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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

Please refer to attached documents.

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ADDRESS BY AMP CHAIRMAN PETER MASON
TO THE AMP ANNUAL GENERAL MEETING
10 MAY 2012

Let me begin my overview by saying your board and management believe strongly that the best position from which to tackle change is the front foot – and in 2011, AMP continued to move swiftly and decisively to gain advantage from a shifting financial services landscape.

Global context

We did this against a challenging backdrop.

Last year was another year of dislocation for many of the world's economies. Economic growth was slow or negative in many developed countries.

While the world hoped to see signs of recovery from the global financial crisis that began in 2007, natural disasters, ongoing conflict and civil unrest in the Middle East, and concerning European sovereign debt exposures, put paid to a turnaround.

Global growth remained subdued, as investors feared another recession.

The United States economy showed some signs of optimism in the second half of 2011, after what our house economist, Shane Oliver, described as the 'debacle' of its debt ceiling crisis. But this optimism was countered by the problems in Europe.

Our own economy was affected not only by events overseas, but also by natural disasters on our own shores early in the year.

Households have continued to be cautious, and weaker retail and housing-related sectors have failed to reflect the strength of our mining and resources sector.

The ride for share markets has been a rough one, as many of you in this room will know. The ASX All Ordinaries index is now almost 10 per cent lower than it was a year ago, having been around 15 per cent lower at the end of 2011 than it was at the time of last year's AGM.

Investors and share markets don't like uncertainty, and there is quite a lot of it at the moment: uncertainty around financial markets, around regulation and policy formulation, and also within our political environment.

This has significant implications for both AMP's share price, and for our business.

Business performance

With this in mind, in 2011, AMP began the real work of bringing its business together with AXA's – and offering a strong alternative to the banks in financial services.

Together, the two businesses have made pleasing progress.

And we are pleased to have created a long-term partnership with Japanese bank Mitsubishi UFJ Trust Bank to underpin our aspirations in Asia.

And I would like to thank all our advisers and employees for their commitment and support over the past year as we've worked together to build the new AMP.

Craig will talk more about these two major initiatives later.

We also continued to take a prudent approach to managing capital and costs.

At year end, AMP had more than $1.5 billion in total capital resources above minimum regulatory requirements. At the end of March, that figure was around $1.9 billion.

We intend to maintain a strong capital position for a couple of reasons.

- First, the prudential standards that dictate how much capital we are required to hold are set to change, under the influence of changes proposed in Europe and the US, where the global financial crisis was much more disruptive than it was in Australia.
- And second, we are seeing growing opportunities in areas of the business that are relatively capital intensive.

The total dividend for 2011 was 29 cents a share, meaning our shareholders received 84 per cent of AMP's underlying profit as dividend.

As you would be well aware, it has been our policy for some time to pay out between 75 and 85 per cent of underlying profit as dividend.

However, we have taken the prudent decision to revise this policy, and from this year we will instead pay out between 70 and 80 per cent of our underlying profit as dividend.

This will help us meet the capital demands of the parts of AMP's business that are growing the fastest – such as banking and personal insurance – and will help ensure we are ready for changes in the market environment in which we are operating.

Even with this change, AMP's payout ratio remains at the higher end compared to many other companies.

Managing change

As we move through 2012, the catalysts most likely to impact AMP's operating environment are:

- the volatility in global markets, which looks like continuing for some time, and
- the desire of governments and regulators, including those here in Australia, to create a more comprehensive regulatory framework for financial markets.

To avoid previous mistakes and safeguard the future is a laudable aim.

But new policy must be implemented with an eye on its broader impacts on market efficiency and investor sentiment.

And that is why this morning I am going to spend some time commenting on policy issues and our concerns about the impact these issues can have on all Australians.

Compared with most other developed countries, Australia has held up admirably in the fallout from the global financial crisis.

Although Australian investment markets remain subdued, Australia's fundamentals are healthy: our financial institutions are strong, unemployment is low and household savings are high. Investment in mining and energy and associated industries continues to be strong, too.

And all of this is underpinned by a substantial pool of superannuation savings, which are significantly invested in nation building.

This pool exists because of our world-leading retirement savings system, which was initiated more than 20 years ago by a Labor government.

Support for a compulsory superannuation system as Australia's preferred method of saving for retirement has been maintained by both sides of politics ever since.

Our system is the envy of the world.

Superannuation: a long-term view

And because of that, we need to be alert to the consequences of tinkering with it, and potentially muting its effectiveness.

AMP has always supported a framework that delivers better outcomes for individuals and the nation, and which takes into account the long-term interests of Australians.

That's why we support lifting compulsory superannuation contributions from nine per cent to 12 per cent. And why we support many aspects of the Future of Financial Advice legislation – particularly those which increase the professionalism of financial planners.

It's worth noting that AMP has led the way with regard to this.

Our Horizons Academy is at the forefront of training Australia's future financial planning professionals, and our planner force is Australia and New Zealand's most qualified.

But when there is continuous amendment to the framework for Australia's long-term savings, people feel they can't rely on it to make long-term plans.

Constant changes to Australia's superannuation system, as we saw again in Tuesday's budget, undermine people's comfort in saving within this system.

We know from experience that any change, even when it doesn't impact them directly, unsettles people, and makes them anxious about the future.

The greatest contribution that the Government can make right now is to provide the certainty and security Australians need so they can save with confidence in the future.

At AMP, we want to see Australia's superannuation system deliver what it was set up to deliver: one the one hand, the means for people to enjoy a dignified, comfortable, self-funded retirement, and on the other, a pool of funds to underpin nation-building initiatives.

Some people can afford to save to fund their own retirement, and some cannot; we need a system that supports both groups of people.

We need to incentivise those who *can* afford to save for the future to do so – ultimately relieving the burden on the government purse, and ensuring the state can better afford to help people really in need.

That's why the delay in reinstating the $50,000 superannuation concessional tax cap for those over 50 announced on Tuesday is not just a deferred commitment.

It seriously constrains the ability of Australians to save more for their retirement, at the very stage in their lives when they are freed of other financial commitments, like mortgages and children.

Ironically, this constant tinkering by the Government risks undermining the very system Labor established, and which is now so widely admired around the world.

Superannuation is a long-term response to a long-term demographic and economic challenge. It needs to be managed for the long-term, not continually modified to meet short-term budgetary objectives.

It also needs to be a system that manages equitably the intergenerational challenges created by an aging population, without transferring an unfair burden to future generations of taxpayers – our children and grandchildren.

That way, Australia will remain the envy of the world, with our people enjoying the retirements they deserve, and our nation capable of funding the infrastructure we need to provide an attractive standard of living for everyone.

Regulation and unintended consequences
In Australia of late we have, on the whole, been blessed with sound regulations and responsible regulators who have facilitated fairness and equity within the system.

However, we need to be careful not to push new regulation so far, and so soon compared to the rest of the world, that the costs start outweighing the expected benefits.

Many industries in Australia are currently working through significant and painful structural change. These changes, along with our current high currency, are putting strain on the international competitiveness of Australian businesses.

When we introduce new regulation that imposes additional costs on business, we need to be very sure that the regulation will deliver real and practical benefits.

Our industry, for example, is facing extraordinary change over the next 12 months, as a result of a range of new regulations and standards being introduced, which will have a substantial cost, ultimately on consumers.

This includes:

- implementing the new Future of Financial Advice and Stronger Super changes next year;
- the new capital standards from APRA;
- the costs of the new superannuation contributions tax on high income earners announced in the budget on Tuesday; and
- the levy being imposed on our industry to pay for the administration of some of these changes.

Change in regulation, the *anticipation* of change in regulation, and over-regulation can all have ramifications for Australia's competitiveness, not least of all because it increases the cost of capital.

That's a cost that's ultimately passed on to the consumer. It impedes economic growth, and makes Australia a much less attractive investment destination for international corporations and institutions.

This is a significant factor for all companies, particularly those operating in the Asia-Pacific region – itself a highly contested market.

In a role I play as Chairman of the Centre for International Finance and Regulation, a government-sponsored body which brings together leading Australian universities, research centres and financial organisations, I am part of a team looking at how to increase Australia's standing in the international finance community, and how to enhance the attractiveness of Australia as a global finance centre.

The potential application of Basel III capital structures ahead of both Europe and the US would create a cost of capital imposition on the Australian financial system. That would make us less competitive internationally, and make Australia less attractive in the Asia Pacific region.

Our financial system is strong. It has been successfully stress-tested. And what may be appropriate for other countries' economic systems is not necessarily appropriate for ours.

While governments and regulators have the very best intentions, imposing changes ahead of the rest of the world is not the answer for Australia. We must have time to adjust alongside international markets.

Share sale facility

Now, before I close my address, I want to mention a housekeeping matter, but one that I'm often asked about and that makes good financial sense for your company and for shareholders.

In the next few months, AMP will give holders of very small parcels of shares the opportunity to sell those shares at no cost.

We know from conversations with shareholders that many people who own a small number of shares want to sell them, but the fees associated with doing so can prove to be a disincentive.

Around 57,000 shareholders holding less than $500 worth of shares will be asked whether they would like to retain their shares. If a shareholder does not tell us that he or she wants to keep the shares, we will arrange for them to be sold, and the proceeds will be paid to the shareholder.

This will go a long way toward consolidating our retail shareholder base, which grew significantly after our merger with AXA.

Conclusion

AMP continues to operate in an environment with short-term challenges, but excellent long-term growth prospects.

AMP is financially strong, and performed solidly in 2011.

Your board and senior executives will continue to anticipate change and capitalise on it wherever possible – ensuring AMP is a strong voice in the debate about how our country's retirement savings system should serve *all* Australians.

[ends]

ADDRESS BY AMP CHIEF EXECUTIVE OFFICER CRAIG DUNN
TO THE AMP ANNUAL GENERAL MEETING
10 MAY 2012

Thank you Chairman, and good morning ladies and gentlemen.

The Chairman has just outlined some of the major factors driving the difficult business conditions we continue to face.

I know, as shareholders, you have certainly seen the downside of this environment reflected in AMP's share price, and in the broader share market.

But in this rapidly changing and sometimes volatile environment, we also see new opportunities to create long-term value for shareholders.

This morning I will update you on the actions we are taking to reshape AMP, and to position the company strongly for the future.

Business performance
Some of this is evident in our 2011 financial results, where you can see a new, stronger and more competitive AMP emerging with: a broader array of products and platforms that are highly rated in the market; a more diversified, balanced mix of business; a very potent domestic franchise now able to reach more Australians and New Zealanders with quality advice; and growing opportunities in selected offshore markets.

In what continues to be a very challenging business climate, we had robust growth in banking and personal insurance, and in our new wealth management products, like our market-leading North platform and AMP Flexible Super – one of the fastest-growing superannuation products on the market.

This helped us achieve an underlying profit of $909 million in 2011.

We've continued to manage our costs tightly, and both our capital and liquidity positions remain strong as we deal with ongoing market volatility, and in anticipation of more onerous prudential standards, as the Chairman mentioned earlier.

Very importantly, our integration with AXA continues to track well, and our targeted international expansion through AMP Capital took a big step forward late last year through our strategic alliance with leading Japanese trust bank, MUTB.

I'll come back to both of these strategic initiatives in more detail in a moment.

On the downside, investors are still very cautious, and you can see that caution reflected across the industry in very subdued cash flows.

Indeed, our first quarter cash flows, released this morning, show that trend has continued into 2012.

They also highlight the importance of having a broad set of offers for customers, and clearly AMP Bank plays a critical role for us here.

So while our net cash flows are largely unchanged on the final quarter of last year, we have captured more than $900 million in new bank deposits.

This is a pleasing result, although it does create other challenges for us, because new business growth in banking, as in personal insurance, requires more capital to support it.

Pleasingly, we've further strengthened our capital position since the end of last year, and at 31 March we held about $1.9 billion in total capital resources above minimum regulatory requirements.

This includes an extra $380 million in capital contributed by MUTB as part of our alliance, and is after allowing for the payment of the 2011 full-year dividend in April.

So, despite a challenging external environment our 2011 performance shows AMP is an efficient, well-capitalised business strongly positioned to deal with significant industry change and, importantly, to take advantage of the growth opportunities that change always brings.

Strategic issues and our response

So, let's look at the five big drivers of change in our industry, and how we're actively addressing these to ensure we navigate the future successfully.

One of the most significant, of course, is the continued uncertainty from the aftermath of the global financial crisis.

It is constraining client investment returns and industry profits and, at the same time, accelerating the shift of the world's wealth from west to east.

While recently we've seen some improving trends in world markets and better investment returns for clients, the Australian share market is still nearly 40 per cent below its high in November 2007, and Australian government 10-year bond yields are down by more than 300 basis points from their highs in June 2008.

And volatility in investment markets continues.

In response, we are very focused on the things we *can* control – like managing our costs tightly and working harder to retain our customers and clients – while, at the same time, taking advantage of the growth opportunities our merger with AXA and our alliance with MUTB are creating.

This market uncertainty is also feeding into a second big driver of change: rapidly changing consumer attitudes.

In our industry, it is the most significant shift we have seen in the past 15 years, and I suspect this is true of other sectors of the economy as well.

Consumers are more risk averse and so require:

- greater security and liquidity – and that has driven a big swing to cash, which is benefiting our bank; and
- more information and control over their financial affairs as, understandably, they are less trusting than they once were.

Consumers are also more “value” conscious than ever before.

We have acted swiftly to meet these changing consumer preferences by developing relevant, value-for-money new products like AMP Flexible Super and our new Multi Asset Fund, and by continuing to grow AMP Bank, where profits were up 45 per cent in 2011 over the previous year.

We are also investing actively in the self-managed superannuation sector, where we now have significant capabilities, like Multiport, and in our partnership with SuperIQ, which we are very excited about.

At the same time, consumer behaviour is also being impacted by technology, particularly digitalisation and mobile devices.

This new technology is opening up different ways for us to engage more actively with our customers more often, and in a much more relevant manner.

Our merger with AXA provides a great opportunity to rationalise systems and simultaneously invest in new technologies, so we can bring the benefits of these technologies to our customers, and to our planners and advisers.

The fourth change driver – the aging of our community – is arguably one of the greatest opportunities we have ever had.

As an industry, we have done well helping people accumulate wealth, and climb the mountain towards retirement.

Indeed, an independent report released last year[1] shows that, despite the global financial crisis, over the past 15 years the median return for growth funds has averaged 4.1% per annum above the rate of inflation.

[1] Chant West July 2011

That's a significant result by any standard, and certainly meets the original expectations of those who established our world-class superannuation system some 20 years ago.

Yet the experience of many retirees over the past few years has been very different.

And that is because their retirements coincided with a big market downturn.

Retirement savings are, of course, impacted by both long-term average returns and the timing of those returns. This is often called "sequencing risk", and it requires careful management, particularly for retirees.

We know the needs, risk appetite and aspirations of people in retirement are very different to those who are accumulating wealth.

We also know that, over the next decade, one and a half million Australians will reach the age of 65 – the largest retirement wave in our nation's history.

Despite the global financial crisis, these retirees will have significantly more retirement savings than any generation before them, but often little experience or active involvement in managing those savings.

These people will need new solutions to help them, including financial advice relevant to their circumstances.

As a merged group with a much broader advice network, AMP is particularly well placed to provide that support.

When we do that job well, we will create significant opportunities for our business, and – very importantly – Australian families will live better lives, which, in the end is what AMP is all about.

Finally, regulation is also a key driver of change in our industry.

The lift in the superannuation guarantee contribution from nine to 12 per cent over the next decade should have very positive benefits for the industry and, more broadly, for our country.

Although, there is growing concern in our industry that the amount of change impacting the superannuation system over a very short timeframe is creating a cost burden that could diminish these benefits, for the industry and for customers.

As the Chairman outlined, we want to be part of an industry that ensures the full benefits of our world-class retirement savings system are delivered in full to every Australian, through a sound policy framework that considers the long-term ramifications of all regulatory change.

We remain very actively involved in working with the Government and regulators on the very large amount of regulatory change affecting our industry, our millions of customers and our 900,000-plus shareholders over the next 12 months or so.

This ranges from the future of Financial Advice and Stronger Super changes, to new prudential capital standards, the tax changes to superannuation announced on Tuesday, and the new APRA levy.

While we don't expect the recent budget changes to have a material impact on our business, what we are concerned about is the impact continuous changes can have on consumer sentiment and confidence in the superannuation system.

Our aim is to ensure we have a system that ultimately delivers better outcomes for all Australians, including improved access to financial advice, and a more efficient industry that is not weighed down by costly over-regulation, and which – very importantly – maintains confidence in superannuation as the preferred vehicle for long-term savings.

Shaping the new AMP

I've spent some time this morning running through these major drivers of change because they provide helpful context for the strategy we're pursuing to build a new AMP – one that is fit for the future and ready to capitalise on the opportunities we see ahead.

It is a strategy that assumes many of the shifts we are seeing, both around the world and at home, are likely to be more structural than cyclical.

To be very clear, we're not running the business waiting for things to return to what they used to be – we are running the business for the environment we face today.

A major plank of our strategy for success in this environment has been our merger with AXA which, as I mentioned earlier, is tracking well.

The essential value of this merger is that it provides many more opportunities for AMP to grow than we would otherwise have.

Among other benefits, it brings scale, which means we have an enhanced capacity to invest to build a stronger, more competitive and more relevant business for both our customers and shareholders.

We're making very good progress on our three key integration objectives.

Indeed, last August we upgraded the cost savings we expect to achieve, and we are currently delivering those savings faster than we expected.

By the end of 2011, the number of financial advisers we partner with had increased from the time of the merger, while numbers across the industry actually fell.

These advisers tell me they see real value in partnering with the largest non-bank wealth management company in Australia.

Indeed, in an independent survey released just last week[2], three of our AXA adviser groups were in the top four licensees with the highest adviser satisfaction in the country.

This is a great outcome, particularly when you consider that it was achieved in a year of major integration work.

Pleasingly, in the first quarter of this year, Charter Financial Planning, the largest financial planning group in our AXA network, delivered the best net cash flows of any of our planner groups.

At the same time, the alliance we established late last year with Japanese trust bank MUTB is part of our strategy to participate in the shift of global capital flows from west to east.

This alliance is significant in a number of ways.

It is a low-risk strategy to expand internationally through AMP Capital by developing partnerships with prominent local financial institutions like MUTB, who know their markets well and have significant market access.

In many ways, it mirrors the business model we have successfully built in Australia and New Zealand.

Indeed, the MUTB alliance, in addition to our other Japanese partners, means we now have very significant access to the second largest savings market in the world.

And we have already developed our first new product for that market, a global infrastructure bond fund, which will become available to Japanese investors next month.

The alliance is also a very public recognition of AMP Capital's investment capabilities by a very large and very respected global banking and investment house.

Creating shared value

While we are actively reshaping AMP for the future, we are doing so with a very clear understanding that the value and purpose of what we do remains constant.

No business survives for more than 160 years if it doesn't continue to create value for its customers, its owners and the broader community.

[2] CoreData Licensee Research 2012

We know that what we do – helping people secure their financial futures – really matters.

And when we do it well, the people and families who depend on us live better lives. Not too many businesses can say that.

In an era when faith in business has declined, it is critical that we both acknowledge and honour this responsibility.

Indeed, in a recent speech, AMP director Peter Shergold outlined how AMP creates a form of shared value for the people we serve.

We do this by helping Australians and New Zealanders take responsibility for their own financial security, and for their families' financial security.

We also create shared value in ways that aren't often thought of:

- by shifting the burden away from publicly-funded retirement savings; and
- by investing our capital in building our nation's infrastructure.

These are all good things for Australian families, for the broader community and for our country.

Conclusion

To sum up, 2011 was indeed a landmark year for AMP.

The ongoing evolution of our business was accelerated by both the AXA merger and the strategic alliance with MUTB.

In tough markets, I'm pleased with the resilience our business has shown, the prudent approach we've adopted to maintain a strong balance sheet and the progress we're making on the AXA integration.

At the same time, we are working hard to adapt early and effectively to a rapidly changing market environment, and to capitalise on the growth opportunities that will flow from this.

Ultimately, our goal is to build a stronger, more competitive business that is very well placed to meet the changing needs of more customers and clients, both here and in targeted markets offshore.

And in doing so, create and deliver long-term value for you, as the owners of AMP.

Thank you very much.

[ends]