



Annual Report 2009

report

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All amounts are in Australian dollars, unless otherwise specified. The information in this report is current as at 8 March 2010.

AMP Limited

ABN 49 079 354 519

Glossary

Closed products

Products within AMP's Mature business that are not open to new customers.

Contingent liabilities

A situation existing at reporting date, where past events have led to a possible obligation the outcome of which depends on uncertain future events, but the outcome is not sufficiently probable or reliably measurable to warrant recognising the liability at this reporting date.

Controllable costs

Costs that AMP incurs in running its business. Controllable costs include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

Demerger

AMP's demerger on 23 December 2003 created separate businesses; AMP in Australasia and Henderson Group in the United Kingdom.

Earnings per share (EPS)

Each EPS calculation represents the relevant profit amount divided by the weighted average number of shares on issue during the year.

Embedded value (EV)

A calculation relating to the AMP Financial Services business, other than Bank, of the economic value of the shareholder capital in the business and the future profits expected to emerge from the business currently in-force (expressed in today's dollars).

Franked dividends

Dividends paid which have franking credits attached. The franking credits represent the income tax paid by the company paying the dividend, which can be used as a tax credit by Australian resident shareholders receiving the dividend.

Investment performance

A measure of how well we manage funds on behalf of our customers. The percentage of assets managed by AMP which met or exceeded their respective benchmarks.

Long-term incentive (LTI)

A long-term incentive is an award primarily provided in the form of performance rights or restricted shares, to align an executive's interest with the interests of shareholders. Long-term incentives at AMP are subject to a performance hurdle and/or a service requirement.

Mismatches

Under accounting standards, accounting mismatches arise because the recognition and measurement rules for certain policyholder assets differ from the recognition and measurement rules for the actual liability to policyholders in respect of the same assets. Mismatch items have no impact on the group's underlying profit, cash flow or value.

Operating earnings

Total operating earnings are the shareholder profits that relate to the performance of AMP's operating units (AMP Financial Services, AMP Capital Investors and Group office). Operating earnings exclude investment earnings on shareholder capital and certain one-off items.

Option

A right to acquire an AMP share at a pre-determined price during an exercise period, subject to meeting performance hurdles. AMP has not offered options under its Employee or Executive Option Plans since 2002.

Performance right

This is a form of executive remuneration designed to reward long-term performance. Selected executives are granted performance rights. Each performance right is a right to acquire one AMP share after a three-year performance period, as long as a specific performance hurdle is met.

Restricted share

This is a form of executive remuneration designed to reward long-term performance. Selected executives are granted restricted shares. A restricted share is an ordinary AMP share that has a holding lock in place until a three-year vesting period ends.

Short-term incentive (STI)

A cash-based payment based on performance during the year against pre-defined business objectives aligned to company strategy.

Underlying profit

Underlying profit (which smoothes the effect of investment market volatility) is calculated by aggregating operating earnings, interest expense on corporate debt, recognition of tax losses and underlying investment income. Underlying investment income is based on long-term expected rates of return. Actual investment income can be higher or lower than the long-term rate from year to year.

Underlying return on equity (RoE)

A measure of the return a company makes on shareholder equity. RoE for the year is calculated as underlying profit divided by average monthly shareholder equity during the year.

Value of new business (VNB)

A measure relating to the AMP Financial Services business, other than Bank, of the future profits (expressed in today's dollars) expected to emerge from new business written over the period, net of the cost of providing supporting capital.

Vesting

Remuneration term defining the point at which any performance hurdles have been met and a financial benefit may be realised by the recipient.





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Contact the AMP Share Registry

Email ampservices@computershare.com.au
Internet www.amp.com.au/shareholdercentre

Australia AMP Share Registry
Reply Paid 2980
MELBOURNE VIC 8060
Phone 1300 654 442
Fax 1300 301 721

New Zealand AMP Share Registry
PO Box 91543
Victoria Street West
AUCKLAND 1142
Phone 0800 448 062
Fax 09 488 8787

Other countries AMP Share Registry
GPO Box 2980
MELBOURNE VIC 3001
AUSTRALIA
Phone +613 9415 4051
Fax +612 8234 5002

**Registered office
of AMP Limited** Level 24, 33 Alfred Street
Sydney NSW 2000, Australia
Phone +612 9257 5000
Fax +612 9257 7178

AMP Limited is incorporated and domiciled in Australia
General Counsel and Company Secretary: Brian Salter