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Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
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Manager
Market Information Services Section
New Zealand Stock Exchange
Level 2, NZX Centre, 11 Cable Street
Wellington New Zealand

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AMP Limited (ASX/NZX: AMP)
(also for release to AMP Group Finance Services Limited (ASX: AQNHA & NZX: AQN010))

Part One: Annual General Meeting – Chairman's Address to Shareholders

Part Two: Annual General Meeting – CEO's Address to Shareholders

ADDRESS BY AMP CHAIRMAN PETER MASON
TO THE AMP ANNUAL GENERAL MEETING
12 MAY 2011

So let me begin with a review of the past year.

2010 was a significant year for your company: a year in which we reshaped AMP and, indeed, reshaped a significant part of Australia's wealth management industry.

AMP took advantage of opportunities presented, and we now face the future with renewed strength, ready to capitalise on the tremendous potential of our industry.

Global context

This time last year, concerns about the repercussions for Australia of the global financial crisis loomed large. In most of the developed world, they still do.

The United States continues to experience economic stress, and so do many other countries. Sovereign debt issues, particularly in Europe, have continued to give pause to investors and keep the brakes on market growth.

While the Australian economy has been relatively resilient during the past couple of years, distance is no protection against economic uncertainty. Events on the other side of the world continue to make a noticeable impression on our country, and on AMP.

The prevailing economic mood in Australia in 2010 and continuing in 2011 has been relatively positive. But commodity exports will create long-term prosperity only if we invest the proceeds wisely, and there will inevitably be down cycles in the long-term trend. So Australian markets are tempered with caution.

This was manifested as market wariness and a preference for paying down household debt. Household savings ratios have increased – leading to reduced levels of discretionary investment.

In 2010, and so far in 2011, this has continued to have a noticeable impact on AMP's business.

Business performance

In this environment, your directors and senior executives continued to chart the disciplined course we embarked upon when fears about the global financial crisis were at their most urgent.

AMP remains a well-capitalised entity, with core businesses that continue to perform well.

Our underlying profit – our preferred measure of profitability – was down two per cent on 2009, and stood at $760 million.

In light of possible changes to regulation around the amount of capital we are required to hold, we maintained a very strong capital position.

Indeed, we finished 2010 with $240 million more in regulatory capital resources above minimum requirements than we had in 2009.

We will continue to hold more capital than statutorily required until we have a greater understanding of what the regulatory changes might be.

Both AMP and AXA adopted a prudent approach to capital management, and the merged group continues to hold significantly more capital than it is required by regulators to hold.

At the end of 2010, AMP had:

- some $1.5 billion in surplus capital above minimum regulatory requirements
- $3 billion in shareholder equity, up from $2.7 billion in 2009
- and liquidity of $470 million, with access to undrawn bank facilities of another $500 million.

As you know, we determine your dividend in light of our underlying profit, and the total dividend for 2010 was 30 cents per share, steady on 2009.

This means we paid out 82 per cent of our underlying profit as dividend, up from 78 per cent in 2009.

Industry consolidation

As I mentioned earlier, though markets have come back from their lowest levels, this recovery has by no means stabilised.

However, challenge rarely comes without opportunity. The measure of a strong company is what it does with those opportunities.

There has been a long-term trend to consolidation within our industry.

Your company chose to be an active participant in this consolidation. Indeed, 2010 was a momentous year in AMP's history – one in which we took a significant, industry-changing initiative.

As you know, the merger transaction with AXA Asia Pacific is now complete, although the integration work has only just begun.

New directors

To help in building the new company – a better company than either AXA or AMP was previously – we are recommending to you today the addition of three directors to your board.

Catherine Brenner joined our board in June last year, having already served on the AMP Life Board. Rick Allert and Patty Akopiantz were directors of AXA Asia Pacific Holdings.

All three bring a wealth of knowledge and insights with them to the AMP Board, and each will play a unique role in helping us build a powerful AMP capable of giving Australian and New Zealand consumers the choices they richly deserve.

Before I move on, I'd like to say a few words about diversity. Diversity is the lifeblood of your board. The directors before you represent a wide variety of business backgrounds, of viewpoints and of personal heritages.

What this means for you, as an investor, is robust boardroom discussions where issues pertaining to AMP's present and its future are looked at through many lenses.

As a group of directors, we work cohesively, but not always in lock-step with each other, and nor should you expect this to be the case.

It's the insights, knowledge and experience your directors bring to their work for AMP that, I believe, give real meaning to the much-bandied about term 'diversity'.

We have established a board diversity committee to reinforce the work that is being undertaken on this issue by management.

Merger

As I have said, the merger with AXA Asia Pacific marks a new beginning for both AMP and AXA, and sparks the opportunity to build an outstanding new company.

As you know, AXA was formerly National Mutual, a company that, along with AMP, laid the foundations for wealth management in Australia.

Merging the two provides the opportunity to build on both AMP's and National Mutual's long and proud histories. We are uniting the two pioneers of our industry, bringing them both back into Australian ownership.

We are also taking leadership of the wealth management agenda, and providing investment advisers and clients with a compelling alternative to the banks.

Both the AMP and AXA boards held steady throughout the merger process, driven – as ever – by a responsibility and a desire to serve shareholders' best interests.

It was on this basis that the AMP Board assessed AXA as a merger partner against our long-standing M&A criteria.

Those criteria dictate that any transaction we consider must be strategic, economic and have an acceptable level of risk.

All along, we strongly believed that a merger with AXA would create a powerful competitive force, independent of the banks, and able to offer Australians and New Zealanders real choice in wealth management.

And I am pleased to say that, in the end, AXA's board – equally driven by its responsibility to shareholders – agreed that the proposal served the best interests of AXA's investors and clients.

The challenge now is to create an organisation operationally and culturally capable of reaching its tremendous potential.

Just as neither AXA nor AMP rushed the M&A process, nor will we act expediently in integrating the two companies.

An integration of this scale is a tremendous task requiring planning, consideration and dedicated expertise from both AMP and AXA executives and at all levels of the two organisations.

We are now planning what the new AMP will look like, and Craig will speak to you about this in more detail.

I am very encouraged by the level of enthusiasm I've seen from both AXA and AMP people – at all levels of both organisations – for this merger. What we have ahead of us is a huge task, but we are off to a very strong start.

But rest assured we are as focused on business as usual in each part of the combined organisation as we were before we came together.

As critical a task as it is, designing the shape and form of the new AMP is happening independently of what we do every day and what our company excels at: providing products and advice that help our customers turn possibilities into realities.

What we achieved in 2010

Indeed, much was happening at AMP in 2010 to prepare our company for the future, apart from our merger with AXA.

That future is one in which governments', regulators' and consumers' expectations of what we do, and how we do it, are changing.

As you know, our industry has been the subject of several reviews during the past couple of years. As an industry, we manage more than one trillion dollars in retirement savings. We expect to be subject to government review.

In 2010, both AXA and AMP were active participants in the review process and we've been strong supporters of initiatives that aim to enhance the financial advice profession and consumer confidence in our industry.

And, in line with that support, at AMP – and at AXA – we made substantial changes to our business, and in the business operations of our financial adviser networks, to anticipate changes which should occur in the regulatory environment.

Importantly, we helped our planners move to fee-for-advice in Australia – two years ahead of the industry deadline.

We strongly support the government's proposed increase in the superannuation guarantee levy from nine per cent to 12 per cent. In fact, this year AMP has moved from paying its employees 10.5 per cent superannuation to 11 per cent, and over the next three years this will rise to 12 per cent.

We will continue to be a voice at the table where it is appropriate, and to recommend and support changes we believe serve consumers' best interests.

We will also oppose proposals we believe to be ineffective policy – and the proposal to phase out commissions on insurance bought through superannuation is, we believe, one such policy.

Given the substantial underinsurance problem in Australia, we are concerned about the unintended consequences of this proposal, which we believe could worsen the problem.

95% of Australian families do not have adequate levels of insurance, and underinsurance costs the taxpayer $131 million every year.

Without the encouragement and support of a financial planner, many people would not appreciate the need to arrange adequate insurance.

In 2010 we also continued to strengthen our investment capabilities, investing in new operating systems and platforms, and we increased our efforts to pursue Asian asset management and investment business.

All of this activity has begun to change how people see us. Perceptions of our brand are improving. We are being seen as more contemporary, more flexible, faster-moving and more customer-focused.

AXA, too, made great progress in 2010, amid what could only be described as challenging times.

AXA's board and management did a marvellous job of keeping the company focused on its core business during an unsettling year. It's never easy to be the subject of M&A activity.

In AXA chief executive Andy Penn's final message to the market, he commented that he believed he was handing AXA to AMP in robust shape – and we agree wholeheartedly.

I would like to take this opportunity, on behalf of the AMP Board, to extend congratulations to Rick and the people who served on the AXA Board, and to Andy and the people who were part of his management team, and to the employees of AXA, on the fine company they built.

Together, we will now build something even better than either of us was able to build alone.

Summary

2010 was a challenging year, but one in which we re-oriented AMP towards a more competitive future.

Though short-term challenges remain, AMP is in a strong position to vigorously pursue growth.

Critical to the success of the new AMP will be an unstinting focus on our customers, and on doing all within our power to help them own their tomorrows. With AXA and AMP together, we now present a stronger-than-ever alternative to the banks in wealth management.

[ends]

ADDRESS BY AMP CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR CRAIG DUNN TO THE AMP ANNUAL GENERAL MEETING
12 MAY 2011

2010 review
2010 was indeed a significant year for your company. While our merger with AXA obviously attracted the most public attention during the year, very importantly, we also continued to progress a number of substantial change programs across AMP that are reshaping our business for the future.

The past few years have, of course, been challenging ones for both wealth managers and investors. Last year, that trend continued, as it has into the first part of 2011.

Continuing share market volatility, tough economic conditions in many parts of the world and, indeed, in some sectors of the Australian economy – combined with increasing cost-of-living pressures and changing regulation – have all contributed to a strong bias for many Australians to pay down debt, and move their savings into more accessible, short-term cash deposits and away from discretionary contributions into longer term savings vehicles like superannuation.

These challenging conditions continue to be reflected in the cashflows of both parts of the merged group and, indeed, the broader industry as our first quarter cashflow announcement highlighted last week.

But, as I've said before at these meetings, tough times can also create opportunities for companies to improve their competitive position.

That is exactly what we've been focused on.

We have managed our costs and capital tightly, to make sure we've had the strength and flexibility to continue investing in our business through the cycle, with the aim of emerging a stronger, more competitive business that's well positioned to capitalise on a market recovery.

So against that backdrop, we have been pleased with:

- the progress we've made on reshaping the business, particularly in AMP Financial Planning
- the sales momentum we're seeing in some of our new products, like AMP Flexible Super, which now has $2bn in assets under management
- the improving external net cashflows we're generating, both from Asia and our domestic clients, in AMP Capital Investors
- and our strengthened balance sheet.

Our underlying profit last year was down two per cent on 2009 to $760 million.

This reflected a good performance in our Contemporary Wealth Management business and solid results elsewhere, but a disappointing outcome in Contemporary Wealth Protection – our insurance business – where we had a larger number of claims than expected.

History tells us that in more difficult economic times, the rate of insurance claims tends to increase. While these increased claims did have an impact on our bottom line – just as the Christchurch earthquake, coupled with a stronger Australian dollar, will hit 2011 merged group profits by around $10m – frankly, this is what we are in business to do: to help people in their time of need, and to ensure they have financial support to meet life's setbacks.

So, overall in 2010, we made good progress in building a new AMP. Of course, our merger with AXA is now set to accelerate the repositioning of our company.

AXA merger
The merger transaction was officially completed on March 30 this year – just six weeks ago.

A very significant day indeed in the long and very proud histories of both companies, which saw the bringing together of the two great pioneers of our industry back into Australian ownership and control.

It was the day we officially started building a new competitive force in wealth management for Australian and New Zealand consumers: a company that truly understands and values the way financial advice, adequate insurance and better retirement savings can help change peoples' lives for the better.

What it means for shareholders
As shareholders, you now own the largest, stand-alone independent wealth management company in what has been one of the fastest-growing wealth management markets in the world.

In fact, the Australian market is currently worth about A$1.3 trillion, making it the fifth-largest market in the world, with an expected growth rate of more than 10% a year over the next decade[*].

Your company now leads this market in:

- superannuation
- personal insurance
- retirement incomes
- retail managed funds
- and, importantly, financial advice.

This merger has also strengthened our competitive position in New Zealand, where we lead the market in both workplace superannuation and retail managed funds, and have a substantial financial advisor presence.

[*] Source: APRA Quarterly Superannuation Performance Dec 2010; Towers Watson Global Pensions Asset Study February 2011

Importantly, this means we have the scale, talent and resources to offer a real alternative to the major banks in wealth management for Australians and New Zealanders.

What it means for our customers
To give you a sense of just how important what we do is for Australians and New Zealanders, every day we provide almost 500 new life insurance policies for customers with an average sum insured of more than $300,000.

Each day, we help 25 grieving families by paying out their life insurance claims, and around 60 retirees start the next stage of their lives with new pensions.

We help over 500 people improve their retirement savings by processing superannuation rollovers worth an average of $30,000 each.

Each day we answer more than 5,000 customer calls, more than 2,000 adviser queries, and have over 14,000 customers use our online services.

Every day we also respond to over 250 inquiries from our 970,000 shareholders.

These daily interactions are an important reminder to all of us at AMP that what we do as a business really matters to Australian and New Zealand families.

Of course, we now do it for a whole lot more people than ever before.

Potential and opportunity
It is also a powerful reminder of what is at stake in this merger, and why it is so important we get it right.

In my view, this merger is not simply about banging two companies together and removing duplicated costs. It has to be more than this.

With this merger, by drawing on the combined skills, talent, resources, experience and heritages of both these great companies, we have the opportunity to create something very special.

AXA/National Mutual and AMP have been critical in developing and shaping the wealth management market in Australia and New Zealand, and pivotal in helping generations of Australians save for better tomorrows and protect their families in the event of misfortune. We set the agenda for this industry once before, and we intend to do it again.

Factors for success
Of course, these aspirations can only be realised with a lot of hard work, discipline and focus.

We also know that mergers of this size carry inherent risks which must be managed well. That is why we established the strict criteria for M&A activity that the Chairman referred to earlier – criteria that the AXA merger met very well indeed.

That provides us with a very solid foundation to begin with: a merger that is strategically attractive, economically sensible, and with an acceptable level of risk.

Part of the strategic attraction – and one of the reasons we are confident of creating a successful combined company – is that the local AXA businesses operate in the same markets and the same geographies as AMP.

These are markets and geographies that we know very well. In fact, AMP and AXA have many more things in common than set us apart.

We share strong and proud heritages. We have similar businesses and ways of operating that are different to the banks and their distribution models.

Over the past few weeks, as we have started to work much more closely with our new colleagues from AXA, I have been very encouraged by the goodwill, enthusiasm and engagement of AXA's people and financial advisers, and the shared values and beliefs that are common to both organisations.

Core to these shared beliefs is a rock-solid commitment to quality financial advice, and a passionate belief in its power to change people's lives for the better.

That is why both companies have taken very similar approaches to the regulatory reviews of our industry over the past 18 months or so, and why both acted quickly to move ahead of the regulatory change curve, as the Chairman outlined.

We believe the best outcome from these reviews will be to:

- increase consumer confidence in our sector and enhance the professionalism of advisers and planners
- improve industry competitiveness and efficiency
- and ensure consumers are better off, through greater savings, more adequate insurance cover, and critically, by being able to access more affordable financial advice.

The Government's most recent proposals on the Future of Financial Advice go some way to achieving these three objectives.

However, certain aspects of these proposals, including the plan to remove commissions on insurance bought inside superannuation, do not deliver on these objectives, and so we question their effectiveness.

Importantly, we remain actively engaged with both the Government and the Opposition on ways to improve our sector and deliver better outcomes for consumers.

Managing the integration

So turning now to how we're managing the integration of AMP and AXA.

Underpinning our approach is a recognition that we have two major priorities over the next 12 to 18 months: successfully integrating the two businesses while simultaneously maintaining business momentum in both parts of the merged group.

To manage both of these well, we have separated the responsibilities and made different management teams accountable for delivering on each objective.

We have created a dedicated and separate team involving senior executives from both businesses to manage the processes and provide the infrastructure necessary for a successful integration.

This means our business leaders from both AMP and AXA are free to focus on running the business and serving our customers and advisers, as they expect.

Our business leaders will, of course, be involved at major decision points along the way as we bring the two businesses together, but they will not be distracted from running and growing the business.

We have also established a set of integration principles to help guide our decision-making and integration processes. One of those key principles is that as many decisions as possible will be made jointly by AXA and AMP people – together.

To create something special from this merger, we need to build on the strengths of both organisations and draw on the knowledge and expertise of all our people.

So our overriding merger principle is that all major business decisions will be driven by what's in the best interests of the new, combined company.

This merger is all about bringing together the strengths of both organisations to create a stronger and more competitive merged business.

Where we are now

So, six weeks in, we are making good progress in planning the best way of bringing together the considerable assets and resources of the two organisations, and doing so in a way that creates significant value for our customers, our advisers, our staff and our shareholders.

Within the next three months, we will have established the preferred organisational model to achieve this; although, of course, it will take us many months – and in areas like IT systems, even a number of years – to transition fully to this new state.

What success will look like

For me, there will be three key measures of success in the short to medium term.

First, we need to build on the growth momentum in both the AMP and AXA businesses as we bring them together, with high levels of employee and adviser retention, and well-maintained levels of service for our customers and clients.

Second, we need to take forward the strengths of both organisations into our integrated business, while delivering the benefits and synergies we have committed to bring to bear through the merger.

Third, we must end up with a stronger growth platform for the future than either of the two businesses has today.

While we are very early days into the merging of the two businesses, we continue to be very confident in our capacity to realise these three objectives, and importantly, do so in a manner that creates value for you, our shareholders.

But, of course, the merger is not an end itself – it is a means to an end.

That end goal is a combined organisation that is more competitive, more customer and client focused and more valuable to its owners than either company was as a stand-alone business in the past.

Conclusion
So let me sum up.

Over the past two to three years, our focus has been on prudently managing the company through some very challenging economic times, while making sure we did not lose sight of the long-term potential and opportunities that we have.

We have worked very hard to keep a tight rein on costs, while maintaining a strong and prudent capital base. At the same time, we have made significant changes in our business to position ourselves ahead of the regulatory change curve and to build a new, more competitive AMP for both customers and shareholders.

We have made real progress over the past 12 months in renovating our core business and developing contemporary new products and service propositions, expanding into new markets and new geographies – particularly through AMP Capital Investors – and developing new business partnerships and alliances.

Our merger with AXA will only accelerate this process, and strengthen the competitive position of the combined organisation.

When we officially got together as one company about six weeks ago, we created the only major independent wealth manager in our market, with financial advice at the very heart of the merged business.

AXA/National Mutual and AMP have both had very long and proud histories.

We shaped the market in the past, and now it's time we did it again – this time working together.