

Explanatory notes

The information below is an explanation of the business to be considered at the 2020 AGM.

Item 1: Financial report, directors' report and auditor's report

The AMP 2019 annual report (which includes the financial report, the directors' report and the auditor's report) will be presented to the meeting. Shareholders can access a copy of the annual report at amp2019.reportonline.com.au. A printed copy of the AMP 2019 annual report has been sent only to those shareholders who have elected to receive a hard copy. To receive a printed copy of the annual report, free of charge, please contact the AMP share registry.

Shareholders are not required to vote on this item. However, during this item, shareholders will be given an opportunity to ask questions about, and make comments on, the 2019 annual report and AMP's management, business, operations, financial performance and business strategies.

Shareholders will also be given an opportunity to ask a representative of AMP's auditor, Ernst & Young, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by AMP in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

If you would prefer to submit a written question to the auditor, please do so in accordance with the instructions on page 30 under the heading 'Questions from shareholders'. All written questions to the auditor must be received by no later than 5.00pm (Sydney time) on Tuesday, 5 May 2020.

Item 2: Re-election and election of directors

Directors standing for re-election and election

For the reasons set out later in these explanatory notes, the board, excluding the director to whom each resolution relates, unanimously recommends that shareholders vote in favour of the re-election and elections respectively.

Trevor Matthews was re-elected as a director by shareholders at the 2017 annual general meeting. Debra Hazelton, Rahoul Chowdry and Michael Sammells, each a non-executive director, were appointed to the board since AMP's 2019 annual general meeting following completion of appropriate checks into their background and experience.

Trevor is eligible to be re-elected as a director of AMP and intends to stand for re-election at the meeting, noting that Trevor intends to resign as a director of AMP following the completion of the AMP Life transaction. Debra Hazelton, Rahoul Chowdry and Michael Sammells are all eligible to be elected and intend to offer themselves for election at the 2020 AGM.

Profiles of each candidate are included below. The board considers Trevor, Debra, Rahoul and Michael to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.



Trevor Matthews



Debra Hazelton



Rahoul Chowdry

Trevor Matthews

MA

Trevor was appointed to the board in March 2014, became a member of its Audit Committee in May 2014 and a member of the Risk Committee in November 2014. He was also appointed as a member of the Remuneration Committee in May 2018.

Trevor joined the AMP Life Limited and The National Mutual Life Association of Australasia Limited boards in June 2014 and was appointed chairman of those boards in May 2016. He is also a member of the Audit Committee and Risk Committee of each of those boards.

In February 2019, Trevor was appointed to the AMP Bank Limited board and as a member of its Audit and Risk Committees.

Experience

Trevor, an actuary with more than 40 years' experience in financial services, has expertise in life insurance, general insurance, wealth management, banking, investment management and risk. He has held life and general insurance chief executive roles in Australia, North America, Asia and Europe. He returned to Australia in 2013 after 15 years overseas and has assembled a portfolio of non-executive directorships. His last overseas position was as an executive director of Aviva plc., a leading global life and general insurer. He was also chairman of its UK and French businesses. Prior to that he was Group CEO of Friends Provident plc.

Listed directorships

- Chairman of 1st Group Ltd (appointed February 2015)
- Director of Cover-More Group Limited (ceased April 2017)

Government and community involvement

- Chairman of the NSW State Insurance Regulatory Authority (appointed November 2015)

Board recommendation

The board, with Trevor abstaining, unanimously recommends that shareholders vote **in favour** of his re-election.

Debra Hazelton

BA (Hons), MCom

Debra was appointed to the board in June 2019 and is a member of the Remuneration, Audit and Risk Committees. At the same time, she was appointed to the AMP Bank board and is a member of its Audit and Risk Committees.

In addition, Debra was appointed to the AMP Capital Holdings Limited board in June 2018 and is a member of its Audit and Risk Committee.

Experience

Debra brings significant experience from more than 30 years in global financial services, including as the local Chief Executive of Mizuho Bank in Australia and Commonwealth Bank (CBA) in Japan. She has expertise across fixed interest, treasury, institutional banking, risk management and financial markets.

Explanatory notes (continued)



Michael Sammells

Debra is also a non-executive director on the boards of Treasury Corporation of Victoria, Persol Australia Holdings and the Australia-Japan Foundation. Her previous board experience includes Australian Financial Markets Association (AFMA), Asia Society and Women in Banking and Finance. She has graduate and post-graduate degrees in Japanese language, literature and philosophy as well as economics and finance.

Government and community involvement

- Director, Treasury Corporation of Victoria (appointed August 2018)
- Director, Australia-Japan Foundation (appointed October 2015)
- Advisory Committee Member (Japan) (appointed May 2019)
- Australian Chamber Orchestra (appointed May 2019)

Board recommendation

The board, with Debra abstaining, unanimously recommends that shareholders vote **in favour** of her election.

Rahoul Chowdry

BCom, FCA

Rahoul was appointed to the board as a non-executive director in January 2020 and is a member of the Remuneration, Audit and Risk Committees. At the same time, he was appointed to the AMP Bank board and is a member of its Audit and Risk Committees.

Experience

Rahoul has 35 years' experience in professional services, advising complex multinational organisations in Australia and overseas.

He is currently a Partner and National Leader of Minter Ellison Consulting's financial services, risk and regulatory practice in Australia. Prior to this, Rahoul was a Partner at PwC for almost 30 years, where he undertook a number of leadership roles, delivering audit, assurance, and risk consulting services to major financial institutions in Australia, Canada and the United Kingdom.

Government and community involvement

- Member, Reserve Bank of Australia, Audit Committee (appointed February 2018)

Board recommendation

The board, with Rahoul abstaining, unanimously recommends that shareholders vote **in favour** of his election.

Michael Sammells

BBus, FCPA and GAICD

Michael was appointed to the AMP Limited Board as a non-executive director in March 2020 and is a member of the Remuneration, Audit and Risk Committees. At the same time, he was appointed to the AMP Bank Limited Board and is a member of its Audit and Risk Committees.

Experience

Michael has over 35 years of professional experience, with significant experience in senior management and financial controller roles. His experience as Chief Financial Officer spans over 20 years from 1999 to 2019, where he held this role at private and ASX-listed companies.

Michael is also a non-executive director of Sigma Healthcare Limited and served on numerous private boards over the last 10 years.

Listed directorships

- Director, Sigma Healthcare Limited (appointed February 2020)

Board recommendation

The board unanimously recommends that shareholders vote **in favour** of his election. Michael Sammells was not a director of the board at the date this recommendation was made.

Item 3: Adoption of remuneration report

Our remuneration report (which forms part of the directors' report) for the year ended 31 December 2019:

- explains the board's policies in relation to the nature and level of remuneration paid to the members of the KMP in 2019, being the CEO, nominated direct reports of the CEO, and the non-executive directors
- discusses the link between the board's remuneration policies and AMP's performance
- sets out remuneration details for the members of the KMP in 2019
- provides details of the performance conditions applicable to the incentive components of the remuneration of the CEO and nominated direct reports of the CEO who were KMP members in 2019, and
- outlines the link between AMP's performance in 2019 and the remuneration outcomes for the KMP.

For 2019, the board has been cognisant that the renegotiation of the AMP Life sale, the new capital issuance and ongoing complexity, again adversely affected the company's share price. The board is also aware of the challenges implicit in the transformation and delivery of the strategic plan and that this is dependent on attracting and retaining skilled people.

The board's role is to ensure remuneration outcomes have appropriately considered financial returns to shareholders while balancing longer term financial and non-financial measures such as delivery against strategic priorities, risk management (including people risks), customer outcomes, individual behaviours and culture. Accordingly, in considering the company's remuneration approach and 2019 short-term incentives (STI), the board has sought to balance these needs by exercising some restraint to reflect our shareholders' experience, but at the same time be able to attract and retain the right people to work through the complexities in the business.

The 2019 remuneration outcomes for the CEO and executives take into account the need to appropriately motivate and retain executives

while ensuring alignment with stakeholder outcomes and exercising restraint. As such, the 2019 STI outcomes ranged between 0% and 63% of maximum opportunity, illustrating differentiation for factors such as business unit and individual performance including risk management, conduct and behaviours.

The board also adjusted the CEO's STI remuneration terms through an increase in the maximum STI opportunity from 120% to 200% of the CEO's base salary. This adjustment does not change the CEO's 'on-target' STI opportunity at 100% of base salary, only the maximum STI achievable if targets set for the CEO are exceeded. This change will be effective for the year ending 31 December 2020 and brings the CEO's STI potential into line with the policy that applies for senior executives.

Our 2019 remuneration report appears on pages 28 to 52 of the AMP 2019 annual report (which is available online at amp2019.reportonline.com.au).

Additional information

During item 3, shareholders will be given an opportunity to ask questions about, and make comments on, the remuneration report.

Shareholders will be asked to vote on a resolution to adopt the remuneration report at the meeting. In accordance with the Corporations Act, the vote on the resolution will be advisory only and will not bind the directors or AMP. Nevertheless, the board will take the outcome of the vote into account when considering AMP's future remuneration arrangements.

If you intend to appoint a proxy to vote on your behalf on the resolution for adoption of the remuneration report, please read the information on page 21 under the headings 'Chairman of the AGM as proxy' and 'Other KMP as proxy'.

Board recommendation

Noting that each director has a personal interest in their own remuneration from AMP (as described in the 2019 remuneration report), each director recommends that shareholders vote **in favour** of adopting the 2019 remuneration report.

Explanatory notes (continued)

Special Business

Item 4: Cancellation of CEO 2018 Recovery Incentive

Background to proposed amendments

As described in AMP's 2018 annual report, when Mr De Ferrari commenced as CEO of AMP, he was granted a recovery incentive package in consideration for incentives forgone from his previous employer that he would have otherwise been entitled to receive (**2018 Recovery Incentive**).

The 2018 Recovery Incentive was comprised as follows:

Type	Value	Grant Date	Vesting Schedule	Vesting Conditions
8,000,000 AMP options	Fair value of approximately \$300,000	14 December 2018	Exercise price of \$5.50 Vesting 15 February 2023 Expiration 31 March 2024	Continuous employment
1,656,976 AMP performance rights	Face value of approximately \$5.7 million	21 August 2018	Tested by the board on 15 February of each of 2021, 2022 and 2023	Must be in employment on relevant testing date. On first testing date, 25% will vest if share price is \$4.50. On second testing date, 50% or 75% (including any that have vested already) will vest if share price is \$4.75 or \$5.00 (respectively). On third testing date, the balance will vest if share price is \$5.25. If share price is between \$4.50 and \$5.25, between 25% and 100% (including any that have vested already) will vest, as determined on a straight-line basis.

As announced on 8 August 2019, the board has granted Mr De Ferrari a new recovery incentive (**2019 Recovery Incentive**) and proposes to cancel Mr De Ferrari's 2018 Recovery Incentive performance rights and options. The terms of the 2019 Recovery Incentive are as follows:

Type	Value	Grant Date	Vesting Schedule	Vesting Conditions
2.5 million performance rights	Face value of approximately \$4.4 million	8 August 2019	Testing on February 2022 and 2023	On the first testing date, 50% will vest if the share price is \$2.45 (adjusted for any significant capital initiatives). On the second testing date, the balance of the award will be eligible to vest. If the share price is \$2.45 (adjusted for any significant capital initiatives), 50% (including any awards that have vested already) would vest and 100% will vest if the share price is \$2.75 (adjusted for any significant capital initiatives), with straight-line vesting between these share price hurdles.

If the performance rights vest, shares may not be allocated for a further period to ensure compliance with the Banking Executive Accountability Regime.

ASX Listing Rule requirements

ASX Listing Rule 6.23.2 provides that a change which has the effect of cancelling an option for consideration cannot be made without the approval of shareholders.

The 2018 Recovery Incentive consists of both performance rights and options. Both instruments are considered to be options for the purposes of the ASX Listing Rules.

As such, AMP is seeking the approval of its shareholders to permit AMP to cancel the 2018 Recovery Incentive. As announced on 8 August 2019, the purpose of the proposed cancellation of the 2018 Recovery Incentive and the issuance of the 2019 Recovery Incentive is to enable Mr De Ferrari to be properly remunerated. The 2018 Recovery Incentive no longer fulfils this purpose due to changes to AMP's share price and performance which occurred prior to Mr De Ferrari joining AMP and which were outside Mr De Ferrari's control.

If approval is not provided, Mr De Ferrari will remain entitled to receive the 2018 Recovery Incentive. However, if any value is subsequently realised under the 2018 Recovery Incentive, it would offset the vesting outcome of the 2019 Recovery Incentive.

The board notes that the market for executives and other employees is competitive and that it is important to ensure that AMP's remuneration arrangements are commensurate with the remuneration arrangements offered by its Australian and international competitors.

The board, with Francesco abstaining, recommends that shareholders vote **in favour** of the cancellation of the 2018 Recovery Incentive.

Item 5: Refresh placement capacity

On 8 August 2019 (**Issue Date**), AMP issued 406.3 million ordinary shares pursuant to an institutional placement (**Issue**).

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the number of fully paid ordinary securities it had on issue at the start of that period.

The Issue did not fit within any of the exceptions. As it has not yet been approved by AMP's

shareholders, the Issue used up part of AMP's 15% limit under ASX Listing Rule 7.1. This reduces AMP's capacity to issue further equity securities without shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the Issue Date.

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made. If they do so, the issue is taken to have been approved under Listing Rule 7.1 and does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

AMP wishes to retain flexibility to issue additional equity securities in the 12-month period following the Issue Date without having to obtain shareholder approval within that 15% annual limit for such issues under ASX Listing Rule 7.1.

To this end, this resolution seeks shareholder approval for the Issue under and for the purposes of ASX Listing Rule 7.4.

If this resolution is passed, the Issue will be excluded in calculating AMP's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the Issue Date.

If this resolution is not passed, the Issue will be included in calculating AMP's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the Issue Date.

Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the proposed approval of the Issue:

- Number of shares issued for which approval is sought: 406.3 million ordinary shares.
- Issue price of shares: \$1.60 per share.
- Date of issue: 8 August 2019.
- Terms of the shares: The shares were issued on the same terms as existing shares on issue.
- Names of the persons to whom AMP issued the shares or the basis on which those persons were determined: The shares were issued pursuant to an institutional placement to existing and new institutional investors.

Explanatory notes (continued)

- Use of funds: Commence the immediate implementation of the new strategy, including investments to reposition and de-risk the core businesses and realise cost savings, fund ongoing growth in the core business of AMP Capital and AMP Bank, and provide balance sheet strength to absorb uncertainties ahead of the sale of AMP Life.

Board recommendation

The board recommends that shareholders vote in favour of this resolution.

Item 6: Approval of convertibility of AMP Capital Notes 2

On 26 November 2019, AMP launched an offer of AMP Capital Notes 2 (**Capital Notes 2**) to raise approximately \$275 million (**Capital Notes 2 Offer**). The Capital Notes 2 Offer was made under a prospectus dated 4 December 2019 and lodged with ASX on that date (**Prospectus**). Capital Notes 2 were issued on 23 December 2019 as part of the AMP group's ongoing funding and capital management strategy. The proceeds of the Capital Notes 2 Offer will be used to meet general funding requirements, including to fund Additional Tier 1 Capital of one or more APRA-regulated entities within the AMP group.

Under the Capital Notes 2 Offer, 2,750,000 Capital Notes 2 were issued to participating institutional investors, Australian resident clients of Syndicate Brokers and eligible AMP shareholders at a price of \$100 per Capital Note 2.

In a winding-up of AMP, Capital Notes 2 rank ahead of AMP Shares, and equally amongst themselves and other equal ranking instruments (including Capital Notes 1 and AMP Wholesale Capital Notes).

The terms of Capital Notes 2 are summarised in the Prospectus and are set out in the AMP Capital Notes 2 Trust Deed dated 26 November 2019 and lodged with ASX on that date (**Capital Notes 2 Terms**).

Reasons for seeking shareholder approval

As noted above, in general terms, ASX Listing Rule 7.1 imposes a limit on the number of equity securities that a company can issue or agree

to issue without shareholder approval amounting to 15% of issued share capital (**Placement Capacity**) where an exemption to the rule does not apply.

As a result of the placement and share purchase plan that AMP completed during August to September 2019, AMP did not have sufficient Placement Capacity to issue Capital Notes 2 as convertible equity securities without shareholder approval. As a result, to enable Capital Notes 2 to be issued without restriction under ASX Listing Rule 7.1 on 23 December 2019, Conversion into ordinary share of AMP, other than Conversion on account of a Non-Viability Event (each as defined in the Prospectus) of Capital Notes 2 does not apply unless and until shareholder approval is obtained.

The effect of approving this resolution will be that the Conversion features of Capital Notes 2 will apply on and from the time that this resolution is passed. The Conversion features include Mandatory Conversion on the Mandatory Conversion Date (subject to the satisfaction of certain conditions) on 16 December 2027, Optional Conversion on a Tax Event, Regulatory Event or Potential Acquisition Event and Mandatory Conversion on an Acquisition Event. Shareholders should refer to sections 1.2, 2.2, 2.3 and 2.5 of the Prospectus for a summary of these Conversion features.

ASX has confirmed that it will treat the activation of the Conversion features following shareholder approval as an 'issuance' of Capital Notes 2 as equity securities for the purposes of Listing Rule 7.1. Capital Notes 2 are quoted on ASX – they will be treated as being 'issued' to those persons who hold Capital Notes 2 on the day of the AGM if shareholder approval is obtained.

AMP is required under the Capital Notes 2 Terms to use reasonable endeavours to obtain shareholder approval. If shareholder approval is not obtained, AMP is required to continue to use reasonable endeavours to seek approval at each next succeeding annual general meeting until it is obtained.

If shareholder approval is not obtained, the consequence will be that holders of Capital

Notes 2 will not have the benefit of the Conversion features listed above. The absence of these Conversion features may be disadvantageous to investors in Capital Notes 2. A failure to obtain shareholder approval for the activation of the Conversion features may also adversely affect AMP's reputation as an issuer of hybrid securities.

Summary of material terms of Capital Notes 2:

- The Capital Notes 2 are perpetual, convertible, subordinated and unsecured notes issued by AMP
- The Capital Notes 2 have no fixed maturity date and could remain on issue indefinitely if not Converted, Redeemed or Written-off
- AMP must Convert all Capital Notes 2 into AMP Shares on 16 December 2027 if the Mandatory Conversion Conditions are satisfied for that date
- AMP may Exchange Capital Notes 2 earlier if certain events occur
- Capital Notes 2 are scheduled to pay floating rate Distributions quarterly in arrears unless and until Redeemed, Converted or Written-off
- The Distribution Rate is the BBSW Rate plus the Margin, adjusted for franking. The Margin determined under the Bookbuild is 4.5000% per annum
- The first Distribution on the Capital Notes 2 is scheduled to be paid on 16 March 2020
- Distributions are payable only if AMP decides to pay them and if no Payment Condition exists. If a Payment Condition exists, a Distribution will not be paid. Distributions that are not paid do not accumulate which means that if they are not paid, they will never be paid. Non-payment of a Distribution on Capital Notes 2 will not be an event of default and AMP will have no liability to Holders in respect of any unpaid Distribution
- Distributions are expected to be franked at the same rate as Dividends on AMP Shares. The Franking Rate applicable to the first Distribution is expected to be 100%. The Franking Rate may vary over time and Distributions may be partially, fully, or not franked
- The greater the rate of franking of the Distribution, the lower the Distribution Rate and the amount of cash Distribution, reflecting the value of the Franking Credits attached to the Distribution
- AMP is the only entity which can convert the Capital Notes 2. They can be converted into ordinary fully paid shares in the following circumstances:
 - on the Mandatory Conversion Date
 - on the occurrence of a Non-Viability Event
 - on the Optional Exchange Date
 - on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event, or
 - on an Exchange Date following the occurrence of a Potential Acquisition Event.
- Capital Notes 2 will convert at the market price of AMP ordinary shares at the time of Conversion. In the case of Conversion on the Mandatory Conversion Date, this would mean that the following number of AMP ordinary shares would be issued in the following three scenarios:
 - if the price of AMP ordinary shares is the same as the price on or about the date of this notice of meeting (\$1.67) – 166,333,998 ordinary shares
 - if the price of AMP ordinary shares is twice the price on or about the date of this notice of meeting (\$3.34) – 83,166,999 ordinary shares
 - if the price of AMP ordinary shares is half the price on or about the date of this notice of meeting (\$0.84) – nil ordinary shares. Shareholders should note that Conversion on the Mandatory Conversion Date can only occur if the price of AMP ordinary shares at the time is at least 50.51% of the price at the time of issue of the Capital Notes 2 (\$0.96).

For capitalised terms used in this summary that are not defined in the Schedule to this notice of meeting, please see the defined terms in the Capital Notes 2 Prospectus.

Board recommendation

The board recommends that shareholders vote **in favour** of the resolution in item 6.