

AMP 2013 Annual General Meeting

Chairman

Good morning ladies and gentlemen. My name is Peter Mason and I am the Chairman of AMP Limited and of course therefore the Chairman of your meeting today.

And I'd like to note that there is a quorum present, so I now formally open the 2013 annual general meeting of AMP Limited. I note that there are still some people coming into this wonderful building, it's quite majestic isn't it. It was built in the 1890s which means it's a lot younger than AMP because it's only 130 odd years old and AMP is more, well 164 and the organ behind, I should mention, that wonderful organ is one of the, perhaps the biggest organ in the world and in particular it has one of only two in the world, 64 feet pipes. I wondered why it was 64 feet, it must be something to do with octaves Brian is it, you'd be the scientist around here. But it is a grand organ and if there's anybody who'd like to play it later please be my guest. If you get bored just let me know.

With me on the stage this morning is of course the full board of directors of AMP Limited. So I'm going to ask each director to stand up as I introduce them to you. And I'll introduce them from the end.

- Paul Fegan, Paul is the Chairman of our Audit Committee
- Rick Allert, who is also on the Audit Committee
- Professor Peter Shergold, who is also on the Audit Committee, so we're well look after as you can see
- Catherine Brenner, who is Chairman of Life companies,
- and joining us for the first is Simon McKeon, who we're delighted to welcome. He joined our board in March and will be going to the election of Simon later in the meeting, so welcome Simon. Simon has flown in this morning from somewhere exotic. So we're very appreciative that you were able to make it
- and of course our Chief Executive and Managing Director, Craig Dunn.

From the other end we have.

- John Palmer, who is Chairman of our People and Remuneration Committee
- Patty Akopiantz, who is also a member of that Committee and is a Director of AMP Bank
- Brian Clark, who is Chairman of the AMP Capital board
- and Dr Nora Scheinkestel, who is Chairman of the Nomination Committee and for whom this is the last meeting sadly for all of us and I'll refer to that a little later.

And sitting next to me to look after me and tell me what I can't do is Brian Salter, who is our corporate Counsel and a very integral part of all the things we do.

I'm also just going to refer to the Company Secretary, Darryl Mackay who's sitting down here. Darryl would you like to stand up while I embarrass you by recognizing that Darryl is about to retire after more than 35 years, first with AXA and then more recently with AMP, distinguished service. Darryl is amongst other things, actually I was at one stage early in our time together complaining about the number of actuaries in one of our particular board minutes and I said there is something like 11 actuaries in this room and Darryl turned to me and he said "12, I'm one too". Darryl has given great service to both companies and Darryl we thank you for that and we wish you all the very best in what you do afterwards. You've been a great contributor to the merged organisation.

Now of course this meeting is an opportunity for you to express your views so that we as a board and management can get feedback from you and you can of course then ask questions us questions. We just ask you, obviously in the interests of time and with courtesy to everybody who is here and to ensure that we give everybody an opportunity to speak that you keep your questions brief and to the point.

The agenda is pretty straight forward. It's firstly an overview from each of me and Craig and then we'll come to the items of business. So why don't we start with my address.

I commence by observing that for the last couple of years, as you are all aware, the major concentration of management and the board has been on the integration of the AMP and AXA businesses.

And while that process still has some way to go, we can now say that our new size and scale and efficiency has put the merged AMP into a strong position to adapt to changes in the way clients and customers are serviced and to adapt to legislative and regulatory change which is, as you're all aware, happening aplenty around us. Certainly, we are stronger together as a combined AXA and AMP than each company otherwise would have been alone.

Just to put things into global context I will reflect a bit on 2012 because that's the accounts we're addressing and just note that while global growth was lower last year than in 2011 it ended up being a better year than many had expected. There was of course the potential for a major economic crisis but that seems to have been averted in Europe, although European growth is lower than expected, even in Germany, we're no longer as concerned as we were about the potential for a major blowout.

US growth remained subdued last year but what they called quantitative easing, which after all is just the printing of money seems to have worked as far as the US is concerned and there has been a real gathering of momentum.

This along with signs of improvement in manufacturing, technology and housing in the US and a big increase in oil and gas production, means that the US situation is looking much more positive than it has for some time. That said the debt and budget issues persist in the US and these can have a tangible effect on global economic confidence.

Growth in emerging markets had shown signs of slowing but in 2012 confidence in most of those markets has begun to return and that seems to have continued although China's growth rate has recently disappointed and that will have implications for Australia generally but I just observe that at more than 7% per annum the Chinese growth rate is pretty extraordinary.

In Australia a slowdown in mining investment is causing concern and this is not being counterbalanced by increased investment in other sectors. Growth has been relatively sluggish and of course interest rates slowed down and have even fallen earlier this week. Unemployment thankfully has remained relatively low and inflation has remained low but our exchange rate, having reached its highest level against the trade-weighted basket in some 30 years, does inhibit exports.

Share market investors had cause for optimism as 2012 and markets have generally been favourable since the beginning of this year but there are some concerns that these improvements are being driven by investors seeking yield in a low interest environment rather than being driven by the prospects of a more strongly growing economy.

Regardless of that it is our view as a board and the view of management that the Global Financial Crisis has accelerated a transformative change in AMP's operating environment, a shift that we regard as structural not just cyclical.

This shift is characterised by a desire from customers for more control over their investments, more transparency and more value for money and fair enough. The demand for that is fuelled by a technological revolution that is better enabling individuals to manage directly their own financial positions and investments.

Added to this are the demographic changes of an aging western world, a shift in market power from the western world to developing countries and ongoing regulatory changes at both local and global level.

These are the factors that indicate that there must be a significant change in both the

services provided by AMP and the way in which those services are provided by both AMP and by our financial advisers.

By the end of 2012 we'd completed much of the heavy lifting involved in our integration with AXA and we began to see the results. The strategic business and capital alliance with the Mitsubishi Group, MUTB, in Japan, which gives us unprecedented access to retail and institutional investors in that country, is proceeding very well and in fact we have a number of the MUTB senior executive and directors visiting us tomorrow.

We are making significant investments into providing administration facilities and advisory models for self-managed superannuation funds or SMSFs as we're all calling them now, an area which we anticipate will continue to grow rapidly.

We also continued to manage costs and capital with determination at the group and right down to the operating level, actions which we believe to be particularly important in a more tightly regulated, lower margin operating environment.

At the beginning of the year, that is the beginning of 2013, after the introduction of stringent new capital standards, as I say there's an ongoing regulatory overlay to the way we're managing the business AMP had around \$1.4 billion in surplus capital above minimum regulatory requirements and we had \$7.7 billion in shareholder equity.

We held particularly high levels of capital in 2012 in anticipation of changes to the Life and General Insurance Capital regulations, known as LAGIC. Those changes came into effect on 1 January and there are further changes relating to capital requirements for conglomerates that APRA is formulating and indeed we are the last I'd heard Colin expecting to hear of more those this afternoon, they're being announced. We are shooting at a moving target because there have been various dates where some of these regulations will be introduced and they keep being put out which makes it harder for us to manage ourselves in terms of our capital structure but we're pretty confident the announcement will be this afternoon.

We've removed the discount applying to the dividend reinvestment plan taking into account our current capital levels and our present view of the capital we will need in the foreseeable future even taking into account the regulatory changes.

Also this year we are making changes to our short and long term employee incentive programs to further recognise the impact that capital has on our business and how critical it is that we use it efficiently.

The measures we use as a board to determine the short term incentive pool for employees will now include a measure of underlying profit less the cost of capital which is a measure effectively of economic profit and this is the first time that we've done that. And the measures we use to determine long term incentives for executives will take into account return on equity as well as total shareholder returns.

We believe this is absolutely the right course of action to ensure that AMP employees' remuneration is aligned with capital efficiency.

Now I'd like to address superannuation generally. Superannuation has been a topical issue of late and as Australia's leading superannuation company I, indeed we, believe that it's time we drew a line in the sand and returned the focus to what superannuation really means for this country and its people. And that we regard as being preparing our nation to deal adequately with the critical demographic and social issues of an aging population and longer life spans. Increasing longevity has been one of the great success stories of the modern world but it does create significant challenges when it comes to funding longer retirements.

Australia has been at the forefront of countries successfully meeting this challenge and it is critical that we maintain that focus. As I said at last year's annual general meeting support for a compulsory superannuation system as Australia's preferred method of saving for retirement has been maintained by both sides of politics since it was initiated more than 20 years ago. Our system has been and still is the envy of the world. We at AMP can testify to this from discussions we have internationally,

including very recently in China.

The Treasurer, Wayne Swan has rightly acknowledged that Australia's superannuation savings pool helped cushion our country from the worst effects of the GFC. Australians have been committed to the policy for the last two decades as the way of ensuring that one generation does not become unfairly reliant on pensions that have to be paid for by later generations, by our children and our grandchildren. Every time we make a change to superannuation system in Australia or conjecture about that change we chip away at the confidence Australians have in the system.

We create a fear that the savings they have been, well that Australians have been provident in making under one set of rules will be eaten away under a new set of rules, so effectively retrospective legislation and that they will be eaten away well before the accumulation of the attained goals of the investors has been reached.

Australians want and deserve a system they can rely on, one that keeps the promises made when they were first asked to trust in the system and to invest their money for the long term. That's why I personally and we as a house applaud the Coalition's commitment to make no negative changes to superannuation for three years if it wins the federal election in September this year. And we invite the government to make a similar commitment so we can shift the focus around superannuation back to what really matters. That is, the very real benefits our superannuation system delivers to the Australian community, our economy and Australian families.

Now I'd like to go to your board and just to note that as you are aware Dr Nora Scheinkestel who is sitting here on my left, who has served on this board since 2003 is retiring at the conclusion of this meeting. Nora has given distinguished service. She's made an invaluable contribution in the 10 years she's been with us and her sharp mind, her cool head and I have to say her wit will be sorely missed by both the board and management.

Nora, on behalf of all of us, certainly your fellow directors and the senior management team and I say the shareholders as well I take this opportunity to thank you and wish you all the very best for the future.

Now we're very pleased to have appointed Simon McKeon to the board in March of this year and that appointment we'll be voting on later in the morning Simon. So I'll give Simon's background and qualifications in more detail then.

So to conclude, AMP has undergone a great deal of change to ensure it is well positioned for the future. As a company we will continue to evolve where we see advantages to be had by doing so and we have the strength and the scale we need to be able to do this faster and more efficiently than many of our competitors.

We will also continue to speak up in defence of our world-class retirement savings system and ensure AMP remains a strong advocate of a system that serves all Australians and enables them to look forward to retirement with dignity and confidence.

Now I'm going to ask CEO Craig Dunn to elaborate further on AMP's progress and plans. Craig.

Craig Dunn

Thank you Chairman and good morning ladies and gentlemen.

The Chairman has just outlined some of the more significant structural shifts that are transforming AMP and our industry and also our broader community. And while right now we are seeing much more positive trends in share markets, these structural shifts mean we must continue to reshape our business to respond to an ever and rapidly changing world.

So this morning I'll update you on what we're doing to reshape AMP and the steps we're taking to sustain AMP's competitive position.

And you may recall that at this meeting both the Chairman and I talked about how AMP has been responding to some of these shifts strategically. Indeed our merger with AXA in 2011 was driven by our strong conviction that we needed increased scale and capacity to capitalise on the opportunities we could see developing. And our 2012 results show some of the benefits of this strategy starting to emerge, despite share markets and investor sentiment remaining subdued for much of last year.

We delivered an underlying profit of \$955 million for the year, driven by strong profit growth in our superannuation, advice and investment businesses and coupled with very strong cost control. Our 2012 result also demonstrated the benefit of our broad set of quality, award winning products and services, supported now by the unparalleled reach of Australia's leading financial advice network.

While at the same time a tough personal insurance market did constrain our insurance profits in both Australia and New Zealand. The Australian insurance industry is suffering from poor lapse and claims experience pretty across the board with industry lapse rates at a 10 year high. In challenging economic times more people are deciding to reduce their insurance cover or in some cases to cancel their policies altogether.

The cost of some insurance claims also tends to increase in tougher economic times as it takes longer to get some people back to work. And while some of the changes we're seeing in our insurance business are clearly cyclical we are taking actions to improve customer retention and also to better manage our claims experience.

These actions include targeted pricing reviews and product redesign, increased investment in retention activities and better claims management, by example for helping people to get back to work sooner.

Pleasingly the momentum we built last year in our wealth management business has continued into the first quarter of this year. And we've driven close to a \$400m

turnaround in our first quarter net cash flows which we announced to the market this morning.

Very pleasingly we're delivering good earnings momentum in many parts of our business while at the same time successfully implementing some very substantial change programs. In addition to integrating two very large businesses we've also continued to prepare AMP and its business partners for the big regulatory changes this year that Peter mentioned, including the introduction of the new Future of Financial Advice, Stronger Super regulations, as well as the need to comply with stricter, more stringent new capital regulations that the Chairman also mentioned.

Achieving improved business results while simultaneously delivering big change programs like these is not that common particularly during a large, complex merger. And it's a real testament to the commitment and passion of both our people and business partners and to the underlying strength of the merged business.

It's now just over two years since we finalised the transaction to merge with AXA and began the hard work of putting together two long-established, well respected companies to create more value than either company could generate separately. And at our shareholder meeting in 2011, two years ago, I outlined the three criteria against which we would judge our level of success with the integration.

And just to remind you they were our ability to maintain momentum in both businesses while we were bringing the two businesses together; to sharpen our competitive edge, by delivering the additional revenues and cost savings that underpinned the economic case for the merger; and thirdly to build a stronger growth platform for the future, than either business had as a standalone firm or entity. And we have unquestionably delivered against all three of these measures.

You can see the business momentum we've generated in our earnings growth for example in 2012. We've tripled net cash flows from customers into our award winning North platform. This now has over \$6 billion in assets under management, up from \$1.7 billion at the time of the merger and has just been independently rated

the leading wrap platform in the Australian market. We've maintained AMP Flexible Super as one of the fastest-growing products of its type in the market, now with over \$8 billion in assets under management. We've continued to grow our bank, with both our mortgage and deposit base expanding. We've increased our assets under management to over \$172 billion at the end of last year and we've significantly lifted our share of the Australian superannuation and retail managed funds markets.

In terms of our second measure of success, a sharper competitive edge, we've created a more efficient new business, that is able to compete more aggressively to deliver better outcomes for customers. We've increased the annual recurring revenue and cost savings we aimed to deliver from the merger from an initial \$120 million per annum to \$150 million, up 25%.

And by the end of April we've delivered close to 90% of this target on a run rate basis, with the full run rate synergies expected to flow through by the end of next year.

With more than 4,000 professional financial advisers and planners in Australia and New Zealand we now have more ways to reach more people with quality advice and services. And the combination of AMP and AXA means we have a broader, more diversified set of quality products and platforms to meet changing customer needs.

And this is helping drive the improved net cash flows I referred to earlier.

We are unquestionably a stronger, more competitive organisation post-merger than either company was as standalone entities.

And perhaps the most exciting outcome of the merger is the stronger growth platform we now have, our third measure of success. And as markets and investor sentiment improve, we are set to benefit more fully from our significantly larger advice footprint and broader and more competitive product set.

Investor confidence is of course a key driver of our business momentum and cash flows. And what will help it is a sustained improvement in investment markets along with a commitment from both sides of politics to stop changing the rules on superannuation.

As an industry we also need to take a strong lead in reminding all Australians that despite some of the recent changes in the taxation of superannuation it remains by a country mile the best way for Australians to save for the long term.

Take for example a typical Australian family, where both parents work. And in the last decade before they retire, with their kids off their hands ideally, let's assume they can save an extra \$1,000 a year towards their retirement, a bit under \$20 a week.

Investing this through their superannuation, using salary sacrifice, will help them save over a third more than if they invested outside the superannuation system. And that would turn their \$10,000 in savings over the decade into an extra \$21,000 for their retirement.

And so it's time to blow the whistle on further changes to superannuation and as investment returns recover to begin rebuilding the community's confidence in superannuation by reminding Australian families just how much value superannuation can really deliver to them.

If all Australians truly appreciated the benefits of our world class superannuation system I have no doubt that individuals and families would save more which means they would be better off and so would the nation. Our job as an industry must be to help Australians see more clearly how our world class retirement system can help them have much better futures with only a small shift in their thinking and actions.

As a business we also have to continue to shift our own thinking and focus if we're to respond successfully to the new growth opportunities we've identified. And we see those in three key areas. They are an increasingly customer-focused Australian business, in growing market segments, like self-managed superannuation funds and

in targeted offshore expansion through our investment management business AMP Capital.

So let's take the opportunities in our Australian business first.

And as I've outlined we've built a strong, competitive business in Australia through the merger and the ongoing investment we've made in this business over many years.

We plan now to take this business to the next level, to succeed in a world being transformed by changing consumer behaviour, digitalisation and mobile technology and ongoing regulatory change.

So we're developing new ways of interacting with our customers and business partners, including through the use of mobile technology, trialling new options in financial advice and different ways of accessing that advice and using deeper customer insight to develop more compelling offers in key market segments like corporate superannuation.

And while AMP's business is clearly already one of the most efficient in the Australian market we believe there are still more opportunities to drive down our costs and deliver better value. And that will also be part of this ongoing focus to ensure we remain competitive in a world where increasingly customers are expecting more value and frankly are inclined to pay less for it.

To drive that deeper customer insight we also recently appointed one of our senior executives, Paul Sainsbury, to a new role as our chief customer officer. Paul, who reports to me and who has been leading both our integration and expansion into the self-managed funds will represent the customer voice at the most senior management table at AMP. And will work across the organisation to develop and use these customer insights to deliver more products and services to help Australian families live better lives.

AMP is now the market leader in the administration of self-managed superannuation funds, with this new business growing very strongly thanks to a combination of organic growth and targeted acquisitions.

Building our presence in self-managed super is a key part of our plans for the future and we've moved quickly and aggressively to build this leading market position in under a year.

To survive and prosper in the future AMP must be where the market growth is and that means moving more quickly to build businesses that meet the needs of our customers today and indeed for tomorrow.

And that market growth is not just in Australia. We are living on the edge of one of the fastest growing regions of the world, one that is benefiting enormously from the shift of savings and investment from west to east.

We have a clear strategy to participate in that growth in Asia through our specialist investment management arm, AMP Capital and in a way that does not put significant shareholder capital at risk.

As the Chairman outlined, capital is now a much more scarce and expensive resource. There are two key elements to our offshore strategy. The first is partnering with prominent local distributors in their home markets as we've done with Japanese trust bank MUTB, to take our investment capabilities into new markets, largely replicating what we already do successfully in Australia. And second, linking large savings pools, particularly in Australia and Asia, with attractive investment opportunities here and abroad.

We're continuing to expand our institutional client base internationally while building out our alliance with MUTB and we've attracted significant new investments from some of the world's largest and most sophisticated investors. And this has helped for example create a property development pipeline in Australia of more than \$4 billion which will generate thousands of new jobs for Australians.

Underpinning these growth plans and the work we're doing to turn them into reality is a core belief in the value of what we do. And in a fast changing world it's worth reminding ourselves of the things that don't change.

One of those is AMP's core purpose. We were established 164 years ago by three men who believed that financial security helps people live their lives with dignity. We still believe that today.

Expressed in today's language through the AMP Promise to help people own tomorrow.

And we do that by helping people own their homes, protect themselves and their families against misfortune and to save for a more comfortable retirement. And at the heart of all the changes we're making and the goals we're pursuing is a driving need to deliver on the promises we make to the people who rely and depend on us. That's who we are and that's what we're here to do.

So looking forward we expect the business environment in Australia to remain challenging this year, although improving investor sentiment both domestically and internationally is welcome given AMP's significant operational leverage to improving investment markets.

Regardless we are intent on controlling the things we can control and reshaping AMP to succeed in a new world and by doing so delivering value to you, our shareholders. Our focus is on driving better outcomes for our customers and clients, investing in the right opportunities for growth and continuing to drive efficiencies right across our business so that AMP is strongly positioned to meet the challenges of today and into the future.

Thank you very much.

Chairman

Thank you Craig and I must say as I sat listening to what you had to say I just realised what a journey it is that we're on and it's good to be reminded.

Anybody who's involved in AMP as an employee generally, certainly in the senior management group and absolutely on the board, has inculcated into them this concept of the noble purpose of what we do, it just somehow is deeply, John to use your words, in the DNA of the makeup of the organisation and it comes through time and again in the way decisions are made. So thank you Craig.

Now we move onto the formal business of the meeting.

And for those of who are interested a copy of the minutes from last year's meeting is available in the foyer.

We will shortly come to the items of business as set out in the notice which was sent to all of the shareholders and somewhere I've got one of those but you probably know what it looks like so I don't really need to show it to you, this white one.

Item 1 of course relates to the 2012 statutory reports contained in the annual report and does not propose a resolution. Items 2 to 4 set out proposed resolutions to be considered and voted on at the meeting.

To assist with the efficient conduct of the meeting I declare that each of those proposed resolutions is now properly before the meeting. At the appropriate time we will proceed with the discussion on each of those proposed resolutions, in the order set out in the notice and this year only items 2 to 4 will be put to the shareholders and of course they will be put to a poll. The polls will be held after the discussion on each item.

This year we will be using these gizmos, electronic handsets to run the polls and I'll outline more details of the poll procedure and how to use the gizmo before the discussion on resolution 2 because it's only then that we start to drive them.

So if you'd like to ask a question please make your way to one of the microphones and note that only people holding a voting handset, that's the gizmo or a grey card which some of you might be given, are able to speak at today's meeting.

If you have questions that as a customer, please speak to the staff, there's a Customer and Shareholder Centre in that wonderful foyer out there at the back of the room. The desk is on the south eastern side. So you can go there if you've got anything that relates to AMP products or service, those sorts of things.

So let's turn to the first item of formal business for the meeting which relates to the Financial Report, the Director's Report and the Auditor's Report.

The purpose of this item is to discuss the 2012 statutory reports contained within the annual report and that's the big thick document and that was sent to some shareholders who requested it but a copy of course more importantly was made available on the website and is generally more accessible. Most shareholders will have received the shareholder review which is much more user friendly, even though it doesn't contain the full gumf that's in the annual report.

Before I open the floor to discussion I'd like to introduce Andrew Price and Tony Johnson, partners of AMP's auditor Ernst & Young. Andrew has been the lead partner for AMP for the past six years and retired from this role at the conclusion of the 2012 audit. So I'd like to thank Andrew for his professionalism and his insights into industry practice over the past six years. Tony has now been appointed as the new lead audit partner for AMP and both Andrew and Tony are available to answer questions about the audit and other related matters as outlined in the meeting and they have around them some people for the CFO and some people from the

financial side of AMP and let me assure you that some of the accounting concepts that we have to deal with in AMP which is a complex financial services organisation which contains a bank as well as a life company, some of the concepts are to say the least arcane and while we manage to get across them at board level, if there are any questions about those I'm going to throw them to those who probably have the right sort of jargon to be able to answer.

I now open the floor for questions or comments on the various reports and the affairs of AMP. Please note we are specifically going to the Remuneration Report later, so this is not the section in which we will be discussing that.

So if there are any questions, if somebody would like to speak please can they go to a microphone.

Mr Chairman I would like to introduce Mr Jack Tilburn.

Mr Jack Tilburn

Mr Chairman, Mr Peter Mason, thank you very much for that calling and I would say that the wonderful, wonderful Sydney Town Hall is as good as the old State Theatre where we used to go, so there's no complaint or criticism from me for this wonderful venue auditorium which is equal to the State Theatre. Thank you for coming here.

Mr Peter Mason, as always being what I put down here as a pro-activist shareholder, a strong campaigner, ruthless crusader, never doubting my reformer's ideas and revolution ideas sometimes this Mr Peter Mason and ladies and gentlemen is my 504 AGM. A much better score than Don Bradman or Watson or Warner. In calling for comments of course, which I always believe in, from section 250S of the Corporations Act 2001, many chairman, Mr Peter Mason, do neglect the matter of comments but I don't neglect them.

I have two or three comments to make ladies and gentlemen and then two questions and then I'll come back, Mr Peter Mason, for my final two significant and serious and sustainable questions as always.

Ladies and gentleman, we are all very pleased to receive our final franked dividend of 12.5 cents, which is very presently sent, efficiently sent in with our annual report and the poor little Annual Review and the poorer Notice of Meeting, which I want to take up later.

I found some things good, some things bad as always. Nothing is perfect Mr Peter Mason as you and Craig Dunn know. Another year for the auditor partner Mr Andrew Price, which is a bit unusual. Another year for the chairman, Mr Peter Mason, which is a bit unusual. And another unusual aspect and perspective from me is the appointment and selection of a Mr Simon McKeon as a director of AMP Limited when he has too many directorships already.

I did mention the very good 12.5 cents franked dividend, final dividend with a payout ratio of 76%. You are managing between 70 to 80% and 76% is very good, it's at the higher end and thank you very much sir, 76% payout ratio.

The other good comment is, that was page 9 I think, yes page 9. Page 9 again I think, no political donations and/or political expenses. I've sent a couple of notes to Chairman recently that donation word sir is not right, it's political expenses for many companies, which I don't agree with.

Your political donations, you've made none, so that's good. A donation in the dictionary is giving a gift of money and public companies shouldn't be giving a gift of money to help political parties. But perhaps we shareholders sir should congratulate you and show some praise and admiration for making two lots of \$20,000 each to the Menzies Research Centre and the Chifley Research Centre. That's very, very good indeed, high excellence of operations and management. Thank you AMP for these very caring donations as a donation is defined as giving money away as a gift. Thank you.

Now my first big question ladies and gentleman, I'm very worried always when companies make losses and they do, they're not always perfect in making profits either.

A question on accounting mismatches, page 9 of the Annual Report. It came to me that this was arising from policyholder interests in the following; treasury shares or proper AMP Limited shares and by the way I better get in that yesterday the shares were \$5.56 on the ASX, almost reached 5.59 which is the highest figure we've been for a while.

Treasury shares, AMP Limited shares held by the statutory funds on behalf of policy holders, loss sir of \$36 million created by rises in the AMP share price but in the 2011 year AMP made a profit of \$28 billion, so we're not going very well there if in 2011 ladies and gentleman \$28 million is profit, whacko, wow but this year, 2012, a loss of \$36 million. This all appears very confusing Mr Peter Mason and of course complex and difficult to understand if there were rises in AMP share prices. Well I'm very happy that with my 33 companies on the Sydney Stock Exchange they're mostly always going up and up recently in the last two or three months.

If you can bother with that answer I will give you the second question.

You and Mr Craig Dunn have done some good service for us today on the merger and acquisition of AXA Pacific. While a large amount has been achieve, you Mr Peter Mason told us, you Mr Craig Dunn told us, there remains much more to do which I think both of you said. Would you agree with this Chairman, Mr Peter Mason.

1. You had two different cultures to harmonise. How is that going?
2. You had integration of two different cultures? Well how is that going?
3. You had synchronisation and synergistic targets to meet. How are you going?

4. You had new training and new educational platforms to target and reach.
How are you going?

What is your perspective and opinion over all those things with AXA Pacific and AMP Limited for the three to four months of calendar 2013.

Thank you.

Chairman

Thank you Mr Tilburn as always.

As to your last question in relation to the integration of AMP and AXA, I'm going to ask Craig to respond to that. He did refer to it earlier but I'll come back to that in a minute.

First Mr Tilburn can I thank you for your comments on various things and then very particularly, there are nods going on down here, oh I want to just make one point of fact. Andrew was extended for a year in 2012 as the Audit Partner for AMP because we were at the time going through the AXA transaction and it was a critical period and in fact we had regulator approval for that extension but it was only for one year and he has not now being extended and indeed Tony is here with us today. So just as a matter of fact there is no extension for Andrew and it's going to be to the shareholders as to whether there's an extension for me Mr Tilburn, so we'll see.

Treasury shares. There are certain people in this room, in fact several sitting down here in the front of this room and some sitting with me here on the podium, who would think that I had planted that question because you'll recall that I refer to arcane accounting principles when I referred to the help we've had from the auditors and our finance team. One of the more arcane accounting principles has a result that you've pointed out, that when the portfolios which AMP manages, \$170 billion of investments do we manage, those portfolios naturally own AMP

shares as they should from time to time on behalf of policy holders and superannuation investors.

When the share price of AMP goes up the extraordinary thing is that in terms of the way that records through to the AMP Limited holding company, that is recorded as a loss and when the share price goes down that's recorded as a profit. So Mr Tilburn it could be that if the share price went to three cents the AMP profits would go through the roof.

This is not something that resonates with me anymore than it does with you. The reason for it effectively is that as the AMP share price goes up AMP shares are recorded through the consolidated accounts of the company as so called "treasury stock", that is effectively AMP is seen to be owning shares in itself and the filter of the, let's call it a trust, which is otherwise holding the shares when it comes through to the limited accounts doesn't actually work effectively and so as the share price of AMP goes up so does the obligation of the combined portfolios and of the shareholders to the policy holders so our obligation to the policy holders goes up and that gets recorded in the AMP accounts as, if you like, effectively an increased obligation of AMP Limited as a group and therefore a loss to us because our obligation has gone up, our liability has gone up.

Now I can ask the auditors if they'd like to address that any further but I can only say to you that it is an aberration, it is an international aberration, it is recognised internationally as an aberration and I have struggled to overcome it and I have had no success at all, our board has struggled to overcome it and we have had no success at all, so we appreciate your assistance and hopefully your words will resonate around the world.

Can I go to the integration of AXA and the questions you asked about the integration of the cultures and I can only say to you that it was a wonderful thing that as it came to the execution, the formal execution of the transaction for the merger of AXA and AMP and I'm referring particularly to Rick Allert and Patti Akopiantz who of course came on to this Board having been involved with AXA, in

Rick's case for very many years, what 15 or so Rick was it, a long, long period, it became clear that actually the two ex-mutual companies had much more in common with each other than they had realized and it became clear within, it had been clear to us at Board level but it became clear within the management teams and there are several sitting here from both sides, that we had some, if you like, common enemies which were, I'll put it this way, the marketplace as a whole and therefore the way things were changing it was going to be better for us to be combined than it would have been for each of the two businesses to be running along separately.

And so there has been some real success in the melding of the two teams and we've found that there is much more in common culturally between the two companies than we had hoped for when we started out on the journey. So I can only say that from observing it from our level and mixing with people throughout management and in particular with the investment advisors and planners who have been involved in both businesses because that's where the strong competition had been over well some 130, 140 years, it has been remarkably successful.

Rick, would you agree with that.

Rick Allert

I think, like Peter said, that one of the things that was impressive about the two companies was they had similar cultures and I think that was driven from the top, dare I say by Craig Dunn at AMP and Andy Penn at AXA, it's been one of the best integrations I've seen of two major businesses in my career.

And Patti is there anything you would like to add?

Chairman

So now, Mr Tilburn, Craig referred in his address to the increased synergy benefits that have been achieved in putting the two businesses together, I've got to say at Board level we always thought management was capable of doing more than they promised to the market but they were very, as they should be, sensibly cautious

about over promising, both sides of the integration process have done a fantastic job, the people in the management team who are sitting here have done a fantastic job, I'd just like to ask Craig to reiterate some of the numbers you just referred to.

Craig Dunn

Thank you Chairman, thank you Mr Tilburn.

When we first went through the merger transaction we talked about delivering synergies of around \$120 million per annum and that was the economic case for the merger. About 12 months after that, we revised that up to \$150 million per annum, so a 25% increase, we're now pretty much 90% through achieving the run rate of those synergies so we're very confident that we'll deliver that 25% increase in targeted outcomes.

There are also other revenue benefits that we're deriving that we haven't included in that higher number, so for example the North Platform, which came from the AXA part of the merge group is growing very strongly, its net cash flow has tripled in the first quarter this year compared to last year and part of the reason of that very strong growth apart from being a very good platform is that the AMP part of the agency or advice franchise rather, are now recommending that as well so on the economic benefits from the merger there's substantially more than we first thought.

Chairman

Are there any other questions?

Chairman, I'd like to introduce Mr Allen From the Australian Shareholders Association.

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Can I just comment that firstly, I should note that I'm a member of the Shareholders Association but I don't think there's any conflict whatsoever in the engagement we're about to have Mr Allen and can I note though an appreciation

we do keep in touch with the Shareholders Association and I have had the benefit of meeting with Mr Allen and after we published the Annual Report before this meeting, as we do every year and we appreciate that courtesy. Thank you and it's good to see you.

Mr Allen

Thank you very much. I used to work from the AMP a long time ago and there's also no conflict of interest in that vote. We acknowledge the good things in the report, we're very happy you've made a profit, we also acknowledge that you've actually paid taxes, you've paid money back to the shareholders and different employees. And this might put you at a disadvantage relative to some of the very large institutions in Australia but you're doing very well we're very happy with it.

We've just got a few small questions perhaps looking at the details in the Financial Report, you've still got a concept of normalized numbers in there which we discussed a little while ago, the off balance sheet numbers seem to be quite large, perhaps these are items which the new auditors can address. We did discuss the fact that we do prefer that companies change auditors once in a while but that's your prerogative, not ours, we can suggest things.

The thing which surprised me in the reports was a volatility in the investment as opposed to the underlying business, so I wondered if you could break down the profits you've made from your underlying business, your core business, as opposed to investments and if you could break the cash flow down a little bit please so I read that 15% of the cash flow came from ??, what was the net cash flow from the core businesses from AXA and AMP. Thank you very much Mr Tilburn.

Chairman

Thanks Mr Allen. And I'm going to just record that the use of the word normalize, in a note, I can't remember what page it's on but it was a good "get" from Mr Allen because that I think is not the language we use these days but we do definitely refer to the profit figure that we use when we look at our decision making is

underlying profit and we do of course explicitly put all the numbers so people can see how the underlying profit is determined compared to what we otherwise term in the current accounting approach to these things, it seems to change pretty often, as profit attributable to shareholders.

The reason we use an underlying profit concept, is that for example we have significant expenditure which is not continuing expenditure relating to the integration of AMP and AXA so we feel that in terms for shareholders to see where the trends are in underlying business, it's important that those be singled out but quite distinguishable and quite transparent and we've certainly been able to do that.

Referring to the change of auditors, you and I have had that discussion yes but just let me record, that firstly we get very good service out of Ernst & Young and there is no question in my mind about the professionalism and independence with which they tackle a job but there's a built in difficulty in changing auditors generally in Australia and that arises out of the fact that there are really only three or four firms that would have the capability, the capacity to manage the audit of a company of the complexity and size of AMP and to be able to change auditors one has to have had an independent period in relation to the new firm that might be brought in and because of the nature of our business, which is not just AMP Limited but of course relates to all of the portfolios we manage and the \$170,000 million is a lot of money that we're managing so you can imagine there's a lot of call upon the other firms as well for advice relating to tax and other financial issues and therefore we're in that odd position that the requisite independence isn't available to us anyway.

So I'm saying two things, one is technically, it's really challenging to do it but secondly and importantly, we do believe that we do get very good service out of Ernst & Young but boy, we are on their case, I can assure you.

Can I go to the question on the volatility in investments and say that one of the successors, as we've mentioned, of the integration of AXA and AMP is that no we are unable now to single out the difference between where the profits have come

from in each business. We can to some extent, the life businesses for example, are still independent, they are still separate entities run under actually two Boards which happen to comprise the same people, they're not yet technically integrated but there is so much relationship between them and there's been so much achieved in the way of synergy that we can't distinguish sufficiently the, particularly the costs that are involved and have no reason in the way we look at the management of the business and the future that we're looking for with the integrated business to wish to single those out, so I'm afraid I can't elaborate upon that but I do appreciate the nature of the question and I can only say that again, we are managing both of them vigour.

Are there any further questions?

Well there being no further questions, Mr Tilburn, you were suggesting you were going to, that's right, ask something, is it in relation to this matter or?

Mr Tilburn

It's particularly and specifically a new matter, a new issue which I was worried about last year but didn't bring up but this year I've done my homework on it and I wish you to listen to this criticism and complaint please. Ladies and Gentleman, luckily or fortunately or unluckily or unfortunately, I'm in 33 companies on the Australia Securities Exchange which gives me a hell of a lot of homework but I love it, I think it keeps me going.

I'm a very senior citizen today, at 86 years of age but I'm not giving up on my companies which some are good, some are bad, some have to be reformed. And now Sir, last year I was very worried about the two little mini sized booklets that we get, one as you know is the Shareholder Review, the other one is very important, it's the Notice of Meetings where we can come and collect together and have a say, have a voice. Sir, this is what I've just written, it won't be too long ladies and gentleman but it's to the point and may I get in straight away and say that Mr Peter Mason's wearing glasses, Mr Craig Dunn's wearing glasses, two or three other

Directors are wearing glasses and I do at 86 now because my eyes are quite defective, at my age.

The two small booklets Sir, are Walt Disney sized toys. They are not printed on the great and wonderful A4 standard sized papers as we have found in Australia for nearly everything that's sent to us in the mail. My pejorative or expressing my justified criticisms is that in today's modern world of vital and necessary technology, including information technology, is that they are far, far too small and far, far too inappropriate and far, far too inadequate as the font printing size is difficult to see and therefore to read and it appears very cramped and squeezed in, every person over 60 years of age has deteriorating eye sight and we have old shareholders in our collection of shareholders.

They're not all young you know, under 21 or over 25, they're well and truly over 60. The company presenting its owners and members with old hat too small printing size and booklet size and doing its members a big disservice and a big failure. I propose and suggest to the Board, that next year 2014 we should get the much, much bigger A4 standard sized papers given to us in those two booklets, the booklets are little kindergarten booklets today, AMP should grow up from kindergarten sized booklets to adult sized, A4 sized booklets, like the very, very good Australand company does, Henderson of England doing very well too and even poor old Leighton comes to the party and even General Property Trust, just four I picked up yesterday, out of my 33 companies.

And these four public companies make A4 sized, I brought them along, Australand is the best, it is certainly gold medal, we are not silver, we are not bronze, we're below bronze. Leighton is very good, Henderson of England, superb and poor Old General Property Trust is no too bad, so there's four companies that do better than us. Let me try and finish up, if four companies can do better than the majority of my 33 companies do, then I think it's time that we stepped up to the platform and did better ourselves.

So I know that you're conservative; I know that you'll say "oh well Mr Tilburn's making a genuine complaint, a genuine justification but we're the old school, we'll keep going". Well on the other hand I've heard you and Mr Dunn today say that there's plenty of room for innovations, maybe an invention, maybe changes, so let us face the music and do something better as I have outlined because A4 standard size sir, is the proper way to go.

Chairman

Look, I've got the picture Mr Tilburn.

Mr Tilburn

Thank you.

Chairman

Yes, I just took my glasses off to see if I could read it and I'm afraid no chance. Look of course you've got a point. The other side of the equation of course is that we do have, now here's the interesting thing, you're 86, we have more than 860,000 shareholders. That's 100,000 for every one of you. So we have a distribution cost which is quite enormous and that is very much taken into account and it's a trade-off. Now the trade-off has come down in favour of saying that although recognising as you say that a lot of our shareholders are at a stage where bigger print might be helpful.

We also transmit these documents electronically and you can alter the font size on a computer or an iPad or so on if you want to use it that way. But it is something that we are going to address, Brian, later this year anyway and I think today, a document, a form has been handed out to shareholders as they came in asking for comments on the meeting itself so if people would like to comment on the documents, the font size and all of that sort of thing, please I ask you not to hesitate to do so.

We'll take it into account but as I say to you Mr Tilburn, there is that trade-off between what we'd like to do, I mean from my viewpoint I'd like a real glossy but the fact of it is we are very careful about the costs. So thank you.

Now are there any further questions, comments. I think there aren't. So why don't we move on. I thank you for all of that. And we'll turn to the Items of Business which are going to be put to a vote. In so doing I formally appoint Hamish Gidley-Baird of Computershare Investor Services as the Returning Officer for the conduct of the polls. Mr Gidley Baird will conduct the polls in accordance with the directions I have given him. And now I'm going to explain the voting procedures and they are, I assure you, very simple. I'm going to go through them in much more length than I think I need to but at least I'll have been thorough.

So the first point is that only shareholders or their representatives can vote on the proposed resolutions at today's meeting and these people have been issued with the voting handsets, the gizmo I'm calling it, at registration. If you're here today as a proxy, any instructions given to you by shareholders will automatically be cast as directed or as we were directed, before the poll closed. So you need only to cast any open proxies you have available and you do that electronically using the handset.

Each joint shareholding is entitled to only one vote for its shares. If joint holders do happen to be attending then it's only the vote of the shareholder whose name first appears in the register that will be accepted. That shareholder will have received the handset.

I have to say I can't see what would get in the way of you consulting each other and then one of you pressing the button but that's beside the point.

Any shareholders here today who have appointed a proxy to vote on their behalf and have chosen not to revoke that appointment will have been issued with a grey card, so they can speak and ask questions but can't vote. So in summary, people

holding voting handsets can both speak and vote and people holding grey cards can speak but not vote.

As is our normal practise, we'll show the proxy position on each Item on the screen. After discussion of the Item but before we put the Item to the vote. This will be the proxy position as at 10 o'clock two days ago, Tuesday the 7th of May, that being the closing time for the appointment of proxies. You'll then be invited to lodge your vote using the gizmo.

When you registered for today's meeting you were given one of these voting handsets and a white plastic card and as you can see, I think you can see, that it's the fact that the white plastic card is in the voting machine and so if you haven't inserted the white plastic card, then you should do so. There are instructions on the piece of paper that you were also given but effectively you put the card into the slot at the top with the bar code at the bottom facing towards you. When the card is correctly inserted, a welcome message appears briefly and then you'll be returned to the holding screen which the AMP spark and your name should appear at the top of the display and miraculously mine does.

Once voting begins your voting options are on the handset screen. To vote for the resolution you'll see that on the keyboard there are numbers as there always are. By the way this is not a mobile phone so don't think you can ring home or ring your financial advisor. The numbers are there 1, 2 and 3. You press 1 to vote For, 2 if you want to vote Against and 3 if you wish to Abstain. Once you've done that the word received will appear briefly on the screen as your vote has been submitted. You'll then be returned to the voting options and if you determine that you want to change your mind, you can do that by simply pressing a different button and your new vote will over-ride the original selection.

So as I say these instructions are on the outline of the blue agenda card that you were given when you came in. Any proxy holders should vote open proxies using that same method. And remember that any instructions that have been given to you by shareholders will automatically be cast as directed before the polls close.

So you need only cast open proxies on the handset. Once the poll has closed, the results will be displayed on the screen behind me, including all of the proxy votes.

So just a quick run through so we can see that the system's properly working, we'll have a test resolution which I'll put to you and we'll vote on it. Now the resolution I'm putting to you, isn't this good fun? Hopefully next time we don't have to go through whole rigmarole Hamish, it's pretty straightforward but I think by the way that this is a great innovation and once we have used it, it will be very effective.

So the resolution I'm putting to you, which is very much in the positive, is that and Mr Tilburn I'm sure I've already heard you agree with this, that the Sydney Town Hall is an iconic Sydney building.

So the poll is now open and to vote in favour, you can press 1. To vote against you can press 2 and if you wish to abstain you can press 3. And I've got a monitor in front of me which is telling me nothing at this stage. But now it is. And I think we've probably had sufficient time to vote so I'll close the poll and on the screen now, we should see the results of that vote. And according to this, what absolutely surprises me is that .36% of the people in the room think it's not an iconic building and I'm sorry that we've brought you here but it was the best we could do in the circumstances.

Right so the Item 2 relates to the re-election or election of Directors and as we've said I'm standing for re-election and Simon is standing for election. As the resolution on my re-election is first, I'm going to ask Nora Scheinkestel to assume the role of Chairman for the next part of this meeting and to conduct the discussion and the poll. So you get to use the gizmo first.

Dr Scheinkestel

Yes, I've noticed that you've passed across to me for this. Thank you Chairman and good morning again ladies and gentlemen. I've brought my gizmo along because I'll need to use it to vote.

So we'll now proceed with this Item of Business, being Item 2A of Notice of Meeting concerning Peter Mason's re-election as a Director. The proposed resolution is on the screen. One of my very pleasant tasks today as the Chair of this part of the meeting, is to outline to you Peter's experience and his credentials for the role of an AMP Director and Chairman of our Board.

Peter was appointed to the AMP Limited Board in October 2003 and became Chairman in September 2005. He's a member of the People and Remuneration Committee and of the Nomination Committee and regularly attends many of the AMP subsidiary Board and Committee meetings. Peter has had over forty years' experience in investment banking and is currently a senior advisor to UBS Investment Bank. He is Chairman of David Jones Limited and a Director of Singapore Telecommunications Limited. During 2012, I led a review of Peter's performance in my capacity as Chairman of the Nomination Committee.

I held one-on-one interviews with all of my fellow Directors and as a result of that review with Peter abstaining of course, all the Directors unanimously recommended the re-election of Peter and I'd like to address the point that Mr Tilburn raised earlier about tenure because clearly this was one of the issues that we considered in making our decision. Just to clarify, our constitution says that we serve for nine years and after that if we continue our tenure we just need to stand every year for re-election.

So there's not a mandatory retirement requirement. It simply means that the Board needs to turn its mind to the issue every year. And given that having served my time and I had decided that it was appropriate for me to stand down, as a Board we decided that equally it was important that Peter continue his tenure because again it's a question of trade-offs. On one hand, it is important to continue to refresh the Board but equally it's important to have continuity and corporate history. And so on that basis we were very comfortable in proposing to you today Peter's re-election.

So we've had the earlier discussion on AMP's 2012 statutory reports and the affairs and management of the company. We now open the floor to discussion on this resolution which is Peter Mason's proposed re-election. And I call upon microphone number 1 for comment or question.

Chairman, I'd like to re-introduce Mr Tilburn.

Dr Scheinkestel

Good morning again Mr Tilburn.

Mr Tilburn

Yes, good morning to you acting Chairman, Dr Nora Scheinkestel. Thank you very much for calling. I would like to support one hundred and 10%, as they say in the game of life, for the re-election of Mr Peter Mason. Ladies and gentlemen, as I have now completed to help you 504 Annual General Meetings, I've seen as Clint Eastwood was, the Good the Bad and the Ugly. I've seen all that, the good and the bad and the ugly with Chairmen of companies but this man is outstanding. He has high achievements because he always comes and believes in loyalty to us shareholders who come to the Annual General Meeting. He never puts us off-side. He takes us on-side and he gives us a good run for our money. So he's a gentleman Chairman. He's very capable, he's experienced, he's skilful with his shareholders.

He honestly likes the shareholders and that's showing that wonderful attribute and characteristic of a man or woman, loyalty to us. And I think on top of all that, Nora, please, as you are going and I'm sorry to see you're going. But he shows justice to us, passion, mercy and above all he has got the ability to give excellence to us and to the company. I wish him all the best for his re-election. Thank you.

Nora Scheinkestel

Thank you very much, Mr Tilburn. I call on microphone number one.

Nora Scheinkestel

Thank you. Welcome again, Mr Allen.

Mr Allen

Thank you very much and we wish you well in your future.

Nora Scheinkestel

Thank you.

Mr Allen

And we thank you for the work you've done with the AMP. Shareholders didn't really have any concerns about this re-election except for the fact that Mr Mason is a little busier this year than he was last year. We were a bit surprised when he took on DJ's, which is a bit of a challenge some people might think. And the question is what is the future for Mr Mason, more directorships? Becoming more busy? Or are you going to slow down a little? We wish you well in either case, thank you.

Nora Scheinkestel

Thank you, Mr Allen.

Peter Mason

I assure you, Nora, no more directorships.

Nora Scheinkestel

Just to assure you, Mr Allen, as part of our review, obviously workload is a key issue that we look at. Peter always comes to all of our meetings extremely well prepared. As I mentioned not only does he attend obviously our board and committee meetings of which he is a member but he regularly attends as an observer and in fact obviously a key participant at many of our subsidiary companies and committee meetings. Management confirmed in those review processes that Peter's always available when required. In fact he's probably available when he's not required as well. So we were very satisfied that his

commitment and dedication to the role is complete and absolute and certain fulfils our requirements.

There being no further questions I now close the discussion. Proxy position is shown on the screen.

So I now open the poll on the proposed re-election of Peter Mason as a director of AMP Limited. We pick up the gizmos, so to enter your vote on your handset please press one to vote "for", two to vote "against" or three if you wish to "abstain".

So Brian, now the test is if it really does work.

I think the majority of people have cast their vote. We will leave it a moment longer. You tell me. Right. Good. I now declare the poll closed.

So the result will now appear on the screen behind me.

On that basis, I declare the resolution passed and congratulations Peter.

Peter, just before you do resume the Chair, ladies and gentlemen, if I could just take the opportunity to say that because I do leave AMP after a decade of my life, I am really pleased to see the organisation in such a strong position to take advantage of the enormous opportunities that lie ahead. And so I do wish my colleagues on the Board and the management team every success in realising most for the benefit of you are shareholders.

Chairman

Thank you, Nora. I'm not quite sure what to make of the point that I'm sometimes around the management when I don't need to be. There might be a message there. In terms of what Nora was referring to there in relation to the constitution whereby there are three terms and then potential annual re-election effectively without limit, we did ask Nora to stay on. She took the view that it's very important

that there be movement through boards so that rejuvenating influence and has shown some real leadership in choosing not to stand for re-election. But I can assure you, I in fact implored her to do and the Board unanimously asked her to do it but she was determined that it was more appropriate to move on. So we acknowledge that and see that as the nature of the leadership that Nora has shown us over the 10 years that she has been with us.

Now we move onto item 2 which relates to the election of Simon McKeon. Simon is Executive Chairman of the Macquarie Group's Melbourne office and is Chairman, a distinguished role I might say of CSIRO. He's held a wide range of public sector and not for profit directorships. Importantly in 2011 Simon was named Australian of the Year, I mean a unique honour. In 2012 he was appointed an Officer of the Order of Australia for distinguished service to business and commerce through leadership and advisory roles and to the community as a whole as a supporter of national and international charitable, educational and sporting organisations.

So as you can see from his CV he is eminently qualified to undertake the role. He has a wide array of experience, various of him around the board have known him in a professional and/or a commercial capacity over many years and we're delighted that he is joining us.

So I open the floor to discussion on Simon's election. Is there anybody who would like to comment or ask a question of me or of Simon?

Mr Tilburn

Thank you Mr Peter Mason and congratulations of course on your splendid re-election and to keep your hands on the running and control and management operations etc etc and etc of a giant icon of the life insurance industry in Australia.

Having said all of that though, my comments come from certain principles that I've got over 35 years of being at the coalface of annual general meetings and you have a look at the Notice of Meeting for this important annual general meeting and

you find that Mr McKeon has an enormous amount of external work, chairmanship, directorship, member here, member there and it goes on and on and I'm very, very worried and concerned that the selection and choosing of this man, Mr McKeon, aged 57 is in his good middle age, has come along to join us but his other directorships also called external appointments, it seems to me to be a very, very big load, too heavy I think.

I'm surprised when I read up in my encyclopaedia last night on the wonderful Commonwealth Scientific & Industrial Research Organisation which I found sir and ladies and gentlemen was founded in 1926. As 87 more years have gone on for this great, great Commonwealth organisation, it is has grown expedientially and therefore my retort, my command on this matter is that I don't think the Chairman of CSIRO, Mr McKeon should somewhat abandon, desert, get away from this enormous scientific organisation to come to the AMP. I don't know why he put his hand up. I also don't know quite why he was on a nomination panel and the nomination community, which you are on Mr Mason, ladies and gentlemen, may I just almost get to the end of my prepared speech.

The nomination committee and selection committee for a new director is made up of Nora Scheinkestel, Chairman, Brian Clarke from Boral Limited and Peter Mason, also from David Jones Limited. But I consider that these three people may have had commonly called a rush of blood to their head and hair. They have brought this man along and look we've got to put this to the music. We've got to say that he's Chairman of the Commonwealth Scientific Organisation, he's director of Global Property Project Incorporated. I don't know what on earth all that does, so I've put the question through to you because he has another directorship of Global Property Project Australia.

So I suppose one sir is international and one is Australian and ladies and gentlemen he's a director of Red Dust Roll and we should know about that through him telling us. I've never heard of such an organisation. And then Chairman of Business for Millennium Development and Chairman of the Federal Government 2012 Review into Health and Medical problems. That's an enormous job. Member

of the Federal Governance Human Rights Grants panel and Member of the Big Issue Advisory Board.

I've got to the end of eight external directorships, eight lots of chairmanship, directors, members and I am going to ask you Mr Peter Mason because you're experienced and your loyal to all the things of governance and constitutions and good conduct and good ethics and good morals for any company. I think you have to pat him on the back and say "I think you should drop a bit of your heavy, heavy loads".

Thank you ladies and gentleman.

Chairman

Thank you Mr Tilburn. And a very fair question it is.

Can I just firstly very personally thank you for the comments you've made previously and you're right, I do like the shareholders. It seems to me to be pretty straight forward, you shouldn't be in this job if you don't.

Can I observe that yes Simon has been busy right through his career. The role as you point out at the CSIRO is an especially important one and it's one that he undertakes really on behalf of us all because it's effectively a national service and I've not had the discussion with him and I'm not going to ask him to respond to this but there's been no hint from us that there should be any reason why he should do anything other than continue it and I know from conversations with other people that he makes a great contribution and it's something that, along with a lot of other things, we certainly took into account when we looked at the possibility of asking Simon whether he might join us.

I'll go to that, the nomination committee certainly does look at a significant array of potential people and we keep effectively lists of potential directors so that we can be sure that we can move quickly if the circumstances dictate and we always ensure we

have external advisors so we have a plethora of sources from which to look at the potential for appointments to the AMP Board.

Simon has shown of course an extraordinary capacity to take on a workload and none more Simon, my guess, than in the year in which you were Australian of The Year because I found myself running into you in different parts of Australia at all hours of the day and night and you appeared invariably to look as though you were perfectly relaxed and had nothing further to do but in fact you were coping with a wide array of responsibilities very, very capably indeed.

I can only say to you Mr Tilburn that we have had the discussion with Simon about the time that it seems that the AMP generally takes of a non-executive director, he has undertaken to ensure that he has not only that time available but more and he has shown this in the time that he's been on the board in terms of the devotion he is giving to meeting with management, getting to know the way AMP works, understanding AMP not just in Sydney but in other parts and I can assure you there is no doubt in our minds at all that Simon will give AMP everything that it can possibly ask and more.

Thank you for the question.

Simon, I'm not really asking you to say anything but if you think I've got it wrong you might let me know.

Simon McKeon

Well can I introduce myself.

I thank Jack Tilburn for reminding all of us that the appointment of any director is a very important decision for any company and I'm very glad of everything he said.

I would like to chair just for a moment or two because I'm very well aware that you don't know me and if I can just say a word or two not about the issue of time but for 30 years or so I have been involved in the broader financial services area,

essentially as an investment banker but that's given me an opportunity to understand much about many businesses but particularly businesses in this funds management, life insurance, superannuation sector. I'll say to all of you that I was very humble when out of the blue I was approached to join this board.

I get approached to join all sorts of things and Jack I say no to many of them because actually at the end of the day I'm an ordinary individual and I know my limits and I'd like you and I'd encourage you to talk to any of the organisations that I've ever been involved with over 30 years, whether I've let them down in terms of not being there.

I take that really seriously and I've worked through it myself. I'll be quite honest with you and the board knows this, if the approach had come a year or two previously I would have declined it. It came at a time when I felt that I was in the process of giving up a number of important things, you were quite right to point out the health and medical research review, it was all consuming over the last 12 or 18 months. That has concluded.

Nevertheless I had to be selective, I only have one public company directorship, it is the AMP and when I had the opportunity to talk privately to the board as to whether it was right for them and right for me, from my side I was looking at a first class organisation. I don't need to emphasise this, this morning but you are in the midst of a very, very special organisation in this country, it is long established, it is iconic, it is well known to virtually all who live in this country.

Most importantly of all though it serves as the steward of the financial futures of so many Australians and increasingly others as well. That for me is a very, very important issue.

Just as the Chair said earlier, I have flown in this morning, I wouldn't call it from an exotic location but I was asked many moons ago to talk to the Australian Institute of Company Directors Conference in Singapore and I was allowed to talk about

whatever I liked and I decided to talk about the aging population of this country and in particular how business needs to work with that challenge and that opportunity.

A little over a century ago our average life expectancy was 50, today it's 83 and according to one medical source a baby girl born this morning in one of Sydney's better hospitals has an average life expectancy of 103 and eight months.

This is one of the most rapid evolutions of any species on the planet ever and it will continue with the help of health and medical research.

Why do I say this this morning because AMP is right in the middle of that evolutionary transformation, looking after the financial futures of many, many people. I am interested in that, I'm passionate about that.

As a former lawyer I understand the importance of compliance. This industry is consumed by compliance. Having said that it needs to be not only taken seriously but kept under control as well. I have a particular interest in ensuring that that's done as well as it can be.

Can I ever so briefly just wrap up Chair with the issue of time. Jack thanks again for raising it, if you look carefully at the non for profits that I'm involved with, they've ended up in this era being, yes four of them, they're very small organisations. I was once on the board of a much, much larger one which had a turnover of several hundred million per annum. I think it's not so much the number of roles that I have it's actually the size and the obligations that attach to each of them and let me assure you that for as long as I'm allowed to be on this board, assuming that I'm voted in today, I will continue to take the issue of time very importantly. Thank you.

Chairman

I'm advised that there are no further questions.

So I thank you Simon for that eloquent response to Mr Tilburn.

The proxy position for the resolution will now be shown on the screen.

I open the poll and I ask those of you who would like to vote in favour to press 1, those against press 2 and if you feel the need to abstain press 3 and if we do that the monitor is showing us that it's moving pretty quickly. We will open just a moment or two longer.

Now I close the poll and the results should be on the screen and they are. Simon is clearly, overwhelmingly elected as a director.

Simon we welcome you to this board.

Can I now turn to Item 3 which is in relation to the Adoption of the Remuneration Report and that resolution is shown on the screen.

In the Annual Report, on pages 11 to 28 the Remuneration Report is there and there are details of the remuneration strategies and structure including details of the additional performance measure being introduced this year for executives who receive long term incentive awards. As I outlined in my formal address this new return on equity measure reflects the importance for AMP of managing our capital base which is a key contributor to creating sustainable shareholder value.

Fixed remuneration for executives in 2012 has held flat on the 2011 level. There had been a small increase in 2011 but otherwise the remuneration to senior executives hasn't increased for five years and it has been held flat again for 2013. Performance pay for executives has been a little more variable reflecting individual performances and some changes in the structure of the management team.

We are acutely aware that executive compensation is an issue of concern in the community at large and as a board we see our responsibility to balance that concern which we all share with the need to maintain AMP's competitiveness by attracting and retaining strong talent and this is what we strive to do through the structure of the remuneration approach.

Each director recommends that shareholders vote in favour of adopting this Remuneration Report. So I open the floor for questions and any comments.

Mr Tilburn

Yes, Mr Peter Mason, Chairman of the great AMP Limited. One tries to study the Remuneration Report, pages 11 to 28 and there are solid characteristics of it that I support. It is ladies and gentlemen well set out. There's good information there and the word transparency gets through the problems of telling us what's going on. And therefore there's good disclosure.

And you can be educated somewhat if you do read pages 11 to 28 or flip every second page over. For instance ladies and gentlemen, a great credit and compliment to AMP Limited. On page 11, the first page of the Remuneration Report, 26% of fees required to be taken as shares brought forward on market. Well that's splendid, many companies still today ladies and gentlemen, don't put their directors to have a good to very good shareholding in the company.

If they don't do that they're not supporting the company of which they are directors. They're not showing loyalty. They should be parallel with the shareholders. So having the directors take up shares in our great company is very good.

The other thing I'd like just to show or mention Mr Peter Mason, was I think it was a splendid page setting out page number 21 headed "Company Performance and 2012 Short Term Incentive Outcomes for the Nominated Executives" and all the fine men and one woman I think, Fiona Wardlaw, are all disclosed there, shown there. The thing is ...

Chairman

There are two women Jack, I just want to make sure you understand, this is very important to us, Lee Barnett is pivotal to our organisation, we wouldn't want her to be missed.

Mr Tilburn

Thank you. I'll mention Fiona Wardlaw again and ...

Peter Mason

And Lee Barnett.

Mr Tilburn

Thank you very much then. I didn't quite see that or connect the name to the gender. Thank you. Maybe I'm not quite right about this ...

Peter Mason

She runs the IT systems, Jack.

Mr Tilburn

They averaged 63% of a short-term incentive benefits, awards, rewards, you name it. And therefore, 37% wasn't awarded and rewarded. Well I think that's good checking up on the performance of the company and the performance of the key management personnel. Yes, I will vote for the Remuneration Report, I think it's a very good one, it's very well put forward and I think that the employees are being looked after on the one hand but of course, the AMP board has to watch any monies going out to them that may be overdone but it's not over done, Mr Peter Mason, it's a very good report and I support it whole-heartedly. Thank you.

Chairman

Thank you Mr Tilburn for your comments.

Peter Mason

Thank you. Morning again, Mr Allen.

Mr Allen

I'm a bit worried that we're hogging the microphone, I would encourage other shareholders to get up and speak and ask questions. We're not the only persons here. We are voting against the Remuneration Report, we normally do. We've got

our policies and we acknowledge that you've made some progress towards coming closer to our policies with the second hurdle, the ROI, which you've got in there this time.

Having said that there's still one or two things that we disagree with and one of those is a three year LTI policy. The difference is getting smaller and we're pleased with that. We get opinions from different shareholders; one of them, Marcia Molesly, sent a two page document to Mr Salter and much of it was concerned with remuneration. She was concerned, for example, that Craig Dunn got an increase of 4.45%. I believe from memory, increase in fixed salary this year, which is way above inflation.

We understand how difficult it is to get very talented people and to keep them on the board and we're not really complaining too much about the quanta, when you compare it with other companies. The point I'd like to make though, is that remuneration is a very complex mathematical situation these days and a mathematician called, Ian Stuart wrote an article about some of the mathematics used about three years ago and I would be very surprised if any remuneration consultants in Australia, one, saw that report or (b), would understand it if they did see it.

Has remuneration become too complex, Mr Mason? Are the comments by Mr Buffett correct that we are ratcheting up remuneration unnecessarily in Australia? Thank you.

Chairman

Thanks Mr Allen. Some food for thought there. And yes, we agree to disagree on LTIs you say with the Shareholders Association and have done for a long time and we have a healthy dialog about that. We find that the bulk of shareholders certainly supports the approach we take but we respect the position that the Shareholders Association takes.

I have to say I am not aware of the Mr Stewart document and so we might see if we can get it from you. My concern is that if you suggest others won't understand it then perhaps I won't either but I might be able to ask you.

Mr Allen mentioned that he once worked for AMP, my understanding that he worked in a section that was then called "Special Calculations", which seems to me to be clearly very mathematically oriented but clearly requiring a special facility. Is remuneration too complex? Are we ratcheting up?

I'll give a personal comment on those, this is not AMP speaking, it's a very personal comment. I don't believe that the remuneration system is too complex. Working with it in AMP, we balance an array of what I'd call, fundamental pay together with reward on the one hand and incentive on the other and it is a challenge to get that right obviously. But I believe that within AMP, we get it as close to right as community standards could ever expect and I do believe that our system actually works.

We can look back and say that over the last few years, there is an argument that the system has worked and has been fair, taken into account the balance of the executive team and the management team and the employees on the one hand and the shareholders on the other. Is there ratcheting up? Yes, I've heard that argument. It goes a long way back, there was a time of course when compensation didn't need to be fully disclosed, so people didn't know from corporation to corporation what the pay policies were of the competition.

When we went for a full disclosure regime, there was a tendency at one stage for corporations to say well if somebody in corporation A is being paid X in hours, people are being paid X minus 20%, we better get with the competition there or else we will lose people and that tended to have a spiral impact, I have no doubt that that was the case.

I think fortunately since the GFC in Australia, we've overcome that tendency and certainly I can assure you the rigor that is applied within AMP, I'm going to say at chief executive level first and then under the leadership of John Palmer, as

Chairman of the Remuneration committee, there is no question at all as far as I'm concerned that fairness and market position are taken in to account rigorously and are very well balanced.

So I can only say to you that it will be a continuing matter of attention for the community as a whole, appropriately so we all have seen obscene examples internationally of some senior executives in failing organisations, walking away with some sort of beyond bigger belief, that's a fact. But I'm very proud of where we are in AMP, so thank you for the comment. I believe there might be one other.

Yvonne Chan

Good afternoon Mr Chairman. Chairman Mason.

Chairman

Thank you. Now I don't know whether to call you Mrs Chan or Miss Chan or why don't I call you Ms Chan? Good afternoon Ms Chan.

Yvonne Chan

Good afternoon. I'm Mrs Chan.

My response to the Remuneration Report is, I'm sure it's gone through lots of brilliant people's actuaries and so on but my question is long-term, as three years, I regard as, not long-term, I regard that as medium-term. So that is a point that I don't agree. The other thing is on looking back, AMP prides itself as a 164 year old company and we're not sure of the leadership in our company, so why not take the leadership to regard long-term as longer than three years and let the other people in the industry take notice and follow us, rather than we follow them. Having a longer long-term means we instil confidence in investors as well as the board. So this is my question, would you consider changing the long-term three years to a longer term?

Chairman

Mrs Chan, you bet we'll consider anything that the shareholders put to us. But it is a matter we have reflected on over years and as you reflect the view that comes from

the Shareholders Association as well. As I say, we've determined in AMP, not because we're following others, although we take that in to account but because independently we've determined that three years is appropriate given what I'll call, the executive life span of the various roles.

So we could argue about the semantics, maybe we shouldn't be calling it long-term, we should be calling it a medium-term incentive but the fact of it is that we think the three years is appropriate whatever it's called. I certainly respect that there is an argument for a longer period and certainly will put that on the agenda again but I've done enough homework on this to be very comfortable with where we are. Thank you indeed for your comments.

There being no further questions can I put this then to the vote again and this then is the poll relating to the adoption of the Remuneration Report for the year ended the 31st December to, the figure should be showing on the board and it is, to vote if you press 1 in favour, 2 against, 3 to abstain. And I shouldn't vote and if I were to vote the machine wouldn't let me anyway, so I won't vote. So if I ask you now to vote by pressing the number you would like to press and we seem to have pretty well exhausted that, so I'll declare the poll closed and the results will now appear on the screen behind me.

And on that basis I declare the resolution passed.

Can I then move to the Managing Director's long-term incentive which is Item 4. This is the approval of Craig Dunn's long-term incentive for 2013, that is the year in which we are, the resolution is showing on the screen and as we point out in the Notice of Meeting there's no legal requirement to seek shareholder approval for this item but we believe each year that it's appropriate that we should do so. Our intent remains to align long-term performance pay for executives generally and for Craig very specifically with the long-term value creation for shareholders.

Under our current LTI plan eligible executives are granted long-term incentives in the form of performance rights. Each performance right gives the holder the right to

acquire one fully paid ordinary share in AMP where performance hurdles, which have been determined by the Board, are met at the end of a set period. Details of the performance rights proposed to be granted to the Managing Director are set out on pages 10 to 14 of the Notice of Meeting.

In the view of the Non-Executive Directors it is definitely in the best interest of shareholders to approve the share based 2013 incentive grant to the Managing Director, vesting of the performance rights will be subject to performance hurdles that appropriately align the Managing Director "at-risk" remuneration with shareholder returns. I might point out that unfortunately because the performance hurdle has not been met recently, the long-term incentives have not vested for the past four years. Your Directors, with Craig of course abstaining, recommend that you approve the 2013 grant and Craig's continued participation in the long-term plan and I now ask if there are any shareholders who would like to offer a comment or ask a question.

Mr Allen

Thank you Mr Chairman. We more or less covered the remuneration in our last comments but a few small things. We're not saying that Mr Dunn hasn't performed well we think in some ways he's performed quite well. What we've noted over the years is that remuneration has increased fairly consistently and what we've noticed over the years is that returns to shareholders, TSR, have declined fairly consistently and we are concerned about that and we would like to see a bit more balance in the way the two sets of numbers are moving.

And what we're worried about, we've spoken about that when we were talking is the trend in some companies overseas, perhaps whose remuneration and dividends is a tool in dealings with shareholders and we're not terribly happy with the way that was going. The other thing which was and that's no reflection on AMP, we've discussed that, there's no criticism of AMP there at all but what we did discuss and what's happening in several companies in Australia just at this point in time, is that at the AGMs a few companies are rewarding special dividends and this is something that pleases shareholders greatly and I just made a comment I don't think that's terribly

appropriate from a governance point of view and I just, I congratulate you on not doing the same in this meeting. Thank you very much.

Chairman

Thanks Mr Allen. I think I'll take all of those as comments and ask if there are any others who would like to comment or ask a question?

Mr Tilburn

Thank you for the call again Mr Peter Mason, Chairman of AMP Limited, the great iconic life assurance operator. Thank you.

I'm not always a great lover, ladies and gentlemen, of the issuing of performance rights. I mean they're two great words, what are they performing and why do they get rights to something? Which is a fully paid share in the companies which operate the matter and the issue of performance rights. May I just ask a good mathematical or technical question from page 11, which I have increased number 11 to twice as big as your printers have, why is there, ladies and gentlemen, a 125% of the fixed remuneration?

Now I went down to Australand two weeks ago and their General Manager only gets 80% of the fixed remuneration, I went up to GPT, unfortunately, they have 150%. Well we're between 80% and 150%, we're 125%. How do you calculate that as being fair and reasonable? Of course to the General Manager and us shareholders on the other hand. What I also feel what you could have put in, I think there is an omission, you say from that page 11 under the heading, what is the Managing Director's Proposed Long-Term Incentive Plan for 2013.

And thank you for your critical remarks earlier that three years is not long-term in the expression of using English words, it's not long-term, it's medium term, you hopped onto that, thank you. But of course no companies are going to change their culture to four or five years, some go to four but of course none are going to go to five or six, long-term, it's a misuse of English words. It's medium term, thank you Mr Peter Mason for those critical remarks you made for Mr Allen.

So 125 is a number I would like to know a bit more about from your point of view as Chairman and I think the omission is you say he gets a grant of performance rights with a value of \$2,187,500, well I thought you could have put down the number of performance rights that this is equated with and what is mathematically worked out. On the other hand, ladies and gentlemen, there are important hurdles for all General Managers of all the companies that get performance rights.

Mostly they have the total shareholder return hurdle which is shown on page 12 printed out and also now we have return on equity which is two good critical hurdles for any General Manager to get over. And if they don't get over them properly, ladies and gentlemen, on page 12 you could put down as I did they get some rights, they get many rights, they may get a lot of rights, depending on how good they are to jump these mathematical hurdles but performance hurdles, Mr Chairman. So could you fill in, thank you.

Chairman

Thanks Mr Tilburn. I think you're right about the use of the word "rights" so I don't need to go there. As to performance, yes, it's a matter of taking into account the total shareholder return, the performance of AMP share price and dividend and so on compared to a comparative group of companies over the three year period and so the performance is relative in that sense, not in that particular case specifically related to the individual's performance although that's taken into account in the initial determination of the proportion of rights that is granted and that's where the Remuneration Committee in great depths and the Board then subsequently exercises quite a significant review of the Managing Director's performance against various criteria that have been established ahead of time and an assessment of that and a view of what is appropriate in the circumstances.

But I can say to you of course, as with all of these things, there is a judgement taken into account. Now you traversed a number of other issues that I think you did it extremely well and I think that there's quite extensive discussion of those issues in this paper and you were referring of course to the Notice of Meeting, in the very

comprehensive, I would argue probably unnecessarily comprehensive but that's the way the practice is going, Remuneration Report that we're all now having to complete which is included with the Annual Report so I thank you for that and ask if there are any other people who would like to ask a question or make a comment.

Mr Tilburn

Not so critical issue of, thank you. I said again, ladies and gentlemen, I attended Australand Annual General Meeting, very fine company, REIT, 80% only given to the Managing Director from his fixed salary, of his fixed salary. Went down to General Property Trust, unfortunately I said, they go to 150%. I think it's far too much.

Chairman

As I said to you, I hear you, we hear you, there's an element of calculation and of judgement involved in these things

Mr Tilburn

Oh well on the one hand, Ladies and Gentlemen, it could've been 80%, 100%, 125%, 150% and I suppose you've got a fair measurement of all things that it's appropriate, 125%.

Chairman

That's where we're coming from.

Mr Tilburn

And I did ask you, I thought there was an omission though mathematically when you take 125% of his fixed remuneration, you get that \$2.1.

Chairman

I'm sorry, what I didn't refer to and it is there but it is hard to find, we can't determine the number of shares because those, the number of shares can only be determined in relation to the share price after we have voted on the matter at this meeting and on the assumption that the motion will go through and I make that assumption because I know what the proxy votes are, then we assume that the motion goes

through, there will be a 10 day period over which the appropriate share price can be calculated. So it's not just arithmetical[12.09] it's also time related.

Mr Noel Levy

My questions relate to the fixed annual remuneration, first of all its excessive, now generally you say that you look at other companies and pay comparative rates, recently BHP in their, be aware of, appointed a new Chief Executive, his fixed annual remuneration has been reduced by 75% I think, relative to the previous one, in other words he's only getting 25% of the previous one which equates to \$1.6 million. BHP is a company which is a lot larger than this company and the Chief Executive on this company has actually got a fixed annual remuneration greater than BHP which to me is a bit surprising so perhaps when you're looking at their fixed annual remunerations next, you can see that those companies that have cut back on the fixed annual remunerations, that's the first point.

The second thing is on the short-term incentives, the Chief Executive can get up to 200% of his fixed annual remuneration, is that correct? That's what I've come from, page 15 in the Annual Report, as far as STIs are concerned, it says up to 200% of the fixed annual remuneration.

Chairman

I'll respond to each of your points after you've finished Mr Levy or would you like me to do it as we go, maybe it is an easier if we do. I'll go back to BHP then and say to you, I don't know the details of BHPs remuneration system at all, certainly I saw that there had been a change in the approach as far as the new Chief Executive is concerned. I know that within BHP there is some thinking about going to what is a more, I'll say a US oriented system and certainly comes out of the US banking system, where fixed remuneration is a very small proportion of the total in the banking system, very small indeed.

So you see for example in some of the big banks the fixed remuneration for the Chief Executive can be of the order of \$500,000 but then their various other incentives including share incentives go into the multi multi millions, tens of millions

and there's a lot more hocus pocus goes into their system than goes into ours. So I think, can I just say, we need to exercise some caution but in relation to our Chief Executive, the one thing I can point out is that his fixed remuneration is significantly less than his predecessor. When Craig took on the role, he took on a lower fixed remuneration than his predecessor had, he did that willingly and he has given us great service since.

I only hope that over time, the performance rights vest because I think the performance that Craig has brought to the role in terms of the GFC and hamming of that and the AXA integration subsequently are deserving of a recording. As to the STIS, the maximum could be 200% as you see, we adjust that against various measures and we get to, as I said to Mr Tilburn, we get to what is a mathematically determined on the one hand and a judgementally determined view as to what the appropriate sum is.

Mr Levy

Using those fixed annual remunerations and short-term incentives, he could have a remuneration of up to \$4,000,000 a year and now the long-term incentives is another equivalent to what is it, almost \$3,000,000.

Chairman

I haven't done the arithmetic but I'm sure that I'll accept your figures as could be but that's very different from what is. As I say, that's what our role as a Board, to ensure that we align the objectives of the shareholders with what is appropriate in terms of reward for the various individuals and the management team as a whole.

Mr Levy

The other thing with these long-term incentives, it's a bit misleading when, in this table or this brochure, what are performance rights? You think they're rights but then it states later on that you can actually get cash, it doesn't have to actually take the shares. Now I don't think you should be allowed to have a cash option, if they're called rights, they should have to take up the shares.

Chairman

I think I'll point out it's not necessary to bring this matter to the shareholders at all.

Mr Levy

I'm aware of that but I'm just commenting on it.

Chairman

The fact of it is we could remunerate the Chief Executive in cash, we choose to do it in performance rights and we think it's appropriate to bring it to the meeting, so I can only say that it is only say that it is absolutely universal practice that it is possible that the payment could be in cash if the shareholders did not wish to see shares either issued or accumulated on market to meet this particular obligation.

Mr Levy

Is that because remuneration is not binding on the Board, the actual Board. You can do what you like ...

Chairman

No, no, no, this is a very specific resolution relating to and the reason it is put before the shareholders is because it involves the use of shares. If it was simply cash, it would not need to be put before the shareholders but it would be covered by the General Remuneration Report on which we've previously voted.

Mr Levy

And just my last question, is relating to these long-term, everybody's been pushing for quite a number of years to extend this to at least four years, why not get rid of the short-term incentive and just have one, simplify it, simplify the size of this booklet, simplify the time I'd have to spend on it and other people and they'll still get a good, fixed annual remuneration, I don't know why they get \$1.7 million, they should get that for the year and then have a, just single long-term incentive, which could be three years, anyway it's just a note. Thank you Mr Chairman.

Chairman

Thank you for the comment. Good. Okay, is there any other comments?

Okay, well look that then, I think, concludes the discussion on that matter and I note that the proxy position is shown on the screen so I open the poll and advise that you vote as we have done with either a 1 or a 2 or a 3. One being for, 2 against and 3 to abstain and we will wait while that process is undertaken. We've got a screen up here that's showing us how it's going and I think we're just about there, so why don't I now declare that poll closed.

The results appear on the screen behind me, so I declare the motion passed. So that's the final item of the agenda today, therefore in conclusion, can I just say that the results of the polls that you've participated in will be released to the ASX today and be published on our website. I thank you for joining us, we've appreciated your interest and involvement, as I mentioned at the beginning of the meeting, if you've got any questions about any customer matters, then there is the booth or even shareholder matters, at the back of the meeting.

I declare the meeting closed and I invite you to join us for refreshments in the foyer. Thank you Ladies and Gentlemen.