

## TRANSCRIPTION

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[START OF TRANSCRIPT]

Simon McKeon: Good morning, ladies and gentlemen. My name is Simon McKeon and I'm your Chairman today. As there is a quorum present I will now formally open our 2015 Annual General Meeting and you've heard just a moment ago to ensure that your ringtones are turned off.

Before we begin the proceedings I would like acknowledge the traditional owners of the land on which we meet to today, the Gadigal nation, people of the Eora nation and would like to pay my respects to their elders both past and present.

I also extend a warm welcome to all of you here in this marvellous Centennial Hall and of course also those shareholders who are for the first time watching the meeting today via webcast.

I would like to particularly acknowledge someone who's down near the front on my left, Peter Mason AM, our former chairman of course who's joined us this morning. I recall, Peter, a couple of years ago in this same place that you extolled the virtue of this wonderful building and I shall do the same this morning.

Behind me, unfortunately somewhat obscured by a large screen is the most extraordinary organ, 25 metres wide and I learnt this morning that one of your Board has played that organ and you'll find out in a few moments who that was because at a little later in the proceedings of this meeting I'm going to be asking each of our Directors to speak for a moment or two about what

impassions them about AMP and this particular individual I've requested to disclose to all of you that he's played this fine instrument.

This is an old building. It was established in 1889 and at the time was the largest municipal hall in the entire world. It might seem to all of us especially in present day Australia as something quite old in this country but of course this particular institution, AMP, predates it by a full 30 years.

With me on the stage this morning is the Board of Directors of AMP limited. On my left starting from the extreme end we have Brian Clark who is a member of our Nomination and Governance Committee and People and Remuneration Committee. Then Catherine Brenner, Chairman of our Nominations and Governance Committee. Next to Catherine is Paul Fegan, Chairman of our Audit Committee and a member of our Risk Committee. Paul is standing for re-election today. On my immediate left is our Company Secretary, David Cullen.

On my right again starting from the very end we have Trevor Matthews who is a member of our Audit Committee and our Risk Committee, Patty Akopiantz who chairs our People and Remuneration Committee and is a member of our Audit and Risk Committees. Next to Patty is John Palmer who is a Director of AMP Capital Holdings and a member of its Audit and Risk Committee. John like Paul is also standing for re-election at today's meeting. Finally, Craig Meller, our Chief Executive Officer and Managing Director. Craig of course will take us through AMP's business performance during 2014 and the Company's plans for its future a little later on.

Unfortunately Peter Shergold has been unable to join us for today's meeting as he is recovering since quite recent surgery. We wish him a very full and speedy recovery.

I hope and I know that many of you were able to join us for the information session we held this morning with Paul Clitheroe. This was a way of sharing with you some of the tremendous financial expertise we have in our Company and providing you hopefully with some extra value. This is a new initiative and of course we welcome your feedback on how we can improve it further next year.

Because of the information session the starting time for our meeting is a little later than in previous years and this could mean that it runs across the lunch hour. Lunch boxes will be available in the foyer from 1:00pm if the

meeting is still in progress at that time. You're welcome to help yourself to a lunch box and return to the meeting.

There's a slide of my fellow Directors.

On the screen is an overview of our agenda for today. As you can see both Craig and I will make some comments before we move to the formal items of business for today.

I'll get us underway with a few reflections on the big societal and global trends that are shaping our futures and the future of this great Company, the way we are actively addressing these trends and our strategy for growth and how that strategy is starting to deliver.

You can see that in our 2014 financial results the Company had a very good year. That's not just because of the hard work that was performed last year by many of our employees. We delivered a good performance because of the long term thinking and hard work that has taken place over a number of years. We saw the potential of what we can achieve by being more customer-centric. The turnaround in our life insurance business is a great example of that. AMP continues to be financially very strong and at the end of last year we had close to \$2 billion in capital above regulatory requirements.

Craig will take you through what our businesses have achieved in more detail in a moment but simply put all of AMP's businesses performed well. AMP's good year meant of course better results for you our shareholders. We increased our final dividend by 17% to \$0.135 per share and this brought the total 2014 dividend to \$0.26 per share which is a payout of 74% of underlying profit. Share prices increased substantially while our return on equity improved two percentage points to 12.7%. Altogether this has helped generate better total returns for you our shareholders over the years.

This performance has showed us very clearly that our new strategy is the right course for the Company and will drive stronger profitability if we continue to execute it well. We take the view at AMP that strategy settings should be properly bedded in what we know so we continually learn from the past, act on the present and anticipate the future.

In addition to the honour of chairing the Board of AMP I've been humbled to service Chairman of the CSIRO where I've been in the privileged position of seeing the work of our great scientists that can help us create a better future.

One such piece of work is a snapshot of what our world might look like 20 years hence and it's meant to help us prepare for some very significant changes or as CSIRO terms them, megatrends including a diminishing supply of essential resources like water although that's not the case here in New South Wales I appreciate recently, traditional energy sources and food, a loss of biodiversity, an ageing population, a shift in the world's economic power from West to East not to forget North to South, greater online connections between people, businesses, communities and governments and increased demand from people for experiences rather than just physical products.

These megatrends should be of particular significance to business and act as starting points for thinking about innovative ways to plan for the coming years and indeed decades. At AMP these trends are helping us just do that and have informed the strategic choices we've made about our future.

Three trends in particular are influencing our strategy today. The first is the fact that our planet population is ageing and the impact of this continues to present a truly incredible growth opportunity for AMP. In a little over a century human life expectancy has almost doubled. In our parents' or grandparents' lifetimes life expectancy was in the mid 50s. Today it is 80 for men and 84 for women. This is possibly the most rapid evolution of any species in the entire history of the planet and of course one of humanity's great achievements.

Our strategy is to participate in this phenomenon by helping people live these longer lives in financial security. The most important responsibility and one that I am personally quite passionate about is the responsibility that extends to AMP playing a leading role in providing appropriate financial advice and security for the broader community because an ageing population is not without its [challenges]. While many measures have been put in place during the last decades to build Australia's world leading retirement system there is plainly still a huge amount of work to be done before we can say as a nation that this issue is in any way under control.

We also recognise that financial security means different things to different people. I believe our strategy takes account of that.

We are focused on attracting a younger demographic to AMP as well who may not see financial security in the same pressing way as their parents or grandparents. The younger generation may equate it with owning their home sooner or planning for their children's education. There will come a day when they look to retirement though and it is our intention to have won them as a customer for life. Winning more customers, keeping more customers means AMP must operate in very different ways compared to the past. That is why our strategy focuses intensely on what customers want from us.

This brings me to the second trend influencing our strategy and that is the growing human desire for experiences rather than physical products. Research shows that more and more we're putting our money towards travel, entertainment, education, experiences that make us feel good. In fact psychology experiments found that people tend to feel actually happier after buying an experience rather than a product. For business this translates into an imperative to deliver truly great service, service that is unique and personalised, makes us feel understood and good about what we're doing.

At AMP there's no better example of this than the successful financial advisor and client relationship. Tailored personal interaction is generally more satisfying than buying some sort of off-the-shelf financial product as good as that product may actually happen to be. What's more, the client walks out of their advisor's door feeling better and indeed more confident about their own future. Our strategy is to make all of AMP's experiences this rewarding. This really does mean better understanding and then providing what our customers want from us and giving them more choices in how they interact with us. That's what we mean when we talk about customer-centricity.

Having said this we know there are people who have had a particularly bad experience across the industry. There are some well known cases that are featured in the press and are simply unacceptable. These experiences show that as an industry we must continually do more to improve advice,

professionalism and ultimately rebuild the community's trust. [Inaudible] more on this shortly.

Finally, the third trend influencing our strategy is the shift in the world's economy. In the next two decades the world will continue to shift from West to East and North to South. The rise of Asia as an economic powerhouse is clear. China and India's economies are expected to continue to grow by and large steadily as we move further into the Asian Century. Meanwhile, economies in both South America and Africa are continuing to develop.

In all of these instances we are seeing and will continue to see billions of people moving out of poverty into a burgeoning middle class. Australia's proximity and I hope understanding of Asia along with our strong economic and cultural ties presents our nation with a multitude of growth opportunities. AMP's strategy is to tap into this growth primarily through our investment management business, AMP Capital.

Executing this strategy which has taken considerable time and patience is yielding results. We have formidable and successful business partners in China and Japan, countries that are home to two of the biggest saving markets in the world. Our investment management capabilities are increasingly being sought particularly by Asian and European pension funds. No doubt this economic shift places AMP in a promising position for growth.

Underpinning our growth ambition is work we're doing to rebuild customer trust in the advice industry because there are without a doubt very serious concerns about advice that need to be addressed and resolved. It is important that we keep lifting the bar on advice professionalism.

Just last week we announced industry leading change to the way our advisors are paid for advice in relation to life insurance. In a few moments Craig will touch on other ways we have led industry change during the past few years.

We know an important part of being an industry leader is to acknowledge when we are wrong, because even with the best will in the world sometimes things don't go the way we expect. What's important is that when things do go wrong, we fix it. We always stand behind our advice. This means we put things right for the customer when there's a wrongdoing or a mistake.

This provides - we would argue - consumers with a particularly strong safety net.

At AMP our priority is to help people live better lives in a myriad of ways, from helping to budget, pay down debt, save for retirement or prepare for tough times. Our focus is much broader than merely mortgages and debt. What we do will lead us to some extraordinary growth opportunities, because as a whole Australians are under-advised and under-insured. So we have much to offer. AMP's opportunities, along with the bigger issue of our ever-changing world is one of the constants we have around the board table. We spend our time as board members, building hypotheses, deliberating strategy, challenging ourselves and monitoring execution.

Your board has - I believe - a terrific mix of skills and experience to help us make informed calls on these complex issues. I'd now like you to hear for yourself from all of our directions, and let them explain how they contribute to our thinking and make their own individual contributions. Our last AGM we held was in Melbourne so many of you weren't there, but those who were enjoyed how last year we actually had - coincidentally - a relatively large number of directors standing for re-election. I didn't want that sentiment to disappear over a year, so we're trying it again - as we had with the Paul Clitheroe presentation this morning - something a little different. Please bear with us.

But as I said, I will pass in a moment over to Brian Clark and he's going to talk for a couple of minutes, and then over the next few minutes we'll hear from each of the other directors who are not standing for re-election this morning. Then a little later obviously - as part of the formal resolution process - we'll hear from those two that are standing for re-election. Again I'm not going to ask Brian Clark to just in his own language say why AMP is an important role for him. Brian.

Brian Clark:

Thank you Simon, good morning ladies and gentlemen. I joined the board of AMP in January 2008 and have enjoyed the opportunity to serve you for the last seven years. My career experience in technology development, mobile communications and international business - primarily in Japan and China - prepared me for the challenges that we in AMP today are facing in our business operations, particularly caused by digital revolution and disruption.

I have long had an interest and involvement in how organisations implement significant change. In recent years the AXA merger created a very significant opportunity for AMP, but needed management to deliver significant change and a collection of tough performance goals. With this behind us, the team under Craig Meller's leadership is currently delivering on our goal of putting the customer at the centre of everything we do.

It is very rewarding being involved in AMP while our dedicated people create the systems and the products that we need to deliver in future to all of our customers. Our goal of helping people to own their futures is indeed a noble purpose, and one that is taken very seriously in AMP. I am proud to be a part of AMP. Thank you.

Simon McKeon: [After] Brian we have Catherine Brenner.

Catherine Brenner: Simon, good morning ladies and gentlemen. I am delighted to have this opportunity to re-introduce myself to you. One of the big ongoing challenges for us as directors of your company, and management of your company, is to build on the solid base of the merged AMP and AXA businesses, and the more than 165 year heritage. To find contemporary ways of creating shared value for our customers, partners, employees and shareholders. With Australia and New Zealand's demographic and fiscal pressures continuing to increase, this has never been more important.

I am particularly proud of the leadership position that AMP is taking in key areas of our industry, such as changing life insurance payment structures so as to restore consumer confidence. Ensuring the highest levels of consumer protection through training our advisors to higher standards, bringing in more advisors to the industry than anyone else and in standing behind the advice that we give.

Sitting where you are earlier this morning in the Securing Your Future information session, I really saw - and hope you did as well - the power of good financial advice provided by skilled professionals. Advice that's even more powerful when based around our own personal goals and circumstances.

AMP very much is a sure friend in uncertain times. We are deeply committed to helping people own their tomorrows. As you've already heard - and will continue to hear during the course of the morning - we are very focused on working at putting the customer at the centre of everything we



do. Providing solutions that make sense to our customers and improving their lives. This is a very significant transformation requiring investment in new models, whilst reducing costs by spending money smartly where it matters most to our customers.

So I am looking forward to continuing to work with my colleagues on the best way to deliver this and to create genuine shared value for our customers, employees, partners and you our shareholders. Thank you.

Simon McKeon:

I'm going to leave Paul for the time being because we'll come back to him with his re-election. If we can go down the other end, Patty actually I'm going to ask you to go first.

Patricia Akopiantz:

Given I was recently appointed chair of the people and remuneration committee, I thought it appropriate that I share today with you my view on how this committee can help create value for shareholders. Understandably there is a lot of focus on the remuneration responsibilities of this committee. Remuneration is a key tool we use to shape behaviour in the organisation, to deliver the right outcomes for all people who depend on us. The AGM is an opportunity to review whether we have the right remuneration strategy to attract and retain talent while being mindful of cost.

But remuneration is only part of what drives people. Of course talented people expect to be paid fairly and competitively. But they also look for organisations where diversity of thought and experience is valued, where they have challenging work that develops their skills and capability, and where their work serves a strong purpose like our promise to help people own their tomorrows.

Diversity talent management and culture are part of the people and remuneration committee's responsibilities that don't always receive as much attention. However, they are key to creating a more customer-centric and engaged organisation.

As an example, one of the initiatives in the organisation that I am particularly excited about, is the implementation by Paul Sainsbury's team of a system that will allow us to directly measure a customer's experiences. Ultimately we will be able to link that result to performance outcomes. Once we can do that, we strength the virtuous cycle that rewards our people for

delivering the right outcomes for our customers and creates a powerful tool to change our culture.

That is why I am passionate about this committee. Because it is more than the numbers, it is about helping create the organisation that can deliver our vision of helping Australians own their tomorrows. For me it is a combination of people initiatives like the one I just outlined that transform and engage our people, combined with the remuneration strategy that rewards appropriately that will deliver increased value for you our shareholders. Thank you.

Simon McKeon: Finally, on Patty's right Trevor Matthews.

Trevor Matthews: Thank you very much chairman, it's a real honour to be a director of AMP. I'm still a relatively new member of the board, having joined last year after returning from some 15 years overseas.

Now I hope - and I believe - that my qualifications as an actuary, and my experience as a former CEO of life insurance and related businesses on four continents over almost 30 years equip me well to contribute to the governance of this great organisation - which of course I've admired for many years from afar.

Actuaries - as you probably know - have a reputation of being dull and colourless. However, I submit to you that this actuary is indeed passionate about this business.

Trevor Matthews: However, I submit to you that this actuary is, indeed, passionate about this business. I've had the privilege during my career, just a couple of times, of literally delivering the cheque to deserving clients. And I've seen first-hand, therefore, the powerful impact that our products and services can have on the lives of people when those products and services are, first of all, sold appropriately and administered appropriately.

So I'm confident that I can help develop and refine the strategy here at AMP. I'm very keen for us to continue to literally scan the world to see what's going on and if we've got some good ideas out there to grab them and apply them here for the benefit of our policyholders and our people. I also think I can help with the implementation of the strategy based on my experience of what I've seen working and not working in other places.

I'm very excited about the future, I think AMP is definitely on the right track with this focus on the customer. I think it's literally world leading stuff, and yes, Mr Chairman, I confess it was me who has had the pleasure of playing this magnificent instrument just a couple of times in the past. Thank you.

Simon McKeon:

Ladies and gentlemen, that wasn't dress-rehearsed; I've heard those contributions for the first time just like you. We simply asked our directors to speak from the heart as to why they sit around the Board table. We'll hear two more presentations a little later at the formal voting. But I hope you do appreciate why it's humbling for me to be part of this group. Indeed for me my role on AMP's Board is not merely a job it's a whole lot more important than that. I get up on a day that is for me an AMP day with genuine excitement, interest and purpose. I know that AMP has a very, very significant impact around this country with its extraordinary community offering to ensure we do all have financial futures.

Indeed this is AMP's noble purpose and it is special to be part of something that makes a real difference every day to the lives of so many people.

And so to conclude I remain optimistic that we will build on AMP's success because your Board and management spend a lot of time thinking and then acting on how we can make this substantial, indeed iconic, Australian organisation even better. I see many other people inside this company earnestly doing the same thing trying to come up with the best solutions for our customers, shareholders, business partners and, of course, the community.

We've made significant progress during the past year, but as always we still have many, many things to improve, challenges to face. Markets will remain unsettled and our industry will continue to attract an intense level of political and community scrutiny. The race, however, is always from here on. We have extraordinary opportunities right here, right now. We've got, I believe, the right people, the right structure and the right strategy. We've certainly got the energy and the commitment and we're keen to take AMP up to another level.

Thank you.

Now I would like to hand over to our CEO, Craig Meller.

Craig Meller:

Thank you, Simon. Good morning, ladies and gentlemen it is a pleasure to be presenting to you here at our AGM today. 2014 was a year in which your company, AMP, continued to make significant changes to our operations so that we can help our customers own tomorrow and build greater value for our shareholders.

The strategy we committed to two years ago is leading to a business that's leaner and more efficient with a re-oriented focus towards its customers. It's a business that's better able to deliver value to both customers and to you our shareholders.

AMP has long occupied a position in the Australia and New Zealand markets, markets which have strong fundamentals and enormous potential.

However, long term success in these markets against a backdrop of shifting, economic, social and technological trends, to which Simon referred, requires a new approach.

That new approach is gradually bringing to light a refreshed AMP and a new and better experience for our customers. We've done this whilst delivering a strong set of results in 2014.

AMP continues to be Australia's leading independent wealth management company in a \$2.4 trillion market - with a superannuation sector forecast to double in size by 2024.

Your company's underlying profit for the full year 2014 was \$1.05 billion up from \$0.85 billion in 2013.

All of our contemporary businesses contributed to this 23% lift in profit.

Earnings and assets under management continued to grow. Cashflows were strong and we managed costs tightly.

The recovery in our insurance business continued and we are now focusing on ensuring sustainability of the changes that we've made to that business.

The investment management business AMP Capital grew earnings strongly that was the result of good cashflows and very strong investment returns.

Our overseas activities, through AMP Capital are making an every greater contribution to our revenues.

Our partnerships with China Life and MUTB in Japan are not only generating good cashflows but also leading to product innovation and knowledge sharing.

AMP Bank's earnings grew by 10% and our New Zealand and mature businesses also posted solid results.

We continue to successfully embed changes in response to shifts in regulation that have brought about significant change in superannuation and advice in Australia.

We also continued with our business efficiency program, which, by next year, will see us having invested \$320 million to reduce our ongoing annual costs by \$200 million. The money we're saving, and the savings yet to come, will be used to fund initiatives that will drive real growth in shareholder value.

And, today we also announced our first quarter cashflows, which I'm pleased to say continue to demonstrate we're executing well on our strategy.

Cashflows from our contemporary businesses AMP Capital and Wealth management were encouraging, and assets under management continued to grow.

I'd now like to talk in more detail on the implementation of our customer focus strategy.

A refreshed AMP becoming increasingly focused on our customers is a simple way of describing a complex set of changes that are incrementally shifting perceptions of our company. We are beginning to see clear evidence our customers like what we are doing.

We are driving that customer focus in four ways. First, we are creating better products and service solutions.

Second we're radically improving the quality of service in all areas of our business. That means, for example, improving our information systems so our customer service staff can more easily, and efficiently resolve a customer issue.

Third, we're creating more and better ways for customers to deal with us whether that's online, over the phone or through an adviser.

Fourth, we're redesigning the face-to-face advice model so we can reach more customers with this type of advice more often.

Face-to-face advice has always been at the heart of AMP, and that will continue to be the case.

But, as Simon mentioned, 2014 was a challenging year for the financial advice industry. As the company with the largest network of financial advisers we took proactive steps last year to give our customers an extra layer of certainty above and beyond the certainty enshrined in regulation.

We increased educational standards for our advisers; introduced an industry-wide ethics program and established an advice review panel with an independent chair, which will act as a final review point for customers who have concern about their advice.

We have a history of moving early and decisively when it comes to meeting new regulatory requirements with our consumers' interests at heart.

AMP adopted a fee-for-service model across our superannuation, pension and investment products in July 2010 which was two years before it became a regulatory requirement to do so. In terms of remuneration for advisers recommending insurance solutions, change is also afoot.

As you heard from Simon, AMP became the first company to announce changes in the way advisers will be remunerated for advising on insurance products.

We made these announcements last week to deliver better outcomes for customers and to go some way towards ensuring a sustainable future for the insurance industry in our country.

Changing the way we remunerate advisers in this area is complex. It is largely due to the fact that insurance is not a product most people wake up in the morning with the intention of buying. It's a solution we describe as being sold more often than bought.

Getting the process right so that more Australians are adequately insured is critical: the role of the right insurance solutions in a quality financial plan is an invaluable one.

We see the changes that we have made as an initial step in the transition of remuneration for advisers in this area.

The reason we are working so hard and care so much about lifting standards in financial advice, and restoring consumer trust, is because we see the fantastic impact quality financial advice has on people's lives every day.

There's been a lot written and said about poor advice. Let me share with you what quality financial advice looks and feels like to me.

I know many of you in the room may already have a financial adviser and may well know how the advice process works. But for those of you who don't let me take a moment to describe it.

High quality advice starts with discussing with the client their life goals, and for those nearing retirement what they want to do when they stop work. Indeed our advisers say to us when they're advising couples at that stage it often turns into marriage guidance rather than financial advice.

Next there's an assessment of the financial viability of achieving the clients' life goals and a process of re-budgeting and planning to achieve a suitable post-retirement income without having a negative impact on short-term spending.

This then takes into account clients' attitudes to investment risks, and some risk management strategies. Then it's about asset allocation and product category selection. That's really over 90% of the process and we haven't even got to final product selection.

With more products on the market for advisers to choose from - most of which I would have to say are of a very great quality - I would argue that product selection is the least important component of high quality financial advice.

There is a real benefit to consumers when a company like AMP can comprehensively train its advisers, carefully understand the products people want, deliver both the advice and the products at scale and cost efficiently manage people's investments. That is why AMP maintains its commitment to an integrated business model with financial advice at its centre.

Whether it is delivered, as is most of our advice, by an adviser in a face-to-face setting, over the telephone or via a website, it is the essence of AMP's business.

The business of AMP is: engaging and educating customers; creating great products; delivering quality financial advice; and managing our customers' financial affairs, so that we can help them enjoy better lives.

Integral to this is our commitment to our customers. AMP stands behind its products and behind the advice it provides. This is something we've always been proud to do and something we will continue to do.

Looking at our products and advice through a customer lens, we can see that the fundamentals are falling into a place, but there's still a great deal of work to be carried out.

The aim of that work will involve reaching more people and building much deeper relationships with them. We believe this will require us to do four things.

First, make financial advice available to more people in more places, more often.

Second, ensure the advice process consistently takes into account the way people want to live their lives, how they want to spend their time, what they value and what they dream of doing.

Third, offer a broader range of products directly meeting a wide range of customer needs. Even if these products are sophisticated or bespoke the key here is to make things as simple as possible for customers and strip away complexity at every opportunity.

Four, ensure customers who come to us either directly or through one of our advisers, know how the process will work, feel comfortable, feel in control, feel knowledgeable and, most importantly, feel excited about tomorrow.

These four things will add up to more customers doing more business with AMP for longer, and therein lies the real value to you our shareholders.

So, in conclusion, our business performance in 2014 was a strong one and we were pleased to be able to deliver a much higher dividend. We are a strongly positioned player in a robust and growing market. However, the world is changing, consumer expectations are changing, and AMP is changing too.



We've made great strides on our journey to become a company whose customers are at the centre of every decision that we make. I am incredibly pleased with the progress we have made in such a short time, but, also I am incredibly aware of how far we still have to go.

Financial advice is woven into the fabric of AMP's past, and is critical to its future. We are doing more than any other company to ensure people seeking advice from an AMP adviser can take comfort in the fact that their adviser is held to rigorous standards of professionalism, and that the advice they receive is backed by AMP.

So, our focus for the next 12 months and beyond is to build on our history of service by: offering more and different types of advice to more people; honing our products so that we take to market what people want; and making sure that every interaction a customer has with us - from updating their address to seeing an adviser, to making a claim, to embarking on their retirement is an experience that delights them.

Because delighted customers do more business with us, stay with us longer and so create more value for you our shareholders.

For me, it continues to be a tremendous privilege to lead this company and I thank you for your support in that respect.

Simon McKeon:

Thanks very much, Craig. Of course this meeting kicked off with me saying a lot of things and it was really nice just to sit down for 10 minutes and appreciate truly how many people are in this large hall, and particularly if there are some standing up the back this is a good opportunity to come forward. The only disadvantage of that is you'll have to travel a little longer to get your lunch boxes in an hour. But, please, the meeting still has a little way to go and if you'd like a seat or two there is certainly some capacity up the front.

Let me say that there is the occasional company in this land which doesn't like AGMs. This is a day that they don't look forward to and like to minimise the proceedings as much as possible. That's not AMP. We are looking forward and are in the midst of what for us is a very important day. All I would say is that I'm expecting one or two questions that challenge us, provoke us, get us thinking perhaps about things we haven't thought about before; and that happens day in day out with AMP. Whether it's with our customers, our clients, our advisers, and indeed our shareholders.

This is an important day, I welcome you again, and again please this is a good opportunity to come forward, if you wish.

Thank you again, Craig, and now, of course to the formal business of the meeting. The minutes from last year's meeting are available in the foyer. The items of business for today's meeting is set out in the Notice of Meeting and they're on the screen behind me.

Item 1 relates to the 2014 statutory reports contained within the 2014 Annual Report and does not propose a resolution. Items 2 to 5 set out proposed resolutions to be considered and voted on at today's meeting. To assist with the efficient conduct of the meeting, I declare that each of those proposed resolutions is now properly before this meeting, and at the appropriate time, we will proceed with the discussion on each resolution.

Each item will then be put to a poll. As in previous years we'll be using electronic handsets to run the polls and I'll remind you how they work before the discussion on item 2. If you didn't receive your handset or card, please raise your hand, and hopefully someone will come and assist you.

If you'd like to participate in any of the discussions during the meeting please make your way to one of the microphones. If you have any questions about your products or services, our staff at the Customer and Shareholder Centre in the foyer outside will be best placed to assist you.

I am pleased that for the first time this year, shareholders who are watching the meeting through our live webcast will also be able to ask questions during the meeting; we will see how that goes. David and I have talked about whether we might get one question or 101; we're just going to have to manage that depending what occurs.

If you're on the webcast and would like to ask a question please click on the - ask a question - tab; it sounds obvious when I say it, at the top of the slide screen.

Turning now to the first item of formal business for today's meeting. Item 1 the Financial Report, Directors Report and Auditors Report. The purpose of this item is to discuss the 2014 statutory reports contained within the 2014 Annual Report, which, of course, looks like this. Some shareholders have requested to receive a hard copy of this while most shareholders would have received a copy of the Shareholder Review; a little bit smaller. Many

of our shareholders now choose to receive these documents, of course, online.

Before I open the discussion I would like to introduce Tony Johnson of Ernst & Young, Tony, in the front row there, who is here today in his role as AMP's auditor. Most importantly, you can ask Tony any questions about the audit for our 2014 accounts.

I now call for any questions and comments on the various reports and the management of AMP. Please note we'll specifically focus on the Remuneration Report a little later in the meeting. I'll take the first question now from microphone 1, thank you.

Monitor: Mr Chairman, I'd like to introduce Mr Jack Tilburn.

Question: (Jack Tilburn, Shareholder) Thank you Monitor, and through to you Mr Chair McKeon, the new Chairman of AMP. I'd personally like to give my personal remarks to the previous Chairman Mr Peter Mason, who I thought was an outstanding gentleman, Chairman and I had a very warm reception with him. All the best, Peter.

Now over to you Simon McKeon. I've read so much of the AMP Annual Report, and ladies and gentlemen, I am here to try and educate and help you understand what's going on with the AMP, because we want disclosure, transparency and accountability from our Chairman in all his replies to all the shareholders here today.

My first matter is a comment, and it has an inviting question to it, and then I have two solid questions, one and two. By protocol I shall retire and sit down again, and I'll come back to have you with a bash on questions three and four.

Ladies and gentlemen, I'd like to say a compliment and congratulations to the AMP Limited, which has managed to pull itself out of a slump or downward drift. If one looks carefully at the three tables on page 3, then there must be credit and congratulations, Mr McKeon, to the Board, its management and its employees, 5,400. I'll get back to that in a moment. But I do not want to overdo my warm solicitation to the company in case immediate future management and operations do go astray.

Because, ladies and gentlemen, today the idea and ideology of capitalism, which we're all living with in Australia is, in my opinion, very depressing,

very vulnerable, very dishonest and even corrupt, if you look at the Commonwealth Bank of Australia.

I wish to make a criticism, a slight criticism, Mr McKeon, because after reading your page one, I cannot see where you gave credit to the 5,400 employees. I think you made a mistake, a mistake and an omission and I hope you'll fix it up for next year. So, with that comment, which was to help the AMP Limited company, and we also want to thank the receipt of the final dividend of \$0.135. Now, ladies and gentleman, enough of that introduction from Jack Tilburn, but I'm on the target of the AMP Limited.

Question 1, sir. Is AMP involved in any schemes of aggressive tax minimisation - repeat aggressive tax minimisation and shifting its revenue to terrible, evil and wicked countries and locations like Ireland, Singapore and Bermuda et cetera? Can you assure us shareholders here today, at this AGM, that you are not involved in aggressive tax minimisation? We pay tax of \$843 million in our Annual Report, page 66, note 7. Is this a fair and reasonable figure and how can you prove such? That's the extensive question 1 to you. Thank you, if you'll reply to all of us.

Simon McKeon:

Thanks, very much, Mr Tilburn. Can I thank you for calling me to account? You're absolutely right, and I can only apologise actually to the 5,400 employees for not referring to them in my Chairman's Forward. A very good point, and David Cullen on my left here is making sure that that will not occur next year. Without those 5,400 employees we are nothing; I thank you.

In relation to tax, thank you for that question. We have taken the important initiative these last few months of placing our website; perhaps we should have done it a while ago, but nevertheless we've done it. And actually I'd like to say with some pride we have disclosed our tax philosophy and position and I find it very easy to answer your particular question; no, there's no suggestion of any aggressive tax minimisation within AMP. All I would say is that we, in particular, do have some funds that have quite appropriately based, domiciled, if you like, overseas and they pay tax in those particular jurisdictions. But there is certainly no particular focus to do what every Australian would expect us to do.

Question:

(Jack Tilburn, Shareholder) Thank you always, Mr Chairman, and fellow shareholders, the rank and file. My question 2 is on what I have been very,

very troubled and depressed about. The payouts and remand - and rewards, sorry. The payouts and rewards for financial planners, which you have several thousand of. What of a - Part A - payment for services rendered to the clients, how are these services worked out? Part B, I believe, you have some commission payments though for clients by the financial planners. I'm mixed up on it because I believe it's in the newspapers that you shouldn't perhaps be doing commission payments, you should only be doing service payments.

Is this all a very big problem for AMP of ethics and morals and honesty? What is the AMP policy, plans and proposals on all the financial planners? Because we've all read in the papers that Commonwealth Bank has stolen \$200 million or \$300 million off its clients and customers. Then you go to Macquarie Wealth, they've stolen off the clients and customers.

Then there's a mix up by ANZ and there's a mix up by National Australia Bank. I'm sick and tired of it and I think it's disgusting and I think it's disgraceful.

Simon McKeon:

Thank you, Mr Tilburn, and may I say, we encourage questions like this; but we don't encourage, necessarily the colourful language, particularly using the word stolen. That's a matter to be determined by the courts, if indeed it ever gets there. All I have to remind every one of us is that we're in Centennial Hall; we are not elected representatives of the nation immune from the laws of defamation.

But let me say, very sincerely, these are important issues; I like the question.

Can I just say one or two things and then I think you'd expect me to hand over to my CEO to particularly get to the nub of the issues you raise.

We're a very large family, if you wish. Jack, you reminded us of the fact we have 5,400 employees and almost the same number of advisers. They're not employees, they are essentially contractual, the subject of contractual relationships, but in many respects they are part of the AMP family.

The good thing in Australia is that there is plenty of choice as to how one receives financial advice. There are a number of different models. But the model we have, which is commonly called a vertically integrated model, that

might not actually be quite appropriate for AMP is that one - is one that we believe has many advantages.

Most certainly it's one that stands the test of time and at the end of the day we invest more, frankly, than any other organisation in the land in relation to ensuring that financial advice is given of a proper standard to our customers.

Most importantly though we do stand behind the advice that we give.

Your particular issue, of course, though is the remuneration arrangement that we have with our advisers. Yes, collectively, that can be a substantial amount as one would expect it to be. As to whether it's right and fair, I'll pass over to Mr Meller.

Craig Meller:

Good morning, Mr Tilburn, and thank you for your question. As the Chairman said earlier AMP is a very old company, 166 years old. And for pretty much the whole of that 166 years we've operated a model where we've partnered with entrepreneurs operating in their communities providing savings and protection solutions to Australians and New Zealanders, to help them in times of trouble and to secure a prosperous retirement.

For nearly all of that time the remuneration arrangements for those life insurance agents first and financial advisers has been one based on commission payments. It's - for a company to survive as long as AMP has it's got to have worked and it's got to have worked for all stakeholders. That doesn't mean that we should be blind to changes that are happening in the world and it's quite clear, and it's been quite clear to us for a number of years, that those very longstanding forms of commission-based remuneration are no longer appropriate in today's world.

So, as I said in my speech, we moved in 2010 to remove commissions from all of our investment-based products and only last week started the process of removing commissions for life insurance products, which as far as I'm aware, is the first life insurance company in the world providing insurance, retail insurance solutions through financial advisers to start that process.

So our advisers, essentially, operate a model where they're operating within a franchise of AMP but they're self-employed businessmen running their own businesses. They agree the fees that they are going to charge with

their customers and they collect those fees through various means, but only once the customer has agreed that that's an appropriate fee to be paid. That's why we're comfortable that the remuneration arrangements that we have operate effectively, and on the life insurance side that's the direction we're moving to.

Monitor: Mr Chairman I'd like to introduce Mr Richard Wilkins, representing the Australian Shareholders' Association.

Simon McKeon: Mr Wilkins.

Question: (Richard Wilkins, Australian Shareholders Association) Thank you very much, Simon. Good morning again. I'm here as ...representing about \$30 million worth of shares for our members and myself, being a longstanding member. As Mr Tilburn said to congratulate AMP on the excellent turn around and results that you mentioned. I hope you have many more years of further improvement. I would also like to thank you for your courtesy and meeting with us recently and the subsequent help from your colleagues. We also commend the very extensive suite of reports that you have made available once again, especially the full length investor report and the tax report that you refer to.

I'd like to raise three subjects, please, but fairly complex I might deal with the first two and then later if there's time.

Your Forward in the Annual Report refers to, as you have said today... will increase in longevity that we witnessed in the last 50 years or so, AMP's role and desire to ensure that these longer lives are lived in financial security.

How does AMP expect this growing demographic trend? I beg your pardon, do you expect that the growing demographic will be left mainly to the private sector to support and accommodate, and as a consequence that the [unclear] profile of AMP and probably all your competitors will lengthen significantly over the coming decades? If that is a reasonable expectation?

It would then follow that there will be a need to fund and accumulate very large and [new] ... assets to meet the income retirement needs of the ageing population. Clearly there is a problem, certainly in Australia and New Zealand that is very scant supply of non [unclear] bonds and of course

at risk of resurgence of inflation over future decades? I am very interested to hear thoughts and how that will affect strategy.

Simon McKeon:

Richard, thanks very much for that question, and depending where I end up I may well pass to the CEO. A very important, profoundly deep question actually, because - and it reminds that just yesterday we had AMP Board meeting. We ended up spending an hour and a half - in what we call a lab - a fascinating place looking at how better we can connect with people that need our advice. I only mention it because towards the end we went into a certain part of this lab which, quite bluntly, reinforced your point.

Our grandparents may have actually had a reasonable expectation of 10 years of traditional retirement, whereas, increasingly, our advisers are sometimes faced with a 50 year retirement phase. That's why I really appreciate that question. Because on the one hand of course this is an enormous opportunity, business opportunity. It's one of the reasons why AMP can grow; we love that.

But, of course, on the other side there's the responsibility to get it right. You're pointing out, for example, the paucity of financial product at this point in time to help us get it right. Well, let me perhaps just deal with it at a higher level and I will pass over to Craig as I think more about the depth of this question.

The first is, the good thing about AMP is that we are across what I would describe as the relevant parts of this very large industry, and it starts with that customer engagement. Understanding what their objectives are, what their position is, what their health is like et cetera. All I'm saying is that it is an iterative progress. Our advisers are supremely important in understanding, firstly, what their needs are. It's not a machine, it's not a tick-a-box; it's actually quite a complex process.

That means, of course, that our advisers are trying to work out what is the nature of the product that they need. I think you're absolutely right, Richard, that more and more advisers are going to be saying we need particularly, whether it's long dated, CPI adjusted, whatever products that are actually going to work on a timeframe longer than we've traditionally been used to.

The second thing is we have - it sounds a bit odd - we have a manufacturing side to our operation. Much of it happens here at Circular Quay; best people in the business actually trying to create those products.



Sometimes, even with the best people in the business the full suite of products that an adviser might like at a particular point in time isn't quite at that advanced stage of development, which is why one needs the adviser to still provide the best outcome at that particular time.

It would be remiss of me, of course, because you quite appropriately said is it all up to the private sector? No it's not. One of the reasons we have, we believe very appropriate and strong engagement with both governments and oppositions at any point of the political cycle is so that we can do our best to persuade them what is right.

We read every day about the problems in the industry. Let me say that that's probably overshadowed by the dialogue that actually occurs how we appropriately shape this very necessary industry in Australia for the long term, and it is going to require, every now and then, Canberra to make some important decisions. That is an important part of our role as a leader of the industry to ensure that the government is properly informed.

But, at this point, perhaps I might - there might be some insights that our CEO has.

Craig Meller:

Thank you, Chairman, and thank you for the question, it's a very important question and a question that governments and the wealth management industry around the world are spending a great deal of time focused on.

I think the first point I'd make is there is no magic bullet product for an individual who has not saved enough to be able to live off for their retirement. Therefore one of the benefits of the AMP model, which is built around face-to-face financial advice, is how do we get to people much younger in their lives to ensure that through their working life they're saving enough money to give themselves options when they get to retirement.

In 2006 the UK Government commissioned a review of how do we solve the UK retirement income problem and the report that came back was very short. It had - there are four things you can do; you can save more; you can work longer; you can pay more taxes, or you can be poorer. Those are the choices that are available to us.

At AMP we're passionate about getting people to save more so that they have more choice when they get to retirement. With regards to the right retirement product settings what we've found as we speak to our customers

is that there's rarely one solution that will fit all people, and hence the need for financial advice at retirement is absolutely critical.

People have different levels of wealth. They have different levels of income requirement. They have different views around whether they're say prepared to put their family home into the mix of funding vehicles for their retirement. Therefore, for most people, the optimal retirement solution is a composite of different product solutions that are available. Therefore we see the ongoing need for financial advice being critical - a critical issue for the country. Being critical for individuals, but also being an enormous opportunity for growth for companies like AMP.

Question:

(Richard Wilkins, Australian Shareholders Association) ...my second question, which is a much simpler one, you'll be relieved to hear. The prospects for the whole industry in Australia and New Zealand and around the world are extremely good, continuing growth, probably accelerating growth which is good for shareholders, and therefore the ability to grow organically.

On the other hand, is likely to be consolidation in various parts of the plans industry, perhaps most notably life assurance. Given that AMP, except perhaps in banking already has a leading if not dominant share in virtually every sector you're in, what do you think is the scope for growth by acquisition as well as organically?

Simon McKeon:

Thank you, again, Richard. Look, your company grows in broadly three different ways. We can simply improve its efficiency. Were in the midst of a major, major program to do that, which is working. Secondly, with our existing businesses we can grow them and that's occurring right around the organisation. Then, thirdly, as you point out we can get our chequebook out or issue more capital and buy something that is not ours today. You are posing to us, what's the likelihood that that might be the case in the future.

But let me say this that the good news with AMP is that we're not in any way constrained to think about that because of our balance sheet. It's a good balance sheet; \$2 billion of excess capital, which places us in that position of being at least able to consider carefully what you're putting up.

At the end of the day, Richard, we also need sensible vendors, or at least sensible from our perspective and that always isn't the case. But I think we entirely concur with you that it would be silly of us if we didn't keep a

weather eye out, particularly in a changing sector where some owners may become less committed to retaining - competitive as of today, but there may be an opportunity for us. The important thing is that if ever such an opportunity arises we consider it with all of your best interests in mind. Thank you.

Question: (Richard Wilkins, Australian Shareholders Association) Thank you.

Simon McKeon: Maybe another question at station 1?

Monitor: Mr Chairman, I'd like to introduce Mr Williams.

Question: (Mr Williams, Shareholder) ... firstly, I'd like to reiterate some of the earlier comments about the turnaround performance of the AMP, being the first year of a 5 year strategic improvement plan and goes well for what potentially can occur.

One thing I have heard today has been good words such as passionate and excited and interested, purpose. One word I haven't heard has been safety. Safety can mean different things, not just security or perhaps rate of change and things like that. Though I am interested in what AMP see as safety? Is it part of their vocabulary for the present and what does it mean?

Simon McKeon: Thank you, Mr Williams, and it behoves me to say in response to that, well firstly, apologies. This is a great learning experience to know the things we've left out. But it's a very timely opportunity to say that it's actually this year that we've formally put in place a risk committee.

Now I would be gilding the lily if I said that that was just our invention. No, we work with regulators all the time and they have, essentially recommended, proscribed that we put in place a risk committee; indeed throughout our various subsidiaries as well.

I think the interesting thing about your question is that risk is frankly a whole lot broader than probably any one of us as individuals can ever contemplate. There is risk right across the business and certainly the objective of management at a governance level this risk committee is to, frankly, use common parlance ensure that the prospect of a rude shock is minimised. In fact to go further than that we can actually take positive measures to absolutely minimise that occurring in the future.

I suspect what you're really saying is that - and it's a good comment - that over the last hour or so we have talked about - we've talked about growth -

a certain amount of confidence where we're going, et cetera. Perhaps the correct balance hasn't been there with also observing the risk. Let me assure you at both the governance and management levels, risk is not only important but with a particular animal like AMP takes a very substantial amount of the calendar year. We have no shortage of meetings that are particularly focused on risk.

If you've got a more particular question or if I haven't addressed the particular issue you've wanted to raise, I'm very happy to have a follow-up question.

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

Simon McKeon: Thank you.

Question: (Jack Tilburn, Shareholder) Thank you again, Monitor, and over to you, Simon McKeon. Ladies and gentlemen, rank and file, shareholders, I have my two final questions on the most important part of the Annual General Meeting and that is all the directors' reports, financial reports, auditors' report, et cetera.

Mr McKeon, my question 3 - several days ago I read something confusing and difficult about bonuses I thought for some top key management personnel in AMP Limited. Why are bonuses being discussed when the Remuneration Report on pages 14 to 32 show very clearly, and plainly, that all the many key management personnel, KMP for short, and others are being very, very well paid and salaried.

Why pay out more of our shareholder funds to these key management personnel and others? Am I right to bring up the matter of bonuses, because is it on your AMP Limited Board agenda? Why are bonuses being discussed at all, which might herald even fatter pay cheques on top of page 16 payouts? Over to you, please.

Simon McKeon: Thank you. Could I just give, by way of background, and Mr Wilkins, I hope you don't mind me saying this, but we've had a dialogue with Mr Williams, sorry, Mr Wilkins over the last few days and I was on notice that I was going to get a question along similar lines from him. So, if you don't mind, I'm going to give you a little bit of background.

Because there was an article, it appeared just two days ago in the *Financial Review* and it may well be that some of you here today didn't read it, and I am going to - in a minute or two- just to bring you up to speed.

It involves a matter that doesn't technically require any public disclosure. It's simply a fact that as part of our long term incentive arrangements that were put in place three years ago - what occurred was that the Board - the particular Rem Committee, at the time, entered into and agreed what those three year arrangements would be. As is always the case there are a number of elements to them and one of those elements is the starting date, when does it actually occur. As it turns out what was actually communicated to the relevant management, we're talking about probably more than 100 people, was a different starting date.

Let's flash forward to several weeks ago. It became plain that it was possible that this particular long term incentive payment would be payable by virtue of the movements in our share price which had been strong. So, as you would expect, the Remuneration Committee, headed up by Patty Akopiantz looked with considerable scrutiny as to whether that payment would need to be made or not.

In that process a problem that occurred three years ago came to light; namely that the Rem Committee, or the Board, had actually resolved something but a mistake occurred. What had actually been communicated to essentially the top 100 people in AMP was different.

Can I say, this is corporate life. This was a problem that went to the Board. There was no textbook I could take off the shelf and look up page 178 to tell me what to do in this circumstance. It wasn't actually, even a legal issue. It was business judgment issue. What occurred was that there was a genuine expectation amongst many of our staff that they would receive a payout. Let me just make it plain, we're not talking millions of dollars, it would have been an average six figure sum. But the issue for us was, was it right just to say, sorry, you've had this expectation, and, in fact, you were informed in writing that it was going to be this way, but, actually, it's not going to be the case.

I have to say at this point your CEO actually got ahead of the curve and showed very good leadership in a series of discussions that occurred between the Rem Committee and management. It was Craig Meller who

suggested that it was in the company's best interests, looking forward, in your best interests that the payment to that second tier of management be honoured. But at the same time Craig said the senior tier of management, key management personnel would take collective responsibility and not be paid that at all. In fact Craig said to me I want you to allow me to go out and speak to each and every one of them and explain what's happened.

Mr Tilburn, I thank you for raising it because funnily enough we spend a lot of time in these meetings or in the press actually not talking about what really occurs in boards. This was a difficult decision. On the one hand we could have deprived that second management team of any payout at all, and actually saved you a little bit of money. The judgment was that that actually wasn't in the long term best interests of this company. But at the same time I remind you that Craig made it very plain that his recommendation, which was, of course, adopted by the Remuneration Committee was that the key management would of course miss out.

All I can say is that that's what you pay directors to do. Not to sit up here and have lunch and meet you but actually to wrestle with tough issues. Were there arguments both ways? You bet. Was it a clear decision? No, it wasn't. But, at the end of the day, after hours of wrestling and very capably led by Patty Akopiantz, I believe, we came to the right decision.

It wasn't in any way required to be disclosed to you publicly, but Craig went further and said, I think if I'm going to be talking to Mr Chanticleer about the great initiative we had last year in the life insurance market I might talk to him about that as well, so that you all know that today.

Mr Tilburn, we're actually proud of what's occurred here. It wasn't a lot of fun at the time. You may say, gosh, well I wish you'd saved me a few million dollars. Sometimes being in a chair like I sit in isn't quite as easy as that.

Question:

(Jack Tilburn, Shareholder) Thank you very much Mr McKeon, and my final question, ladies and gentlemen, rank and file shareholders, this will make your ears burn off, I think, Mr McKeon. I've always tried to bring up special things, very special things which are hard for any company and they're always of great expense. So, ladies and gentlemen, the auditors' fees, I haven't given up on complaining, criticising and protesting in that order about auditors' fees.

I look at page 129 for homework and I see that for 2014 calendar year we paid out of our shareholders' funds \$14 million for Ernst Young auditing operations, whatever they may be for \$14 million. Then in 2013, the year before, we unfortunately paid out more; \$17 million. So, you say, as a shareholder, oh well, Mr McKeon, we've had a reduction of \$3 million this year. Well that's very good. I'd like to think that we could have another reduction of \$3 million next year in 2015.

Some serious analysis, assessment and evaluation is required for all the enormous monies received by Ernst & Young company. I want to read the *Sydney Morning Herald* to you, Mr McKeon, because you're a very important businessman, very busy, but you may have missed last Monday the 4 May, and this is about auditors. Let it sink in.

The Big Four auditing companies, unfortunately only four when there should be 14 or competition PWC, PricewaterhouseCoopers, ladies and gentlemen, KPMG, I don't know what KPMG stand for. Ernst & Young EY, Deloitte Touche Tohmatsu, DTT. This is what the Herald said, not me, Mr Mc Keon, and all those Board members, who should be educated.

These four companies; are so big and get it wrong so often nobody cares, because they are above-the-law, beyond-the-law, unaccountable accountants.

... crazy and mad and almost unaccountable directors, yet paying out all these sums of money.

So, I was down at a company yesterday, which I condemned, because APN N&M Limited, a media company like Fairfax, paid out \$6,580,000. I don't think anybody on the Board understood why \$6.5 million went out of our pockets and we never got a dividend. So, I'm going over to you to say that I think, Mr Mc Keon that you've got to be very, very careful about how Ernst & Young our auditors get \$14 million.

And I must work out that they must be charging not \$1,000 an hour ladies and gentlemen, but \$5,000 up to \$10,000 an hour. Of course they never put it in the Annual Report, they never speak about the huge sums of money they get. Over to you, Simon, thank you.

Simon McKeon:

Thanks, again, Mr Tilburn, and I wish you hadn't mentioned numbers like \$10,000 an hour, because I saw Tony - Tony - write it down in the front row

and perhaps he might use it against us. Can I just say this - that - in fact before I forget, I do take issue with your comment that they're beyond the law. Look they're accountable just like any others of us and if they do the wrong thing and there have been many, many occasions in this land where they've been hauled before the courts over decade and decades. So that is rejected, that statement.

But what isn't rejected the fact that the audit role, the external audit role is incredibly important. We need to ensure that it is there and that it is doing exactly the job we expect of it, but, at the same time, and this is your point, Mr Tilburn, we're not paying a cent more than we need to. To a man and a woman this Board agrees with you. We're happy to be condemned, to use your language, if we have overpaid for that service.

My point, and I might just pass over to the right person to answer this, in a minute, the Chair of our Audit Committee, Paul Fegan. But, can I say that you might be right. If there were 14 capable firms that might allow more competition, but we are where we are, and as far as I am concerned all we can do is to ensure that on the one hand our very complicated, financial services' business which has billions of dollars flowing right throughout it constantly, and at the same time, an army of internal actuaries trying to predict the expectations of our company in the decades to come.

It doesn't surprise me, and Tony, I want you to close your ears, because otherwise you'll use this in negotiations against us. But it doesn't surprise me that an organisation like AMP does need to pay a reasonable amount to ensure we get the service that we need. But, perhaps, at that point, I might pass over to Paul if you have any other comments.

Paul Fegan:

Thanks, Simon. Good morning, Jack. Jack used to be a shareholder in St George Bank, I've known him for a very long time. Can I just re-emphasise the Chairman's comments to everybody in the room, first and foremost about being above and beyond the law. That is just not the case. As the Chairman of the Audit Committee I can say - for over a number of years, can I say to you that we are responsible, I was going to make these remarks in my comments about standing for re-election, for not just the fees but more fundamentally the independence and the governance of the Audit Committee.



It's often thought that the auditors just do the work in respect to the financial accounts at the end of the year. There is an enormous amount of work that goes on throughout the year, and, also, can I say to you that post the transaction and the merger with AXA Asia Pacific a very thorough review was undertaken and there were productivity measures made in that audit fee agreement with the company.

Can I also say that the discipline around the independence of the individuals that conduct your audit, and we also have to find the balance that in balancing up what occurs with the fees that we don't want to compromise in any way the quality of the audit, and the terms of the engagement are indeed approved by the Audit Committee and then subsequently the Board.

I should also say to you that beyond the fees, when they're agreed, and the terms and conditions of those fees, any audit work that is asked for by management that incurs a fee of more than \$100,000 has to be approved personally by me. That comes to the Board as a matter of governance and protection around the independence and the transparency of those fees. It's on - it's very much in our mind. There's a lot of technical expertise that's supported and we have very robust discussions around the fees.

As the Chairman of the Audit Committee, I can say, categorically, I'm very happy, strongly happy with the level of independence, the governance, the technical quality of the audit that's performed by those and the fees that are attributed to the audit. I hope that answers the question, Jack.

Simon McKeon: Thank you, Mr Tilburn.

Monitor: Mr Chairman, I'd like to re-introduce Mr Wilkins.

Question: (Richard Wilkins, Australian Shareholders' Association) Thank you very much, Simon. I was hoping that other shareholders might have some questions. My final question on the reports is; the strong recovery in wealth protection of course is excellent and welcome after the very disappointing previous 18 months. We note that AMP is targeting that business units return on equity to recover to about 15% in the next two or three years currently 10% and to get as low as 4 or 5.

What are the major tasks and challenges for - given all the changes regulation and business practice and so forth - that face AMP in order to

fulfil this hoped improvement? I wonder, particularly given the very recent announcement of your change to the life commission structure, how much of that improvement is predicated on capital being released from the unit, as a result of the new commission of recommendation.

Simon McKeon:

Thank you, Richard, that's a very important question because it's such a major part of AMP. May I just say, I will pass over to Craig in a moment he's the appropriate person to really give you the answer? But can I just say, as a Board member, I have been truly impressed with how AMP wrestled with, not an AMP problem and industry-wide problem which emerged - some have described it inside the life industry - people like Trevor, who have spent a lifetime in that industry as Australia's perfect storm in that industry.

We had very substantial increase in claims; lapse rates went up, simultaneously whether or without warning, we can examine that in the years to come. But the reality it was very significant; it was industry-wide.

All I can say is the team inside AMP, and they ought to be good, because we are industry leader, but led by Pauline Blight-Johnston in the front row did everything the Board could possibly expect, and, frankly, turned that business round in timeframe sooner than I personally would have expected was possible.

The good news for you shareholders is that there is still more to do; more to do. I mentioned before that it actually starts with recognising that there is still a very untapped, under-insured Australian market. We need to communicate better about the need for these very important life insurance, wealth protection, income protection products.

What I will say in passing over to Craig is that I think we've already mentioned, for a minute or two, this morning, the initiatives that have been working over the last year or two, in particular in the area of income protection. Ensuring that people reasonably get back to work. We don't force them back into a slave market, but actually we all know that if we are fit and able to work it is a good thing full stop. It is not a good thing to be at home wondering what our relevance in today's society is. All I would say is that I think we've had truly, globally leading initiatives led by Pauline's team to work with people that have had a genuine claim, but, most importantly, to say; this doesn't have to last any longer than you want to allow it.

I will pass over to Craig.

Craig Meller:

...Simon, the improvements that we think we need to make going forward to our life insurance business basically fall into four areas. Firstly, continuing the very good improvement that we've had in our claims' performance and that's really driving a retraining through the whole of our team of claims management assessors to apply the new process that we've gradually been rolling out over the last year.

It's a big change. What we've found is - as Simon said - we've been able to get people to really rehabilitate and get back to work much more quickly, so we've ended up with happier claimants, or customers, if you like, and lower liabilities for shareholders.

The second is to implement a large number of small initiatives that together will ensure that customers keep their policies for longer, and included in those is the changed remuneration structures for our advisers going forwards.

The third component is to look at a quite granular level at how we construct our products and whether or not they're fit for a 21st century marketplace. So, one of the things we've found as we've gone through a more detailed review is that customers are looking for much more flexibility in the level of cover that they can take out and in their capacity to change that more flexibly going forward. So the third part is managing the product more effectively.

Then the final part is the systems build that we've put in place, particularly around linking the claims' capability and being able to identify signals that could have given us early warning that an individual would be a potential claimant and linking that back into our underwriting process.

So, no one magic bullet, just a lot of hard graft, a lot of small things that incrementally are going to add up to a position where we're confident that we can get the sort of returns out of our life insurance business back up to above 15% over the medium term.

Question:

(Richard Wilkins, Australian Shareholders' Association)...just on the DAC question, how much of the change to commission structure will be the motivation for that improvement?

Craig Meller:

So, part of the capital intensity of a life insurance business, historically, has been because the commission is paid up front to advisers we haven't had

any income for, so we have to take shareholder capital to pay for that. That's called deferred acquisition costs or DAC. All of those acquisition costs that are currently on our balance sheet will only go away as they're written into the profitability of the business as policies endure. But it will make new policies less capital intensive. Our new policy very broadly would have about two thirds of the level of upfront commission from previously, so you save essentially about a third of the capital.

Question: (Richard Wilkins, Australian Shareholders' Association) Thank you very much.

Monitor: Mr Chairman, I would like to introduce Mrs Yvonne Chan.

Question: (Yvonne Chang, Shareholder) Chairman, Yvonne Chang I am a small shareholder and would like to comment on today's AGM. Thank you to engage us shareholders with your thoughts and also a brief introduction of the contribution of the company. That I find that very refreshing, very engaging and encouraging. Thank you for that. I hope that practice can spread to other companies too. Secondly, the other one is AMP being a 166-year-old Company, no doubt has been through good times and bad times and as a small shareholder myself been a long time, I too have to put up with the ups and downs. No doubt, AMP stands and AMP will survive.

The question is - my question is would AMP in view of the next phase of growth also look at engaging young people at very - I'd say school level, high school level, about the financial awareness, just like Mr Clitheroe did this morning to engage us grey-haired people to learn a little bit of how to manage our own finances. So my question on that is do we have a proactive approach in doing those kind of campaigns to educate our generation XYZ?

Simon McKeon: Thank you, Mrs Chan, for firstly the very warm remark at the beginning but also what a fabulous question. This is where it's really good being Chairman because I can say what a fantastic suggestion, enormous merit. Yes, we have a whole cohort of young people coming through and we all know because we were young once how the motivation is not exactly on one's long-term financial security. So your point is so obvious that somehow - and how AMP can play a part is a very good question. How do we in fact infect the

minds of young people to think about the long term as well as the short term?

What I wanted to say is - this is where Craig cringes because he's going to say, what will the Chairman say next? That's why I actually have to hand it to him because he keeps me in control as much as I keep him. Mrs Chan, as I do that I want to say to you though what you are suggesting is very important. Whilst our focus has to be on returning dividends to you, on obviously maximising our profit, plainly, but we also have to think about the longer term. As I do pass the baton to Craig, one of the good things about the modern, the contemporary corporation is that a strong part of it is actually focused on the community.

We proudly have the AMP Foundation; it gives millions away every year, and perhaps there is an opportunity for the - and I know there are two or three people in the audience today who think a lot about where AMP Foundation invests its money in the community - perhaps that is also an opportunity. I'll pass it to Craig.

Craig Meller:

Thank you, Chairman and what a great suggestion. Our Foundation does have activities in some areas that involve improving financial literacy, particularly in disadvantaged communities, and more broadly as an organisation our youngest customers tend to come to us as employees of companies where AMP is the provider of corporate superannuation and we do provide education programs into those companies. But for me it's something that the whole community I think in Australia needs to get behind and to pursue more broadly.

As I said earlier, the best solution for coping with an ageing population is to get people to save more and the more people can save at a younger age the easier it's going to be for the whole community. So it's certainly something that AMP is broadly absolutely passionate about, and I would call out Paul Clitheroe, who I think is still somewhere in the audience, as the Chair of the Government's financial literacy committee is being an absolute leader in that respect and we're very proud of his association with AMP in that context.

Question: (Mrs Chan, Shareholder) Thank you Mr Chairman, I have another question, if I may?

Simon McKeon: Please. Please, Mrs Chan.

Question: (Mrs Chan, Shareholder) Well, my question is, in view of what the Company has been doing over the past few years to reinvigorate the business, how do we rate ourselves with our competitors today, and the outlook of the Company in the future?

Simon McKeon: Again, a fabulous question. Thank you. Again, it's more appropriate for Craig to finish the answer, but let me at least commence it by reinforcing why your question is so important. At the end of the day we should never underestimate that we are in a competitive world. We're in a world where other organisations want our profit and to take it away from you. So as I said in my speech, the race is always from here on to be actually better than anyone else in our space.

All I can say is that again around the Board table we spend - and it was a good - we had a question before about risk. Yes, we have to make sure the wheels aren't going to fall off, but we also have to get the balance right between ensuring that we're also the best in breed or the best available. All I can say is that this last year where frankly we haven't had to worry about too much going wrong, it has been a terrific 12 or 18 months with winds blowing in our direction.

Of course, what that enables us to do is to spend even more time on ensuring that we are as best as we possibly can be. I made mention before of this lab yesterday that the Board was shown through. It was a good day because we also had the opportunity to actually see a program that compares us against other competitors. It's not appropriate for me to tell you where we actually rank ourselves at this point but what I can say to you is that there's an urgency amongst the Board to ensure that we keep getting better and better and better. Craig.

Craig Meller: I would reinforce that. I would say that like most companies we obsessively benchmark ourselves against other people in the industry and we also look more broadly around the world. To a certain extent in Australia AMP is a slightly unique Company

because we're the only large listed independent wealth management company. So in benchmarking, in shareholder performance terms we tend to look at performance against the top 50 shares and non-mining shares in the mining place, and that information is easily available.

In terms of customer satisfaction we use a program called the net promoter score which is around client advocacy. We set ourselves a target of being top of the pile by 2020, we're just a little bit ahead of the middle of the pack at the present time so we've got work to do there. In terms of our employees and our advisors we also have metrics there which show us again slightly ahead of the pack but our intention is to be Australia's favourite wealth management business for our shareholders, our customers, our employees and our business partners, our financial advisors.

Simon McKeon:

Thank you, Mrs Chan and I hope you haven't missed out on lunch. Well, we have another question from microphone two. Can I just say these are fabulous questions and the Board likes them? Can I also say though we have four other items of business that we also need to deal with? I'll leave it up to you as to how many questions we get. Thank you.

Moderator:

I would like to introduce Mr Whittaker.

Question:

(Mr Whittaker, Shareholder) Thank you, Mr Chairman. Could I please refer you to page 3 of your Annual Report in which you present a lot of summary data for the past five years? In your analysis of this data you seek to be commended for increased dividend in 2014 over that paid in 2013. This is a rather narrow and short-term viewpoint.

At the very bottom of that page the text in two paragraphs, I refer to the second last one, in which you say that the underlying profit is the basis from which the Board determines dividends. It's enlightening therefore to note that from a long-term point of view the underlying profit for 2014 was 20% up on the average of the previous four years. The dividend for 2014 however was 4% less than the average of the dividend over that same previous four-year period. How do you reconcile the page 3 statement then about the

relationship between underlying profit and the dividend paid to shareholders? Thank you.

Simon McKeon:

Thank you. Good question. At the end of the day the decision as to what dividend is appropriate for a particular year has to have regard for a number of things, including in particular how much does the Company keep - it's your money - so that we can give it to you later, and possibly much more of it. What I'm saying is that yes, we have publicly said we'll repatriate around about 70% to 80% of our dividend. This year we haven't gone up near 80%; it's actually less than 75%. I guess what we're saying is that we have considered in the many, many things that we consider that we have a number of ways in which we can reinvest that dividend that we are not giving to you so that of course we can give you greater dividends in the future.

So I thank you for your question. A strict comparison of what we may have paid by way of dividend several years ago versus now is not actually the way that we look at it. The way we look at it is to say yes, first of all we're beholden to a sensible policy of 70% to 80% of that underlying profit flowing to you, but where within that range is dependent on a number of other considerations.

Interestingly, if I can suggest this to you, other shareholders have actually seen that as a good thing. Why? Because they know that we have a number of ideas as to how those funds might be wisely reinvested, as opposed to having no ideas.

Question:

(Whittaker, Shareholder) I would suggest therefore that you might like to moderate that second last paragraph. Thank you.

Simon McKeon:

We have 12 months to get the language right and the last thing we want to do is obviously to misrepresent the situation.

Moderator:

Chairman, I would like to introduce Mr [Fossey].

Question:

(Mr Fossey, Shareholder) Thank you for the opportunity to put the question and thanks for your performance, the Company's and the Board's over the last 12 months. I had a follow-up question on the remuneration date mix up with the second-tier executives and I don't have an issue with the actual solution, which I thought was quite elegant personally. I was just wondering, the process of how that



mistake occurred in the first place, how many eyes it went through for that to be missed. Thank you.

Simon McKeon:

Good question. Not enough. Mistakes are made and I'm not here to gild the lily and say that there's an easy answer to that, but what I will also say is that show me a company that never makes a mistake. I've never seen one. I think the important thing is that we're candid with you. As I said earlier, there is no legal requirement to disclose this. We could have actually said nothing, but that's not the culture of this place. Even though it is insignificant in relation to the overall profitability, we feel that it's the sort of information that you deserve to know.

I actually - I won't say take pleasure but I actually enjoy relating to you stories of what really goes on inside the Boardroom, the tension between Board and management. As I said, we don't have everything just nicely scripted out, take a textbook off the shelf that tells you the answer. It isn't like that. The reality is that there's much imperfection in corporate life. Anyone who says there isn't is not telling the truth. The issue for us is not totally exterminating that imperfection but making the very, very best of it so that ultimately in the medium-longer term you as shareholders benefit.

Moderator:

Mr Chairman, I would like to introduce Mr Ferguson.

Simon McKeon:

Mr Ferguson, just before - and I might just repeat what I said before. I'm no longer encouraging questions on this item, but I'm just thinking about you rather than me. Thank you.

Question:

(Mr Ferguson, Shareholder) I'll try and be very brief, Mr Chairman. There was a question earlier on AMP's tax position and minimisation or lack thereof. A slightly different question though: how confident is the Board that its employees and associated financial planners are not promoting or involved in schemes, structures or products that are legally or perhaps even morally questionable? Does the Board see that as a risk or is it simply not a business that it will not be involved in?

Simon McKeon:

Thank you, Mr Ferguson. That is a really terrific question and I'm not even going to waffle for one sentence here. It's straight to Craig on that one.

Craig Meller: Thank you, Mr Ferguson. We have a very thorough and rigorous process by which we go through for all of our different advice businesses across the whole of AMP to ensure that any product that is made available by our advisors to recommend to a client passes a quality threshold before it gets on that list. It's as I say a very thorough and a very rigorous process and one that frankly is a critical control process for us as an organisation because we want to make sure that our customers only get recommended the best quality products.

Simon McKeon: Now, I'm going to take the opportunity - so there is one more question, is there - this last question but I am calling it a last question on this item.

Moderator: Mr Chairman, I'd like to introduce Mr [Lock].

Question: (Mr Lock, Shareholder) I will be brief sir, and it's not a question, it is a statement and comment. It's been suggested that AMP should educate people and educate children. I think one of the greatest of educations I had, was being a policyholder in the mutual and seeing what the management who convinced the mutual members that they couldn't continue to function as a mutual and needed to be a company. Our [own] money went down the drain. So I have a bit of an interest. I have studied the history, people of AMP, it was an education, and I think Mr Tilburn, who's not particularly a [burdening] friend of mine, has written on, and I frankly have no time for financial advisors. Thank you.

Simon McKeon: Thank you Mr Lock. I think at that point there are no more questions on that item, or statements. So accordingly I am now going to turn us to the items of business which will be put to the vote. I appoint Mr Simon Carson of Computershare as the returning officer for the conduct of the polls. Mr Carson will conduct the polls in accordance with the directions that we've given him.

Now let me explain the voting procedures. I'm not going to rush through this but as you'll appreciate there's a bit to be said. Only shareholders or their representatives can vote on the proposed resolutions at today's meeting. All shareholders eligible to vote should have a voting handset with a white smartcard inserted in the

top, and I've been told to hold it up. Again, if you haven't got one just sing out and hopefully one will appear.

If you are here today as a proxy any instructions given to you by shareholders will automatically cast as directed before the poll is closed so you need only cast any open proxies you have available, using your handset. Shares held jointly can only be voted by one of the joint shareholders. If joint shareholders are attending today's meeting, only the vote of the shareholder whose name is recorded first in the register will be accepted. That shareholder will have received a voting handset.

Any shareholders here today who have appointed a proxy to vote for them and have chosen not to revoke that appointment cannot vote. As set out in the notice of meeting on items 3, 4 and 5 voting restrictions apply to AMP's key management personnel and their closely-related parties and associates. We have believed implemented rigorous procedures to ensure these voting restrictions are followed.

If you need to leave the meeting early and would like vote on all the items of business please see one of our Computershare representatives as you leave the room. I'm sure they will help. They are wearing either a purple scarf or purple tie and Computershare badges for easy identification.

We will show the proxy position on the screen behind me after the discussion on each item but before we put the item to the vote. This will be the proxy position as at 11:30am last Tuesday 5 May, which was the closing time for the appointment of proxies. You will then be invited to vote by using your electronic handset. Once voting begins, your voting options will appear on the handset screen. To vote for the resolution, press 1. To vote against, press 2 or if you wish to abstain from voting you can press 3. Importantly, if you wish to change your mind before voting closes simply select a new option by pressing 1, 2 or 3. Your new vote will override your original selection.

Any proxyholders should vote any open proxies using the same method. Once the voting is closed the results will be displayed on

the screen, including all proxy votes. Again, if you have any issues with your voting handset please raise your hand and someone will come to assist you. Thanks for your forbearance in allowing me to spell out these procedures. They are important but - I'm just reminding myself that probably the Kerry Packer conducted an entire AGM during the time it took me to read those procedures out.

Anyway, let's move to item 2 of the notice of meeting which concerns the re-election of Directors. Paul Fegan and John Palmer, as I've said before, are both standing for re-election today. We'll begin with item [2(a)] of the notice of meeting concerning the proposed re-election of Paul Fegan as a Director, and you can see that resolution up on the screen. Paul joined the AMP Limited Board in August 2009 and is the chairman of our audit committee - we've heard from him earlier today - and a member of our newly-established risk committee. He's also chairman of the AMP Bank board.

Paul has over 30 years' experience in the financial services industry, holding positions including chief financial officer of Genworth Australia, group managing director of strategy and corporate services with Telstra. Paul is also the CEO and managing director of St George Bank until its merger with Westpac Banking Corporation. Prior to joining St George Paul was based in the UK as chief operating officer of Yorkshire Bank. He held director positions in both Yorkshire Bank and Clydesdale Bank and a series of senior appointments with National Australia Bank in Australia, the US, Hong Kong, UK and Ireland. Paul is currently a senior advisor with Gresham Partners.

The Board has conducted a review of Paul's significant contribution and performance as a Director and he has the unqualified support of his fellow Directors for his re-election. As promised earlier on, before taking any questions I'll invite Paul to say a few words.

Paul Fegan:

Thank you, Simon, and can I just add to Simon's earlier welcome to everybody, not just here in this great building, the Town Hall, but also joining by webcast. It's been a great source of pride for me to have served this great Company over the past six years and there

are many great achievements and difficult times it's been through. Some of the highlights on reflection for me was the way in which the Company emerged, your Company emerged from the GFC, the merger with AXA Asia Pacific, the repositioning of the brand in the community, the appointment of Craig as our Chief Executive and more recently the partnerships that have been referred to earlier in the meeting with very strong financial partners in both and Japan and China.

It's truly a privilege and an honour to be part of such an iconic brand and frankly to work with my colleagues, both in Directors as the Board and with the management team. Some of you know and as Simon has mentioned, I've been blessed and fortunate by opportunities to have built a career in business and also make a contribution to a number of public service bodies, both domestically and overseas in a number of countries.

In looking at what I can bring to the Board and have brought to the Board, I draw on my extensive experience in financial services, which covers banking, insurance, asset management, and also in different geographies but frankly, through different cycles as well, coupled with particular experience during my time at Telstra in terms of the power of digital technology and how that leads me to be able to contribute to discussions, debate and decisions that are made at the Board.

I'm particularly proud of the agenda at the Board and how it's run and the importance of the focus on the growth agenda by delivering security and prosperity for so many stakeholders, and our shareholders. That sense of responsibility and stewardship I feel every day. In my particular roles as chairman of the audit committee and a member of the risk committee, and I should just say for good order, whilst the risk committee is new the function of control of the risk management framework, the monitoring of controls and internal controls has been previously done by the audit committee so it's not a new focus. It is a new committee.

As well as chairman of the Bank you can imagine that I have particular emphasis on risk management, risk appetite, the control

frameworks that underpin that against tolerances that are set by the Board. I also am focused very much on the independence of internal control function and the internal audit function of the Bank within the management team, and as I mentioned earlier, the independence of your auditors, Ernst & Young. We do conduct independent performance reviews of those people.

Personally I feel a great sense of optimism, and Craig and Simon have mentioned that this morning, around our strategic agenda, more particularly our momentum, the focus on our customer agenda and one of the great courageous thing is to be able to in great times to invest continually through the cycle. The level of investment that's being made of your money in your business for growth [enabled and] made possible frankly by the internet and the way in which we can communicate with different stakeholders at a time when it's arguably one of the most challenging periods for demographic and social changes, as Simon made in his earlier comments, not just here but globally.

In offering myself for re-election I say to you very clearly, as I've said to the Board, that I remain independent and that I have the time and the capacity to dedicate not just to the formal meetings of governance that occur within your Company, but the time to engage with various stakeholders, including regulators, about the nature of your business and making sure that the controls are well managed but my own professional development continues. If re-elected I look forward to meeting many of you afterwards and thank you very much for your support.

Simon McKeon:

Thank you, Paul. I now open the discussion on the proposed re-election of Paul. I'm not sure that we have any questions. Mr Company Secretary, nothing on the web? As there are no comments or questions I'm going to close that non-discussion. The proxy position is shown on the screen; I can see it on my one there. I now open the poll on the proposed re-election of Paul Fegan as a Director of AMP Limited, and as I said before, please enter your vote on your handset by pressing 1 to vote for, 2 to vote against or 3 if you wish to abstain. We'll wait for a moment or two. I think I can see the majority of people have cast their vote. Good.

I'm now going to declare the voting closed. We'll pause here for a moment or two. You can wait a little longer. The result should appear fairly shortly. I'm sorry. Actually, we had a Company Secretary who was very subtly trying to tell me that the results were there. David, you can beat me over the head if you wish, especially since we've got several hundred people watching me. As you can see, Paul Fegan has been re-elected as a Director. Congratulations, Paul.

Paul Fegan: Thank you.

[Applause]

Simon McKeon: We now move to item 2(b) concerning the proposed re-election of John Palmer as a Director. The wording is again shown on the screen. John joined the AMP Limited Board in July 2007. He retired from the AMP Life board in June 2014 after 10 years of service and joined the AMP Capital Holdings board and its audit and risk committee in May 2014. John has very extensive experience as a director and chairman of companies in the agricultural and finance sectors. He has a track record of successfully leading change of reconstruction of diverse corporates in marketing, agribusiness and aviation. John has served numerous companies as chairman or director including Air New Zealand and Solid Energy New Zealand and is presently chairman of Rabobank New Zealand.

In 1998 John received the Bledisloe Cup for outstanding contribution to the New Zealand fruit industry. In 1999 he was awarded with an Officer of the New Zealand Order of Merit for service to the New Zealand kiwifruit industry. The Board has conducted a review of John's very extensive contribution over that period of time and performance as a Director and he has the unqualified support of his fellow directors for his re-election. I would now like to invite John to make a few comments.

John Palmer: Thank you, Chairman and good afternoon, everybody. Annual meetings like this are the only occasion that you as shareholders get face-to-face to question to the Company and to question and understand Directors. Shareholders are entitled to expect high performance from their boards, but how to judge that I think is quite

difficult. Share price and profitability are two obvious benchmarks for company performance but on their own are hardly a proper judge of board performance. Market reputation, customer standing, the value of brand, those sorts of things are equally important, and perhaps most important of all are the ethics of the company and the standards it abides by.

I would just like to spend a few minutes talking about governance rather than talking about what I think might have contributed to this Board, and I want to reflect a little on things that have been referred to earlier, three that I think are quite seminal events over the recent past five or six years. The first of those is AXA. AXA was first proposed in late 2009. After a torturous process it was consummated in 2011 and the integration process was completed within two years with benefits to you as shareholders exceeding those that were proposed at the time of the merger.

In March 2012 after a very long and careful courtship, AMP formalised an alliance with Mitsubishi UFJ Trust and Banking Corporation known as MUTB. That partnership continues to grow. It hasn't yet yielded the results that we would like, but it's on the cusp I think of performing a very, very important role for the Company as we seek to expand our business internationally and as we see the growing opportunity of a more outward-looking Japanese market. In 2009 after a four year association, AMP and China Life signed an MOU, a memorandum of understanding. It was in 2014 - last year- that AMP agreed to purchase a 19.99% share of the China Life Pension Company.

That as you can see is a relatively recent move, but the opportunity for the business and for the Company I think is profound. The question you might ask is well, what's all that got to do with governance? The key elements of governance, and the principles, I think, are the role of directors is to monitor and look after today's performance, to plan for and improve tomorrow's performance, and to make sure that you have the capability, particularly in the people, to do those things.



If I think about those three seminal events for the Company, some of them have involved intense Board involvement, I particularly think of the AXA transaction, and the guidance and wisdom, encouragement, at times a little bit of discouragement for doing certain things, to ensure that that got across the line. That was a very significant Board involvement - and the other two, with MUTB and with China Life. I think the wisdom around the Board table of those who have worked in China, those of us who have done different businesses in China and Asia over time have been helpful in setting the tone for those discussions.

John Palmer:

Most importantly those three very important decisions were made against the backdrop of the GFC, a very significant issue of capital maintenance and along with that, the company and the board have successfully and seamlessly transitioned both a CEO and a chairman.

If the essence of governance is about getting the strategy right and getting the people right - and those are the things that I'm incredibly passionate about, those two particular things. I can think, we can look back over the last period and say as a team that that's a pretty good record and that we haven't got to where we are today by accident.

It has taken longer for some things than perhaps the market thought it should. The market have criticised us from time to time, at one stage, quote, regularly, for holding excess capital, and certainly for what role I played, I don't apologise for that one bit given the importance of making sure that we could deliver on the promises we were making.

The reason why I'm seeking re-election today is I've enjoyed being part of the team. I think I might have contributed a little towards it and I want to continue to use my energy and wisdom in furthering the journey. Thank you.

Simon McKeon :

I will now open the discussion, if there is any, on John Palmer's re-election. Again, as there doesn't seem to be any, I'll close that non-discussion. The proxy position is now going to be shown on the screen. It's there. I'll now open the poll on the proposed re-election of John Palmer as the direct of AMP Limited. Again, I won't reiterate the instructions.

You're all getting very good at this. I think the majority of people have cast their vote...struggling.

I now declare the voting closed. I am not going to make a fool of myself. I am going to watch this screen as it changes. There I go, good. We can see that John Palmer has most certainly been re-elected as the director of this company. Thank you. Thank you John for your fine service.

[Applause]

Simon McKeon:

We'll now turn to item three of the notice of meeting, being the adoption of the remuneration report and we can see the wording of the resolution there now. The 2014 remuneration report appears on pages 14 to 32 of the annual report and includes details of AMP's remuneration strategies and structures. AMP is committed to ensuring remuneration practices are aligned with the creation of value for you the shareholders. This year our stronger business performance meant we were able to increase your dividend and also the short-term incentive for employees. That's the system working as it's designed to.

We are acutely aware that executive remuneration is an issue of particular interest to many in the community and salary costs have continued to be closely managed across the organisation. As a board, our responsibility is to manage the tension between minimising our cost structure with the need to maintain AMP's competitiveness in attracting and retaining the strongest of talent.

Each director recommends shareholders vote in favour of adopting the remuneration report. I will now call for any questions and comments on that remuneration report.

Monitor:

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

Question:

(Jack Tilburn, Shareholder) Yes, at this stage I'll just be a little bit brief then, to help. Ladies and gentlemen, fellow shareholders, the remuneration report is very important. It's somewhat difficult for shareholders to understand it and comprehend it. It's very involved mathematically and it's on pages 14 to 32 which put people out to read 19 pages. Well, I'll have a go. I think it's quite modest, quite moderate, somewhat fair and reasonable for us shareholders of the company.

There is on page 21, ladies and gentlemen, equity minimum shareholding by the key management personnel and also the directors have to worry about holding a great number of shares too. So page 21 shows that there is, by the key management personnel and others, loyalty to the AMP company, that's the first consideration. They are aligning themselves with shareholders, the second consideration. Thirdly I'd throw in that they are showing devotion to their employer.

On page 16, ladies and gentlemen, the remuneration received by the 11 nominated executives is all shown. The leader of course, number one, is the general manager Mr Meller, and he gets \$3.8 million a year which when you describe by 52 weeks, is about \$76,000 a week. I congratulate Craig on getting \$76,000 per week because Mr Simon McKeon keeps telling us, our company is a very big financial institution. I would like to say that I hope that the company can keep on the pathway of being in the future modest and moderate with the remuneration of the key management personnel, the directors and all the other 4500 employees. Thank you.

Simon McKeon:

Thank you Mr Tilburn.

[Richard]:

Thank you very much Simon. We have already sent our voting intentions to you with quite a lot of detail about what we feel and they are on our website if anybody else is interested. So I won't reiterate them, other than to say I think the [rem] report is very well written and helpful. Every year is made a number of improvements, both in clarity and content to harmonise with shareholder interests. Obviously we're very happy about that.

On balance, as you know, we feel that - can't quite get there to say yes this time but we will be very happy to have further discussions with you over the coming months - close that gap and as I say, to saying no is only balance, it's very close to saying yes.

Similarly we will - not quite on the point but we will not be able to support - but we will vote in support of item 4 either for similar reasons. But we will vote in support of the [unclear].

Just two questions you've already answered at length on the point I was going to raise about the [LTI] thing, but I don't think you actually mentioned what the relative TSR figure was and therefore approximately what the vesting level would have been if the executives hadn't nobly agreed to sacrifice that.

The second item, and this might be one of the things where we can move towards the minimum shareholding requirement that Mr Tilburn has referred to, both executive KMPs and the - very good. It lines up very well with shareholder interests. I think the only couple of points we'd like to press for later consideration would be - would considering - 60,000 holding for - over the CEO to something that's perhaps more proportional to salary levels and perhaps in a similar vein, all the next bands of senior execs - people who get paid more than half a million total package consider some scheme along those lines.

Simon McKeon:

Thank you again Richard and can I just reciprocate what you said at the outset. We don't mind criticism but we actually like constructive discussion even more. We certainly praise the ASA for the process that we've had. We don't agree on everything but I would like to think that we understand very clearly what you are saying and hopefully we can articulate ourselves as well. It's a healthy relationship. You are helping us be a better company.

Can I say in relation - we'll go back to that point, for those of you who perhaps were not aware of precisely what Richard was talking about, this is the issue that arose in the - or that appeared in the financial review a couple of days ago. The bonus, call it what you like. Richard has asked the question, in relation to the key management that has missed out, what was the more detail about that?

Perhaps Richard if I can deal with it this way, it's plainly obvious that we were very close to that 50% threshold. I think for the time being, because it's really only emerged in very, very recent times - I guess what I'm saying is I think we're putting ourselves on notice. We'll give some serious consideration to what is properly disclosed in the next annual report but I think everyone will be well served if I say that yes, it was close but not close enough firstly.

Secondly, I say again that the amount involved was not significant in relation to the overall AMP profit but most importantly would have been significant to any one of the potential recipients. You may not accept this but I think I would prefer just to leave that there, but I'm sure that you will nudge us over the next few months for further disclosure. I look forward to that nudging. We need just to be very, very careful about things that we seriously regard as sometimes being commercially sensitive but I like to

think that we've given you enough general flavour as to what the overall amounts might have been.

Richard: Thank you Simon, that's a very fair answer. I guess the sensitivity of this particular point and how close it was to - is a very good illustration of one of our concerns - structure, which is - getting 50% cliff vesting... sliding scale from nought up to 100, it would be important but it's...

Simon McKeon: Very well put, and let me just - so that I don't forget it, also talk about the share qualification point you raised. Look, of course the world continues to evolve in this particular area. Your points that, thank you, I was aware of over these last couple of days are things that we will digest. The last thing we want to be is out of the appropriate zone for sensible incentivisation of our people, and in particular ensuring that by virtue of their holding of securities, their interests align.

What I would say of course, is let's never forget that the typical executive, senior executive in AMP, not only is a holder of issued securities but of course has the benefit in recent times in the [STI] arrangements as well of instruments that can convert into stock. So we take all of that into account in terms of that alignment of interest.

Monitor: Chairman I would like to introduce Mr [Levy].

Question: (Mr Levy, Shareholder) Mr Chairman, my question is relating to the long term incentive scheme. 60% of the long term incentive scheme is based on the total shareholder return. Now the total shareholder return is the share price plus dividends. So that does align the executive remuneration with the shareholders. However, because you use this relative TSR, that does not really align the two groups because the shares and the dividends, they could actually drop, but relative to other companies you could still get executive remuneration, us shareholders would be losing capital.

So my question is, why do you not use absolute total shareholder return instead of relative total shareholder return? If you use absolute, if you win, we win, either way. So could you explain why you don't use this absolute TSR? Some companies have started to use it, most companies don't.

Simon McKeon: Thank you very much for the question. I hope you all understood. It's a very good question and in many respects we are just the product - I'm sorry, we are just the product of what shareholders are actually looking for.

Interestingly, in my position it's important that outside of AGM, I have my own discussions with all manners of shareholder, large ones, small ones and what have you. Interestingly, the entirely opposite view has often been put to me, that there ought to be no recognition of absolute returns, that actually the only thing that we can control is our own performance relative to other comparators.

So what I'm really saying is that we don't control the overall movements in the stock market and many other things such as interest rate, environments, et cetera. We do control our relative to performance compared to many of the other listed companies that are open to you to invest.

So all I can say is that hopefully we are very, very good listeners, combined with having a modicum of our own intelligence into what is an ongoing and very unresolved debate. As it turns out, our LTI regime certainly focuses on total shareholder returns which, as you point out, is a relative measure and actually has its own dose of absolutes, as in by virtue of remainder being a return on equity measurement.

All I would say is that if any of you, like you Mr Levy, have considered views on this, we are receptive to listening to them.

Mr Levy: That's why I asked the question.

Simon McKeon: Much appreciated. Now I think in particular Mr Levy what you are saying is that many shareholders notice when the income that accrues by way of dividend could in any way be compromised. Sorry, I'm hesitating there because there's no suggestion that this company will. You are interested in an absolute level of return. I appreciate that. There are other shareholders who actually just want to make sure that in investing in AMP, they're in that better group of the entire market.

Mr Levy: Thank you Mr Chairman. I don't agree with you but thank you very much.

Simon McKeon: The beauty of shareholder democracy, we have a whole lot of people who don't agree with each other but at the end of the day we're here to serve you. Are there any other questions?

I can't see any. So at this point - and there are no questions on the webcam Mr Secretary? So I think we've had a reasonable opportunity to discuss the remuneration report, the proxy position ought to appear shortly on the

screen. There it is. I hope you can all see that. I now intend to open the poll on the proposed adoption of the remuneration report for the year ended 31 December 2014. No changes in relation to the procedure for pressing your buttons.

I think we're getting very good at this.

I will now declare the voting closed. The results are there. So I'm happy to declare that that resolution has been passed which enables us to move to item four which is the chief executive officer's long term incentive.

The resolution is appearing on the screen and as we set out in the notice of meeting, while there is no legal requirement to seek shareholder approval for this item, your board believes that it's plainly appropriate to do so. Our intent remains to align long term performance pay for executives with long term value creation for shareholders. Details of the performance rights proposed to be granted to the CEO are set out on pages 11 to 16 of the notice of meeting.

In the non-executive directors' view it is in the best interests of shareholders to approve the share-based 2015 long term incentive grant to the CEO because of vesting of the performance rights will be subject to performance hurdles that we believe appropriately align the CEO's at risk remuneration with your returns.

That alignment has meant that because the performance hurdle has not been met, AMP's long term incentives awarded to the CEO have not vested for the past five years. Your directors, with of course CEO Craig Meller abstaining, recommends shareholders approve the 2015 grant and the CEO's continued participation in the LTI plan.

I'll now open the discussion in relation to item four. Mr Tilburn approaches the microphone.

Monitor: Yes, Mr Tilburn, thank you.

Question: (Jack Tilburn, Shareholder) Yes, Mr Simon McKeon, chairman of AMP limited and the board and fellow shareholders please, I've done my homework, some homework, in trying to read through the three or four or five pages. Gosh, it's very extensive and also intensive requirements to get Mr Craig Meller over the line.

I won't be voting for it. I'm not lover of the long term incentive plans, incentives, you name it. I think it's getting far too much money by chief executive officers of hundreds of companies in Australia. I'm no lover of them because on \$76,000 a week, he is well and truly rewarded, awarded, given a large amount of money compared to what the ordinary worker in Australia gets today. When you're a junior, \$500 a week, when you're a senior, \$1000 a week and our man gets \$76,000 per week.

You read, well other companies, other peer companies, do it. Yes, that's the trouble. That's the trouble throughout Australia. They do it, they do it and they do it and it's not right and proper in my opinion because the base salary is very extensive, nearly \$2 million. You get short term incentives on top of that. Some cash, some shares and then they want to do the long term incentives. No, Mr Tilburn will not be voting for it. I don't like it. I don't like it because he gets 225% of his fixed remuneration. If I was the leader of the Board, I would make it 125%, quite a big reduction.

I don't care about the other companies, whether it's - I mean, BHP or whether it's Woolworths or whether it's WestPac. It's all overdone and I'm not going to vote for it. It should be reduced Mr Chairman. It should be reduced. \$3,000,937 in long term incentives, the calculations, the mathematics, all far too much. I'm sorry ladies and gentlemen, but Mr Tilburn is going to jump on the bandwagon. I'm not going to vote for it.

Unfortunately there are always 20 larger shareholders in AMP and [the nominally] companies have 200 million votes, or 100 million votes. Mr Tilburn's only got 25,000 votes. So I'm knocked over, but I've said my words against it. Thank you ladies and gentlemen for listening.

Simon McKeon:

Thank you Jack, and don't be sorry. This is shareholder democracy, it's important that these issues are ventilated. I've been looking for Craig Meller's twin brother who will work on that reduced component, we can't find him. I understand entirely your views about market. We are actually in a market and we need to understand what it is saying.

Are there any other comments in relation to this item? Otherwise, as we've done previously, I will now close that discussion. The proxy position is shown on the screen as you can see. I shall now open the poll on the proposed approval of the CEO's long term incentive for 2015. I'll only wait a



moment or two. People are now looking up at me again which suggests that we've done our job. I've done my job.

I now declare the voting closed. The results will appear on the screen again. The result - so I declare that that resolution has been passed. I think you again Mr Tilburn, Jack. It's important that we have very clear discussions about where this market is going. This Board in no way is concerned about having that discussion.

Finally we have item five, the increase in the non-executive directors' fee pool, which is a proposal obviously to increase the fee pool. The resolution is now on the screen. Four years ago shareholders approved an increase in the maximum aggregate non-executive directors' fee pool to \$3.85 million per year. Shareholder approval is now sought to increase the non-executive directors' fee cap by \$770,000 to \$4.62 million per year.

It's important to note that the non-executive directors' fee pool covers remuneration and superannuation, not only for service to the AMP limited Board but also for service on the boards of committees of key subsidiaries. I'm not sure if we're unique but clearly we're in a very small minority of listed companies that operate this way. As you know, AMP is an integrated financial services company with businesses that stretch across the full spectrum of the industry, from wealth management to banking. Each of these businesses is highly regulated and each is required to have an independent board with other external directors who do not sit on the main board to oversee its operations.

[Plainly] take our responsibility for these boards very seriously, and given the significance of each business and their criticality to the success of the ultimate holding company that you own shares in, we believe it is important that our AMP limited directors are actively involved in these complex subsidiaries.

Directors from the AMP limited board sit, as I said before, with other independent directors on each of these key subsidiary boards, providing insights and oversights to assist each entity. Ultimately, that feed back to the main board which informs and improves the discussion at the level of the AMP limited board.

While it is unusual for the directors of a main board to be so actively involved in the management of subsidiaries, we believe it is highly

appropriate for a large and complex financial services company on which so many of us depend. In an event, the structure is largely dictated to us by a range of regulatory authorities. As I said before, it's relatively unique.

We are recommending this increase for two reasons, firstly, to have flexibility to increase the number of non-executive directors when appropriate. For example, we anticipate an additional board appointment may be made perhaps later this year to return the number of non-executive directors to nine. While the board is not today proposing any increase in numbers above that, there are circumstances where we may seek to appoint an additional non-executive director and the increase in the fee pool would provide the flexibility to respond to such situations. This could be to ensure smooth succession planning or to enable the board to respond if an exceptional candidate comes to our attention.

The second reason is to ensure that AMP is able to continue to set directors' fees at a market competitive level. Following a recent review of non-executive directors' fees, quite small fee increases were introduced for AMP board and committee fees to ensure that they were in line with the market and reflected the workloads of the different roles. Details of these increases have been outlined in your notice of meeting. While AMP does not anticipate any further increase of fees in the short term, the board considers it important to retain the ability to adjust those fees if required.

As the non-executive directors have a personal interest in this resolution, the directors make no recommendation as to how shareholders should vote. At this point I open the floor to discussion in relation to this item five.

Monitor: Chairman, I'd like to reintroduce Mr Tilburn.

Simon McKeon: Thank you.

Question: (Jack Tilburn, Shareholder) Thank you, and the last hurrah for the last resolution. Yes, ladies and gentlemen, fellow shareholders, rank and file, I'm in favour of it. I will give the box a tick. I think they work very hard and \$770,000 is quite a large increase on top of the \$3.15 million they get. So they're going to jump up, the total of directors' fees, from \$3.15 million, add \$770,000, the increase they want today for us to vote for, goes to \$4.62 million.

Well Mr McKeon knows all about the AMP, all about the subsidiaries, extra companies that are involved and they require the directors to be paid for doing their work on all those extra subsidiaries and companies of the AMP. It's a very big financial institution, as I've said before and as Mr McKeon has said several times this afternoon.

So to bring it to a conclusion, yes I'll give it a tick. Yes, I might get a few pats on the shoulder from the directors, but they are perhaps deserving of it and I'm in favour of it. So let's try and get it through today. Thank you.

Simon McKeon:

Thank you Jack.

...company secretary, nothing on the web? Well at this point I will now close the discussion and the proxy position we'll see on the screen in a moment. There it is.

So let me now open the poll on the proposal approval for an increase in the non-executive directors' fee pool.

You're pretty bored with me reiterating this process. I can see many eyes looking at me, you've done your job. Let me now declare the voting on that matter closed.

There it is. That one is passed as well.

As that was the final item on our agenda today I now declare the meeting closed. The results of the polls you've participated in during the meeting will be released in an ASX announcement later today and published on our website.

Thank you for joining us today. We genuinely appreciate your interest and involvement. As I mentioned at the beginning, if you do have any questions about our products or services, your shareholding, the staff at the customer service - shareholders' centre at the foyer will be happy to help you. Of course each of us on this stage, along with the many AMP staff who are sprinkled around, look forward to joining with you in a moment for refreshments. Thank you.

[END OF TRANSCRIPT]