

# Directors' report

Your directors present their report on the consolidated entity consisting of AMP Limited and the entities it controlled at the end of or during the year ended 31 December 2007.

## Directors' details

The AMP Limited Board consists of the non-executive chairman, six other non-executive directors and one executive director. The following changes in the composition of the board have occurred during the year and up to the date of this report:

- John Palmer joined the AMP Board on 24 July 2007.
- John Astbury retired from the AMP Board on 31 October 2007.
- Andrew Mohl retired from the AMP Board on 31 December 2007.
- Brian Clark joined the AMP Board on 1 January 2008.
- Craig Dunn joined the AMP Board on 1 January 2008.

Details of each director's qualifications, experience and special responsibilities are set out below.



### Peter Mason AM

#### Chairman

BCom (Hons), MBA  
Honorary Doctorate of Business (UNSW)  
Age 61

Peter was appointed to the AMP Limited Board in October 2003 and assumed the role of Chairman in September 2005. He is a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

**Experience:** Peter has 40 years experience in investment banking and is currently a Senior Advisor to UBS Investment Bank. He was chairman of JP Morgan Chase Bank in Australia from 2000 to 2005, and chairman of their associate, Ord Minnett Group. Prior to this he was chairman and chief executive of Schroders Australia Limited and group managing director of Schroders' investment banking business in the Asia Pacific region. For 12 years he was a director of the Children's Hospital in Sydney and chairman of the Children's Hospital Fund for eight years. Peter was appointed a member of the Order of Australia for his contribution to the Children's Hospital.

**Directorships of companies held in the past three years:** Peter was a director of Mayne Group Limited from 1992 until February 2005.

**Other current directorships:** Peter is a director of David Jones Limited, the University of New South Wales Foundation and The Australian Research Alliance for Children and Youth. He also serves on the Advisory Board of The National Youth Mental Health Foundation.



### Craig Dunn

#### Managing Director & Chief Executive Officer

BCom, ACA  
Age 44

Craig was appointed Managing Director and Chief Executive Officer on 1 January 2008. He has been a director of AMP Life Limited since April 2002.

**Experience:** Prior to becoming CEO, Craig was managing director, AMP Financial Services, from 2002 to 2007. He joined AMP in January 2000, and has held a number of senior roles, including managing director of AMP Banking, and director, Office of the CEO. Before joining AMP, Craig was CEO of a Malaysia-based insurance company, a joint venture of Colonial Limited. He worked for KPMG throughout Europe and in Indonesia before joining Colonial. Craig is currently an Advisory Board Member with the Government's Financial Literacy Foundation and a former chairman of the Investment and Financial Services Association (IFSA).



### Brian Clark

#### Director

DSc  
Age 59

Brian was appointed to the AMP Limited Board on 1 January 2008.

**Experience:** Brian spent 10 years in a variety of senior executive roles at Vodafone internationally, most recently in a United Kingdom-based role as group human resources director. He was also chief executive officer of Vodafone's Australian business as well as CEO of the Asia Pacific region, based in Tokyo. He was a member of the company's global executive committee throughout his tenure with the company. Before joining Vodafone, Brian spent three years as CEO of Telkom SA Ltd, the state-owned telephone company in South Africa, where he oversaw the partial privatisation of the company and a total re-engineering of its operations. Brian has degrees in physics and mathematics and a PhD, all from the University of Pretoria, and has completed the Advanced Management Program at the Harvard Business School.

**Directorships of listed companies held in past three years:** Brian was a director of National Australia Bank Limited from 2001 to 2004, and of various Vodafone Group Plc subsidiary and separately listed boards.

**Other current directorships:** Brian has been a director of Boral Limited since May 2007 and a member of the Advisory Board of Merrill Lynch in Australia since November 2007.



**David Clarke**

**Director**

LLB

Age 52

David was appointed to the AMP Limited Board in July 2005. He is a member of the Remuneration Committee and was a director of AMP Capital Investors and a member of its Audit Committee from August 2005 to March 2007.

**Experience:** David has over 25 years experience in investment banking, funds management and retail banking. He joined Westpac Banking Corporation in July 2000 where he ran the Australian Business and Consumer Bank prior to being appointed chief executive of BT Financial Group, Westpac's wealth management business, in September 2002. David was previously director and chief executive of MLC Limited (a subsidiary of Lend Lease Corporation of which he was a director). He built MLC into one of Australia's leading funds management businesses and led the Asian Pacific business operations of Lend Lease, gaining experience across the group's portfolio of global interests, including property development and financial services. David's early career was spent in Lloyds Bank, culminating in becoming the chief executive of Lloyds Merchant Bank in the United Kingdom. David was appointed chief executive officer and managing director of Allco Finance Group Limited in April 2007.

**Directorships of listed companies held in past three years:** David has been a director of Allco Finance Group Limited since April 2007.

**Other current directorships:** David is governor of Ascham School Limited since 1993 and is a director of the Hornery Institute.



**Richard Grellman AM**

**Director**

FCA

Age 57

Richard was appointed to the AMP Limited Board in March 2000. He is chairman of the Audit Committee and a member of the Nomination Committee. He has been a director of AMP Life Limited since November 2001 and chairs its Audit Committee. Richard has been a director of Gordian RunOff Limited since May 2004 and chairman since May 2005. He is also a member of the AMP Capital Audit Committee.

**Experience:** Richard has over 32 years of experience in the accounting profession. He was a partner of KPMG from 1982 to 2000 and a member of KPMG's National Board from 1995 to 1997 and national executive from 1997 to 2000. He was an independent financial expert for AMP's demutualisation and investigating accountant for AMP's prospectus and listing. In 2007, Richard was appointed a member of the Order of Australia for service to the community, particularly through leadership roles with Mission Australia and fundraising with Variety, The Children's Charity, and to the finance and insurance sectors.

**Directorships of listed companies held in past three years:** Richard has been the chairman of Cryosite Limited since December 2002, director of Atlas Group Holdings Limited since February 2003, director of Trafalgar Corporate Group since 2002 and its chairman since 2006.

**Other current directorships:** Richard has been chairman of the Board and Council of the NSW Motor Accidents Authority since 1994, director of Mission Australia since 1984, and president and chairman since 2000. In 2006 he was appointed chairman of the NSW Lifetime Care and Support Authority. In 2002 Richard was appointed chairman of the Association of Surfing Professionals (International) Limited.



**Meredith Hellicar**

**Director**

BA, LLM (Hons)

Age 54

Meredith was appointed to the AMP Limited Board in March 2003. She is chairman of the Remuneration Committee, has been a director of AMP Bank since June 2004 and has been a director of the AMP Life Limited Board since May 2006 and its chairman since October 2006.

**Experience:** Meredith has over 20 years of senior executive experience in the oil, coal, logistics, legal and financial services industries. She was previously managing director TNT Logistics Asia, chief executive of Corrs Chambers Westgarth and managing director of InTech Financial Services Limited. Her previous directorships include NSW Treasury Corporation, AurionGold, HLA Envirosciences (chairman), the NSW Environment Protection Authority and HCS Limited. Meredith has been a member of the Takeovers Panel since March 1999. She was awarded a Centenary Medal in 2003 for service to Australian society in business leadership and is a member of the CEDA Board of Governors.

**Directorships of listed companies held in past three years:** Meredith was a director of James Hardie Industries NV from October 2001 to February 2007 (she was chairman from August 2004 to February 2007). She was a director of Southern Cross Airports Group from February 2003 to March 2007. Meredith has been a director of Amalgamated Holdings Limited since October 2003.

**Other current directorships:** Meredith has been chairman of the Sydney Institute since 1998 and has been a director of the Garvan Institute Foundation since March 2002.



**John Palmer**

**Director**  
ONZM, BAgrSc, FNZID  
Age 60

John was appointed to the AMP Limited Board on 24 July 2007. He is a member of the Remuneration Committee, and he has been a director of the AMP Life Board since May 2004. He was previously a director of the AMP Bank Board from 1998 to 2003. John is based in New Zealand.

**Experience:** John has considerable experience as a director and chairman of companies in the agricultural and finance sectors. His other business interests focus largely on horticultural production and servicing. He has a track record of successfully leading change and reconstruction of diverse corporates in marketing, agribusiness and aviation. In 1998 he 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 (ONZM) for service to the New Zealand kiwifruit industry.

**Directorships of listed companies held in past three years:** John has been the chairman of Air New Zealand Limited since November 2001 and chairman of Solid Energy NZ Limited since January 2007. He is a director of Rabobank Australia Limited and Saxton Fruit Ltd.



**Dr Nora Scheinkestel**

**Director**  
LLB (Hons), PhD, FAICD  
Age 47

Nora was appointed to the AMP Limited Board in September 2003. She is chairman of the Nomination Committee and a member of the Audit Committee. She has been a director of AMP Capital Investors Limited since February 2004 and chairs its Audit Committee.

**Experience:** Nora was formerly a senior banking executive in international and project financing. She held positions with CRA Limited, Macquarie Bank, Chase AMP and Deutsche Bank where, as head of the Project Finance Unit, she was responsible for the development and financing of major projects in Australasia and South East Asia. Nora's current consulting practice assists government, corporate and institutional clients in areas such as corporate governance and project and structured finance. Nora is an experienced company director having served as chairman and non-executive director of companies in a wide range of industry sectors and in the public, government and private spheres. Previous directorships include North Limited, IOOF Funds Management, Medical Benefits Fund of Australia Limited and chairman and director of various energy and water utilities, in addition to those listed below. Nora is also an Associate Professor at the Melbourne Business School at Melbourne University. In 2003, she was awarded a centenary medal for services to Australian society in business leadership.

**Directorships of listed companies held in past three years:** Nora has been a director of PaperlinX since 2000 and of Orica Limited since August 2006. Nora was a director of Newcrest Mining (2000 to 2007), Mayne Group Limited (2005) and of Mayne Pharma Limited (2005 to 2007).

**Sharyn Page**

**Board Executive and Company Secretary**  
BA LLB, ACIS, AACI

Sharyn joined AMP in 1990 and progressed through a variety of legal and compliance roles before taking up the role of Assistant Company Secretary in 2003. She was appointed Board Executive and Company Secretary on 18 July 2005.

### Attendance at board and committee meetings

Details of attendance by directors of AMP Limited at meetings of boards and committees (of which they were members) held during the year ended 31 December 2007, are shown in the table below. The directors also attended other meetings, including management meetings, during the year.

Board/Committee Held/attended	AMP Limited Board meetings		Audit Committee		Nomination Committee		Remuneration Committee		Ad hoc Committees <sup>1</sup>		Subsidiary Board and Committee meetings <sup>2</sup>	
	A	B	A	B	A	B	A	B	A	B	A	B
John Astbury	12	11	5	5	–	–	–	–	–	–	5	4
David Clarke	13	12	–	–	–	–	4	4	–	–	4	4
Richard Grellman	13	12	6	6	3	3	–	–	–	–	28	27
Meredith Hellicar	13	13	–	–	–	–	4	4	–	–	13	13
Peter Mason <sup>3</sup>	13	13	–	–	3	3	4	4	2	2	–	–
Andrew Mohl	13	12	–	–	–	–	–	–	2	2	29	23
John Palmer	6	5	–	–	–	–	–	–	–	–	7	6
Nora Scheinkestel	13	12	6	6	3	3	–	–	–	–	18	16

Footnote:

Column A – indicates number of meetings held while the director was a member of the board/committee.

Column B – indicates number of those meetings attended.

1 Ad hoc committees of the board were constituted during the year in relation to the financial results.

2 Subsidiary board and committee meetings include AMP Life Board and Audit Committee, AMP Bank Board, General Insurance Group (boards and Audit Committees) and AMP Capital Investors (boards and Audit Committees) and AMP Superannuation Board.

3 As part of AMP's governance structure, Peter Mason attended four Audit Committee meetings and 12 subsidiary board meetings.

### Principal activities

AMP is a company focused on helping Australians and New Zealanders manage their financial well-being so they can enjoy the future they want. AMP aims to be the leading provider of quality financial advice, simple, value-for-money products and superior investment performance in the markets in which it operates.

AMP has two major businesses, AMP Financial Services and AMP Capital Investors.

AMP Financial Services offers customers a range of financial products and services, primarily through one of the largest financial planning networks in the market. These products and services include financial planning advice, superannuation, retirement savings and income products, investments, life and general insurance and selected banking products.

AMP Capital Investors is one of the largest investment managers in Australia and is the largest in New Zealand. It also provides investment management services in Asia.

AMP is currently in the process of selling a third business, Cobalt/Gordian, which manages the run-off of AMP's remaining books of general insurance and reinsurance business, as well as providing services to external clients. AMP announced the sale of this business to Enstar Group Limited on 11 December 2007 and the sale is expected to be completed by the end of the first quarter of 2008.

AMP has 3.4 million customers in Australia and New Zealand, around 4,000 employees, 830,000 shareholders and around \$130 billion of assets under management.

### Review of operations and results

AMP has a sound financial base and a powerful and resilient business model. It is executing a disciplined strategy which capitalises on AMP's brand, low-cost and scaleable manufacturing platform, strong partnerships with self-employed planners, diverse investment-management base and consistently good investment performance, cost and capital efficiency, to drive growth in the business and returns for shareholders.

The result for the year ended 31 December 2007 was a consolidated profit attributable to shareholders of AMP Limited, after accounting mismatches, of \$985 million – compared to \$915 million for the previous corresponding period.

There was a 10 per cent increase in underlying profit to \$960 million for the year to 31 December 2007, from \$873 million for the year ended 31 December 2006. This reflected solid cash flows, growth in assets under management and fees, and lower unit costs, which more than offset the lower investment income due to the impact of capital initiatives in the past three years that have reduced invested capital.

Underlying profit smoothes out the effect of investment market volatility by using average long-term rates of return to calculate investment income in a period, rather than actual investment income, which can be higher or lower than the average long-term rate. Underlying profit is AMP's preferred measure of profitability and it is the basis for calculation of AMP's dividends to shareholders.

The business made good progress on its key short-term performance indicators in the period under review.

- Underlying return on equity (RoE) increased to 37.9% from 30.3% in 2006.
- Total operating earnings grew by 12.4% to \$770 million.
- Cost-to-income ratio fell by 0.8 percentage points to 38.6%.
- Value of new business rose 12.9% on 2006 to \$393 million and embedded value grew by 17.2% in the year before transfers (3% discount margin).
- 68% of Australian assets under management met or exceeded their benchmarks in the year to December.

AMP generated total investment gains (before tax) attributable to shareholders, policyholders and other equity interests of \$8,128 million for the year ended 31 December 2007, compared to \$11,791 million for the year to 31 December 2006, reflecting weaker investment markets in 2007 relative to 2006.

Total AMP group assets under management were \$129 billion at 31 December 2007, up 6 per cent from \$122 billion at 31 December 2006.

Today, AMP is a low capital-intensive wealth-management group. AMP intends to continue to invest for growth in 2008 while prudently managing the business through the volatile market conditions that marked the beginning of the year.

#### Capital management

On 15 February 2007, AMP announced that, subject to shareholder approval, AMP Limited shareholders would receive a capital return of 40 cents per share totalling \$750 million. AMP's shareholders approved the capital return at the Annual General Meeting in May 2007, and payment was made on 18 June 2007. The Australian Taxation Office ruled that the capital return would be treated as a reduction in the cost base of the shares and not as a taxable dividend.

Capital and reserves of the group decreased to \$1,927 million at 31 December 2007, from \$2,412 million at 31 December 2006, as a result of the capital return and dividends paid during 2007, partially offset by 2007 profits and movements in reserves and contributed equity.

AMP group debt increased by \$208 million in 2007. Interest cover (underlying basis) increased from 14.9 times in 2006 to 17.3 times in 2007. Gearing on a Standard and Poor's basis was 10 per cent at December 2007.

As a result of the sale of the Cobalt/Gordian operations there will be an increase in Group Office capital. AMP plans to use this

increase in Group Office capital to pay shareholders an additional 2 cents per share in each of the next four dividend payments, commencing with the final 2007 dividend to be paid in April 2008.

AMP's capital management strategy is now moving to focus on optimising its capital mix which is currently biased to equity capital. The next capital management initiative is likely to be a Tier 2 debt issue to fund an on-market buy back of share capital. AMP has chosen to defer any initiative, with the timing of any issue yet to be decided and dependent on credit and equity markets stabilising.

AMP is maintaining its dividend payout ratio policy of 85 per cent of underlying profit, with a target of 85 per cent franking.

#### Impact of accounting mismatches on profit

During the year, the aggregate of accounting mismatches reduced the net profit attributable to the shareholders of AMP Limited by \$71 million from \$1,056 million, before the accounting mismatches, to \$985 million after accounting mismatches. The accounting mismatches have reduced the net profit of AMP Limited by approximately 7 per cent, although having no impact on cash flow and value.

The accounting mismatches arise in respect of:

- gains and losses on 'treasury shares' (2007: loss \$30 million; 2006: loss \$77 million)
- gains and losses on investments in controlled entities of the life statutory funds (2007: loss \$37 million; 2006: loss \$20 million)
- gains and losses on owner-occupied property (2007: loss \$11 million; 2006: loss \$26 million), and
- discounting of deferred tax balances in the valuation of investment contract liabilities (2007: gain \$7 million; 2006: gain \$62 million).

So that the AMP Limited Financial Report for year ended 31 December 2007 can be drawn up in accordance with Australian Accounting Standards, and to present a true and fair view of the results of operations, the presentation of the Income statement has been reformatted in order to explain the impact of the accounting mismatches.

Accounting mismatches are one of the significant impacts arising from the application of Australian equivalents to International Financial Reporting Standards (AIFRS).

As detailed in the accounting policies Note 1(d) in the Financial Report, accounting mismatches arise because the valuation rules for liabilities to policyholders differ from the valuation rules for certain assets which support them. The application of the rules to these policyholder assets has an illogical impact on shareholder profit. For example, where policyholder funds own AMP Limited shares, the increase in AMP Limited's share price (rebased for the capital returns) from \$9.72 to \$9.95 in the 12 months to December 2007 (2006: increase from \$7.09 to \$9.72) has driven an accounting loss of \$30 million (2006: loss of \$77 million) in the consolidated result.

The International Accounting Standards Board (IASB) has discussed accounting mismatches at previous meetings. The IASB has confirmed that it would be preferable to eliminate such accounting mismatches, and is reviewing alternative accounting treatments to address the accounting mismatch issue. The current discussions are part of the wider Insurance Contracts project, and as such are not expected to be resolved in the short term.

#### Political donations

AMP's policy is that it does not make donations to political parties. No political donations were made during 2007.

### Significant changes to the state of affairs

On 23 August 2007, the AMP Board announced that it had agreed that Andrew Mohl would leave AMP at the end of his contract on 31 December 2007, following more than five years as CEO. In September, the Board appointed Craig Dunn to take over as CEO from 1 January 2008.

On 11 December 2007, AMP announced the sale of its closed reinsurance and general insurance operations, Cobalt/Gordian, to Enstar Group Limited for \$585 million. See Note 21 of the Financial Report for further details.

Details of capital changes during 2007 are set out earlier in this report.

There have been no other significant changes in the state of affairs during this financial year.

### Events occurring after the reporting date

#### Dividends

On 14 February 2008, AMP proposed a final dividend on ordinary shares. Details of the proposed final dividend and dividends paid and declared during the financial year are disclosed in Note 16 of the Financial Report.

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of its operations or its state of affairs, which is not already reflected in this report.

#### Likely developments

In the opinion of the directors, disclosure of further information about likely developments in AMP's businesses is commercially sensitive and would likely be detrimental and result in unreasonable prejudice to the company.

#### The environment

AMP's environmental policy guides improvements in direct environmental impacts by reducing our use of energy, water, paper and other materials. It also outlines environmental considerations in our purchasing decisions and product design.

During 2007, initiatives to reduce the direct environmental impact of AMP's operations included the expansion of a recycling system and implementation of water saving initiatives.

As an investor, AMP believes that engagement with companies on environmental issues is an effective way to influence management practices for the benefit of customers and the environment. During 2007, AMP Capital Investors was a signatory to the Carbon Disclosure Project ([www.cdproject.net](http://www.cdproject.net)) and an active participant in the Investor Group on Climate Change ([www.igcc.org.au](http://www.igcc.org.au)). AMP Capital Investors is also a signatory to the United Nations Principles of Responsible Investment.

In the normal course of its business operations, AMP is subject to a range of environmental regulations, of which there have been no material breaches during the year.

The environment policy is available on AMP's website: [www.amp.com.au](http://www.amp.com.au)

#### Remuneration disclosures

The remuneration arrangements for AMP directors and senior executives are outlined in the remuneration report which forms part of the directors' report for the year ended 31 December 2007. The remuneration report meets the remuneration disclosure requirements of both the *Corporations Act 2001* and AASB 124 *Related Party Disclosures*.

Directors' and senior executives' interests in AMP Limited shares are also set out in the remuneration report.

#### Non-audit services

The Audit Committee has reviewed details of the amounts paid or payable for non-audit services provided to the AMP group of companies during the year ended 31 December 2007, by the Company's auditor, Ernst & Young.

The Committee is satisfied that the provision of those non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act and did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- All non-audit assignments were approved in accordance with the process set out in the AMP Charter of Audit Independence.
- No non-audit assignments were carried out which were specifically excluded by the AMP Charter of Audit Independence.
- The level of fees for non-audit services amounted to \$1,482,000 or 14 per cent of total audit fees. (Refer to Note 33 of the Financial Report for further details.)

#### Auditor's independence declaration to the directors of AMP Limited

The directors have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report and forms part of the directors' report for the year ended 31 December 2007.

#### Indemnification and insurance of directors and officers

Under its Constitution, the company indemnifies, to the extent permitted by law, all officers of the company (including the directors) against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as an officer of the company.

This indemnity is not extended to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by the board. No such indemnities have been provided during or since the end of the financial year.

During the financial year, the company agreed to insure all of the officers (including all directors) of the AMP group against certain liabilities as permitted by the Corporations Act. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

In addition, the company and each of the directors are parties to Deeds of Indemnity and Access, as approved by the board.

Those Deeds of Indemnity and Access provide that:

- the directors will have access to the books of the company for their period of office and for seven years after they cease to hold office
- the company indemnifies the directors to the extent permitted by law
- the indemnity covers liabilities incurred by the directors in their capacity as officers of the company and of other AMP group companies, and
- the company will maintain directors' and officers' insurance cover for the directors to the extent permitted by law for the period of their office and for seven years after they cease to hold office.

#### Rounding

In accordance with the Australian Securities and Investments Commission Class Order 98/100, amounts in this directors' report and the accompanying Financial Report have been rounded off to the nearest million Australian dollars, unless stated otherwise.

# Remuneration report

Directors' report continued

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## Introduction

This remuneration report provides details of AMP's remuneration policies and practices and explains how they are linked to company performance. The report also details the remuneration arrangements for former Chief Executive Officer (CEO), Andrew Mohl, nominated executives and the non-executive directors of AMP Limited. This group includes the key management personnel for the purposes of AASB 124 *Related Party Disclosures*.

The former CEO and nominated executives comprise the five 'company executives' and five 'relevant group executives' receiving the highest remuneration during the year, as those terms are defined by the *Corporations Act 2001* (Cth).

### AMP's Remuneration Committee

The Remuneration Committee is a committee of the AMP Board. The Remuneration Committee advises the board on the structure, effectiveness, integrity and legal compliance of AMP's remuneration programs, policies and practices.

Key responsibilities include:

- annually reviewing and recommending to the board the total remuneration package of the CEO
- reviewing and approving the remuneration of the CEO's direct reports
- determining the terms and conditions and allocations of the long-term incentive grant, and
- reviewing and approving the performance measures and total expenditure for the short-term incentive plan.

Members of the committee are non-executive directors Meredith Hellicar (Chairman), Peter Mason, David Clarke and John Palmer (appointed 13 February 2008). The committee appoints independent external remuneration consultants to provide advice and market-related information to the committee as required. Current terms of reference for the Remuneration Committee are available on the AMP website: [www.amp.com.au](http://www.amp.com.au)

### Significant changes

In August 2007, the AMP Board announced that it had mutually agreed with Andrew Mohl that he would leave AMP on 31 December 2007, following over five years as CEO. In September, the board appointed Craig Dunn to take over as CEO from 1 January 2008.

Peter Hodgett, General Manager, Human Resources and Strategy, left AMP on 31 December 2007. His role was restructured following the announcement in December 2007 of the sale of Cobalt/Gordian. Jonathan Deane was appointed General Manager, Group Strategy, effective 1 January 2008. On 1 February 2008, AMP announced that David Cohen, General Counsel, intended to leave AMP. The timing of his departure had not been finalised at the signing of this report.

In July 2007, John Palmer was appointed to the AMP Board. His biography is outlined on page 6. On 31 October 2007, John Astbury retired from the AMP Board. On 4 December 2007, Brian Clark was appointed to the AMP Board, effective 1 January 2008. His biography is outlined on page 4.

## 1. Executive remuneration

### 1.1 CEO and nominated executives

The remuneration for the following executives is covered in this report:

#### *CEO and direct reports*

Name	Position
Andrew Mohl	Chief Executive Officer (left AMP on 31 December 2007)
Craig Dunn	Managing Director, AMP Financial Services (prior to 15 October 2007) Chief Operating Officer (15 October 2007 – 31 December 2007) (Chief Executive Officer from 1 January 2008)
Stephen Dunne	Managing Director, AMP Capital Investors
Paul Leaming	Chief Financial Officer
Peter Hodgett	General Manager, Human Resources and Strategy (left AMP on 31 December 2007)
David Cohen	General Counsel
Craig Meller	Director, Product Manufacturing (prior to 15 October 2007) Managing Director, AMP Financial Services (appointed 15 October 2007)
Lee Barnett	Chief Information Officer
Matthew Percival	General Manager, Public Affairs

#### *Other executives*

Philip Garling	Global Head of Infrastructure, AMP Capital Investors (reports to Stephen Dunne, Managing Director, AMP Capital Investors)
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### 1.2 Philosophy

The AMP Board's approach to executive remuneration is to align remuneration with the creation of value for AMP shareholders. AMP's remuneration is market competitive and aims to attract, retain and motivate high calibre employees who contribute to the success of AMP's business.

AMP pays for performance. All executives have a significant component of their remuneration at risk. Specific details about these components are listed below.

### 1.3 Remuneration structure

During 2007, executive remuneration comprised four key components:

Fixed	1. Base salary, including salary sacrifice benefits and applicable Fringe Benefits Tax
	2. Superannuation on base salary
At risk	3. Short-term incentives (STI) and superannuation on STI
	4. Long-term incentives (LTI)

#### *Base salary*

An executive's salary is determined according to their level of responsibility, importance to the business and market competitiveness. Base salaries are fixed payments and are reviewed (but not necessarily increased) each year taking into account the appropriate market-based salary for the role and individual.

The base salary is targeted around the median market rate. This means that AMP is ranked broadly in the middle of comparable companies for executive base salaries. Total remuneration above the market median can be achieved through AMP's short- and long-term incentives, which reward high levels of performance.

#### *Superannuation*

Executives, with the exception of Andrew Mohl and Craig Meller, received superannuation entitlements equal to 10.5 per cent of their base salary and their short-term incentive payment. Andrew Mohl received superannuation contributions equal to nine per cent of the superannuation maximum contribution base.

Similarly, Craig Meller, on appointment to his new role as Managing Director, AMP Financial Services, received entitlements equal to nine per cent of the superannuation maximum entitlements base. Prior to this he received superannuation entitlements equal to 10.5 per cent of his base salary and short-term incentive payment.

Executives may choose to increase the proportion of their remuneration taken as superannuation, subject to legislative guidelines.

**Short-term incentives**

Short-term incentives (STI) are an annual at risk component of remuneration for the CEO, senior executives and permanent employees of the AMP group, which are paid in cash. Individuals earn STI based on the achievement of AMP's group-wide measures and personal objectives. The STI payment recognises individual high performance.

**STI incentive pool**

The size of the short-term incentive pool available for distribution each year is determined by the Remuneration Committee. To make this determination, the Remuneration Committee assesses AMP's performance against financial and qualitative measures

outlined below. The AMP Board has delegated this authority to the Remuneration Committee because it considers the committee is best placed to make this assessment.

The CEO then distributes the pool among business units and group functions based on their contribution to AMP's financial and qualitative results.

**Measures**

The following group-wide measures were used in 2007 to determine the size of the short-term incentive pool. These measures were chosen because they align with the company's strategy and objectives, as approved by the AMP Board, and provide an overall view of performance.

		Performance measure	How it is measured	Link to strategy
Financial measures	70%	Underlying return on equity	Underlying profit of the business after tax, divided by the shareholder equity invested in the company	To achieve: <ul style="list-style-type: none"> <li>– A return on equity in the top 10% of its peer group (the Top 50 Industrials in the S&amp;P/ASX100 Index)</li> <li>– A target of doubling the value of an investment in AMP over a five-year period</li> <li>– AMP's position in the top 25% of the Top 50 Industrials in the S&amp;P/ASX100 Index for total shareholder returns</li> </ul>
		Growth in AMP's value	Increase in value of AMP after also taking into account dividends paid and capital returned to shareholders	
		Total operating earnings	Profits earned by AMP's operating businesses, minus corporate costs	
		Cost to income ratio	Controllable costs divided by gross margin (being total operating earnings and underlying investment income before tax plus controllable costs)	
		Investment performance	Percentage of assets under management which met or exceeded their benchmarks and the value added to the AMP Life No. 1 Fund	
Qualitative measures	30%	Market and competitive positioning	Position in a range of industry surveys covering product and services areas such as superannuation, risk, pensions and investments	<ul style="list-style-type: none"> <li>– To increase market share in our core businesses of superannuation, retirement and individual risk insurance in Australia by developing and delivering market competitive products, services and platforms</li> <li>– To be acknowledged as a high performing company from the perspective of our different stakeholders</li> </ul>
		Progress in developing key stakeholder relationships, including customers, planners, regulatory bodies and employees, to support long-term business objectives	Stakeholder feedback from a range of surveys and research studies including: <ul style="list-style-type: none"> <li>– employee culture and climate surveys</li> <li>– brand tracking</li> <li>– qualitative stakeholder research</li> </ul>	

### *Individual STI objectives*

Individual performance objectives, with both financial and qualitative measures, are set at the start of each year. These measures are chosen because they align with the objectives of the AMP group and relevant business units and functions.

*Financial measures:* An executive's financial measures may include some of the group-wide measures described above, as appropriate for the executive's role, as well as business-unit or function-specific measures.

*Qualitative measures:* Some qualitative measures will be common to all senior executive roles, for example leadership, culture, risk and compliance. In addition, executives will have measures that are specific to their business unit or function. Examples of qualitative measures for the CEO in 2007 included business operations, cultural transformation, growth strategy, personal leadership, external positioning and succession planning.

*Range:* The short-term incentive opportunity ranges from a maximum payment of 50 per cent of base salary for lower level executives up to a maximum of 200 per cent of base salary for the CEO, and Managing Director, AMP Capital Investors. The maximum short-term opportunity depends on the scope of the individual's role (level, responsibility and criticality) and market considerations.

The performance of an individual is assessed by their immediate manager as they are best placed to do this. This assessment is calibrated against the performance of their peers to determine the individual's STI payment. Bonus recommendations are then signed off by the CEO and General Manager, Human Resources, to ensure group-wide consistency and quality control. For direct reports to the CEO, the CEO makes a recommendation to the Remuneration Committee in relation to their STI payments.

The Remuneration Committee assesses the performance of the CEO against his individual objectives, as they are well placed to assess his performance. The Remuneration Committee then makes a recommendation to the AMP Board in relation to any STI payment for the CEO.

### ***Infrastructure Targeted Incentive Plan (AMP Capital Investors)***

*The Infrastructure Targeted Incentive Plan is offered to employees within the infrastructure business of AMP Capital Investors. This includes Philip Garling, Global Head of Infrastructure. The infrastructure team is responsible for identifying, acquiring and managing investments in areas such as transport, power, roads and water supply.*

The objective of the Infrastructure Targeted Incentive Plan is to motivate employees to grow the infrastructure business in a profitable way, and to assist in the retention of key employees.

The plan creates a team incentive pool based on a fixed percentage of the profit achieved by the infrastructure business above a predetermined profit hurdle. The profit hurdle is set with reference to the infrastructure business plan and is chosen so as to align the

interests of employees with the performance of the business. The team incentive pool is allocated amongst team members based on each individual's contribution to profitability over the short, medium and long term.

The AMP Capital Remuneration Committee (ACRC), whose membership includes the CEO and Stephen Dunne, Managing Director, AMP Capital Investors, determines the profit hurdle, assesses performance relative to the profit hurdle, and approves all individual allocations from the team incentive pool that is generated. The AMP Board has delegated this authority to the ACRC because it considers they are best placed to make these assessments.

To provide a long-term focus for employees, and to assist in the retention of key individuals, in cases when the employee's total annual incentive payment (that is, the sum of their Targeted Incentive Plan and STI payments) is greater than their base salary, the amount above their base salary is deferred for up to two years. If an employee leaves during the deferral period he or she generally forfeits the entitlement to this amount. In some cases, such as retirement and redundancy, deferred incentives are paid upon termination.

In order to further align the interests of employees with AMP, employees in the Infrastructure business can choose to invest their deferred amounts into AMP Capital Investors managed funds or receive the original cash value of the deferred amount at the end of the deferral period. These investments are facilitated through a full-recourse, interest-free loan provided to employees at the commencement of the deferral period. The money lent to employees is wholly invested in AMP Capital Investors products.

The amount lent to employees is equivalent to the value of their deferred incentives. If the employee remains employed with AMP at the end of the deferral period, the proceeds from the payment of their deferred incentives are used to repay the loan. If the employee resigns from AMP during the deferral period, the employee retains their units in the managed funds but is required to repay the loan amount in full.

### ***Long-term incentives***

Long-term incentives (LTI) are the second at risk component of remuneration. LTI are primarily delivered in the form of performance rights and restricted shares.

In 2006, AMP introduced a policy as part of LTI participation that executives must not enter into any hedging arrangement in relation to any vested or unvested shares, options or performance rights. Breaches of this policy may lead to forfeiture of the relevant long-term incentives.

Immediately prior to the introduction of this policy, all performance rights holders were required to sign a declaration stating they had not previously engaged in hedging in relation to any vested or unvested shares, options or performance rights.

### 1.4 Description of long-term incentive plans currently offered

#### 1.4.1 Performance rights

Performance rights are granted to those executives considered to have the most direct influence on AMP's business performance. They are granted at no cost to the participating executive.

A performance right is a right to acquire one fully paid ordinary share in AMP Limited after a three-year performance period, provided a specific performance hurdle is met. Prior to exercise, performance rights holders do not receive dividends or have other shareholder benefits (including any voting rights).

#### Determining grant price

Prior to making the grant, a fair value is determined by an independent external consultant based on the share price prevailing at the beginning of the performance period, discounted for the possibility that the performance hurdle may not be met in full. Therefore, the value of a performance right at the time of vesting, if it vests, is likely to be different to the value when first granted.

#### How performance rights are allocated

The eligibility for and number of performance rights awarded to executives, other than the CEO, is proposed by the CEO and approved by the Remuneration Committee. The eligibility for and number of performance rights awarded to the CEO is proposed by the Remuneration Committee and approved by the board. Each executive has a long-term incentive range based on the scope of their role (level, responsibility and criticality) and market considerations. This long-term incentive range is expressed as a percentage of their base salary. The number of performance rights awarded to eligible executives is determined by dividing the dollar value of their approved long-term incentive award by the grant price.

#### Calculating the allocation of performance rights

Base salary	×	Approved LTI award (% of base salary)	÷	Grant price	=	<b>Number of rights allocated</b>
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#### The performance hurdle

The number of performance rights that vest is determined by a vesting schedule based on the performance of AMP relative to a comparator group of companies listed on the Australian Securities Exchange (ASX) over a three-year performance period. The performance measure is AMP's Total Shareholder Return (TSR) relative to that of the Top 50 Industrials in the Standard & Poor's/ Australian Stock Exchange (S&P/ASX) 100 Index as at the start of the performance period. The performance hurdle and vesting schedule were chosen because they align executives' remuneration with the creation of shareholder value relative to peer companies. More details of the performance hurdle and vesting schedule are set out on pages 22 to 23.

At the end of the performance period, AMP's Remuneration Committee receives data from an independent external consultant to determine AMP's TSR performance relative to the comparator group. An independent external consultant is appointed so as to ensure objectivity in measuring AMP's performance. The Remuneration Committee then determines the number of performance rights that vest by applying this data to the vesting schedule.

#### The value of the LTI at the end of the performance period

Performance rights have a three-year performance period. The value of the LTI to a participant at the end of the performance period (also referred to as the vesting date) would be the amount calculated as follows:

Performance measure achieved %	×	Number of rights allocated	=	Number of rights that vest	×	Market value of shares at vesting date	=	<b>Value of LTI at vesting date</b>
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#### For example:

In 2007, the performance rights granted in September 2004 vested. At the time of the grant, the fair value per performance right was determined to be \$3.55. As AMP's total shareholder return ranked in the top quartile of the comparator group, 100 per cent of the performance rights held by executives in respect of this grant vested and could be exercised for AMP shares. At the time the performance rights vested the AMP share price was \$10.07.

For an executive who was granted 50,000 performance rights in 2004, the fair value of their performance rights at the time of grant was:

Number of performance rights allocated 50,000	×	Fair value of each performance right at date of grant \$3.55	=	<b>Total fair value of performance rights at date of grant \$177,500</b>
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The value to the executive of the performance rights at the end of the performance period, i.e. after three years, was:

Performance measure achieved 100%	×	50,000 rights allocated	=	50,000 rights that vest	×	Market value of shares at vesting date is \$10.07	=	<b>Value of LTI at end of performance period is \$503,500</b>
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In cases where the performance criteria are not met, the value of the performance rights is zero as they do not vest. For example, performance rights granted in 2002 did not vest at the end of the performance period in 2005 and therefore lapsed.

#### Exercising performance rights – converting to shares

Executives have two years from the end of the performance period to exercise any performance rights that vest at a nominal exercise price (\$1 per tranche of shares acquired on exercise). If the performance hurdle is not achieved the performance rights lapse immediately without re-testing of the performance hurdle.

When executives exercise performance rights, these AMP shares are bought on market so there is no dilutionary effect on the value of existing AMP shares.

#### Treatment of performance rights on ceasing employment

Unvested performance rights will lapse when an executive resigns from AMP. All performance rights, whether vested or unvested, will also lapse on termination due to misconduct or inadequate performance. In some other cases, such as retirement and redundancy, performance rights continue to be held subject to the same performance hurdle and performance period.

### Current grants

The following table summarises the terms and conditions of performance rights awarded to the CEO and executives. Andrew Mohl did not receive the grant made on 5 September 2007, as a separate CEO grant was made on 9 March 2007, which is outlined on the following page.

Plan	2007 annual grant	2006 annual grant	2005 annual grant	2004 annual grant
Grant date	5 September 2007 (with additional grant for Craig Meller effective 21 September 2007)	8 September 2006	1 September 2005	6 September 2004
Performance period	1 August 2007 to 31 July 2010	1 August 2006 to 31 July 2009	1 August 2005 to 31 July 2008	1 August 2004 to 31 July 2007
Retesting	No retesting applies on any grants of performance rights			
Exercise period	1 August 2010 to 31 July 2012	1 August 2009 to 31 July 2011	1 August 2008 to 31 July 2010	1 August 2007 to 31 July 2009
Expiry date	1 August 2012	1 August 2011	1 August 2010	1 August 2009
Performance condition	AMP's TSR ranking compared to that of the S&P/ASX 100 top 50 companies (industrials) as at the commencement of the performance period. The share prices for the purposes of calculating the share price growth component of TSR are averaged over the previous three months.			
Vesting schedule	<ul style="list-style-type: none"> <li>– None vest if AMP's TSR ranking is below the 50th percentile of the market comparator group</li> <li>– 50% vest if AMP's TSR ranking is at the 50th percentile of the market comparator group</li> <li>– Between the 50th and 75th percentile, vesting is 50% + 2% for each percentile rounded to the nearest whole percentile over the 50th percentile of the comparator group</li> <li>– 100% vest if AMP's TSR ranking is in at least the 75th percentile of the market comparator group.</li> </ul>			
Comparator group (for all grants)	<p>AGL Energy Ltd, Amcor Ltd, AMP Ltd, ANZ Banking Group Ltd, AXA Asia Pacific Holdings Ltd, Boral Ltd, Brambles Ltd, Centro Properties Group, Coca-Cola Amatil Ltd, Coles Group Ltd, Commonwealth Bank of Australia, CSL Ltd, DB Reef Trust, Fairfax Media Ltd, Foster's Group Ltd, GPT Group, Goodman Group Ltd, Insurance Australia Group Ltd, Lend Lease Corporation Ltd, Macquarie Airports, Macquarie Bank Ltd, Macquarie Infrastructure Group, Mirvac Group, National Australia Bank Ltd, Orica Ltd, Publishing &amp; Broadcasting Ltd, Qantas Airways Ltd, QBE Insurance Group Ltd, Sonic Healthcare Ltd, St George Bank Ltd, Stockland, Suncorp-Metway Ltd, Tabcorp Holdings Ltd, Telstra Corporation Ltd, Toll Holdings Ltd, Transurban Group, Wesfarmers Ltd, Westfield Group, Westpac Banking Corporation, Woolworths Ltd.</p> <p>Plus (for the 2007 annual grant): Alinta Ltd, Aristocrat Leisure Ltd, Asciano Group, ASX Ltd, Babcock &amp; Brown Ltd, Computershare Ltd, Investa Property Group Ltd, Leighton Holdings Ltd, News Corporation Ltd, Tatts Group Ltd.</p> <p>Plus (for the 2006 annual grant): Aristocrat Leisure Ltd, ASX Ltd, Computershare Ltd, CSR Ltd, Investa Property Group Ltd, James Hardie Industries NV, Promina Group Ltd, Resmed Inc, Rinker Group Ltd, Telecom Corporation of NZ Ltd.</p> <p>Plus (for the 2005 annual grant): Aristocrat Leisure Ltd, Foodland Associated, Investa Property Group Ltd, James Hardie Industries NV, News Corporation Ltd, Patrick Corporation Ltd, Promina Group Ltd, Rinker Group Ltd, Symbion Health, Telecom Corporation of NZ Ltd.</p> <p>Plus (for the 2004 annual grant): CSR Ltd, Investa Property Group Ltd, James Hardie Industries NV, Mayne Group Ltd, News Corporation Ltd, Paperlinx Ltd, Patrick Corporation Ltd, Promina Group Ltd, Resmed Inc, Rinker Group Ltd, Telecom Corporation of NZ Ltd.</p>			
Capital return adjustment	To compensate for the reduction in the value of performance rights resulting from the 2005, 2006 and 2007 capital returns, the arrangements with holders were altered so that, in respect of each capital return, they are entitled to be paid 40 cents for each performance right held immediately prior to the relevant capital return that subsequently vests and is converted into an AMP share. For example, an executive holding performance rights granted in 2005 will be entitled to a payment of 80 cents for each performance right granted in 2005 that vests, i.e. after the three-year performance period and if the performance criteria are met. Executives who held performance rights granted in 2004 that vested in 2007 received \$1.20 for each of those performance rights. No other terms described above were altered. The fair value of each grant of performance rights immediately prior to the alteration was the same as the fair value immediately after the alteration. Further details of the alteration are set out in section 2.5 of this report.			

2007 CEO grant

Plan	2007 CEO grant
Grant date	9 March 2007
Performance period	1 January 2007 to 31 December 2009
Retesting	No retesting applies on any grants of performance rights
Exercise period	1 January 2010 to 31 December 2011
Expiry date	1 January 2012
Performance condition	AMP's TSR ranking compared to that of the S&P/ASX 100 top 50 companies (industrials) as at the commencement of the performance period. The share prices for the purposes of calculating the share price growth component of TSR are averaged over the previous three months.
Vesting schedule	<ul style="list-style-type: none"> <li>– None vest if AMP's TSR ranking is below the 50th percentile of the market comparator group</li> <li>– 50% vest if AMP's TSR ranking is at the 50th percentile of the market comparator group</li> <li>– Between the 50th and 75th percentile, vesting is 50% + 2% for each percentile rounded to the nearest whole percentile over the 50th percentile of the comparator group</li> <li>– 100% vest if AMP's TSR ranking is in at least the 75th percentile of the market comparator group.</li> </ul>
Comparator group	AGL Energy, Alinta, Amcor, AMP Limited, ANZ Banking Group Ltd, Aristocrat Leisure, ASX Ltd, AXA Asia Pacific Holdings Ltd, Boral Ltd, Brambles Ltd, Centro Properties Group, Coles Group Ltd, Commonwealth Bank of Australia, Computershare Ltd, CSL Ltd, DB Reef Trust, Fairfax Media Ltd, Foster's Group Ltd, GPT Group, Insurance Australia Group Ltd, Investa Property, James Hardie Industries NV, Lend Lease Corporation Ltd, Macquarie Airports, Macquarie Bank Ltd, Macquarie Goodman, Macquarie Infrastructure Group, Mirvac Group, National Australia Bank Ltd, Orica Ltd, Promina Group, Publishing & Broadcasting, Qantas Airways Ltd, QBE Insurance Group Ltd, Resmed Inc, Rinker Group, Sonic Healthcare Ltd, St. George Bank Ltd, Stockland, Suncorp-Metway Ltd, Tabcorp Holdings Ltd, Tattersall's, Telecom Corporation of NZ, Telstra Corporation Ltd, Toll Holdings Ltd, Transurban Group, Wesfarmers Ltd, Westfield Group, Westpac Banking Corporation, Woolworths Ltd.
Capital return adjustment	To compensate for the reduction in the value of the performance rights resulting from the 2007 capital return, the arrangements with Andrew Mohl were altered so that he will be paid 40 cents for each performance right granted in 2007 that vests and is converted into an AMP share. No other terms described above were altered. The fair value of this grant of performance rights immediately prior to the alteration was the same as the fair value immediately after the alteration.

1.4.2 Restricted shares

A restricted share is an ordinary AMP share that has a holding lock in place until the three-year vesting period ends. Restricted shares are offered to selected high performing employees who contribute significantly to AMP's overall business success. The purpose of the grant is to recognise such employees and assist in retaining them.

While restricted shares are offered to selected employees, they are not offered to the CEO and his direct reports.

As this program is designed as a means of recognising and retaining employees, no performance hurdles apply. However, the shares are subject to a holding lock until the end of a three-year vesting period. If the individual resigns from AMP (or is terminated for misconduct or inadequate performance) during the holding period, the shares are forfeited. In some other cases, such as retrenchment, the individual retains their restricted shares, however, the holding lock remains in place until the end of the three-year vesting period. Restricted shares are bought on market and granted at no cost to employees.

1.4.3 Employee Share Acquisition Plan

AMP currently offers all eligible employees and executives the opportunity to become shareholders in AMP through the Employee Share Acquisition Plan (ESAP). Under ESAP participants can elect to receive part of their base salary (and any short-term incentive payments) in the form of AMP shares. There are no performance hurdles applied to these shares as participants sacrifice part of their salary to acquire the shares.

As an additional incentive to acquire shares, participants are entitled to receive (at no cost to the participant) one matching share for every 10 shares acquired (up to a maximum of 100 matching shares in any 12 month period). To receive the full entitlement to matching shares, shares must be held in the plan for a minimum of three years. There are no performance conditions for receiving matching shares as ESAP is primarily designed to encourage employee share ownership, through participation in the plan. Matching shares are bought on market.

Participants who cease to be employed within the AMP group within the three-year holding period may lose their entitlement to some or all of their matching share entitlement, depending on the reason for leaving the company. To receive the maximum entitlement to matching shares, participants must be employed for the whole three-year period.

#### *Impact of capital returns on matching shares*

Shareholders approved capital returns of 40 cents per share at the AMP Limited Annual General Meetings in 2005, 2006 and 2007.

To compensate for the reduction in the value of entitlements to matching shares resulting from the 2005, 2006 and 2007 capital returns, the arrangements with ESAP participants were altered so that, in respect of each capital return, they are entitled to be paid 40 cents for each matching share entitlement held in ESAP immediately prior to the relevant capital return that vests and is converted into an AMP share. For example, participants who held matching share entitlements under the plan immediately prior to the 2005 capital return will be paid \$1.20 for each matching share that vests in 2008. The fair value of matching share entitlements immediately prior to the alteration was the same as the fair value immediately after the alteration. Further details of the alteration are set out in section 2.5 of this report.

#### **1.4.4 AMP Capital Associates Plan**

*The AMP Capital Associates Plan is offered to selected AMP Capital Investors executives including Stephen Dunne, Managing Director, AMP Capital Investors and Philip Garling, Global Head of Infrastructure.*

The objective of the AMP Capital Associates Plan (CAP) is to motivate and retain key executives in AMP Capital Investors by strengthening the alignment of their interests with the long-term performance of AMP Capital Investors.

Selected executives within AMP Capital Investors may participate in the AMP Capital Associates Plan. Participants in the plan use their own money to invest in deferred purchase agreements with AMP Capital Holdings Limited. Participants also have the opportunity to borrow money through AMP Bank on full commercial terms, in order to fund their investment. Each deferred purchase agreement is known as a CAP unit. CAP units are notional shares in AMP Capital Investors and allow participants to share in the performance of AMP Capital Investors through annual cash distributions on CAP units and participation in the change in capital value of CAP units. The capital value is realised on redemption of the units. Distributions are linked to a measure of the yield of AMP Capital Investors, and the capital value of CAP units is based on independent external valuations of AMP Capital Investors. There are no performance hurdles associated with the plan as participants use their own money to invest in the CAP units.

On the third anniversary of the purchase of each tranche of CAP units, a one-off bonus distribution equal to 10 per cent of the capital value of that tranche is made in cash to the participant provided that the CAP units have not been redeemed. A participant may only receive bonus distributions on those CAP units for which the aggregate purchase price paid by the participant (across all tranches) is less than or equal to \$1 million. The bonus distribution is compensation for reduced liquidity as, generally, the first opportunity for redemption of the investment is after three years. There are no performance conditions for receiving the bonus distribution.

A minimum holding period of three years applies before CAP units can be redeemed by continuing employees. On redemption, the capital value of the participant's CAP unit holdings is transferred to units in selected AMP Capital unit trusts.

In the event of termination of employment with AMP, holders are required to redeem their units. In the case of resignation or termination due to misconduct or poor performance prior to the third anniversary of the purchase of the relevant CAPs, the redemption value will be equal to the lesser of the opening value of the CAPs or the most recent valuation of the CAPs. In some other cases, such as redundancy, the redemptions will be made using the most recent valuation of the CAPs.

Three tranches of CAPs purchases have been made – on 1 January 2005, 1 January 2006 and 1 January 2007. A further tranche is planned for 2008.

#### **1.5 Description of long-term incentive plans no longer offered** **Executive Short-term Incentive Program**

*While the Executive Short-term Incentive Program is no longer offered, it is summarised below as the CEO and some executives received matching shares when the three-year holding lock ended in March 2007.*

At the time this program was offered, AMP invited selected executives to nominate up to 25 per cent of any 2002 or 2003 short-term incentive to be allocated as AMP shares. In addition, selected senior executives were required to take 30 per cent of their 2002 and 2003 short-term incentive as shares. As executives salary sacrificed their short-term incentive for AMP shares, no performance hurdles applied after the short-term incentive was granted.

For shares acquired on 10 March 2004, as part of the 2003 Executive Short-term Incentive Program, a three-year holding lock was imposed on these shares and executives who remained employed for three years received a full entitlement of one matching share (for no cash consideration) for each share held in the plan for three years. There were no performance criteria attached to receiving matching shares as the program was designed primarily as a retention tool. Participants who ceased employment with AMP during the three-year holding period lost their entitlement to receive some or all of their matching shares, depending on the reason their employment ceased.

#### *Impact of capital returns*

To compensate for the reduction in the value of entitlements to matching shares resulting from the capital returns made in 2005 and 2006, arrangements with participants in the program were altered so that, in respect of each of those capital returns, they were paid 40 cents for each matching share entitlement that vested and was converted into an AMP share. For shares acquired on 10 March 2004 as part of the 2003 Executive Short-term Incentive Program, a payment of 80 cents per share was made to each eligible participant when their matching share entitlements vested on 10 March 2007. No compensation was paid for the 2007 capital return as all matching shares under this program had vested by this time. The fair value of matching share entitlements immediately prior to the alteration was the same as the fair value immediately after the alteration. Further details of the alteration are set out in section 2.5 of this report.

## 2. Remuneration tables

This section provides the remuneration details for the Chief Executive Officer (CEO) and nominated executives and the non-executive directors.

### CEO and nominated executives

The following table shows the remuneration details for the former CEO, and nominated executives. This group includes the key management personnel for the purposes of AASB 124 *Related Party Disclosures*. The former CEO and nominated executives comprise the five 'company executives' and five 'relevant group executives' receiving the highest remuneration during the year (as those terms are defined by the *Corporations Act 2001*).

Executive		Short-term employee benefits			Post-employment benefits	Subtotal	Share-based payments <sup>1</sup>		Other long-term benefits		Total before termination payments	Termination payments <sup>2</sup>		Grand total
		Cash salary \$'000	Short-term incentive \$'000	Other short-term benefits <sup>3</sup> \$'000	Super-annuation benefits \$'000		Value of options and performance rights <sup>4</sup> \$'000	Value of matching shares and restricted shares <sup>5</sup> \$'000	CAPs – bonus distribution <sup>6</sup> \$'000	Deferred incentive payment <sup>7</sup> \$'000		Cash-based payments <sup>8</sup> \$'000	Share-based payments <sup>9</sup> \$'000	
Andrew Mohl, Chief Executive Officer and Managing Director (left AMP on 31 Dec 2007)	2007 2006	1,800 1,682	2,742 2,720	0 38	13 <sup>10</sup> 12	4,555 4,452	2,261 1,593	41 209	– –	– –	6,857 6,254	2,282 –	3,051 <sup>9</sup> –	12,190 <sup>9</sup> 6,254
Craig Dunn, <sup>11</sup> Chief Operating Officer (appointed CEO & Managing Director on 1 Jan 2008)	2007 2006	879 849	1,155 1,225	0 7	214 218	2,248 2,299	726 558	12 71	– –	– –	2,986 2,928	– –	– –	2,986 2,928
Stephen Dunne, Managing Director, AMP Capital Investors	2007 2006	698 609	1,080 992	1 7	187 168	1,966 1,776	452 317	– –	83 42	– –	2,501 2,135	– –	– –	2,501 2,135
Paul Leaming, Chief Financial Officer	2007 2006	782 709	900 864	0 6	177 165	1,859 1,744	528 461	9 54	– –	– –	2,396 2,259	– –	– –	2,396 2,259
Peter Hodgett, General Manager, Human Resources & Strategy (left AMP on 31 Dec 2007)	2007 2006	574 557	647 684	0 1	128 130	1,349 1,372	399 349	6 38	– –	– –	1,754 1,759	1,465 –	871 <sup>9</sup> –	4,090 <sup>9</sup> 1,759
David Cohen, General Counsel	2007 2006	573 536	653 660	0 7	129 126	1,355 1,329	390 343	8 44	– –	– –	1,753 1,716	– –	– –	1,753 1,716
Craig Meller, <sup>12</sup> Managing Director, AMP Financial Services	2007 2006	613 522	659 618	0 –	87 120	1,359 1,260	354 267	– 35	– –	– –	1,713 1,562	– –	– –	1,713 1,562
Lee Barnett, Chief Information Officer	2007 2006	550 471	641 576	0 –	125 110	1,316 1,157	320 225	– –	– –	– –	1,636 1,382	– –	– –	1,636 1,382
Matthew Percival, General Manager, Public Affairs	2007 2006	454 446	512 540	0 7	101 104	1,067 1,097	324 272	6 33	– –	– –	1,397 1,402	– –	– –	1,397 1,402
Philip Garling, <sup>13</sup> Global Head of Infrastructure, AMP Capital Investors	2007 2006	406 384	410 390	– –	73 72	889 846	– –	– –	44 9	1,577 635	2,510 1,490	– –	– –	2,510 1,490
<b>2007 Total</b>		<b>7,329</b>	<b>9,399</b>	<b>1</b>	<b>1,234</b>	<b>17,963</b>	<b>5,754</b>	<b>82</b>	<b>127</b>	<b>1,577</b>	<b>25,503</b>	<b>3,747</b>	<b>3,922</b>	<b>33,172</b>
2006 Total		6,765	9,269	73	1,225	17,332	4,385	484	51	635	22,887	–	–	22,887
2006 Total <sup>14</sup> for CEO and executives disclosed in 2006		5,859	8,261	73	1,032	15,225	4,118	449	42	0	19,834	–	–	19,834

Footnote:

- 1 All share-based payments are equity settled as per AASB 2.
- 2 Andrew Mohl left AMP on 31 December 2007. Details about his termination payment are outlined on page 20. Peter Hodgett left AMP on 31 December 2007.
- 3 As per contractual arrangements, other short-term benefits consisted of legal fees, taxation and financial planning advice, and employee referral bonus.
- 4 The fair value of options and performance rights has been calculated as at the grant date by external consultants using Monte Carlo simulation techniques. Fair value has been discounted for the probability of not meeting the performance hurdles. The value of the award made in any year is amortised over the vesting period.
- 5 The fair value of restricted shares has been determined using the share price of AMP ordinary shares on the grant date. Under the Employee Share Acquisition Plan (ESAP), and the Executive Short-term Incentive Program, participating employees may receive matching shares at the end of the specified vesting period. The employee has no right to dividends on these matching shares until after they are granted. Each matching share has been valued by external consultants as the face value of an AMP ordinary share at grant date less the present value of the expected dividends (not received). The value of the award made in any year is amortised over the vesting period.
- 6 The fair value of the bonus distribution in the AMP Capital Associates Plan has been determined as being 10% of the capital value of each tranche of CAP units as at the most recent valuation date. The value of the bonus distribution is amortised over the three-year vesting period.
- 7 Philip Garling participates in both the AMP Short-term Incentive scheme and the Infrastructure Targeted Incentive Plan. Philip's reported values in both the 'short-term incentive' and 'deferred incentive payments' columns include amounts from these two schemes. Details about the Infrastructure Targeted Incentive Plan are outlined on page 13.
- 8 Cash-based payments comprise contractual payments such as leave entitlements.
- 9 This represents the portion of performance rights granted in 2005, 2006 and 2007 that would normally have been amortised in future years. While the rights remain subject to the usual vesting period and performance hurdle restrictions, AMP is required under the accounting regulations to expense all future liabilities at the time of departure.
- 10 Andrew Mohl received superannuation contributions equal to 9% of the superannuation maximum contribution base, this being the minimum level of employer contributions required in accordance with superannuation law.
- 11 Craig Dunn was appointed to the role of Chief Operating Officer on 15 October 2007. Prior to his appointment to that role he performed the role of Managing Director, AMP Financial Services, until 14 October 2007.
- 12 Craig Meller was appointed Managing Director, AMP Financial Services, on 15 October 2007. Prior to this appointment he performed the role of Director, Product Manufacturing, until 14 October 2007. Following his appointment to the new role, he received superannuation contributions equal to 9% of the superannuation maximum contribution base. Prior to this appointment, he received superannuation contributions equal to 10.5% of his base salary and short-term incentive payments.
- 13 Philip Garling is not a direct report to the CEO. However, he is included as one of the five 'relevant group executives' receiving the highest remuneration for 2007.
- 14 In line with disclosure requirements, the totals for year ended 31 December 2006 relate to individuals disclosed in the 2006 annual report and so do not equal the sum of amounts disclosed for individuals specified for the 2007 annual report.

**Non-executive directors**

The table below shows the remuneration details for the non-executive directors of AMP Limited for 2007. For further details about the remuneration for non-executive directors go to section 5 on page 30. Director Brian Clark is not included as he was appointed to the AMP Limited Board on 1 January 2008.

		Short-term benefits					Post-employment benefits		Total \$'000
		AMP Limited Board and committee fees <sup>1</sup> \$'000	Fees for other group boards <sup>1</sup> \$'000	Other short- term benefits \$'000	Additional board duties \$'000	Non-monetary benefits \$'000	Super- annuation \$'000	Termination benefits \$'000	
Peter Mason, Chairman	2007	515	–	–	–	–	46	–	561
	2006	480	–	–	–	–	43	–	523
John Astbury <sup>2</sup>	2007	129	64	5	–	–	18	–	216
	2006	145	80	6	–	–	21	–	252
David Clarke	2007	152	15	6	–	–	16	–	189
	2006	143	60	6	–	–	19	–	228
Richard Grellman	2007	182	170	6	–	–	36	–	394
	2006	173	165	6	–	–	31	–	375
Meredith Hellicar	2007	165	160 <sup>3</sup>	6	–	–	30	–	361
	2006	155	91	6	–	–	23	–	275
John Palmer <sup>4</sup>	2007	61	111	3	–	–	13	–	188
	2006	–	106	–	–	–	30	–	136
Nora Scheinkestel	2007	170	66	6	–	–	22	–	264
	2006	160	60	6	–	–	20	–	246
<b>Total for 2007</b>		<b>1,374</b>	<b>586</b>	<b>32</b>	<b>–</b>	<b>–</b>	<b>181</b>	<b>–</b>	<b>2,173</b>
Total for 2006 for non-executive directors disclosed above		1,256	562	30	–	–	187	–	2,035
2006 total for non-executive directors disclosed in 2006 <sup>5</sup>		1,256	456	30	–	–	157	–	1,899

Footnote:

- 1 Details of the non-executive directors' committee memberships and directorships of subsidiary boards are set out in the following table.
- 2 John Astbury retired from the AMP Limited Board on 31 October 2007.
- 3 Meredith Hellicar was appointed Chairman, AMP Life Limited, on 1 October 2006.
- 4 John Palmer was appointed to the AMP Limited Board on 24 July 2007.
- 5 In line with disclosure requirements, the totals for year ended 31 December 2006 relate to individuals disclosed in the 2006 annual report and so do not equal the sum of amounts disclosed for individuals specified for the 2007 annual report.

## Board, committee and subsidiary membership during 2007

	AMP Limited Board	Audit Committee	Nomination Committee	Remuneration Committee	AMP Life Board	AMP Life Audit Committee	Gordian RunOff Limited	Gordian RunOff Audit Committee	AMP Capital Investors Board	AMP Capital Audit Committee	AMP Bank Board
Peter Mason	■		■	■							
John Astbury <sup>1</sup>	■	■			■						
David Clarke <sup>2</sup>	■			■					■	■	
Richard Grellman	■	■	■		■	■	■	■		■	
Meredith Hellicar	■			■	■						■
John Palmer	■				■						
Nora Scheinkestel	■	■	■						■	■	

## Footnote:

1 John Astbury retired from the board and relevant committees on 31 October 2007.

2 David Clarke resigned from the AMP Capital Investors Board and the AMP Capital Audit Committee on 23 March 2007.

■ Indicates chairman of a board or committee.

■ Indicates director or member of a board or committee.

**2.1 Andrew Mohl's departure**

In August 2007, the AMP Board announced that it had mutually agreed with Andrew Mohl that he would leave AMP on 31 December 2007, following over five years as CEO. In line with that agreement, Andrew received, or will receive, the following payments:

- Contractual payment of one year's annual salary of \$1.8 million paid in two equal payments. The first payment was made on 27 December 2007. The second payment will be made in July 2008 provided the restraint of trade period of six months is met.
- Statutory entitlements in respect of unused annual leave and long service leave of \$453,633 were paid on 27 December 2007.

In accordance with the terms and conditions under which they were granted, Andrew Mohl will continue to hold the performance rights granted to him in 2005, 2006 and 2007 subject to the original performance period and performance hurdles (refer to page 14). At the time of grant, the fair values of these grants were \$1,559,000, \$1,959,000 and \$2,570,000 respectively, while the performance periods for these grants end on 31 July 2008, 31 July 2009 and 31 December 2009, respectively.

In accordance with the terms and conditions under which they were granted, all options held by Andrew Mohl lapsed on 30 January 2008.

**2.2 Remuneration mix**

The table below shows the percentage of total remuneration for 2007 that is related to performance for the former CEO and nominated executives. Fixed pay and benefits account for 26 per cent of the total remuneration (excluding termination benefits) for the CEO and 18 per cent to 37 per cent of the total remuneration (excluding termination benefits) for nominated executives.

	At risk					Total
	Fixed pay and benefits <sup>1</sup>	Performance based		Service based		
		STI <sup>2</sup>	Performance rights and options <sup>3</sup>	Matching and restricted shares	CAPS – bonus distribution	
Andrew Mohl, Chief Executive Officer (left AMP on 31 December 2007)	26%	40%	33%	1%	–	100%
Craig Dunn, Chief Operating Officer (appointed CEO on 1 January 2008)	33%	43%	24%	–	–	100%
Stephen Dunne, Managing Director, AMP Capital Investors	32%	48%	18%	–	2%	100%
Paul Leaming, Chief Financial Officer	36%	42%	22%	–	–	100%
Peter Hodgett, General Manager, Human Resources and Strategy (left AMP on 31 December 2007)	36%	41%	23%	–	–	100%
David Cohen, General Counsel	37%	41%	22%	–	–	100%
Craig Meller, Managing Director, AMP Financial Services (appointed 15 October 2007)	39%	40%	21%	–	–	100%
Lee Barnett, Chief Information Officer	37%	43%	20%	–	–	100%
Matthew Percival, General Manager, Public Affairs	37%	40%	23%	–	–	100%
Philip Garling, Global Head of Infrastructure, AMP Capital Investors	18%	80%	–	–	2%	100%

## Footnote:

1 Comprises base salary, superannuation on base salary and non-monetary benefits, excluding termination payments. The figures in this column do not include termination payments. If termination payments were included the proportion of Andrew Mohl's remuneration that is related to performance is 67%, while the corresponding figure for Peter Hodgett is 50%.

2 Includes superannuation paid on STI, and the Infrastructure Targeted Incentive Plan payments for Philip Garling.

3 For the purposes of executive remuneration disclosure under the *Corporations Act 2001*, performance rights are options.

### 2.3 Performance rights holdings

The table below summarises the movements, by number, in the holdings of performance rights granted by AMP Limited to the former CEO and nominated executives. For details on how the fair value of performance rights have been determined, see section 1.4.1. The fair values shown are as at the dates the performance rights were granted. Philip Garling does not hold performance rights.

The performance rights granted:

- in 2003 were impacted by the capital returns made in 2005 and 2006
- in 2004 were impacted by the capital returns made in 2005, 2006 and 2007
- in 2005 were impacted by the capital returns made in 2006 and 2007, and
- on 9 March 2007 were impacted by the capital return made in 2007.

See section 2.5 for further information on the impact of capital returns on performance rights.

Name	Grant date	Fair value per performance right	Holding at 1 Jan 2007	Rights granted in 2007	Rights exercised in 2007 <sup>1,2</sup>	Rights lapsed in 2007	Holding at 31 Dec 2007	Vested and exercisable at 31 Dec 2007
Andrew Mohl	6-Sep-04	\$3.55	340,337	–	340,337	–	–	–
	1-Sep-05	\$4.19	372,129	–	–	–	372,129	–
	8-Sep-06	\$4.13	474,331	–	–	–	474,331	–
	9-Mar-07	\$4.64	–	553,940	–	–	553,940	–
<b>Total</b>			<b>1,186,797</b>	<b>553,940</b>	<b>340,337</b>	<b>–</b>	<b>1,400,400</b>	<b>–</b>
Craig Dunn	6-Sep-04	\$3.55	122,522	–	122,522	–	–	–
	1-Sep-05	\$4.19	116,291	–	–	–	116,291	–
	8-Sep-06	\$4.13	203,451	–	–	–	203,451	–
	5-Sep-07	\$6.01	–	238,298	–	–	238,298	–
<b>Total</b>			<b>442,264</b>	<b>238,298</b>	<b>122,522</b>	<b>–</b>	<b>558,040</b>	<b>–</b>
Stephen Dunne	23-Oct-03	\$3.84	34,768	–	34,768	–	–	–
	18-Mar-04	\$2.78	6,981	–	6,981	–	–	–
	6-Sep-04	\$3.55	79,832	–	79,832	–	–	–
	1-Sep-05	\$4.19	87,290	–	–	–	87,290	–
	8-Sep-06	\$4.13	115,328	–	–	–	115,328	–
	5-Sep-07	\$6.01	–	139,265	–	–	139,265	–
<b>Total</b>			<b>324,199</b>	<b>139,265</b>	<b>121,581</b>	<b>–</b>	<b>341,883</b>	<b>–</b>
Paul Leaming	6-Sep-04	\$3.55	103,236	–	103,236	–	–	–
	1-Sep-05	\$4.19	103,025	–	–	–	103,025	–
	8-Sep-06	\$4.13	133,929	–	–	–	133,929	–
	5-Sep-07	\$6.01	–	154,739	–	–	154,739	–
<b>Total</b>			<b>340,190</b>	<b>154,739</b>	<b>103,236</b>	<b>–</b>	<b>391,693</b>	<b>–</b>
Peter Hodgett	6-Sep-04	\$3.55	74,005	–	74,005	–	–	–
	1-Sep-05	\$4.19	78,561	–	–	–	78,561	–
	8-Sep-06	\$4.13	106,027	–	–	–	106,027	–
	5-Sep-07	\$6.01	–	111,219	–	–	111,219	–
<b>Total</b>			<b>258,593</b>	<b>111,219</b>	<b>74,005</b>	<b>–</b>	<b>295,807</b>	<b>–</b>
David Cohen	6-Sep-04	\$3.55	74,874	–	74,874	–	–	–
	1-Sep-05	\$4.19	74,426	–	–	–	74,426	–
	8-Sep-06	\$4.13	102,307	–	–	–	102,307	–
	5-Sep-07	\$6.01	–	112,186	–	–	112,186	–
<b>Total</b>			<b>251,607</b>	<b>112,186</b>	<b>74,874</b>	<b>–</b>	<b>288,919</b>	<b>–</b>
Craig Meller	6-Sep-04	\$3.55	58,824	–	58,824	–	–	–
	1-Sep-05	\$4.19	59,725	–	–	–	59,725	–
	8-Sep-06	\$4.13	83,706	–	–	–	83,706	–
	5-Sep-07	\$6.01	–	73,171	–	–	73,171	–
	21-Sep-07	\$5.65	–	68,448	–	–	68,448	–
<b>Total</b>			<b>202,255</b>	<b>141,619</b>	<b>58,824</b>	<b>–</b>	<b>285,050</b>	<b>–</b>
Lee Barnett	6-Sep-04	\$3.55	49,580	–	49,580	–	–	–
	1-Sep-05	\$4.19	50,536	–	–	–	50,536	–
	8-Sep-06	\$4.13	89,286	–	–	–	89,286	–
	5-Sep-07	\$6.01	–	110,252	–	–	110,252	–
<b>Total</b>			<b>189,402</b>	<b>110,252</b>	<b>49,580</b>	<b>–</b>	<b>250,074</b>	<b>–</b>
Matthew Percival	6-Sep-04	\$3.55	62,320	–	62,320	–	–	–
	1-Sep-05	\$4.19	66,157	–	–	–	66,157	–
	8-Sep-06	\$4.13	83,706	–	–	–	83,706	–
	5-Sep-07	\$6.01	–	88,008	–	–	88,008	–
<b>Total</b>			<b>212,183</b>	<b>88,008</b>	<b>62,320</b>	<b>–</b>	<b>237,871</b>	<b>–</b>

Footnote:

- 1 This column shows the number of fully-paid ordinary shares in AMP Limited that were delivered by AMP Limited on exercise of the relevant performance rights. A nominal exercise price of \$1 for all shares received on the exercise of performance rights in a particular grant was paid by the holder. No amount remains unpaid per share.
- 2 All rights exercised in 2007, with grant date in 2004, vested during 2007. No other performance rights grants vested during 2007.

## 2.4 Option holdings

The table below summarises the movements, by number, in the options granted by AMP Limited to the former CEO and nominated executives under the former Executive Option Plan. Options are no longer granted under that plan. Craig Meller, David Cohen, Matthew Percival and Philip Garling do not hold options.

Name	Grant date	Exercise price	Holding at 1 Jan 2007	Options granted in 2007	Options exercised in 2007	Options lapsed in 2007 <sup>1</sup>	Holding at 31 Dec 2007 <sup>2</sup>
Andrew Mohl <sup>3</sup>	26-Jun-99	\$11.44	60,000	–	–	–	60,000
Total	18-Dec-99	\$11.35	40,000	–	–	–	40,000
			<b>100,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>100,000</b>
Craig Dunn	19-Feb-00	\$9.91	30,000	–	–	–	30,000
Total	23-Mar-02	–	100,000	–	–	100,000	–
			<b>130,000</b>	<b>–</b>	<b>–</b>	<b>100,000</b>	<b>30,000</b>
Stephen Dunne	26-Jun-99	\$11.44	10,000	–	–	–	10,000
Total			<b>10,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,000</b>
Paul Leaming	26-Jun-99	\$11.44	40,000	–	–	–	40,000
Total			<b>40,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>40,000</b>
Peter Hodgett <sup>4</sup>	26-Jun-99	\$11.44	40,000	–	–	–	40,000
Total			<b>40,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>40,000</b>
Lee Barnett	26-Jun-99	\$11.44	20,000	–	–	–	20,000
Total			<b>20,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,000</b>

Footnote:

- 1 Lapsed as a result of not meeting the performance hurdle.
- 2 No options vested in 2007. All holdings at 31 December 2007 are exercisable.
- 3 Andrew Mohl's option grants lapsed on 30 January 2008.
- 4 Peter Hodgett's option grants lapsed on 30 January 2008.

## 2.5 Vesting of incentives

### 2.5.1 Incentives that vested, were paid or lapsed during 2007

#### Short-term incentives

100 per cent of the 2007 short-term incentive for each nominated executive will be paid in cash on 20 March 2008. With the exception of Philip Garling, no short-term incentives for any nominated executives are deferred.

Philip Garling will receive 21 per cent of his short-term incentive payments on 20 March 2008. The balance of the short-term incentive will be paid in cash, with 39.5 per cent due to be paid in March 2009 and 39.5 per cent due for payment in March 2010. Deferred incentives are forfeited in the event of resignation.

#### Long-term incentives

100 per cent of the performance rights awarded to nominated executives on 6 September 2004 vested during 2007 as the performance hurdles for the respective grants were met in full.

100 per cent of the matching share entitlements for nominated executives in respect of shares acquired through the Executive Short-term Incentive Program on 10 March 2004 and the Employee Share Acquisition Plan at various dates in 2004, vested during 2007 as they met the service requirements of these entitlements.

All options awarded to Craig Dunn in March 2002 lapsed in 2007 without payment as they did not meet the performance hurdle.

No other long-term incentives awarded to nominated executives in this or previous financial years (as identified on the following page) vested or were forfeited in 2007. Vesting of long-term incentives in future financial years is subject to performance hurdles and/or service requirements.

#### Incentives that may vest in future years

The estimated maximum and minimum values of incentives granted to the nominated executives that vest in future financial years are set out on the following page. The maximum value represents the fair value of awards made in 2007 and prior financial years that may vest in future financial years. In the case of performance rights, the value may be realised across the year shown and the following two calendar years as performance rights may be exercised over two years. The minimum value of awards yet to vest is zero (as at the grant date) as the respective performance hurdles and/or service requirement may not be met and consequently the awards may not vest.

	2008 Minimum \$'000	2008 Maximum \$'000	2009 Minimum \$'000	2009 Maximum \$'000	2010 Minimum \$'000	2010 Maximum \$'000
Andrew Mohl						
2005 performance rights	—	1,559	—	—	—	—
2006 performance rights	—	—	—	1,959	—	—
2007 performance rights	—	—	—	—	—	2,570
Total	—	<b>1,559</b>	—	<b>1,959</b>	—	<b>2,570</b>
Craig Dunn						
2005 performance rights	—	487	—	—	—	—
2006 performance rights	—	—	—	840	—	—
2007 performance rights	—	—	—	—	—	1,432
Total	—	<b>487</b>	—	<b>840</b>	—	<b>1,432</b>
Stephen Dunne						
2005 performance rights	—	366	—	—	—	—
2006 performance rights	—	—	—	476	—	—
2007 performance rights	—	—	—	—	—	837
AMP Capital Associates Plan	—	52	—	115	—	30
Total	—	<b>418</b>	—	<b>591</b>	—	<b>867</b>
Paul Leaming						
2005 performance rights	—	432	—	—	—	—
2006 performance rights	—	—	—	553	—	—
2007 performance rights	—	—	—	—	—	930
Total	—	<b>432</b>	—	<b>553</b>	—	<b>930</b>
Peter Hodgett						
2005 performance rights	—	329	—	—	—	—
2006 performance rights	—	—	—	438	—	—
2007 performance rights	—	—	—	—	—	668
Employee Share Acquisition Plan (matching shares)	—	1	—	—	—	—
Total	—	<b>330</b>	—	<b>438</b>	—	<b>668</b>
David Cohen						
2005 performance rights	—	312	—	—	—	—
2006 performance rights	—	—	—	423	—	—
2007 performance rights	—	—	—	—	—	674
Total	—	<b>312</b>	—	<b>423</b>	—	<b>674</b>
Craig Meller						
2005 performance rights	—	250	—	—	—	—
2006 performance rights	—	—	—	346	—	—
2007 performance rights	—	—	—	—	—	826
Total	—	<b>250</b>	—	<b>346</b>	—	<b>826</b>
Lee Barnett						
2005 performance rights	—	212	—	—	—	—
2006 performance rights	—	—	—	369	—	—
2007 performance rights	—	—	—	—	—	663
Employee Share Acquisition Plan (matching shares)	—	—	—	—	—	1
Total	—	<b>212</b>	—	<b>369</b>	—	<b>664</b>
Matthew Percival						
2005 performance rights	—	277	—	—	—	—
2006 performance rights	—	—	—	346	—	—
2007 performance rights	—	—	—	—	—	529
Employee Share Acquisition Plan (matching shares)	—	1	—	1	—	1
Total	—	<b>278</b>	—	<b>347</b>	—	<b>530</b>
Philip Garling						
Infrastructure Targeted Incentive Plan	—	1,106	—	789	—	—
AMP Capital Associates Plan	—	—	—	38	—	89
Total	—	<b>1,106</b>	—	<b>827</b>	—	<b>89</b>

*Cash payments on vesting of long-term incentives as a result of capital return alterations*

Shareholders approved capital returns of 40 cents per share at the AMP Limited Annual General Meetings in 2005, 2006 and 2007.

To compensate for the reduction in the value of performance rights and matching share entitlements held under the ESAP and the 2003 Executive Short-term Incentive Program (respectively), resulting from each of the 2005, 2006 and 2007 capital returns, the arrangements with the former CEO and nominated executives named below (and other participating executives) were altered in 2005, 2006 and 2007 so that, in respect of each capital return (and subject to adjustment for any future capital reorganisation), the executives are entitled to payment by AMP of:

- 40 cents for each performance right held immediately prior to the relevant capital return that subsequently vests and is converted into an AMP share, and
- 40 cents for each entitlement to matching shares under ESAP or the 2003 Executive Short-term Incentive Program (as the case may be) held immediately prior to the relevant capital return that subsequently vests and is converted into an AMP share.

As a result of these alterations:

- executives who held performance rights that were granted in 2004 and vested in 2007 received \$1.20 for each of those performance rights
- executives who acquired shares on 10 March 2004 as part of the 2003 Executive Short-term Incentive Program received a payment of 80 cents per share for each matching share entitlement that vested on 10 March 2007, and
- executives who received matching shares under ESAP during 2007, in respect of shares acquired during 2004, received a payment of 80 cents per share for each of those matching shares.

The table below sets out the cash amounts paid in 2007 to nominated executives on performance rights and matching share entitlements that vested in 2007. Philip Garling does not hold performance rights and did not receive any matching shares.

Name	Cash payment on vesting of 2004 performance rights \$'000	Cash payment on vesting of 2003 matching shares \$'000	Total \$'000
Andrew Mohl	408	82	490
Craig Dunn	147	34	181
Stephen Dunne	96	0	96
Paul Leaming	124	26	150
Peter Hodgett	89	17	106
David Cohen	90	23	113
Craig Meller	71	15	86
Lee Barnett	59	0	59
Matthew Percival	75	14	89

The alterations in respect of performance rights, Executive STI program matching shares, and ESAP matching shares took effect on 26 May 2005, 25 May 2006, and 25 May 2007.

Details of the number of fully paid ordinary shares in AMP Limited underlying each tranche of performance rights held by the nominated executives immediately prior to the alteration made in 2007 are provided in section 2.7. The number of fully paid ordinary shares in AMP Limited underlying the ESAP matching share entitlements prior to the alteration made in 2007 for Peter Hodgett and Matthew Percival were 100 and 300 respectively. The market price of an AMP share was \$10.12 as at 25 May 2007, being the date of the 2007 capital return alteration.

All other terms and conditions affecting performance rights and matching share entitlements (see sections 1.4.1, 1.4.3 and 1.5) held by the nominated executives in 2007, and their fair value, remained the same before and after the alterations described above.

## 2.6 Analysis of movements in performance rights and option holdings

The table below summarises the movement of options and performance rights, by value, during the year. The performance rights exercised during 2007 were those granted to executives on 6 September 2004. Philip Garling did not hold any performance rights or options during 2007 and has therefore been excluded from the table.

The value reported in the first column of the following table represents the 'fair value' of performance rights as calculated at the grant date by external consultants using Monte Carlo simulation techniques. Fair value has been discounted for the probability of not meeting the performance hurdles.

The value of performance rights exercised during 2007 represents the number of performance rights exercised multiplied by the market value of an AMP share as traded on the ASX at close of trading on the date of exercise, less the \$1 exercise price per tranche of performance rights exercised.

Name	Value of performance rights granted during 2007 \$'000	Value of performance rights exercised during 2007 \$'000	Value of performance rights lapsed during 2007 <sup>1</sup> \$'000	Value of options lapsed during 2007 <sup>2</sup> \$'000	Total \$'000
Andrew Mohl	2,570	3,505	0	0	6,075
Craig Dunn	1,432	1,289	0	0	2,721
Stephen Dunne	837	1,241	0	0	2,078
Paul Leaming	930	1,063	0	0	1,993
Peter Hodgett	668	766	0	0	1,434
David Cohen	674	791	0	0	1,465
Craig Meller	826	606	0	0	1,432
Lee Barnett	663	522	0	0	1,185
Matthew Percival	529	642	0	0	1,171

Footnote:

1 The value of performance rights and options lapsed during 2007 was zero at the time of, and immediately prior, to lapse.

## 2.7 CEO and executive shareholdings in AMP Limited

In 2006 the Remuneration Committee introduced guidelines outlining the minimum number of AMP shares that a senior AMP executive is expected to hold. The guidelines were introduced to strengthen the alignment between the interests of senior executives and shareholders in the long-term performance of AMP. Senior executives are expected to establish and maintain the following minimum shareholdings:

- CEO: 300,000 shares
- direct reports to the CEO: 60,000 shares.

Each vested performance right and share held in tax deferral by the executive is treated as being equal to 50 per cent of one share.

A five-year transition period (which began in 2006) gives executives a reasonable amount of time to meet their shareholding guidelines. For new appointments, the five-year transition period begins at the time of appointment.

The table below summarises the movements in holdings of shares in AMP Limited held by the nominated executives and their personally-related entities.

Name	Holding at 1 Jan 2007	Granted as remuneration during the period	Received on exercise of performance rights or options	Other charges <sup>1</sup>	Holding at 31 Dec 2007
Andrew Mohl (left AMP 31 December 2007)	1,014,454	–	340,337	303,901	1,658,692
Craig Dunn <sup>2</sup>	276,780	42,268	122,522	–	441,570
Stephen Dunne	525	–	121,581	–	122,106
Paul Leaming	62,448	32,281	103,236	–	197,965
Peter Hodgett (left AMP 31 December 2007)	277,919	21,539	74,005	(92,103)	281,360
David Cohen	132,321	29,150	74,874	–	236,345
Craig Meller	78,050	19,193	58,824	(59,860)	96,207
Lee Barnett	–	–	49,580	1,165	50,745
Matthew Percival	180,340	18,138	62,320	(50,545)	210,253
Philip Garling	–	–	0	2,862	2,862

Footnote:

1 Other changes represent individuals' purchases and sales made during the period. Purchases made during the period include those shares purchased and held under the Employee Share Acquisition Plan. For further details on the terms and conditions of these plans, see section 1.4.3 of this report.

2 The AMP Limited shareholdings for Craig Dunn include 30,000 vested restricted shares granted in previous roles. For further details on the terms and conditions of restricted shares see section 1.4.2.

### 3. Remuneration and company performance

#### Company performance and short-term incentives

The table below shows how company performance relates to the short-term incentive pools paid to employees over the past five years. The table also shows the average short-term incentives paid as a percentage of maximum opportunity.

	2003 <sup>1</sup>	2004	2005	2006	2007
Operating earnings (\$m)	462	502	647	752	770
Underlying return on equity (%)	18.1	21.2	25.0	31.0	37.9
Controllable costs (\$m)	843	833	805	851	894
Short-term incentive pool (\$m)	74	71	70	83	94
Short-term incentive as % of maximum opportunity (%)	64	80	78	80	75

Footnote:

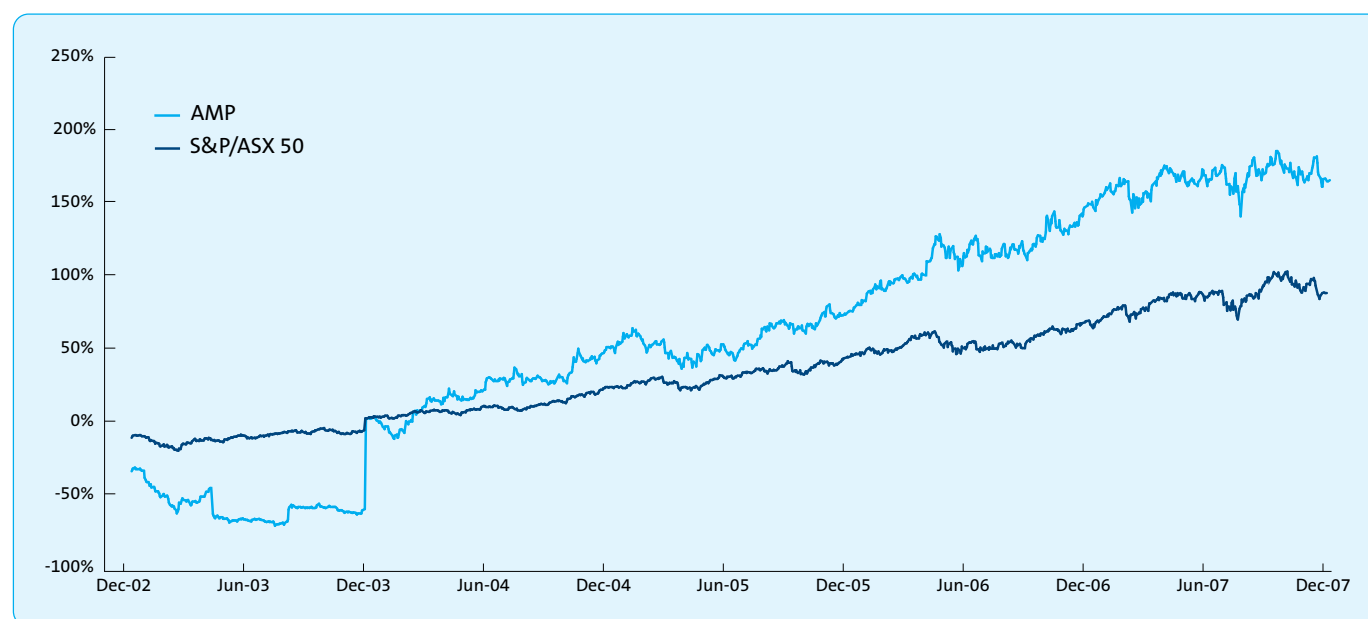
1 On demerged basis.

Company performance since the demerger in December 2003 has provided year-on-year increases in operating margins and returns on equity. AMP's continued strong performance since the demerger is reflected in the high STI payments as a percentage of maximum opportunity.

#### Company performance and long-term incentives

The vesting of options and performance rights awarded to the CEO and executives since June 2000 have all been subject to a performance hurdle relating to AMP's total shareholder return relative to a comparator group of S&P/ASX 100 top 50 companies (industrials). The comparator group members for the various performance rights grants are set out in section 1.4.1.

AMP's total shareholder return compared to the S&P/ASX 50 Index over the past five years (as shown below) reflects the significant difference in AMP's performance before and after the demerger. The total shareholder return is calculated as the growth in share price (using the ASX adjusted price series) plus dividend payments and capital returns over the period.



The 2003 and 2004 performance rights grants vested in full in 2006 and 2007, respectively, following AMP achieving a top quartile TSR ranking. The following table provides a summary of how the current performance rights grants are tracking as at 31 December 2007 based on AMP's relative TSR performance since the start of the respective performance periods.

Grant	Performance period	Total shareholder return to 31 Dec 2007	TSR ranking relative to comparator group	Vesting status as at 31 December 2007 <sup>1</sup>
2005 grant	1 August 2005 to 31 July 2008	84.0%	86th percentile	100%
2006 grant	1 August 2006 to 31 July 2009	23.2%	45th percentile	0%
2007 CEO grant	1 January 2007 to 31 December 2009	13.8%	56th percentile	62%
2007 grant	1 August 2007 to 31 July 2010	-0.8%	57th percentile	64%

Footnote:

1 This column shows the percentage of performance rights that would vest if AMP's TSR ranking relative to the comparator group continued at the level shown until the end of the performance period.

## 4. Contracts

### 4.1 Andrew Mohl, Chief Executive Officer (left AMP on 31 December 2007)

Contract components	Details
Length of contract	Andrew Mohl's contract expired 31 December 2007 by mutual agreement.
Base salary	Base salary for the 2007 year was \$1.8 million.
Superannuation	Superannuation contributions equal to 9% of the superannuation maximum contribution base. For the 2007 year, \$12,900 was paid to his nominated superannuation plan.
Short-term incentive (STI)	<p>Annual short-term incentive opportunity was 0% to 200% of base salary. Any short-term incentive payments awarded are paid in cash.</p> <p>For the 2007 year the board determined that Andrew's STI payment was \$2.742 million, which was 150% of his base salary.</p> <p>The STI is based on performance against a range of 2007 financial, qualitative and personal performance measures:</p> <ul style="list-style-type: none"> <li>– 49% AMP group financial measures (see page 12)</li> <li>– 21% AMP group qualitative measures (see page 12)</li> <li>– 30% personal performance measures (business operations, cultural transformation, growth strategy, personal leadership, external positioning, succession planning).</li> </ul> <p>These measures were recommended by the Remuneration Committee and approved by the AMP Board as they were considered to be the key indicators of the CEO's performance.</p>
Long-term incentive (LTI)	<p>The contract included the opportunity to earn a long-term incentive in the form of performance rights up to 150% of base salary.</p> <p>The Remuneration Committee makes recommendations on CEO's performance rights grant to the AMP Board for approval. Full details of previous grants are outlined in section 2.3.</p> <p>In 2007 he received 553,940 performance rights with a fair value at the time of grant of \$2.570 million.</p> <p>Performance rights can be exercised at the end of the three-year performance period, provided a pre-determined performance hurdle is met (as outlined in section 1.4.1).</p>
End of contract payments	<p>In August 2007, the AMP Board announced that it had mutually agreed with Andrew that he would leave AMP on 31 December 2007, following over five years as CEO. Contractual payments made to him are outlined in section 2.1 on page 20.</p> <p>Andrew's contract expired and was not renewed, and this entitled him to a payment equivalent to 12 months base salary.</p> <p>Note: Andrew's employment with other companies is restricted until July 2008. Under this form of termination, he continues to hold previously granted performance rights subject to existing performance period and hurdles.</p> <p>Andrew received statutory entitlements, including accrued long service leave and annual leave, as well as accumulated superannuation benefits.</p> <p>The other provisions of his contract that related to termination of employment were as follows:</p> <ul style="list-style-type: none"> <li>– Andrew was required to provide six months written notice to the AMP Board to terminate his employment contract.</li> <li>– In the event AMP terminated his employment for any reason other than unsatisfactory performance, AMP was required to give two months written notice and provide a payment equivalent to 10 months base salary if the termination date fell between 8 October 2006 and 31 December 2007 (inclusive).</li> <li>– Under this form of termination, he would continue to hold previously granted performance rights subject to existing performance period and hurdles.</li> <li>– If Andrew's employment ceased as a result of poor performance, AMP was required to give him written notice or payment comprising the lesser of 12 months or the balance of the period until the expiry of the term of his contract. In the event of termination as a result of poor performance, or serious misconduct or cessation of employment by Andrew, performance rights (vested and unvested) would have lapsed immediately.</li> </ul>

#### 4.2 Craig Dunn, Chief Operating Officer (Chief Executive Officer effective 1 January 2008)

This section provides contractual details for Craig Dunn following his appointment to CEO. For Craig's 2007 contract details see section 4.3.

Contract components	Details
Length of contract	Open ended.
Base salary	Base salary in 2008 for his role as CEO is \$1.4 million per annum inclusive of compulsory superannuation contributions. The fixed remuneration will be reviewed annually with the first review to occur in February 2009.
Superannuation	Superannuation contributions equal to 9% of the superannuation maximum contribution base. These contributions are included in his base salary.
Short-term incentive (STI)	<p>The range of annual STI opportunity is between 0% to 200% of base salary. Any short-term incentive payments awarded will be paid in cash.</p> <p>For the 2007 year the board determined an STI payment of \$1.155 million awarded for his performance as Chief Operating Officer and Managing Director AMP Financial Services. This amount is 131% of his previous base salary.</p>
Long-term incentive (LTI)	<p>The contract includes the opportunity for Craig to earn a long-term incentive in the form of performance rights up to 150% of base salary, for the 12 month period commencing 1 August 2008.</p> <p>For the period from 1 January to 31 July 2008, he will receive performance rights to the value of \$506,333.</p> <p>Performance rights can be exercised at the end of the three-year performance period, provided a pre-determined performance hurdle is met.</p>
End of contract payments	<p>Employment may be terminated at any time by AMP giving 12 months' notice or by Craig giving six months' notice. In each case AMP may pay the fixed remuneration for the balance of the notice period in order to bring an earlier end to his employment.</p> <p>AMP may terminate Craig's employment immediately in certain events including serious misconduct and material breach of contract. AMP may also terminate with 12 months' notice if he is incapacitated for an extended period.</p> <p>Accrued fixed salary and statutory entitlements will be paid on any termination. Where AMP terminates employment with notice or employment is terminated due to death, vested and unvested performance rights granted under LTI awards will be retained. Unvested performance rights will continue to be held subject to the original performance hurdles and performance periods. If Craig terminates by giving notice and AMP does not pay out the notice period, he will not be entitled to an STI payment nor will he retain unvested performance rights. Vested performance rights will be retained.</p> <p>On termination for serious misconduct or material breach of contract, no STI payment is payable and all performance rights lapse.</p> <p>If AMP terminates Craig's employment by notice or employment is terminated due to death, the number of performance rights granted in the 12 month LTI cycle in which termination occurs and which he is entitled to retain will be reduced pro rata according to the proportion of that 12 month period in which he has been employed.</p> <p>If Craig terminates his employment by notice and AMP pays out the notice period, he will not be entitled to a pro rata STI payment but vested and unvested performance rights will continue to be held subject to the original performance hurdles and performance periods.</p>

### 4.3 Direct reports to the CEO

Contract components	Details
Length of contract	Open ended.
Base salary	Reviewed annually (not necessarily increased). Base salary is approved by the Remuneration Committee.
Superannuation	All nominated executives receive 10.5% of base salary and short-term incentive payment as superannuation, with the exception of Craig Meller who receives superannuation contributions equal to 9% of the superannuation maximum contribution base.
Short-term incentive (STI)	The maximum short-term incentive opportunity ranges from 150% to 200% of base salary, depending on the role. Actual STI payments are subject to approval by the Remuneration Committee.
Long-term incentive (LTI)	Long-term incentive awards are proposed by the CEO and approved by the Remuneration Committee. The maximum LTI opportunity ranges from 120% to 125% of base salary, depending on the role.
Resignation	Six months notice. Performance rights, options and unvested shares are forfeited.
Termination on notice by AMP	12 months notice or AMP makes a cash payment in lieu of notice (except in the case of termination for serious misconduct).
Termination for serious misconduct	Performance rights, options and unvested shares are forfeited.

The levels of base salary, STI and LTI are reviewed annually and determined in line with the policy outlined in section 1.3 of this report.

### 4.4 Philip Garling, Global Head of Infrastructure, AMP Capital Investors

Contract components	Details
Length of contract	Open ended.
Base salary	Reviewed annually (not necessarily increased). Base salary is approved by the CEO.
Superannuation	10.5% of base salary and short-term incentive payment as superannuation.
Short-term incentive (STI)	The maximum short-term incentive opportunity is 100% of base salary. Actual STI payments are subject to approval by the AMP Capital Remuneration Committee.
Infrastructure Targeted Incentive Plan	Considered for a discretionary payment in the event that the Infrastructure team exceeds their profit hurdle. Actual payments are subject to approval by the AMP Capital Remuneration Committee.
Resignation	Three months' notice. Deferred incentives are forfeited.
Termination on notice by AMP	Three months' notice or AMP makes a cash payment in lieu of notice (except in the case of termination for serious misconduct).
Termination for serious misconduct	Deferred incentives are forfeited.

## 5. Non-executive director remuneration

The 2007 remuneration details for the following non-executive directors are covered in this report:

- Peter Mason, Chairman
- David Clarke
- Meredith Hellicar
- Dr Nora Scheinkestel
- Richard Grellman
- John Palmer (appointed to the board on 27 July 2007)
- John Astbury (retired on 31 October 2007).

Director Brian Clark is not included as he was appointed to the AMP Limited Board on 1 January 2008.

### 5.1 Philosophy

Fees paid to non-executive directors of the AMP Board are determined having regard to advice provided by AMP's remuneration specialists and external remuneration advisers appointed by the Nomination Committee. Factors that are taken into consideration include:

- the level of fees paid to board members of Australian corporations of a similar size
- the complexity of AMP's operations, and
- the responsibilities and workload requirements of board members.

In order to maintain their independence, no proportion of non-executive directors' remuneration is linked to performance.

### 5.2 Structure

The components of non-executive directors' remuneration are:

- board fees (including expense allowance), and
- committee and subsidiary board fees.

Company superannuation contributions are made on these fees as outlined in section 5.3.

#### Board fees

The aggregate fee pool for non-executive directors is approved by shareholders. In 2007 this was \$2,500,000. The board fees for 2007 were as follows:

	Chairman	Other non-executive directors
Base fee <sup>1</sup>	\$515,000	\$140,000
Expense allowance <sup>1</sup>	N/A	\$6,000
Total	<b>\$515,000</b>	<b>\$146,000</b>

Footnote:

- 1 These amounts exclude the minimum company superannuation contributions totaling nine per cent of fees.

The fee for the AMP Chairman incorporates all payments. No additional fees are paid for his membership of board committees or as a non-executive director of subsidiary boards, nor for his attendance at meetings of boards or committees of which he is not a member.

Board fees are not paid to the CEO as responsibilities regarding board membership are considered to be part of the CEO's normal employment conditions.

An expense allowance of \$6,000 is paid to each director, except the Chairman, for incidental expenses related to the business of the company.

#### Committee and subsidiary board fees

During 2007, non-executive directors were paid a fee for service on the AMP Board. Additional fees were paid for service on the Audit, Nomination and Remuneration Committees. Individual non-executive directors are paid additional fees for duties associated with membership of AMP subsidiary boards, and for duties associated with due diligence committees of major projects (or other special purpose committees) on a per-day basis.

	Committee chairman \$	Committee member \$
Audit Committee	35,000	15,000
Nomination Committee	15,000	7,500
Remuneration Committee	25,000	12,500
AMP Life Limited Board	127,500	85,000
Gordian RunOff Limited	75,000	50,000
AMP Capital Investors Limited Board	99,000	66,000
AMP Bank Board	52,500	35,000

The amounts presented in the table above exclude the minimum company superannuation contributions totalling nine per cent of fees. Details about board, committee and subsidiary board membership are shown on page 20.

#### Remuneration table

Refer to page 19 for full details of total remuneration paid to the non-executive directors for 2007.

### 5.3 How board remuneration is paid

Remuneration is paid in the form of cash, shares and superannuation. Directors may specify the allocation of their total remuneration between these three components, subject to the following conditions:

- at least 26 per cent of fees must be taken in the form of AMP shares through the AMP Non-Executive Directors' Share Plan, and
- the minimum superannuation guarantee contributions must be made.

#### AMP Non-Executive Directors' Share Plan

A minimum of 26 per cent of non-executive directors' fees must be taken in the form of AMP shares, which are held until they are released under the terms of the AMP Non-Executive Directors' Share Plan. There are no performance conditions attached to this plan, as non-executive directors sacrifice part of their fees to acquire these shares.

Non-executive directors must retain the AMP shares purchased through the plan for a period of up to 10 years from the date of acquisition, unless otherwise withdrawn with the approval of the Remuneration Committee, or if a director resigns from the AMP Limited Board. Following the release of the shares from the plan, non-executive directors can either sell the shares or continue to hold them.

Non-executive directors do not participate in any employee share plan or receive options or performance rights.

#### Superannuation

Superannuation contributions totalling nine per cent of fees are paid in addition to fees and allowances. Directors may choose to increase the proportion of their remuneration taken as superannuation, subject to legislative guidelines.

#### Retirement benefits

AMP ceased providing retirement benefits to directors in March 2003 and entitlements were frozen at that time. One director, Richard Grellman, who was appointed to the board prior to March 2003, has a frozen retirement allowance which provides cash benefits in the event of death or retirement from the board. The retirement allowance was based on a sliding scale that provides a maximum benefit, after 15 years of service, of five times the average fees over the three years preceding retirement or death.

### 5.4 Shareholdings

The following table summarises the movements in holdings of shares in AMP Limited held by the non-executive directors and their personally related entities.

Name	Holding at 1 Jan 2007	Granted as remuneration during the period	Purchased through the AMP Non-Executive Directors' Share Plan	Other changes <sup>1</sup>	Holding at 31 Dec 2007
Peter Mason	181,717	–	12,697	34,382	228,796
John Astbury <sup>2</sup>	24,793	–	2,857	–	27,650
David Clarke	79,131	–	13,969	5,000	98,100
Richard Grellman	27,276	–	3,446	–	30,722
Meredith Hellicar	33,035	–	3,441	413	36,889
John Palmer	21,579	–	868	–	22,447
Nora Scheinkestel	46,504	–	3,441	5,137	55,082

Footnote:

- 1 Represents individuals' purchases and sales made during the period. Purchases made during the period include those shares purchased and held under the AMP Non-Executive Directors' Share Plan. For further details on the terms and conditions of this plan, see section 5.3 of this report.
- 2 John Astbury retired from the board on 30 October 2007.

## 6. Statement on transfer of related party information

The *Corporations Regulations 2001* allow the transfer of remuneration information required by AASB 124 *Related Party Disclosures* from the Financial Report into the Directors' Report. The following sections comply with the requirements of AASB 124 and have been subject to audit: sections 1.2, 1.3, 1.4, 1.5, 2, 4, 5.

Signed in accordance with a resolution of the directors.



**Peter Mason**  
Chairman

Sydney, 14 February 2008



**Craig Dunn**  
Managing Director and Chief Executive Officer

# Auditor's independence declaration



■ Ernst & Young Centre  
680 George Street  
Sydney NSW 2000  
Australia

■ Tel 61 2 9248 5555  
Fax 61 2 9248 5959  
DX Sydney Stock  
Exchange 10172

GPO Box 2646  
Sydney NSW 2001

## Auditor's Independence Declaration to the Directors of AMP Limited

In relation to our audit of the financial report of AMP Limited for the financial year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'A Price'.

Andrew Price

Partner

14 February 2008