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MEDIA RELEASE

IOOF Purchases Skandia Australia and Intech Investments

IOOF Holdings Limited (IOOF) today announced its decision to purchase Skandia Australia and Intech Investments from the Old Mutual Group.

The total purchase price for the acquisition will be approximately \$34 million comprising an upfront payment of \$20 million to be paid on completion and a further payment to be made approximately 60 days after completion. Completion is scheduled to occur on or around 6 March 2009.

The Skandia platform business and the Intech implemented consulting business - with a combined Funds Under Management and Administration (FUMA) in excess of \$8bn – will be integrated into the IOOF business.

This acquisition was completed in conjunction with Australian Wealth Management Limited (ASX:AUW) (**AWM**). AWM is supportive of the transaction and will provide a component of the funding via a \$10 million loan. Appropriate releases under the Merger Implementation Agreement with AWM have been obtained

The acquisition strengthens IOOF's position in the platform and investment research markets, and will complement the proposed merger between IOOF and Australian Wealth Management. Following this acquisition but prior to the proposed merger with AWM, the IOOF group will service in excess of \$31.8bn in FUMA with more than 300,000 clients.

"This is a great outcome for IOOF, Skandia and Intech Investments," said Mr Tony Robinson CEO of IOOF Holdings Ltd. "There are many synergies between these businesses and we believe the combined group will deliver ongoing benefits to all those connected to our company.

"This acquisition provides IOOF with an excellent opportunity to increase its scale in the platform business and will enable us to operate more competitively in the marketplace," said Mr Robinson. "Scale is important going forward due to increased margin pressure both from competition and the impact of the global market decline.

"It will also enable the business to increase its sales and distribution reach, which should allow us to drive up combined net fund flows and further strengthen relationships with key non-aligned dealer groups.

"Importantly, it also provides an opportunity to deliver a broader range of products and services and achieve greater cost efficiencies which will benefit all advisers, clients, customers and shareholders," said Mr Robinson.

Mr Robinson confirmed that the products and services offered by Skandia and Intech will continue to operate as normal. However the IOOF brand will replace the Skandia brand in due course as it has been retained by the Old Mutual Group for use outside Australia. The Intech brand will be retained.

The transaction has been evaluated and pursued jointly by IOOF and AWM, and represents an excellent opportunity to further build both the short term and the long term growth prospects of the business.

Mr Chris Kelaher, Managing Director of AWM, who will become Managing Director of the merged IOOF and AWM business if the proposed merger is approved, expressed his support for the acquisition.

"We're confident this deal will increase the presence of the merged group in the Australian financial services industry and allow us to provide a better outcome for Skandia and Intech's partners and clients."

The acquisition of Skandia and Intech will not affect the operation of existing IOOF products and services, with IOOF implementing a separate integration program isolated from its normal business operations to prevent any disruption to its existing clients.

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