



David Murray
Chairman of the Board



AMP to sell wealth protection and mature businesses

Dear shareholders

Earlier this year, we informed you of our intention to review our insurance and mature (or closed businesses) in both Australia and New Zealand. These businesses provide products including endowment insurance, whole of life insurance, income protection and total and permanent disability insurance.

The review of these businesses was initiated in response to concerns about structural changes in the insurance industry and regulation globally which served to restrict our ability to compete in insurance on a sustainable basis and to deliver acceptable returns to our shareholders.

Over the past couple of years, you may have read about the sale of many of the major life insurance groups in Australia. We believe the sales of these businesses were also attributable to these factors.

As a result, today we have announced three significant steps in reshaping AMP:

- Firstly, AMP will sell its Australian and New Zealand insurance and mature businesses to Resolution Life for A\$3.3 billion. Resolution Life is an international insurance and reinsurance group whose management has a 15-year track record in providing quality service to insurance customers.

We have not taken this decision lightly and have been determined to ensure that the outcome is appropriate for our customers. Importantly, there will be no change to their existing policy terms or conditions and we are writing to our customers to provide reassurance that they do not need to take any action.

The sale is expected to be completed in the second half of 2019 and is subject to a number of regulatory approvals.

- Secondly, we have put in place a binding agreement with Swiss Re (a major global reinsurer) to reinsure a portion of our New Zealand retail insurance portfolio from 31 December 2018. This new reinsurance arrangement is subject to regulatory approvals and is expected to release up to A\$150 million additional capital to AMP.
- And thirdly, we have announced our intention to divest our New Zealand wealth management and advice businesses via an initial public offering (IPO) – a separate listing of these businesses - in 2019. The decision to proceed with an IPO is subject to market conditions and regulatory approvals* and would free up further capital for AMP.

We fully appreciate the significance of these announcements. Insurance has been a proud part of AMP's heritage since inception. However, given the structural shifts experienced in the industry in recent times, we firmly believe this is the right outcome for our customers and our shareholders.

Insurance will remain one of the key ways we help our customers achieve their goals. Although we will no longer produce our own insurance products, our advisers will still be able to recommend a carefully selected range of competitive insurance products provided by other financial services companies.

Our incoming CEO, Francesco De Ferrari has the mandate to transform AMP and set a new strategic direction for the group. The changes announced today will strengthen our financial foundations and provide a solid basis from which to build a new, more agile AMP, focused on growth.

Impact on the 2018 Dividend

As a result of the actions announced today, our insurance, mature and New Zealand businesses will be reported as 'discontinued operations' from the full year 2018 results.

The Board will exclude the earnings from these businesses in determining the final dividend for 2018. However, we will continue to target a dividend towards the lower end of our target payout range of 70 – 90 per cent of underlying earnings for the year.

I look forward to providing a further update on these transactions at our full year results announcement in February next year.

Regards

David Murray
25 October 2018

More information:

For more information on today's announcement, please visit our Australian or New Zealand websites at <https://corporate.amp.com.au/newsroom> or www.amp.co.nz/personal/news/insights

If you would like more information on Resolution Life, please visit www.resolutionlife.com

*The proposed New Zealand IPO has not yet commenced, and no offers of securities are currently being made, nor application monies sought. If the proposed IPO proceeds, it will be made under the Financial Markets Conduct Act 2013 (NZ) and a product disclosure statement will be made available by an AMP group entity that has not yet been determined. Anyone who wants to acquire securities under the proposed IPO will need to complete the application form that will be in or will accompany the product disclosure statement.