

No.1 Martin Place
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780
Telex 122246
Internet <http://www.macquarie.com.au>
DX 10287 SSE
SWIFT MACQUAU2S

Money Market 8232 3600 Facsimile 8232 4227
Foreign Exchange 8232 3666 Facsimile 8232 3019
Metals and Mining 8232 3444 Facsimile 8232 3590
Futures 9231 1028 Telex 72263
Debt Markets 8232 3815 Facsimile 8232 4414

ASX/Media Release

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MACQUARIE BANK IN CONSORTIUM TO ACQUIRE AXA HEALTH

Macquarie Bank Limited (Macquarie) announced today it is arranging and participating in a consortium that will acquire 100 per cent of AXA Health Insurance (AXA Health).

AXA Health is the third largest private health insurance business in Australia and operates as HBA in Victoria and Mutual Community in South Australia.

Under the terms of the transaction, Macquarie and AXA Asia Pacific Holdings (AXA APH) have agreed a purchase price of \$595 million.

Macquarie has partnered with BUPA (the British United Provident Association Limited), which will acquire a 50 per cent equity interest in the consortium. Macquarie has reduced its maximum equity exposure to below \$50 million and may seek to sell this down to institutional investors over the next 12 months.

Macquarie and AXA APH have also agreed to a profit sharing arrangement where, in certain circumstances, AXA APH would participate in profits upon a subsequent sell down of equity and/or sale of the business within a period of up to 18 months.

Payment for the acquisition comprises a \$58 million deposit funded by equity and provision of \$537 million of vendor finance for six months. The vendor finance will be refinanced through additional equity of \$202 million, debt facilities of \$300 million, underwritten by third party banks, and internally generated cash.

The transaction will not affect the 970,000 Australians insured with AXA Health, or the day to day running of AXA Health, which will continue to operate on a business as usual basis under existing management. As the strategic partner in the consortium, BUPA will work with the business' existing management team to ensure continuity for customers and

advise on the future direction of the business. In the longer term, BUPA's expertise will help identify opportunities for business development and growth. The consortium plans to retain all staff.

AXA Health reported profit after tax for the 15 months ended December 31, 2001 of \$126 million on revenue of \$1.136 billion.

Richard Facioni, transaction leader on the consortium acquisition and an Executive Director in Macquarie's Investment Banking Group, said; "The AXA Health business is already the most efficient operator in the industry, a function of its high quality management and staff, led by Richard Bowden. With the introduction of a strategic partner such as BUPA, and access to further capital, there is significant scope to expand its business and improve overall industry efficiency. It is important to note that continuity of service to policyholders is of paramount importance in this transaction."

BUPA has international operations in Ireland, Spain, Saudi Arabia, Hong Kong, Thailand and Singapore and owns the Hurstville Community Hospital in Sydney. It is a broad-based health and care organisation with a growing international presence. Its main interests are health insurance, hospitals, care services for the elderly, health assessments and workplace health. Insuring nearly five million customers in 190 countries, BUPA employs 40,000 staff and had revenues in calendar 2001 of in excess of \$6.5billion. It is the leading company in its sector in the UK.

BUPA's Chief Executive Val Gooding said: "The acquisition extends our overseas portfolio and in particular our business interests in the Asia Pacific region, which we have previously identified as an area of potential growth."

It is anticipated the sale will be completed in August 2002, following completion of confirmatory due diligence and obtaining necessary regulatory approvals.

For further information, please contact:

Richard Facioni, Executive Director, Investment Banking Group, Macquarie Bank Limited	+61 3 9635 8107
Greg Ward, Chief Financial Officer, Macquarie Bank Limited	+61 2 8232 3543
Lisa Jamieson, Public Relations, Macquarie Bank Limited lisa.jamieson@macquarie.com.au	+61 2 8232 6016 +61 416 237 332