

**ADDRESS BY AMP CHAIRMAN-DESIGNATE SIMON MCKEON
TO THE AMP ANNUAL GENERAL MEETING
8 MAY 2014**

Introduction

I am very conscious of the responsibility and the honour of chairing the Board of AMP, and I am looking forward to both the challenges and the opportunities ahead.

Peter has set a very high benchmark as AMP chairman for the past eight years, guiding the organisation through a period of profound change with calm strength, and with the highest level of integrity, outstanding statesmanship and a deep insight that few have.

Achievements

His achievements at AMP are significant. They include:

- ensuring the capital strength, security and viability of this company during the worst global financial downturn since the great depression - at a time when our largest competitors, the banks, had the benefit of government support and guarantees
- developing successful internal candidates for the important role of CEO, and managing two very smooth successions for that role – from Andrew Mohl to Craig Dunn in 2008, and now to Craig Meller
- negotiating a complex merger with AXA that is seen by many observers of corporate activity as one of the most successful integrations in recent history
- guiding the organisation through huge changes in the regulations governing how we work and serve our customers
- supporting a successful expansion into Asia, where we now manage over \$7b in assets for clients
- and ensuring timely renewal of the board itself.

Of course, it is impossible to do justice to Peter's record in the short time I have this morning, so I will simply say – on behalf of the board, management and, indeed, the many shareholders of AMP here this morning – thank you Peter. We are very grateful for your service. I know I am stepping into very large shoes.

Why AMP

I was particularly humbled when I was approached, out of the blue, to join the board of AMP last year.

I am fortunate to be approached to join all sorts of organisations and, frankly, I often have to say no.

All of you will appreciate that it is a privilege to be asked to become involved in

something special, and equally, if we accept, that it is important to be properly committed.

I have only one public company directorship and that is AMP.

The reason I said yes, and the reason I was humbled to be asked, is that this is a very, very special organisation.

It has a long and proud history – at 165 years old, it is one of the oldest Australian-owned companies in the country.

It is iconic. People of my generation have grown up with ‘the AMP’, as it has invested in and grown with Australia.

Today, it is one of the best known brands in the country.

Most importantly of all, it serves as the steward of the financial futures of millions of Australians and New Zealanders – and increasingly others offshore as well.

That, for me, is a very, very important responsibility.

Australia, like much of the world, has a date with demographic destiny. The ageing population will have a profound impact on our communities, our economy and our individual lives.

That impact will hold both challenges and opportunities.

A little over a century ago – in our parents or grandparents’ lifetimes - our life expectancy was around the mid-50s.

Today it is 84 – and still climbing.

According to one medical source, a baby girl, born this morning in one of Melbourne’s better hospitals, has an average life expectancy of 103 years and eight months.

This is one of the most rapid evolutions of any species on the planet ever – and one of humanity’s greatest achievements. It will continue with the help of health and medical research.

Like all evolutions, it has important consequences. One of those is how we adequately manage our increasing longevity as a society, in terms of both health and wealth.

That has clearly been the subject of community debate in the area of the aged pension in the lead up to the Federal Budget and I expect the wider discussion to continue, as we work our way through what is largely unmapped territory.

AMP is right in the middle of this evolutionary transformation, looking after the financial futures of many, many people.

I believe this company has a responsibility and a capacity to play a leading role in helping our community manage this transformation well, and reap the benefits.

I am passionate about that.

AMP's future

Of course, we also understand that this is a huge challenge.

We know we will not be able to respond well to this challenge unless we make significant changes to our business.

Success in the future will demand very different ways of operating to success in the past.

So we have a new strategy for growth at AMP, that we announced last year, and which Craig Meller and his team are now vigorously implementing.

This strategy builds on the strengths we have created in the company over the past decade, and addresses our key weaknesses.

It is a strategy that is driving a much more intense focus on our customers and what they need from us, so that we become more agile and responsive as a company and more resilient to market changes and turbulence.

It is also a strategy that addresses parts of our business that require renovation sooner rather than later – like our life insurance business.

Craig Meller will take you through in more detail what is happening in the insurance industry.

Simply put, the current business model for life insurance in Australia needs to change. We need to play a major role in this, to help customers better understand the real benefit life insurance offers and to make it more affordable, easier to access and easier to understand. It remains a critically important form of protection for many of us at certain stages of our lives.

This is not a quick fix, but it is something we are intensely focused on achieving.

Getting this right will help our customers, and the community more generally, and it will lift a drag on our share price.

The Board unequivocally believes this is the correct long term strategy for AMP. It will

drive stronger profitability in our business, improve our return on equity, be reflected in our share price and ensure we deliver on our promises to our customers and to our shareholders.

Conclusion

I have spent the past 12 months getting to know from the inside a company I have long admired from the outside.

What I have seen are good people doing well in a competitive environment, very intent on doing the right thing by their customers and their shareholders.

No organisation is perfect.

There are things we need to change; things we need to do better; things we need to stop doing and things we need to start doing.

Some of the actions we need to take will not be easy, but they will be well worthwhile.

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