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IOOF HOLDINGS AND AUSTRALIAN WEALTH MANAGEMENT TO MERGE

IOOF Holdings Limited (IOOF) and Australian Wealth Management (AWM) today announced that they would merge to create a leading financial services company with more than \$88 billion under management, advice and administration.

The merger, which is planned for April 2009, will deliver enhanced financial strength and an improved capacity to pursue a wider range of growth opportunities, as well as increase the earnings per share (EPS) for all shareholders.

The boards of both companies unanimously recommend the merger, which is expected to generate post tax synergies of \$20 million in the first year. AWM shareholders will be asked to vote on the merger in March or April next year.

Market capitalisation of the merged group, based on current prices would be \$700 million. The merger will be achieved through a Scheme of Arrangement whereby IOOF Holdings will issue one IOOF share for every 3.73 AWM shares.

Retaining the name IOOF Holdings Limited and its Melbourne headquarters, the combined group will be owned approximately 30% by IOOF shareholders and 70% by AWM shareholders, reflecting the relative size of the two companies.

IOOF chairman Mr Ian Blair stated that the rationale for combining the two organisations was compelling. "The merger will deliver substantial EPS accretion for both IOOF and AWM shareholders," said Mr Blair.

IOOF managing director Tony Robinson, in supporting the move, was confident that the merger would bring together two teams that have both demonstrated strong capabilities.

"Combined, the group will have the capacity to provide an expanded range of products and services and greater benefits for all key stakeholder, including advisers, clients, customers and shareholders," said Mr Robinson.

"Because the two businesses are so similar, this merger can be achieved with very low risk and should result in our shares becoming more liquid and allow the merged business better access to opportunities."

This is a view shared by AWM managing director Chris Kelaher who is adamant that the combined group will benefit significantly from a broader distribution network and product offering. Mr Kelaher said he was very confident that the combination of these two successful businesses would deliver positive benefits to AWM shareholders.

AWM chairman, John Warburton stated the merger represented a unique opportunity to combine two highly complementary businesses.

“In a difficult operating environment for wealth managers, we expect that the transaction will realise immediate value for both sets of shareholders and put the merged group in a very strong market position,” said Mr Warburton.

The group will have an enhanced distribution network with more than 580 aligned financial advisers across the nation and will offer services including advice, distribution, funds management, administration, trustee services and asset management.

There will be no impact to the operations of Perennial Investment Partners Ltd (which will remain a wholly owned subsidiary of IOOF Holdings Ltd) or the Perennial boutiques, with the merger expected to provide an opportunity to increase flow of funds into Perennial products and IOOF investment products, including IOOF Multimix and WealthBuilder.

Mr Blair will chair the board of the combined group, which will include three additional directors from the current IOOF board and three directors from the board of AWM. Following the successful merger in April, Chris Kelaher will succeed Tony Robinson as managing director and chief executive officer.

For further information:

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