whether or not to accept the New Offer depends on your particular circumstances and preferences, which are not within the knowledge of the Trustee.

As mentioned, the enclosed New Offer Booklet sets out in greater detail the terms of the New Offer. You should read the Booklet carefully.

You should also obtain independent financial advice that addresses your overall financial needs and circumstances and, in particular, addresses whether you ought to accept or decline the New Offer.

The Trustee has requested the Employer, and the Employer has agreed, to provide the Trustee with funds to reimburse you for up to $2,000 for independent financial advice regarding your consideration of whether to accept or decline the New Offer (subject to provision by you to the Plan Administrator of an appropriate tax invoice).

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Why has the Trustee reviewed the earlier decisions?

ASIC and APRA expressed various concerns to the Trustee regarding the Employer Offer, including that, in their view, particular disclosures ought to have been made to Affected Members in connection with the Employer Offer.

The Trustee has sought to co-operate with ASIC and APRA to understand and meet their concerns, in so far as the Trustee considers it consistent with its overall duties as a trustee.

While the Trustee does not agree with ASIC and APRA's concerns, it has no objection to:

- facilitating the New Offer;
- providing further disclosures; and
- procuring funds to apply towards reimbursement of the cost of independent financial advice.

Does the Employer support the Plan for any changes in liabilities flowing from acceptances of the New Offer?

The Trustee undertook its review independently of the Employer. However, the Employer has acted supportively and has acknowledged that any changes in Plan liabilities flowing from any acceptances of the New Offer will be incorporated by the actuary in the next round of funding discussions.

Have APRA's and ASIC's concerns been resolved?

APRA and ASIC have advised the Trustee that their concerns regarding the Employer Offer have been resolved by the Trustee entering into enforceable undertakings on <*insert date*> with both APRA and ASIC. The enforceable undertakings are available to be viewed at the websites of both APRA (www.apra.gov.au) and ASIC (www.asic.gov.au).

What action should you take?

The enclosed New Offer Booklet addresses the question of what actions you must take to accept the New Offer and to obtain reimbursement of up to $2,000 for financial planning advice regarding your consideration of the New Offer. Please review the important information contained in the New Offer Booklet carefully. Also, please note that if you want to accept the New Offer, there is a **time limit** within which you must provide your response to the Trustee (see item 8.1 in the New Offer Booklet).

How does the New Offer fit with the interest rate adjustment?

I have also written to you regarding the recent interest rate adjustment project that the Trustee has undertaken. You are likely to have benefited from an interest rate adjustment resulting from this project. The New Offer is intended to apply in conjunction with any interest rate adjustment made to your entitlements. Please refer to the separate Member Information Booklet titled "Interest Rate Adjustment" ("Interest Rate Adjustment Booklet") for specific information on the interest rate adjustment. However, please make sure you read the Interest Rate Adjustment Booklet *together with* the New Offer Booklet (there is information in the latter which explains the impact of accepting the New Offer on the interest rate adjustment – see item 9 in the New Offer Booklet).

Who should you contact if you have any questions?

If you have any questions, please contact your financial advisor or the Plan Administrator on 1800 222 243.

Yours sincerely

Paul Cooper
Chairman
Encl.

AXA AUSTRALIA STAFF SUPERANNUATION PLAN

Opportunity to Reconsider the Employer Offer

MEMBER INFORMATION BOOKLET
(for <*insert member name*>)

<*insert date*> 2005

1. Introduction

The Trustee wants to advise you of a recent decision it has made, in consultation with the Employer, relating to the Employer Offer.

You will need to read this Booklet in full and carefully. Also, given the complexity of the matters set out in this Booklet, the Trustee urges you to **obtain professional financial advice** from an independent advisor before making a decision on those matters.

A glossary of terms is included at the end of this Booklet for ease of reference. The terms included in the glossary appear in capital letters in this Booklet.

2. Employer Offer

As you may recall, the Employer Offer consisted of an offer by the Employer to Deferred Benefit Members set out in a notice titled "Notice to Deferred Benefit Members – Employer Offer" dated April 2003.

Generally, the effect of the Employer Offer was that if, between 15 April 2003 and 13 June 2003, a Deferred Benefit Member withdrew not less than 75 per cent of the balance in his or her Retained-Defined Benefit Account, the Employer would supplement the amount withdrawn from that Account by 10 per cent.

For the purposes of this Booklet, we refer to the amount withdrawn from a member's Retained-Defined Benefit Account on acceptance of the Employer Offer as the "**Initial Balance**" and to the 10 per cent supplement paid on the Initial Balance as the "**Supplement**".

The Employer Offer was not available to members receiving a Plan pension at the relevant time.

3. Did you accept the Employer Offer?

According to the Trustee's records, you accepted the Employer Offer on *<insert date>* for *<insert percent>* per cent of your Retained-Defined Benefit Account.

As such, on *<insert date/s>* you were paid amounts totalling *<$insert amount, excluding amounts paid out from the member's Retained-Additional Accumulation Account and amounts deducted by reason of any Surcharge Offset Account>*. For the purposes of this Booklet, we refer to this total amount as the "**Initial Offer Amount**".

The Initial Offer Amount comprises both the Initial Balance and the Supplement. It does not include amounts (if any) paid to you at the relevant time from your Retained-Additional Accumulation Account or amounts deducted by reason of your Surcharge Offset Account (if you had one).

For the purposes of this Booklet we refer to you and to other persons who accepted the Employer Offer as "**Affected Members**".

4. Trustee's new resolution

At its meeting of directors on 12 May 2005, the Trustee resolved, in broad terms, to offer to place Affected Members in the position they would have occupied if they had not accepted the Employer Offer. For the purposes of this Booklet, we refer to this resolution as the "**New Offer Resolution**" and to the offer to Affected Members resulting from that Resolution as the "**New Offer**".

In December 2004, the Trustee engaged independent, professional advisers to assist it to identify the means by which the New Offer Resolution could best be given effect and to carry out a detailed analysis of any specific issues identified. The New Offer Resolution is a result of the extensive work conducted by these professional advisers, as well as by representatives of the Trustee.

5. In simple terms, what is the effect of the New Offer?

If you accept the Trustee's New Offer:

(1) you will be required to return to the Plan the Initial Offer Amount *together with* a further amount in respect of investment earnings (see items 7, 8 and 11 below);

(2) an amount including interest will be re-credited to your Retained-Defined Benefit Account, called the "**Re-Credit Amount**" (see items 7 and 12 below) and this will be held by the Trustee on the terms set out in the enclosed Deferred Benefit PDS; and

(3) you will regain all the rights relating to the Re-Credit Amount (including the right to a Future Plan Pension, among other things) set out in the attached Deferred Benefit and Pension PDSs.

The rates at which the Re-Credit Amount will be converted to a Future Plan Pension (if you accept the New Offer and subsequently elect to take a Future Plan Pension) are set out in the Plan's trust deed. For ease of reference, however, these rates are extracted in the attached Pension PDS.

6. What do you need to do before you accept the New Offer?

6.1 Obtain professional advice

Given the complexity of these matters, it follows that you should obtain professional financial advice from an independent advisor *before* making a decision with respect to the New Offer. The Trustee cannot stress enough the need for you to obtain professional advice.

Professional advice should enable you to make a holistic and thorough assessment of your individual circumstances (see items 6.4 and 6.5 below for more details). Professional advice should enable you to assess the value to you of retaining the Initial Offer Amount (with investment earnings) as against the value to you of the rights relating to the Re-Credit Amount (including the right to a Future Plan Pension, among other things) if you accept the New Offer.

To assist you in obtaining independent professional financial advice, you will be **reimbursed an amount of up to $2,000** in respect of the costs of financial advice obtained on the New Offer. However, to obtain that reimbursement, you must:

(a) obtain advice from a person who holds an Australian Financial Services Licence or from a representative or an authorised representative of such a person; and

(b) provide the Plan Administrator with a tax invoice for amounts charged to you by the adviser in respect of advice on the New Offer.

If and when you provide the Plan Administrator with the above-mentioned tax invoice, you will be reimbursed the relevant amount within 30 days.

6.2 Consider the implications of accepting the New Offer

In deciding on the New Offer, you and your advisor should consider carefully what accepting that Offer will mean for you. Among other things, this will involve making a comparison of the value to you of the Initial Offer Amount (with investment earnings) and the value to you of the rights relating to the Re-Credit Amount (including the right to a Future Plan Pension, among other things).

Clearly, both the Initial Offer Amount (with investment earnings) and the rights relating to the Re-Credit Amount are valuable. In determining whether to accept the New Offer, you and your advisor will need to determine which of these two is more valuable to you.

6.3 *Consider the Deferred Benefit PDS*

As mentioned, if you accept the Trustee's New Offer the Re-Credit Amount will be re-credited to your Retained-Defined Benefit Account. The Re-Credit Amount will be held by the Trustee on the terms set out in the attached Deferred Benefit PDS. In addition to the other matters mentioned in this Booklet, you and your advisor need to consider whether those terms accord with your needs.

6.4 *Consider the value to you of a Future Plan Pension*

As foreshadowed above, it will be important for you and your advisor to consider carefully the value to you of the rights associated with the Re-Credit Amount, including the right to a Future Plan Pension (if you accept the New Offer). This value is *not* the same for each person. It will depend on, among other things:

- your present and future tax circumstances (eg, your reasonable benefit limit and other matters);
- your present and future social security arrangements;
- the proportion of the Re-Credit Amount you might expect to take as a Future Plan Pension;
- the age at which you might expect to take a Future Plan Pension;
- your present and future marital status (and your spouse's age, if you have one);
- your health and your life expectancy (as well as the health of your spouse and his or her life expectancy);
- your preference for the flexibility of lump sum amounts (ie, the flexibility of the Initial Offer Amount); and
- your expectation that you might earn a rate of return on your Initial Offer Amount that is higher than the interest rate that will be applied to your Re-Credit Amount in the Plan.

6.5 *Other considerations*

Clearly, the Trustee is unable to anticipate all the considerations that you should or might take into account in deciding whether to accept the New Offer. In fact, there are likely to be matters that are relevant to you that have not been outlined in this Booklet. As such, it is important for you to consider your own circumstances carefully *and* for you to obtain independent, professional advice taking into account those circumstances. The Trustee is *not* able to provide you with financial advice.

6.6 *Consider the actuarial "valuation" of Retained-Defined Benefit liabilities*

6.6.1 *Information on the actuarial "valuation"*

The Trustee and the industry regulators (ie, APRA and ASIC) have held extensive discussions on whether it is of assistance to Affected Members to be advised of the actuarial "value" ascribed to Retained-Defined Benefit liabilities. For the most part, these Retained-Defined Benefit liabilities include contingent liabilities to pay Future Plan Pensions.

The Trustee has no objection to providing this information to Affected Members and, accordingly, it is set out below. However, the Trustee is concerned to ensure that you do not draw the conclusion that this actuarial value is necessarily indicative of the value *you* might ascribe to a Future Plan Pension. In determining the value to you of a Future Plan Pension, you need to have regard to the matters set out in items 6.3 to 6.5 above and any other factors that might affect your particular needs and circumstances.

As such, the Trustee urges you to read this section of the Booklet in its entirety and to obtain independent financial advice in order to make a holistic and thorough assessment of your individual circumstances.

6.6.2 *What is the actuarial valuation?*

As you know, Deferred Benefit Members may elect, between ages 55 and 65, to receive a Future Plan Pension and, once elected, the Trustee is obliged to pay that Pension. As such, the Trustee has a contingent obligation to pay Future Plan Pensions.

In order to ensure there are enough assets in the Plan to meet this contingent liability, the Trustee must make appropriate financial provision today. To do this, the Trustee obtains professional advice from the Plan actuary.

On an annual basis, the Plan actuary estimates the present value of the Trustee's contingent liability to pay Future Plan Pensions and to pay lump sums from Retained Defined-Benefit Accounts (**Actuarial Value**). The Trustee then makes financial provision accordingly. The Trustee is obliged to do this as a matter of ordinary prudence and as a consequence of statutory obligations.

In order to provide advice to the Trustee, the Plan actuary must make certain assumptions about economic conditions and Plan pensioners generally. The main assumptions used by the Plan actuary to calculate the Actuarial Value include assumptions about the following matters:

Subject matter of assumption	Assumptions used in 2004
Future investment earnings on relevant Plan assets (net of tax, where applicable, and expenses)	o 7.5% pa for current pension assets (nil tax) o 7% pa for non-current pension assets (taxed)
Future pension indexation rate	2.5% pa (CPI)
Future earnings credited to balances held by Deferred Benefit Members	4.5% pa (Cash Crediting Rate)
Proportion of deferred benefits taken as pensions rather than lump sums	90% taken as pension and 10% as lump sum
Mortality of pensioners and reversioners	As per actuarial tables
Marital status of pensioners	o 90% of males married o 50% of females married
Pension take-up age	Age 55 or immediate if over 55
Age of pensioners' spouses	Males 3 years older than females

Using the above assumptions (which change from time to time) and certain other information about the Plan (including, in particular, about Deferred Benefit Members), the Plan actuary then calculates the Actuarial Value.

6.6.3 *What was the Actuarial Value as at 30 June 2004?*

As at 30 June 2004, the Plan actuary estimated that the Actuarial Value at that time was 116 per cent of the total Retained-Defined Benefit Account balances (**2004 Actuarial Value**). This is the most recent Actuarial Value available.

In simple terms, the 2004 Actuarial Value means that, as at 30 June 2004, the Plan actuary estimated that it would cost the Trustee 16 per cent more on average to make provision for Future Plan Pensions and for the payment of lump sums from Retained-Defined Benefit Accounts than it would to pay out all Deferred Benefit Members' entitlements as lump sums immediately.

6.6.4 *What were the Actuarial Values in prior years?*

Over the three year period preceding the year ended 30 June 2004, the Actuarial Values for each year were as follows.

Year ended	Actuarial Value
30 June 2001	121%
30 June 2002	128%
30 June 2003	116%

The Actuarial Value varied depending on the assumptions applicable at the time of the valuation, as well as on the Plan's Deferred Benefit Membership and experience. Details of those assumptions for each year are available on request from the Plan Administrator.

6.6.5 *Caution*

Given the above matters, the Trustee cautions against drawing the conclusion that the Actuarial Value is necessarily indicative of the value attributable to *your* Retained-Defined Benefit Account (which includes the value to you of a potential entitlement to a Future Plan Pension). As mentioned, this value may be higher or lower depending on all of your particular circumstances.

In particular, you should be aware that:

(1) the Actuarial Value is based on assumptions considered appropriate for the purpose of assessing the Trustee's overall liability in respect of Retained-Defined Benefit Accounts. These assumptions are not developed with a view to assessing a reasonable value from an individual Deferred Benefit Member's point of view (ie, your individual circumstances may mean the assumptions made in determining the Actuarial Value are quite inappropriate for determining the value of *your* potential entitlement to a Future Plan Pension);

(2) the Actuarial Value is a weighted *average* of the results for *all* Deferred Benefit Members;

(3) the assumptions used by the Plan actuary to calculate the Actuarial Value vary over time (so the relevant Actuarial Value will vary over time);

(4) the value of Future Plan Pensions to *individual* Deferred Benefit Members could be affected by factors *other than* those taken into account by the Plan actuary (eg, by a member's reasonable benefit limit, by a member's preference for the flexibility offered by lump sums, etc); and

(5) the Actuarial Value is a calculation made for the Trustee's internal purposes and is not a benefit payable to members.

7. What were the principles used to design the New Offer?

In arriving at the New Offer Resolution, the Trustee obtained independent professional advice from Mercer for the purpose of determining an actuarially sound basis for giving practical effect to the New Offer.

The key principles that Mercer advised should be applied in determining the terms of the New Offer were that:

(1) if Affected Members want to accept the New Offer, they should refund the Initial Offer Amount together with a further amount in respect of investment earnings on the Initial Offer Amount;

(2) investment earnings on the Initial Offer Amount should be calculated using the Plan's Investment Crediting Rate (which ensures that all Deferred Benefit Members are treated equally, it will put the Plan in the same position as if Affected Members had not taken the Employer Offer and the Investment Crediting Rate can be calculated readily, among other things);

(3) to ensure that Affected Members are not disadvantaged, those who have earned less than the Plan's Investment Crediting Rate on the Initial Offer Amount (and are able to provide documentary evidence reasonably satisfactory to the Trustee as such) will be able to return the Initial Offer Amount accumulated with actual earnings or the Plan's Cash Crediting Rate whichever is the greater;

(4) on returning these amounts, the Trustee should re-credit the Affected Member with their Initial Balance together with interest calculated using the Plan's Cash Crediting Rate; and

(5) the Plan's Cash Crediting Rate should be used to calculate the amount re-credited to the Affected Member because, even though it is currently lower than the Plan's Investment Crediting Rate, it is consistent with the rate the Affected Member would have received had the Member not accepted the Employer Offer.

Please note that if you have made investment earnings on the Initial Offer Amount in excess of the Plan's Investment Crediting Rate, you may keep those excess earnings. On the other hand, if you have earned less than the Plan's Investment Crediting Rate you will, as mentioned, be required to provide documentary evidence reasonably satisfactory to the Trustee of those lesser earnings (eg rollover account statements) before you can accept the New Offer. As a minimum, however, to accept the New Offer you will be required to refund the Initial Offer Amount plus investment earnings at the Plan's Cash Crediting Rate.

8. What do you need to do to accept the New Offer?

8.1 Return the attached acceptance form

In order to accept the New Offer, you need to complete the attached form and return it to the Trustee within **<u>90 days</u>** from the date of this Booklet. If the Trustee receives no response from you in relation to the New Offer by that date, it will assume you do not want to accept the New Offer.

8.2 *Provide a cheque to the Trustee*

If you want to accept the New Offer, you will also need to provide a cheque made out to AXA Australia Staff Superannuation Pty Ltd for the Total Refund Amount at the same time you return the above form to the Trustee.

Set out at item 11 below is an explanation of how to calculate the Total Refund Amount. If you need any assistance in calculating the Total Refund Amount, please contact the Plan Administrator.

9. Treatment of the Interest Rate Adjustment

The Interest Rate Adjustment is linked to your acceptance or non-acceptance of the New Offer in the following ways.

(1) If you accept the New Offer, the component of the Interest Rate Adjustment which relates to the Initial Balance (*but not* to the Supplement) will be credited to your Retained-Defined Benefit Account together with the Re-Credit Amount.

(2) If you *do not* accept the New Offer, the component of the Interest Rate Adjustment which relates to the Initial Balance *and* to the Supplement, will be paid out as a lump sum in accordance with the terms set out in the Interest Rate Adjustment Booklet.

10. What happens if you have already commenced a pension from the Plan?

If you have already commenced a pension from the Plan (which is being paid from the amount that remained in your Retained-Defined Benefit Account after you accepted the Employer Offer), you can still accept the New Offer.

If you are in this situation and accept the New Offer, you will (subject to statutory preservation requirements) be permitted to commence a new, additional pension from the Plan. However, any balance remaining in your Retained-Defined Benefit Account after commencement of the new additional pension will be paid to you as a lump sum at that time.

Clearly, if you are in this situation you should (as mentioned above) obtain professional financial advice from an independent advisor *before* making a decision with respect to the New Offer.

11. How the Total Refund Amount will be calculated?

The Total Refund Amount comprises:

Initial Offer Amount	*<$insert>*
plus Part A Refunded Earnings	*<$insert>*
plus Part B Refunded Earnings	To be calculated by you

As mentioned, the Initial Offer Amount is the amount that you were paid on acceptance of the Employer Offer, including the Initial Balance and the Supplement.

The Part A Refunded Earnings are earnings on the Initial Offer Amount calculated using the Plan's cumulative Investment Crediting Rate for the period between the date the Initial Offer Amount was paid to you and 30 April 2005, which was *<insert cumulative rate>* per cent. If you provide documentary evidence reasonably satisfactory to the Trustee that you earned less than the Plan's Investment Crediting Rate for this period, the Part A Refunded Earnings will be less than the amount set out in the above table.

The Part B Refunded Earnings are earnings on the Initial Offer Amount calculated using the Plan's Cash Crediting Rate for the period between 30 April 2005 and the date the Trustee receives the Total Refund Amount from you (which must be within the 90 day period mentioned in item 8.1 above).

Clearly, it is not possible to specify the Part B Refunded Earnings in this Booklet as it will depend on the date you refund the Total Refund Amount. The Part B Refunded Earnings will be *<$insert amount>* **per day** for the period from 30 April 2005 to the date which appears on the cheque which you will need to forward to the Trustee in respect of the Total Refund Amount, provided that the cheque is received by the Trustee within 5 business days of that date. If you need any assistance in calculating the Total Refund Amount, please contact the Plan Administrator.

12. What happens after you accept the New Offer?

As soon as the Trustee receives the attached completed form from you and once the Total Refund Amount has been received by the Trustee in cleared funds, the Trustee will:

(1) if your Retained-Defined Benefit Account in the Plan was closed following your acceptance of the Employer Offer, reopen that Account; and

(2) credit your Retained-Defined Benefit Account with the Re-Credit Amount, being *<$insert amount>*.

The Re-Credit Amount consists of the Initial Balance together with interest on that Balance calculated using:

(1) a rate of 2% per annum for the period between the date the Initial Offer Amount was paid to you and 30 June 2003 (which is consistent with the rate credited to Retained-Defined Benefit Accounts for this period under the Interest Rate Adjustment); and

(2) the Plan's Cash Crediting Rate for the period from 1 July 2003 to 30 June 2004.

From 1 July 2004, your Retained-Defined Benefit Account will be credited with interest in accordance with the terms set out in the Deferred Benefit PDS.

Clearly, it is not possible to specify in this Booklet the precise interest that will be credited to your Retained-Defined Benefit Account from 1 July 2004 as it will depend on the rate declared by the Trustee at the appropriate time. However, as an indication, included at the end of this Booklet is a table which illustrates the interest credited to your Retained-Defined Benefit Account as at 30 April 2005. This illustrative amount is calculated using the Plan's interim Cash Crediting Rate. At present, those rates are 4.6% per annum from 1 July 2004 to 28 February 2005 and 4.8% per annum from 1 March 2005.

13. What happens if you cannot return the Total Refund Amount?

If you want to accept the New Offer but are not able to provide a cheque to the Trustee for an amount equal to the Total Refund Amount (eg, because you have withdrawn your Initial Offer Amount from the superannuation system altogether), please contact the Plan Administrator.

If you are in this situation and can demonstrate special circumstances, the Trustee might be prepared to consider alternative arrangements (but makes no promise to that effect). Please bear in mind that the Trustee will consider alternative arrangements only in limited circumstances. Also, before the Trustee will permit you to accept the New Offer by returning an amount less than the Total Refund Amount, you will need to provide satisfactory evidence to the Trustee of your special circumstances.

14. Funding of the New Offer Resolution?

On 13 May 2005, the Employer acknowledged in writing that any change in liability for the Plan arising from the New Offer Resolution would be taken into account in the next review of the Plan's funding arrangements.

15. Regulatory impediments removed

Ordinarily, the Trustee is prohibited by superannuation law from permitting persons whose benefits have been withdrawn from the Plan and who are no longer employed by the Employer to become members of the Plan again.

However, in these special circumstances, APRA has exempted the Trustee from this restriction and there is now no regulatory impediment to the Trustee giving effect to the New Offer Resolution.

16. Further information

If you require further information on the above matters, please contact the Plan Administrator on **1800 222 243**.

GLOSSARY

Affected Members means Deferred Benefit Members who, like you, accepted the Employer Offer and were paid the Initial Offer Amount.

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

Cash Crediting Rate means the annual or interim rate of interest credited by the Trustee in respect of Retained-Defined Benefit Accounts based on a cash index return selected by the Trustee less an allowance for the 15% investment tax.

Deferred Benefit Members means defined benefit members of the Plan who are no longer employees of the Employer but who, on cessation of employment, elected to retain all or part of their termination benefits in the Plan as deferred benefits.

Deferred Benefit PDS means the Plan's deferred benefit product disclosure statement.

Employer means The National Mutual Life Association of Australasia Limited and its related entities.

Employer Offer means the offer made to Deferred Benefit Members by the Employer the effect of which was that if, between 15 April 2003 and 13 June 2003, a Deferred Benefit Member withdrew not less than 75 per cent of the balance in the Member's Retained-Defined Benefit Account, the Employer would supplement the amount withdrawn by 10 per cent.

Future Plan Pension means a future deferred benefit pension payable from the Plan.

Initial Balance means the amount withdrawn by a Deferred Benefit Member from the Member's Retained Defined Benefit Account as a result of the Employer Offer (not including the Supplement), being an amount of not less than 75 per cent of the balance in the Member's Retained-Defined Benefit Account at the time of that Offer. In your case, the Initial Balance was *<$insert amount>*.

Initial Offer Amount means the amount that Deferred Benefit Members were paid on acceptance of the Employer Offer, including the Initial Balance and the Supplement. In your case, the Initial Offer Amount was *<$insert amount>*.

Interest Rate Adjustment means the interest rate adjustment to be credited to a Deferred Benefit Member's Retained-Defined Benefit Account as a result of the New Crediting Resolution referred to in the Interest Rate Adjustment Booklet.

Interest Rate Adjustment Booklet means either the Interest Rate Adjustment – Member Information Booklet or the Interest Rate Adjustment – Pensioner Information Booklet, whichever is applicable to you.

Investment Crediting Rate means the annual or interim rate of interest credited by the Trustee in respect of relevant investments in the Plan's defined benefit division based on the Plan's actual net (of tax and investment management fees) earning rate.

Mercer means Mercer Human Resource Consulting Pty Ltd.

New Offer Resolution means, in broad terms, the Trustee's resolution, made on 12 May 2005, to offer to Affected Members to place them in the position they would have occupied if they had not accepted the Employer Offer.

Part A Refunded Earnings means investment earnings on the Initial Offer Amount calculated using the Investment Crediting Rate for the period between the date the Initial Offer Amount was paid to you and 30 April 2005.

Part B Refunded Earnings means the investment earnings on the Initial Offer Amount calculated using the Plan's Cash Crediting Rate for the period between 30 April 2005 and the date which appears on the cheque forwarded by you to the Trustee in respect of the Total Refund Amount.

Pension PDS means the Plan's pension product disclosure statement.

Plan means the AXA Australia Staff Superannuation Plan.

Plan Administrator means Mercer Benefit Services (formerly known as Mellon Human Resources and Investor Solutions Pty Ltd prior to 30 April 2005).

Re-Credit Amount means the amount including investment earnings that will be re-credited to your Retained-Defined Benefit Account if you accept the New Offer. The Re-Credit Amount is calculated in the manner set out in item 12 of this Booklet.

Retained-Additional Accumulation Account is also referred to in other Trustee communications (eg in the Deferred Benefit PDS) as the Non Pension Option Account.

Retained-Defined Benefit Account is also referred to in other Trustee communications (eg in the Deferred Benefit PDS) as the Pension Option Account.

Supplement means the 10 per cent supplement on the Initial Balance paid to Deferred Benefit Members as a result of accepting the Employer Offer. In your case, the Supplement was *<$insert amount>*.

Surcharge Offset Account means the account to which individual member's surcharge liabilities are debited and on which interest accrues. Broadly, surcharge is a government tax levied on surchargeable superannuation contributions of higher income individuals.

Total Refund Amount means the amount you need to pay to the Trustee if you want to accept the New Offer and comprises the Initial Offer Amount plus the Part A and Part B Refunded Earnings.

Trustee means AXA Australia Staff Superannuation Pty Ltd.

Table setting out details of Part A and B Refunded Earnings and Re-Credit Amount

Form for completion by member

Deferred Benefit PDS

Pension PDS