AMP Investor Report

Half year 2009

1H09

Management and contact details

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Craig Meller	Managing Director, AMP Financial Services
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AMP Limited
ABN 49 079 354 519

Contents

Important note

This Investor Report provides financial information reflecting 100% shareholder attributable after income tax results from an operational perspective. The principles of life insurance accounting are used in reporting the results of AFS. Information is provided on an operational basis (rather than statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information useful for investors. This Investor Report is not audited. In preparing the Investor Report, management has had its external auditor, Ernst & Young, prepare a review statement in relation to specific matters pertaining to the information presented herein for management's purposes. This statement has been included in the document for the information of readers; however, it has been prepared solely for management and may not be relied upon by any party other than the management of AMP Limited.

All results have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Forward looking statements in this Investor Report are based on management's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed. These forward looking statements are not guarantees or representations of future performance.

This Investor Report is not an offer document and therefore has not been the subject of a full due diligence process typically used for an offer document. While AMP has sought to ensure that information in this Investor Report is accurate by undertaking a review process, it makes no representation or warranty as to the accuracy or completeness of any information or statement in this Investor Report. In particular, information and statements in this Investor Report do not constitute investment advice or a recommendation on any matter.

AMP also provides prescribed statutory reporting under the Corporations Act 2001. Those accounts will be available from AMP's website www.amp.com.au and reflect policyholder and shareholder interests.

1H 09 performance summary

Key performance measures

- Underlying return on equity decreased 8.9 percentage points to 31.6%
- Underlying profit of A$367m down 16% on 1H 08
- Growth measures:
  - AFS net cashflows of A$865m, up from A$760m in 1H 08; AMPCI external net cashflows of A$192m, down from A$369m in 1H 08
  - Value of risk new business[1] up 7% to A$47m
- 32% of AUM met or exceeded benchmark over the 12 months to 30 June 2009; 55% for the six months to 30 June 2009.

Profit and profit drivers

Underlying profit of A$367m down 16% on 1H 08

Net profit attributable to shareholders of AMP Limited down 1% to A$362m

- AFS contemporary wealth management operating earnings down 9%, mature down 19%, New Zealand down 15% and AMPCI down 45%
- AFS contemporary wealth protection operating earnings up 9%
- Open businesses contributed 79% of total BU operating earnings
- Total investment income up A$71m due to higher capital resources, following the AMP Notes Offer in 1H 09.

Cashflows, AUM and revenue margins

Group AUM down 1% to A$104b from FY 08, primarily due to weaker investment returns

- AFS AUM increased 2% to A$68b, AMPCI AUM down 2% to A$90b from FY 08
- AFS net cashflows up 14% on 1H 08 to A$865m. Retail superannuation and pensions/annuities fell 33% to A$555m, corporate superannuation and pensions/annuities increased 57% to A$486m (excluding mandate wins), while New Zealand increased 52% to A$88m
- AFS Australian individual risk API increased 16% to A$563m, Group risk increased 3% to A$150m, New Zealand individual risk API increased by 12% to NZ$139m from 1H 08
- Contemporary wealth management gross revenue margins increased 8 bps compared to 1H 08 to 190 bps. AMPCI AUM based management fees grew 1.5 bps to 31.5 bps, while performance and transaction fees to average AUM decreased 7.9 bps.

Costs and cost ratios

Total costs fell 7% to A$413m; cost to income ratio up 2.5 percentage points to 42.4%

- AFS controllable costs decreased 5% to A$264m, AMPCI costs decreased 11% to A$123m. Cost decreases were primarily due to tight cost management and lower labour costs.

Capital management and dividend

- Excess capital over minimum regulatory requirements was A$1.1b at 1H 09, up from A$0.9b at FY 08
- Interest cover (underlying) remains a strong 10.0 times
- Gearing on an S&P basis is 16%
- Interim dividend of 14 cps was declared for 1H 09.

1 This is a combined value of new business measure for Australian contemporary wealth protection and New Zealand risk insurance.

Financial summary

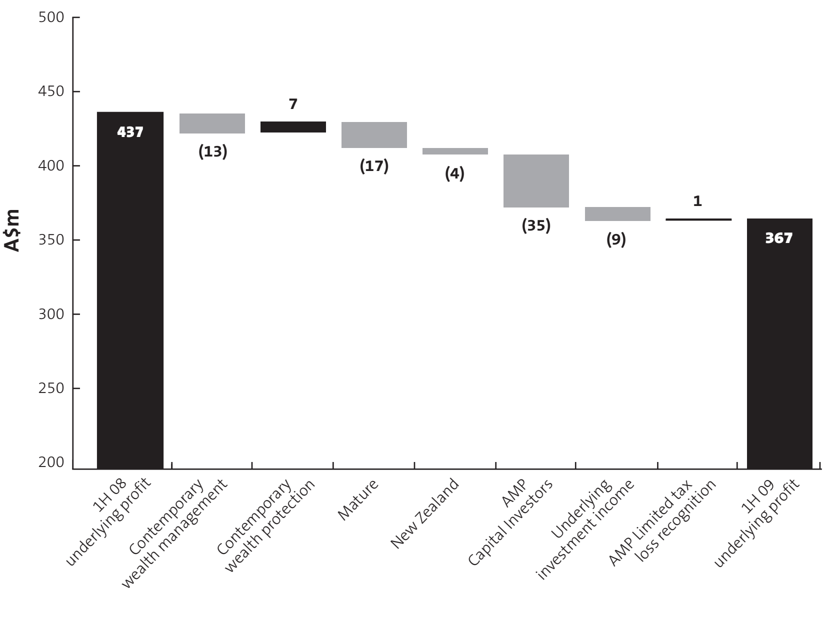
A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss					
Australian contemporary wealth management	**129**	142	124	266	(9.2)
Australian contemporary wealth protection	**83**	76	78	154	9.2
Australian mature	**72**	89	72	161	(19.1)
New Zealand	**23**	27	29	56	(14.8)
AMP Financial Services	**307**	334	303	637	(8.1)
AMP Capital Investors	**43**	78	58	136	(44.9)
BU operating earnings	**350**	412	361	773	(15.0)
Group Office costs	**(18)**	(18)	(18)	(36)	-
Total operating earnings	**332**	394	343	737	(15.7)
Underlying investment income	**64**	73	67	140	(12.3)
Interest expense on Corporate debt	**(37)**	(37)	(45)	(82)	-
AMP Limited tax loss recognition	**8**	7	8	15	14.3
Underlying profit	**367**	437	373	810	(16.0)
Market adjustment – investment income	**(42)**	(122)	(138)	(260)	n/a
Other items[1]	**53**	2	71	73	n/a
Seed pool valuation adjustments[2]	**(35)**	-	(42)	(42)	n/a
Profit after income tax before timing differences	**343**	317	264	581	8.2
Market adjustment – annuity fair value[3]	**(9)**	(41)	(76)	(117)	n/a
Loan hedge revaluations[3]	**(4)**	2	(43)	(41)	n/a
Accounting mismatches[3]	**32**	88	69	157	n/a
Net profit attributable to shareholders of AMP Limited	**362**	366	214	580	(1.1)

1 Other items principally comprise the release of prior year tax provisions. Refer to page 40 for more detail.

2 Seed pool valuation adjustments represent the abnormal writedown of seed pool assets, being Singapore industrial property and an Australian retirement village business. Refer to page 30 for more detail.

3 Timing differences relate to accounting gains/losses that do not reflect the underlying profitability of the group and should reverse over time. Refer to page 41 for more detail.

Movement in underlying profit 1H 08 to 1H 09



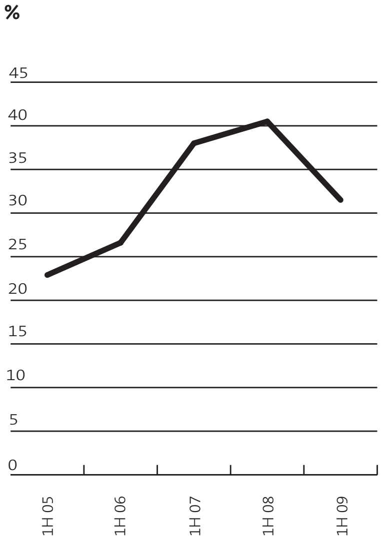
Financial summary cont'd

	1H 09	1H 08	2H 08	FY 08
Earnings				
EPS – underlying (cps)	**18.3**	23.3	19.7	42.9
EPS – actual (cps)	**16.4**	14.8	7.7	22.4
RoE – underlying	**31.6%**	40.5%	37.3%	38.9%
RoE – actual	**29.5%**	29.4%	26.4%	27.9%
Underlying investment income as a percentage of underlying profit	**17%**	17%	18%	17%
Dividend per share (cps)	**14**	22	16	38
Dividend per share – sale of Cobalt/Gordian business (cps)		2	-	2
Dividend payout ratio – underlying	**77%**	94%	81%	89%
Ordinary shares on issue (m)[1]	**2,014**	1,875	1,993	1,993
Weighted average number of shares on issue (m)[1] – basic	**2,008**	1,875	1,890	1,890
– fully diluted	**2,018**	1,883	1,899	1,899
Market capitalisation – end period (A$m)	**9,827**	12,543	10,801	10,801
Capital management				
Corporate debt (excluding AMP Banking debt) (A$m)	**1,389**	1,443	1,504	1,504
S&P gearing	**16%**	13%	14%	14%
Interest cover – underlying (times)	**10.0**	13.5	10.9	10.9
Interest cover – actual (times)	**8.4**	11.6	8.1	8.1
EV and VNB				
VNB – risk insurance (3% dm) (A$m)	**47**	44	70	114
EV after transfers – AFS (3% dm) (A$m)[2]	**7,472**	7,372	7,536	7,536
Return on EV – AFS (3% dm)	**2.7%**	0.8%	2.7%	3.4%
Cashflows and AUM				
AFS cash inflows (A$m)	**5,935**	7,398	7,047	14,445
AFS cash outflows (A$m)	**(5,070)**	(6,638)	(6,381)	(13,019)
AFS net cashflows (A$m)	**865**	760	666	1,426
AFS persistency	**90.3%**	90.0%	89.8%	90.3%
AFS AUM – AMPCI managed (A$b)	**54**	60	54	54
AFS AUM – externally managed (A$b)	**14**	16	13	13
AMPCI net cashflows – external (A$m)	**192**	369	(1,173)	(804)
AMPCI net cashflows – internal (A$m)	**(71)**	(1,931)	1,457	(474)
AMPCI AUM (A$b)	**90**	101	92	92
Investment performance – AMPCI				
Percentage of funds meeting or exceeding benchmark – total AUM[3]	**32%**	57%	17%	17%
Controllable costs and cost ratios				
Operating costs (A$m)	**381**	404	402	806
Project costs (A$m)	**32**	38	35	73
Total controllable costs (A$m)	**413**	442	437	879
Cost to income ratio	**42.4%**	39.9%	42.9%	41.3%
Controllable costs to AUM (bps)	**81**	72	78	75

1 Number of shares has not been adjusted to remove treasury shares.
2 1H 09 transfers of A$271m (1H 08 A$374m).
3 Performance figures are on a 12 month rolling basis for total AMPCI AUM.

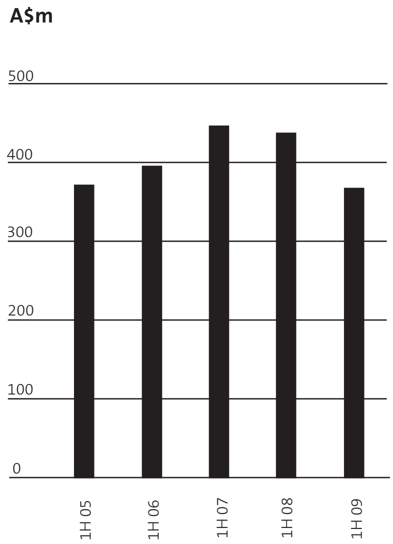
Key performance measures

Return on equity (RoE) – underlying



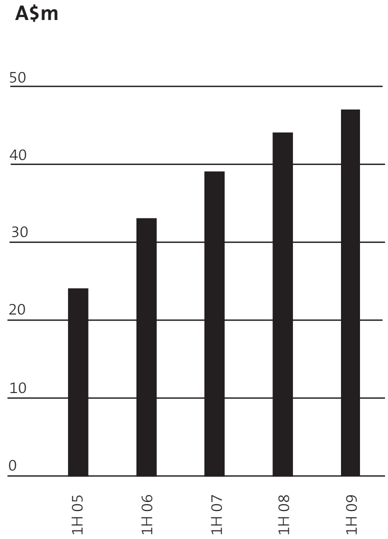
- Underlying RoE decreased to 31.6% in 1H 09

Underlying profit



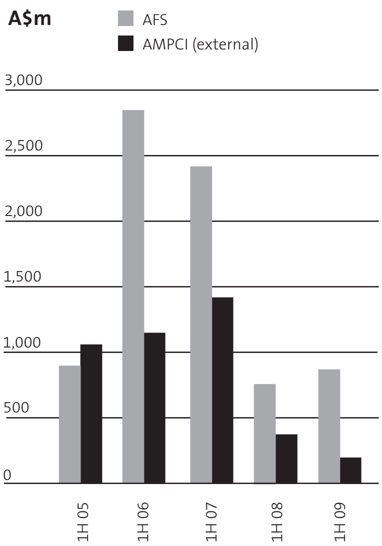
- Underlying profit was down A$70m on 1H 08

Value of new business (VNB) – risk insurance



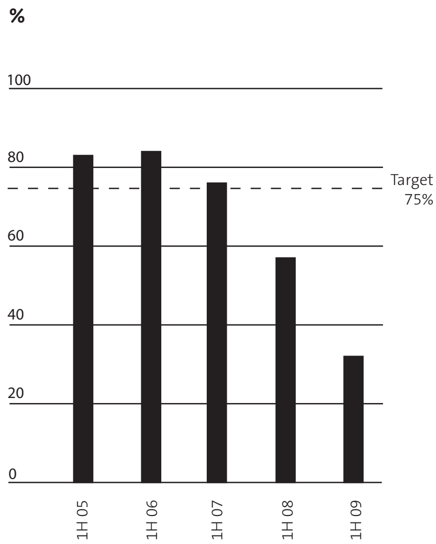
- VNB – risk insurance rose 7% to A$47m

Net cashflows



- Net cashflows for AFS up to A$865m; AMPCI (external) down to A$192m

Percentage of AUM meeting or exceeding benchmark



- 32% of AUM meeting or exceeding benchmark for the 12 months to June 2009 (55% for the six months to June 2009)

Strategic overview

Overview

AMP is a 160-year-old company operating in Australia and New Zealand, with selected investment management activities in Asia.

The company is financially strong, with a diverse earnings base, low cost ratios and a disciplined, prudent approach to capital management.

AMP's resilient business model is characterised by a pre-eminent brand; a low cost and scalable manufacturing platform; a large aligned planner channel; a broad-based asset management and packaging business; and cost and capital efficiency.

AMP's two core businesses are AMP Financial Services (AFS) and AMP Capital Investors (AMPCI), which are described on page 46.

Capital management

AMP holds a level of capital above its minimum regulatory requirements (MRR). At 30 June 2009 the regulatory capital resources above MRR were A$1,125m (A$898m at 31 December 2008). Regulatory capital resources were 2.4 times MRR (2.1 times at 31 December 2008). The MRR coverage ratio will vary throughout the year due to a range of factors including investment market movements, dividend payments and statutory profits.

Given the challenging market conditions, AMP will continue to take a prudent approach to capital management and has a bias towards holding more capital rather than less. In 1H 09, AMP raised A$296m through the AMP Notes Offer, a retail Lower Tier 2, subordinated debt issue. This helped fund the refinancing of both the AMP Banking Lower Tier 2 capital in April 2009 and AMP Corporate subordinated debt in August 2009.

AMP's interim dividend is 14 cents per share franked to 50%. AMP's dividend payout ratio for 1H 09 is 77% of underlying profit, with future dividends likely to be in the range of 75% to 85% of underlying profit.

AMP's capital strategy remains focussed on enhancing its already strong capital position to maintain flexibility to grow in the current climate.

AMP will continue to offer a discount of 2.5% to DRP participants. Participation in the current DRP will be partially underwritten to about 75%. This will provide:

- an additional capital buffer to protect against further falls in direct property valuations
- additional capacity to allow AMP Life SF1 to reinvest in equities as markets improve
- some capacity for small scale M&A opportunities should they arise.

Strategy

AMP is pursuing a focused strategy to strengthen its competitive position in its core markets of Australia and New Zealand and to selectively invest in Asia.

AMP's strategy is designed to position the company for both short and long-term success.

Short-term

The short-term outlook remains challenging, marked by subdued investor sentiment, potential regulatory change and shifting consumer expectations for simpler, more transparent products and services.

AMP is reshaping its business for growth in this environment.

By 1 July 2010, AMP Financial Services (AFS) will:

- provide a fee-for-service financial advice model for new business
- offer explicit pricing on superannuation and pension products
- have further aligned its financial planning practices' business models with changing customer needs and reduced planner costs to serve
- provide a broader range of products that compete on price and features
- use a broader range of distribution channels – beyond its aligned financial planner network – including workplace, third party and direct.

Through the change program Advice 2010, AFS is evolving its advice model to ensure its aligned planners efficiently transition to a new environment. At 1H 09, 67% of AMP Financial Planning and 68% of Hillross planners had approved fee-for-service capabilities.

Another key objective of this program is to set up practices for sustainable and profitable growth, with business models that are more aligned to changing customer needs.

AFS is evolving its superannuation product range. In April 2009, it launched a simple, low cost superannuation product called Flexible Lifetime (FL) Super Easy. AFS is now developing a series of product modules, based on FL Super Easy, that will vary in price and features in order to appeal to a wider customer base.

Broadening distribution is also a key short-term priority for AFS. Along with increasing aligned planner numbers, AFS is strengthening its workplace channel and accelerating growth in its direct and third-party capabilities.

AFS currently offers products and services directly via telephone or its website. For example new products, FL Super Easy and AMP Banking's AMP First are offered online.

In the third-party market, AFS is establishing a stronger presence through its relationships with Aussie Home Loans, mortgage brokers and independent financial advisers (IFAs). During 1H 09, risk sales increased 47% through IFAs. AFS intends to continue deepening this presence and has established a team solely responsible for increasing business through IFAs and alliances.

AMP continues to source new corporate superannuation business through its direct sales force.

By 1 July 2010, AMP Capital Investors will:

- strengthen its core business by developing and attracting new talent and continuing to upgrade investment systems
- have increased its scale in the Australian retail market
- source more funds from its international clients, including Asia through third-party partnerships, joint ventures and direct means.

Strategic overview cont'd

To do this, AMPCI is strengthening its investment specialist capabilities (making three new appointments in 1H 09); intensifying its client education and communication efforts; launching new products to meet investor demand (eg AMP Capital Asian equity growth fund and AMP Capital corporate bond fund); and focusing on building partnerships in Asian markets with large pools of investable capital (eg Japan).

In Asia, AMPCI strengthened its position with the purchase of Japan's Gemini Advisors Securities Investments Company Limited. The acquisition will allow AMPCI to further expand its reach into the Japanese retail investor market. AMPCI also has relationships with Japan's top three broking houses to distribute AMPCI products and Japan's T&D Asset Management to distribute AMPCI infrastructure products.

Medium to long-term

Robust growth is forecast in the medium and long-term for the Australian, New Zealand and selected Asian wealth management markets.

As a result, AMP's growth platforms remain highly relevant to the company's future.

Below are the five growth platforms AMP is targeting over the next three to five years.

1. **Grow financial planner capacity and broaden distribution.**
2. **Expand to Asia through AMP Capital Investors.**
3. **Grow customers in high value segments.**
4. **Reshape AMP Capital Investors into a high value-add investment manager.**
5. **Invest in key growth enablers.**

By pursuing our short and long-term strategy, AMP will:

- remain the most cost efficient wealth manager in Australia
- continue to have the largest, most productive aligned planner force in Australia and New Zealand
- offer extended distribution, with a focus on increased sales of contemporary wealth management and risk products through third-party and direct channels
- deliver competitively priced products and services (ranging from high margin to low margin) to meet the needs of fast-growing customer segments
- emerge as a more regionally focused asset manager focused on manufacturing and distributing high value-add products and advice.

AMP's executive remuneration is aligned with its growth strategy

Remuneration includes both short and long-term incentives, which are aligned to the company's performance and value growth for shareholders.

Short-term incentives are based on progress against AMP's four key performance measures: underlying return on equity; underlying profit; growth measures including AFS and AMPCI's net cashflows and the value of risk new business; and investment performance.

Long-term incentives are based on progress in generating total shareholder returns (TSR) in the top quartile of the market.

Outlook – growth goal

AMP's over-arching goal is to deliver first quartile TSR performance to shareholders. This means that AMP aims to be in the top 25% of the major 50 Australian listed companies (S&P/ASX 100 Index) in terms of total shareholder returns over every five year cycle.

AMP is confident of its ability to deliver first quartile TSR performance over the cycle given the financial strength and robust competitive position of the company. It will do this by prudently and pragmatically managing costs, capital and liquidity, while maintaining investment in critical growth platforms.

AMP Financial Services financial summary

Business overview

AMP Financial Services (AFS) is a wealth management business operating in Australia and New Zealand.

It is the market leader in retail and corporate superannuation and ranked second in retirement income (based on AUM market share). AFS also has the largest aligned planner force in Australia and New Zealand.

AFS discloses its results by the following businesses, which are described on pages 10 to 17:

- Australian contemporary wealth management
- Australian contemporary wealth protection
- Australian mature
- New Zealand.

Strategy

AFS is evolving its business model for future success in response to shifting consumer preferences, potential changes to regulation and difficult economic conditions.

To do this, in line with AMP's five growth platforms, AFS is: increasing the size and productivity of its financial planner force; broadening distribution by accelerating its workplace, third-party (including independent financial advisers and alliances) and direct capabilities; and deepening customer insights to build tailored offers that create value for AMP, its customers and planners.

AFS is using its key competitive advantages to achieve its goals. These advantages are:

- scale, which delivers cost advantages in manufacturing and distribution
- a large, aligned planner channel
- a low cost, scalable manufacturing platform
- a pre-eminent brand.

AMP growth platform 1: grow financial planner capacity and broaden distribution

Grow planner numbers and increase productivity

AFS planner numbers reduced by 5 to 2,090 in 1H 09 primarily due to the timing of Horizons Academy planner intakes. However, planner numbers in the Australian aligned channels of AMP Financial Planning (AMPFP) and Hillross grew in line with the industry[1] in 1H 09, increasing by 16 to 1,646. This growth was driven by the transition of Horizons Academy graduates to AMPFP practices. Total AMPFP practice numbers increased by 3 to 682, while Hillross practices increased by 1 to 107, reflecting the strength of AFS's value proposition to planners.

The Horizons Academy continued to attract and train planners in 1H 09. Its sixth intake of 24 is now in training. Demand for places at the Academy continues to outstrip supply.

Planner productivity initiatives progressed. These initiatives fall into three categories:

1. **Technology** to automate processes. AFS completed the rollout of new financial planning software to all participating AMPFP practices and 80% of Hillross practices. A program is now underway to ensure practices realise productivity benefits, with efficiencies of up to 30% expected.
2. **Centralised back-office services** to increase customer-facing time. Paraplanning services have been extended to 216 practices.
3. **Tailored customer offers** to drive higher, better targeted activity. Planners utilising tailored offers are starting to demonstrate greater productivity (ie more client appointments and conversions) than non-participating planners.

The change program Advice 2010 is well underway to transition planners to a new environment with business models that are strongly aligned to customer needs. At 1H 09, 67% of AMPFP and 68% of Hillross planners had approved fee-for-service capabilities.

Developing broader, complementary distribution channels

AFS is broadening its distribution to drive revenue and profit. During 1H 09, AFS:

- increased corporate superannuation business, winning A$92m in new mandates and delivering a 57% increase in net cashflows
- maintained its share of New Zealand KiwiSaver market at 14.4%; KiwiSaver contributions helped to boost New Zealand net cashflows by 52%
- increased risk sales through independent financial advisers by 47%
- grew AMP Banking business, increasing deposits by 18% and mortgage book by 2%. Deposit growth increased following the launch of AMP First, a high-interest savings and transaction account
- launched new products, FL Super Easy and AMP First, which are both available online, over the telephone or via aligned planners.

AMP growth platform 3: grow customers in high value segments

To position its product range for the future, AFS introduced two products in 1H 09 that target new market segments:

- FL Super Easy, a simple, low-cost superannuation product with no built-in commissions designed for people aged 25-50 years with an annual income of less than A$100,000 and who are unlikely to proactively seek advice. AFS is now developing additional modules, based on this product, that will evolve with customers' lifetime needs and appeal to a wider customer base
- AMP Ascend, a self-managed superfund for DIY investors.

During 1H 09, AFS also launched AMP Personalised Portfolio, a separately managed account platform for high net worth investors and Definitive Wrap, an alternative wrap product available to Hillross planners using a Macquarie platform.

AMP growth platform 5: invest in key growth enablers

AFS is continuing to invest in core assets of people, brand and technology. In 1H 09, AFS:

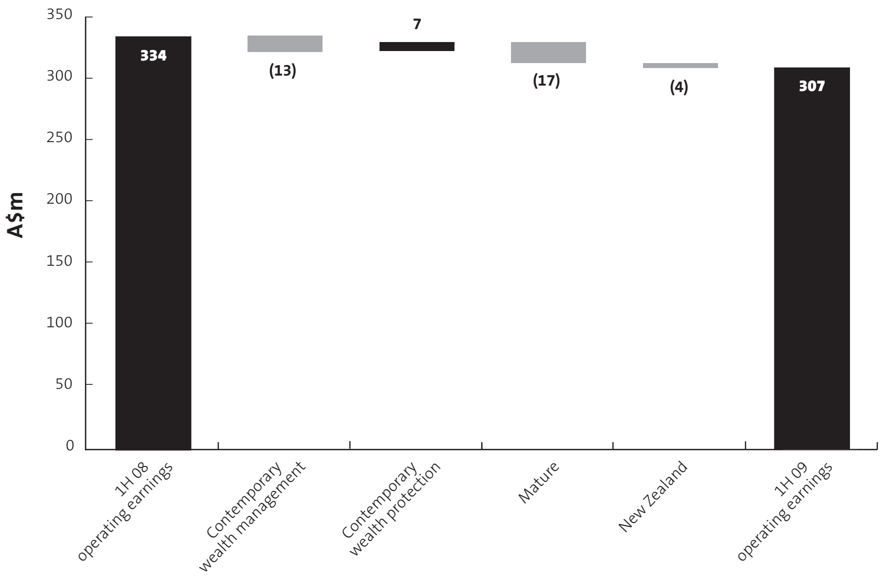
- continued programs to develop leadership capabilities and build high performance culture
- launched a brand campaign designed to position AMP as a contemporary provider of a broad range of intelligent financial solutions
- continued implementation of business process management technologies to drive cost efficient growth and maintain AFS's cost leadership position. AFS total controllable costs are 5% lower in 1H 09. Guidance for FY 09 AFS total controllable costs remains at 5% lower than FY 08.

1 Money Management August 2009.

AMP Financial Services financial summary cont'd

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss					
Profit margins	**301**	319	289	608	(5.6)
Experience profits	**6**	15	14	29	(60.0)
Operating earnings	**307**	334	303	637	(8.1)
Underlying investment income	**36**	43	36	79	(16.3)
Underlying operating profit after income tax	**343**	377	339	716	(9.0)
Controllable costs and cost ratios					
Operating costs	**237**	251	255	506	(5.6)
Project costs	**27**	27	27	54	-
Total controllable costs	**264**	278	282	560	(5.0)
Cost to income ratio	**35.0%**	34.0%	36.8%	35.4%	n/a
Controllable costs to AUM (bps)	**79**	71	78	75	n/a
Return on capital					
RoBUE	**36.3%**	49.9%	40.9%	45.3%	n/a
End period tangible capital resources – after transfers (A$m)	**1,907**	1,399	1,811	1,811	n/a
Cashflows, AUM and persistency					
AFS cash inflows (A$m)	**5,935**	7,398	7,047	14,445	(19.8)
AFS cash outflows (A$m)	**(5,070)**	(6,638)	(6,381)	(13,019)	23.6
AFS net cashflows (A$m)	**865**	760	666	1,426	13.8
AUM (pre-capital) (A$b)	**66.4**	74.5	65.7	65.7	(10.9)
Persistency	**90.3%**	90.0%	89.8%	90.3%	n/a
VNB – risk insurance and risk annual premium in-force (API)					
VNB – risk insurance (3% dm) (A$m)	**47**	44	70	114	6.8
Australian individual risk API (A$m)	**563**	484	547	547	16.3
New Zealand individual risk API (NZ$m)	**139**	124	133	133	12.1

Movement in operating earnings 1H 08 to 1H 09

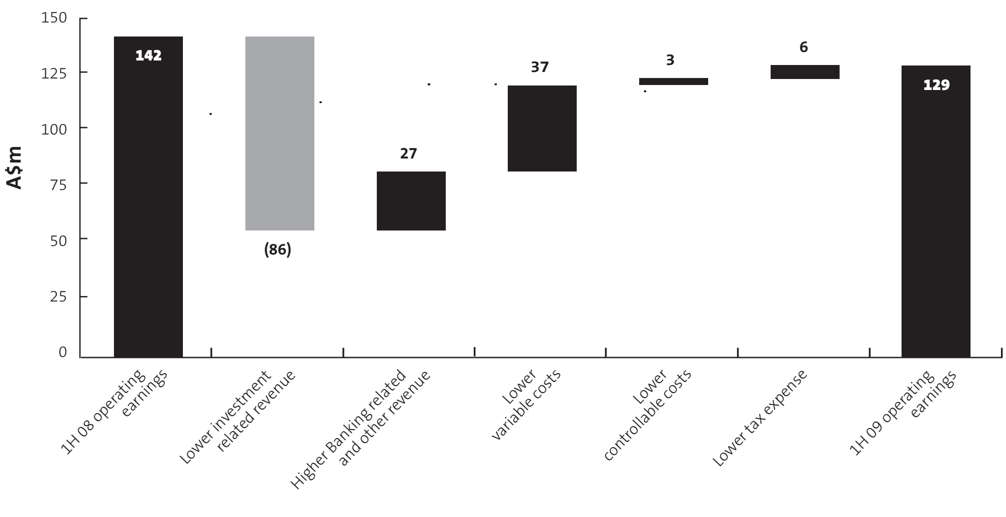


Australian contemporary wealth management

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss[1]					
Revenue					
Investment related[2]	**402**	488	444	932	(17.6)
Banking related	**75**	56	73	129	33.9
Other[3]	**42**	34	36	70	23.5
Total revenue	**519**	578	553	1,131	(10.2)
Planner payments[4]	**75**	95	90	185	(21.1)
Investment management expense	**61**	81	73	154	(24.7)
Banking variable costs	**27**	23	26	49	17.4
Other variable costs	**3**	4	5	9	(25.0)
Total variable costs	**166**	203	194	397	(18.2)
Controllable costs	**169**	172	182	354	(1.7)
Tax expense	**55**	61	53	114	(9.8)
Operating earnings	**129**	142	124	266	(9.2)
Underlying investment income	**7**	12	8	20	(41.7)
Underlying operating profit after income tax	**136**	154	132	286	(11.7)
RoBUE	**42.0%**	51.8%	41.1%	46.5%	n/a
End period tangible capital resources – after transfers (A$m)	**655**	532	656	656	n/a
Net cashflows (A$m)[5]	**1,131**	1,146	1,034	2,180	(1.3)
AUM (pre-capital) (A$b)[5]	**44.2**	50.4	42.4	42.4	(12.3)
Average AUM (including capital) (A$b)	**42.6**	53.6	48.5	51.0	(20.5)
Persistency	**90.3%**	90.0%	89.7%	90.3%	n/a
Cost to income ratio	**46.5%**	43.9%	49.1%	46.5%	n/a
Investment related revenue to AUM (bps)[2,6]	**190**	182	183	183	n/a
Variable costs to AUM (bps)[6,7]	**66**	68	69	68	n/a
Controllable costs to AUM (bps)[6,7]	**70**	55	64	60	n/a
Operating earnings to AUM (bps)[8,9]	**52**	51	45	48	n/a

1 Contemporary wealth management business comprises: retail superannuation, corporate superannuation, retail investment, allocated pensions/annuities, external platforms, AMP Banking and Financial Planning, Advice & Services.
2 Investment related refers to revenue on superannuation and allocated pension and investment products.
3 Other revenue includes product and platform fees received by Financial Planning, Advice & Services from AFS mature and contemporary wealth protection.
4 Planner payments represent payments by AMP customers to planners.
5 Fixed term annuities have been reclassified to mature. Comparatives have been restated.
6 Based on monthly average AUM including capital.
7 Costs in this ratio exclude AMP Banking costs.
8 Operating earnings exclude AMP Banking.
9 Contemporary wealth management EV and VNB are detailed on page 22.

Movement in operating earnings 1H 08 to 1H 09



Australian contemporary wealth management cont'd

Business overview

The contemporary wealth management (CWM) business is focused on optimising customer opportunities for financial planning services, superannuation, retirement income and banking products.

CWM's key priorities are to:

- **Drive AUM and revenue growth** while remaining vigilant on cost control.
- **Improve planner productivity and grow planner numbers** while improving the quality of the advice experience and developing complementary advice channels. AFS also aims to better capitalise on downstream opportunities and improve services to members within corporate superannuation.
- **Develop more attractive products and services** using a more segmented approach to expand offerings to third-party distributors; and continue to manufacture market-leading contemporary products at lowest unit cost.
- **Pursue opportunities to lower unit costs** and achieve ongoing capital efficiencies.

Operating earnings

Operating earnings fell by A$13m (9%) to A$129m in 1H 09 due to lower investment related revenue (down 18%), offset by:

- lower variable costs (down 18%)
- lower controllable costs (down 2%), and
- higher banking related revenue (up 34%).

1H 08 operating earnings includes A$2m from fixed term annuities; this product set is now reported in mature.

Gross revenue margins

While there has been an 18% reduction (A$42m) in fees charged to customers, in 1H 09, gross revenue margins increased 8 bps to 190 bps predominantly due to:

- increased member fees charged independently of AUM balances (ie fixed dollar fees); despite weaker investment markets leading to lower AUM levels, member fees were not materially impacted by lower AUM
- the impact of market declines on member account balances (AUM), which led to lower asset management fee rebates. Asset management fee rebates reduce customer fees as account balances increase. In 2H 08, gross revenue margins also benefited from lower management fee rebates; however, this was offset by the impact of funds moving to lower margin cash options.

New superannuation business is being written at lower margins than average rates on the total in-force book. For example, in 1H 09 new superannuation business for AMP's Flexible Lifetime Super (FLS) product was written at an average of 50 bps lower than the average margin on the FLS in-force book. This reflects higher asset management rebates on new balances transferred in and lower margin cash options.

Due to the changing regulatory environment, expected trends in gross revenue margins in the contemporary business are difficult to quantify. However, a proportion of CWM business is expected to trend toward higher volumes and lower value, which will have an impact on margins over time as CWM's product mix changes.

Variable costs

Variable costs include costs that vary directly with business volumes such as planner fees and commissions, investment management fees and banking securitisation costs and commissions.

Variable costs fell 18% to A$166m due to:

- the deterioration in investment markets, which resulted in lower sales volumes and payments to planners (down 21% to A$75m)
- the reduction in AUM, which led to lower investment management fees (down 25% to A$61m), offset by:
- higher banking variable costs (up 17% to A$27m) as the growth in mortgage book resulted in increased planner and third-party broker payments.

Variable costs to AUM fell 2 bps to 66 bps in 1H 09 primarily due to lower investment management costs.

Net revenue margins

Net revenue margins (investment related revenue less variable cost to AUM ratio) increased 10 bps to 124 bps in 1H 09, as a result of increased gross revenue margins and lower investment management costs.

AMP Banking

AMP Banking contributed A$18m to CWM operating earnings, up from A$6m in 1H 08. The AMP Banking result benefited from improved margins in retail lending in 1H 09; however, higher funding costs have started to impact on margins in 2Q 09.

AMP Banking remains well positioned, with a capital adequacy ratio of 11.8% as at 30 June 2009, and the 90+ days loan arrears trended down over the half from 0.57% to 0.49%.

AMP Banking mortgages are funded by a combination of on-balance sheet (58% being retail, superannuation and wholesale deposits) and off-balance sheet (42% being securitisation) funding. For further details on AMP Banking funding, refer to page 39.

The AMP Banking strategy is to fund future growth in mortgages largely by growing deposits. Deposits are a growing source of new funding with the securitisation markets closed. Given the intense competition for banking deposits and higher wholesale funding costs, operating earnings in 2H 09 may be impacted.

Controllable costs

Total controllable costs fell 2% or A$3m to A$169m in 1H 09. Absolute cost reductions in parts of CWM, including lower employment costs, were offset by funding a number of distribution and product initiatives, including the Horizons Academy and the launch of FL Super Easy. These initiatives are aimed at improving CWM's growth profile over the medium-term.

The cost to income ratio increased by 2.6 percentage points to 46.5% in 1H 09 as a result of net revenues not being fully offset by the lower controllable costs. Controllable costs to AUM increased 15 bps to 70 bps in 1H 09 due to average AUM falling more than controllable costs.

Return on capital

RoBUE for 1H 09 was 42.0% down from 51.8%, reflecting lower earnings.

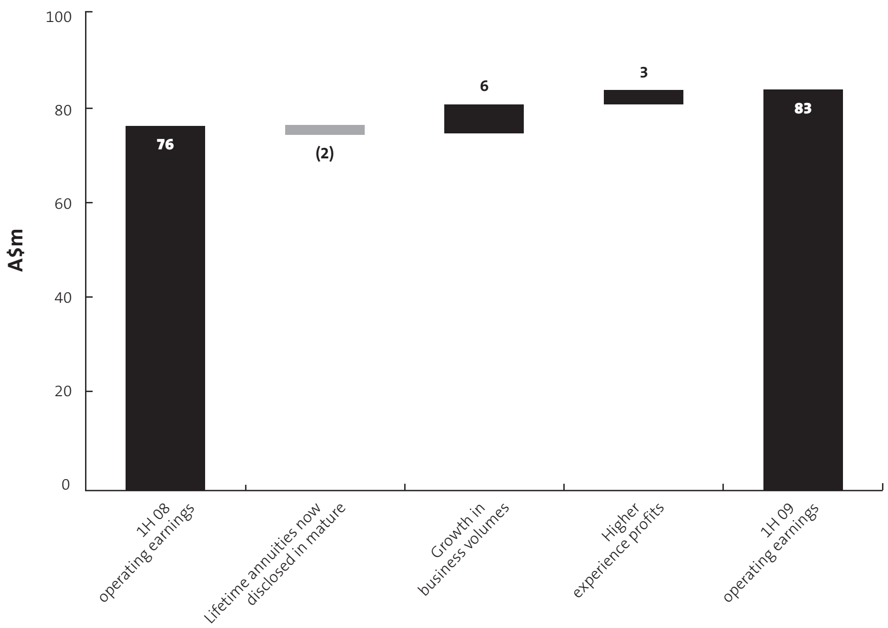
Australian contemporary wealth protection

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss[1]					
Profit margins	**70**	66	69	135	6.1
Experience profits	**13**	10	9	19	30.0
Operating earnings	**83**	76	78	154	9.2
Underlying investment income	**16**	23	21	44	(30.4)
Underlying operating profit after income tax	**99**	99	99	198	-
RoBUE	**31.7%**	33.5%	30.5%	31.5%	n/a
End period tangible capital resources – after transfers (A$m)	**621**	592	674	674	n/a
VNB (3% dm) (A$m)	**41**	38	52	90	7.9
EV – after transfers (3% dm) (A$m)	**1,658**	1,638	1,828	1,828	n/a
Return on EV (3% dm)	**1.1%**	7.9%	14.2%	22.9%	n/a
Individual risk API (A$m)	**563**	484	547	547	16.3
Group risk API (A$m)	**150**	145	155	155	3.4
Individual risk lapse rate	**10.1%**	10.1%	11.9%	10.8%	n/a
Operating earnings/annual premium[2]	**23.4%**	24.3%	23.5%	23.9%	n/a
Controllable costs (A$m)	**39**	40	38	78	(2.5)
Cost to income ratio	**21.9%**	22.2%	21.2%	21.7%	n/a
Controllable costs/annual premium[2]	**11.2%**	13.0%	11.3%	12.1%	n/a

1 Contemporary wealth protection comprises individual risk and group risk.

2 Based on average annual premium in-force.

Movement in operating earnings 1H 08 to 1H 09



Australian contemporary wealth protection cont'd

Business overview

The attractiveness of holding risk insurance product within a superannuation policy was enhanced following changes to superannuation legislation in 2007. In the individual risk protection business, 50% of in-force and 74% of sales are now written within a superannuation contract. Group risk is a key component of the corporate superannuation offer.

Contemporary wealth protection's (CWP) key priorities are to:

- grow market share while only writing profitable business
- increase the proportion of superannuation customers who have risk insurance
- ensure AMP product and service propositions remain competitive
- improve ease and profitability of writing AMP risk for planners
- grow distribution through independent financial advisers and alliances channels
- improve operational leverage
- enhance claims management processes built on a philosophy of paying all genuine claims.

Operating earnings

Operating earnings grew 9% in 1H 09 to A$83m due to strong new business growth in individual risk products and higher experience profits from improved claims management and lower mortality rates.

1H 09 lifetime annuities operating earnings are now reported as part of mature after AMP closed the product to new business during the half. 1H 08 operating earnings included a A$2m contribution from lifetime annuities (comparatives have not been restated).

Annual premium in-force (API)

Individual risk API grew A$79m (16%) over 1H 08 and A$16m (3%) over 2H 08. 2H 08 includes the annual benefit from CPI and age premium increases on risk within superannuation. The growth is mainly due to solid new business volume growth (up 17%) from:

- increased planner activity and focus as difficult market and economic conditions led to an increased demand for risk protection products
- strong growth in sales by independent financial advisers and alliances (up 47%). AFS has continued to capitalise on its strong brand and competitive product and service offering to win new business from the IFA channel.

Group risk API increased A$5m (3%) over 1H 08 and fell A$5m (3%) over 2H 08 as 1H 09 Group risk API was impacted by a number of mandate losses. This was offset by:

- the positive impact from previous tax changes that extended the product range available within superannuation, and
- an increased focus by the business on optimising the value of the portfolio and positioning it for future growth.

CWP API at 1H 09 comprised lump sum insurance (80%) and disability, including income protection (20%). This composition has remained consistent over the past 12 months.

Lapse rates

Lapse rate management is a critical driver of individual risk profitability. AMP historically has lapse rates amongst the lowest in the industry.

In 1H 09, lapse rates were 10.1%, in line with 1H 08 and 1.8 percentage points lower than 2H 08. In 1H 09, lapse rates have improved across all risk product lines, but particularly due to a reduction in lapses from Instant Cover and insurance written when members leave corporate superannuation plans.

Controllable costs

Controllable costs fell A$1m to A$39m in 1H 09. The cost to income ratio fell to 21.9% due to higher revenues and the small decline in controllable costs.

Return on capital

RoBUE for 1H 09 was 31.7%.

The total amount of capital allocated to the CWP business in 1H 09 fell by A$53m due to the transfer of lifetime annuities to the mature business, offset by capital allocated for new business growth.

Embedded value (EV) and value of new business (VNB)

EV increased by 1.1% at the 3% discount margin in 1H 09 before transfers. The increase was driven by new business growth and positive mortality and lapse experience, offset by the impact of increased bond yields during the half. Excluding the impact of changes in investment markets and bond yields, the EV would have increased 9%.

VNB increased by 7.9% to A$41m in 1H 09 compared to A$38m in 1H 08 as a result of an increase in new business premiums, partly offset by changes to lapse rate assumptions in 2H 08.

For further details on EV and VNB, refer to pages 22 to 24.

Pricing and product features

AMP aims to price risk products at market median. Product features continue to evolve to ensure AMP's risk products remain market competitive.

There were no material changes to individual income or term insurance prices in 1H 09.

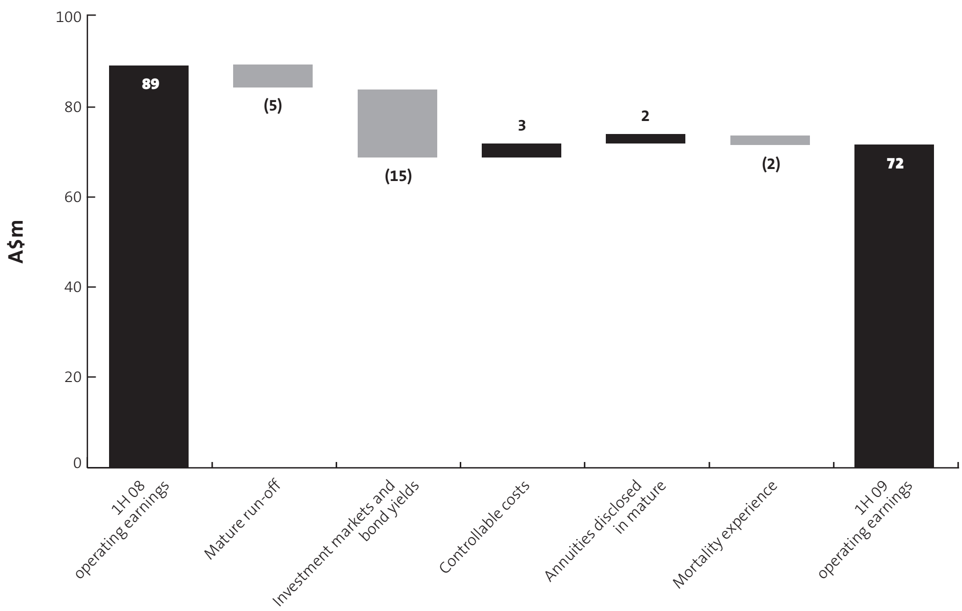
Australian mature

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss					
Profit margins	**73**	89	68	157	(18.0)
Experience profits/(losses)	**(1)**	-	4	4	n/a
Operating earnings	**72**	89	72	161	(19.1)
Underlying investment income	**9**	5	3	8	80.0
Underlying operating profit after income tax	**81**	94	75	169	(13.8)
RoBUE	**45.5%**	178.9%	132.5%	158.2%	n/a
End period tangible capital resources – after transfers (A$m)	**374**	66	221	221	n/a
VNB (3% dm) (A$m)	**15**	15	6	21	-
EV – after transfers (3% dm) (A$m)	**1,575**	1,560	1,376	1,376	n/a
Return on EV (3% dm)	**6.5%**	(4.8%)	(16.7%)	(19.6%)	n/a
Net cashflows (A$m)[1]	**(576)**	(641)	(635)	(1,276)	10.1
AUM (pre-capital) (A$b)[1]	**17.9**	19.8	18.8	18.8	(9.6)
Operating earnings to AUM (bps)[2]	**76**	100	85	93	n/a
Persistency	**89.5%**	89.3%	89.4%	89.7%	n/a
Controllable costs (A$m)	**29**	33	31	64	(12.1)
Cost to income ratio	**20.0%**	19.6%	22.3%	20.8%	n/a
Controllable costs to AUM (bps)[2]	**31**	37	36	37	n/a

1 Fixed term annuities and lifetime annuities previously disclosed under CWM and CWP respectively, have been reclassified to mature following being closed to new business in Q1 09. Net cashflow and AUM (pre-capital) comparatives have been restated.

2 Based on monthly average AUM including capital.

Movement in operating earnings 1H 08 to 1H 09



Australian mature cont'd

Business overview

AMP's mature business is one of the largest closed life insurance businesses in Australia, with AUM of A$17.9b at 1H 09. AUM decreased 5% over the half as a result of the natural run-off of the business. Fixed term annuities and lifetime annuities previously disclosed under CWM and CWP respectively, have been reclassified to mature following being closed to new business in Q1 09.

Key priorities for management are:

- maintaining capital efficiency
- improving persistency
- striving for greater cost efficiency.

As market volatility continued in 1H 09, fewer surrenders from capital guaranteed products resulted in persistency remaining strong at 89.5%.

Operating earnings

Operating earnings fell 19% to A$72m in 1H 09, due to:

- investment markets and bond yields (-A$15m)
- business run-off (-A$5m)
- mortality experience (-A$2m), offset by:
- lower controllable costs (A$3m)
- fixed term and lifetime annuities (A$2m).

1H 08 operating earnings have not been restated for lifetime and fixed term annuities (A$2m each disclosed in CWP and CWM in 1H 08).

Note that half year earnings are based on crediting rates derived from expected full year earnings. At 1H 08, expected FY 08 earnings were substantially higher than what eventuated. As a result, in 2H 08 the crediting rates, on which earnings are based, fell. This distorts the 1H 08 and 1H 09 comparisons, the impact of which is reflected in the investment market and bond yield number.

Controllable costs

Controllable costs fell 12% to A$29m in 1H 09 as the costs allocated to mature declined in favour of faster growing AUM related businesses proportionate to their marginal profit contribution. Controllable costs to AUM fell 6 bps to 31 bps in 1H 09 as costs fell at a greater rate than AUM.

Return on capital

RoBUE fell to 45.5% in 1H 09 from 178.9% in 1H 08. There were two primary drivers of the reduction, including:

- the transfer of fixed term and lifetime annuities to mature, which has increased the capital allocated by A$112m, and
- an increasing amount of shareholder capital was allocated to mature in 1H 09 following the decline in policyholder asset values.

The financial strength of this business remains strong. Refer to page 36 for regulatory capital resources above MRR.

Embedded value (EV) and value of new business (VNB)

EV rose 6.5% in 1H 09 (before transfers), while VNB was flat on 1H 08. The rise in EV was driven by the impact of rising bond yields, controllable cost reductions and good persistency on capital guaranteed products; offset by lower asset returns (including property).

Product characteristics and run-off profile

The open RSA/ERF products have approximately 1.5m customers and AUM of A$4.4b. The other mature products service around 550,000 customers and AUM of A$13.5b (including A$2.4b from annuities).

The mature business is in slow decline but is expected to remain profitable for many years, running off between 4% and 6% per annum. In volatile investment markets, this rate of run-off can vary substantially.

The run-off of AUM mirrors policy liabilities, although there is potential for operating margins to be impacted differently.

The run-off of AUM is anticipated to have an average duration of approximately 15 years. The profile of the run-off for existing customers in RSA and ERF products is similar to AMP's contemporary superannuation products. The key source of new customers for these products is determined by policy decisions of trustees of superannuation schemes. The increasing use of master trusts rather than stand-alone corporate schemes results in membership from non-AMP sources declining.

Managing mature for investment market movements

Mature AUM supports capital guaranteed products (86%) and market linked products (14%). AMP's capital guaranteed products are held within the AMP Life Statutory Fund No.1 (SF1). Asset allocation for SF1 is struck prudently over the long-term and has a bias of income over growth assets. The long-term asset mix is fixed interest and cash (65%), property (10%), equities and other growth assets (25%).

AMP actively manages its SF1 equity exposure and uses derivative strategies to provide protection from equity market declines. As at 30 June 2009, AMP had in place the following derivative strategies against its A$4.6b equity portfolio:

- A long-term derivative strategy using options and futures that provides a variable level of protection depending on market conditions. At 1H 09, this strategy protected A$0.2b of equities against a 10% fall and A$0.5b of equities against a 20% fall.
- A$1.7b of short future positions providing protection from market falls, made up of A$1.0b which was implemented in FY 08 and A$0.7b which was implemented in 1Q 09.
- During 1H 09, A$1.7b of call spreads providing participation in equity market upside. These spreads are notionally matched against the A$1.7b short future positions and have varying maturity dates.

Within SF1, AMP also employs strategies designed to protect against changes in bond yields. Consistent with this strategy, AMP shortened the average duration of the SF1 bond portfolios during 1H 09 from an average of nine years to an average of six and a half years.

New Zealand

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss					
Profit margins	**29**	22	28	50	31.8
Experience profits/(losses)	**(6)**	5	1	6	n/a
Operating earnings	**23**	27	29	56	(14.8)
Underlying investment income	**4**	3	4	7	33.3
Underlying operating profit after income tax	**27**	30	33	63	(10.0)
RoBUE	**20.5%**	27.3%	27.3%	27.2%	n/a
End period tangible capital resources – after transfers (A$m)	**257**	209	260	260	n/a
VNB (3% dm) (A$m)[1]	**11**	9	17	26	22.2
EV – after transfers (3% dm) (A$m)	**730**	605	743	743	n/a
Return on EV (3% dm) (A$m)[2]	**0.8%**	(4.5%)	22.5%	16.5%	n/a
Net cashflows (A$m)	**88**	58	68	126	51.7
AUM (pre-capital) (A$b)	**4.3**	4.3	4.5	4.5	-
Individual risk API (A$m)[3]	**111**	98	112	112	13.3
Operating earnings/annual premium[4]	**42.8%**	45.5%	44.9%	45.1%	n/a
Lapse rates	**11.0%**	7.9%	8.8%	8.2%	n/a
Controllable costs (A$m)	**27**	33	31	64	(18.2)
Cost to income ratio	**40.7%**	43.1%	39.6%	41.4%	n/a
Controllable costs/annual premium[4]	**48.4%**	55.5%	48.0%	51.5%	n/a

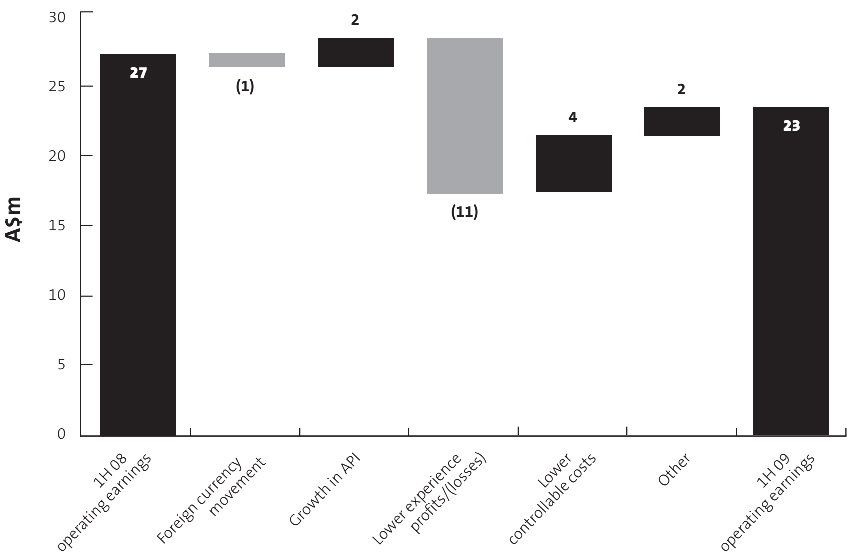
1 In NZ dollar terms, VNB has increased by 27.3% on 1H 08.

2 In NZ dollar terms, return on EV is 5.4%.

3 In NZ dollar terms, individual risk API has increased by 12% over 1H 08.

4 Based on monthly average risk API.

Movement in operating earnings 1H 08 to 1H 09



New Zealand cont'd

Business overview

AFS NZ is well placed to deliver relative outperformance and sustainable value creation in the New Zealand market for wealth protection and wealth management solutions.

AFS NZ key priorities are to:

- enhance products and services to clients
- improve partnerships with advisers
- enable greater people engagement and effectiveness
- drive efficiencies across the business.

Operating earnings

Operating earnings fell A$4m (15%) to A$23m in 1H 09. This was equivalent to a decline of 9% in NZ dollar terms. The performance of the AFS NZ business in 1H 09 was impacted by the unfavourable operating conditions in New Zealand. The weak economy, aggressive competition and impending regulatory change has resulted in a challenging business environment.

Lower operating earnings were primarily driven by negative experience due to:

- higher surrenders as a result of the weak NZ economic environment and after the repricing of the term risk book in October 2008, and
- aggressive competition resulting in higher lapses.

Experience was partly offset by:

- strong cost management
- improved margins on risk insurance products, and
- higher revenues from distribution alliances.

Controllable costs

Controllable costs fell A$6m (18%) to A$27m in 1H 09. In NZ dollar terms controllable costs declined 16%.

1H 09 controllable costs benefited from disciplined cost control across the business, lower staff numbers and lower operating costs as a result of consolidating the Wellington and Auckland offices in 2008.

The cost to income ratio fell 2.4 percentage points to 40.7% in 1H 09 as the decline in earnings was more than offset by a reduction in controllable costs.

Annual premium in-force (API)

Individual risk API grew A$13m (13%) over 1H 08 and fell A$1m (1%) over 2H 08. 2H 08 benefited from CPI and age premium increases. Growth in the year was primarily driven by growth in the risk life insurance book.

In NZ dollar terms, annual premium in-force increased by 12% over 1H 08.

Lapse rates

1H 09 lapse rates increased 3.1 percentage points to 11.0%, due to deteriorating economic conditions and the impact of repricing initiatives in 2008 leading to increased policy cancellations. This increase in lapse rate is broadly consistent with the rest of the market.

Return on capital

RoBUE decreased to 20.5% in 1H 09, reflecting the impact of lower experience profits.

Embedded value (EV) and value of new business (VNB)

EV increased by 0.8% in 1H 09 before transfers at the 3% discount margin. In NZ dollar terms, EV increased by 5.4%. VNB increased from A$9m to A$11m. In NZ dollar terms, VNB increased by 27.3%. VNB benefited from pricing changes in the risk book in October 2008. EV has benefited from new business, lower costs offset by the impact of higher bond yields in 1H 09.

For further details on EV and VNB, refer to pages 22 to 24.

Advisers

As at 1H 09, total aligned intermediaries in AFS NZ increased by four to 380. This net increase reflects changes which align recruitment with net sales and a rationalisation of less successful advisers given the unfavourable operating environment. Total aligned intermediaries included 28 mortgage and insurance advisers for Roost, operating from 22 franchises.

Wealth management opportunity

The long-term attractiveness of KiwiSaver depends on achieving scale, and many providers in New Zealand lack critical mass. AFS NZ is positioning itself through a number of customer-focused initiatives to leverage this opportunity to improve market share. In 1H 09 KiwiSaver market share was stable at 14.4%.

AFS NZ has consolidated its standing as one of the top three providers in cashflows and assets under management in the KiwiSaver market segment and has been awarded the Morningstar KiwiSaver Fund Manager of the Year for 2008.

Cashflows and assets under management (AUM)

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**1H 09**	**1H 08**	**% 1H/1H**	**1H 09**	**1H 08**	**% 1H/1H**	**1H 09**	**1H 08**	**% 1H/1H**
Australian contemporary wealth management									
Retail superannuation[1]	**1,906**	2,489	(23.4)	**1,381**	2,054	32.8	**525**	435	20.7
Allocated pensions/annuities	**643**	955	(32.7)	**613**	564	(8.7)	**30**	391	(92.3)
Total retail superannuation and pensions/annuities	**2,549**	3,444	(26.0)	**1,994**	2,618	23.8	**555**	826	(32.8)
Retail investment	**140**	149	(6.0)	**176**	231	23.8	**(36)**	(82)	56.1
External platforms[2]	**659**	930	(29.1)	**625**	940	33.5	**34**	(10)	n/a
Total retail	**3,348**	4,523	(26.0)	**2,795**	3,789	26.2	**553**	734	(24.7)
Corporate superannuation and pensions/annuities	**1,451**	1,595	(9.0)	**965**	1,286	25.0	**486**	309	57.3
Corporate superannuation mandate wins[3]	**92**	103	(10.7)	**-**	-	-	**92**	103	(10.7)
Total Australian contemporary wealth management	**4,891**	6,221	(21.4)	**3,760**	5,075	25.9	**1,131**	1,146	(1.3)
Australian contemporary wealth protection									
Group risk	**73**	77	(5.2)	**35**	34	(2.9)	**38**	43	(11.6)
Individual risk	**279**	235	18.7	**95**	81	(17.3)	**184**	154	19.5
Total Australian contemporary wealth protection	**352**	312	(12.8)	**130**	115	(13.0)	**222**	197	12.7
Total Australian contemporary	**5,243**	6,533	(19.7)	**3,890**	5,190	25.0	**1,353**	1,343	0.7
Australian mature[4]	**368**	481	(23.5)	**944**	1,122	15.9	**(576)**	(641)	10.1
Total Australia	**5,611**	7,014	(20.0)	**4,834**	6,312	23.4	**777**	702	10.7
New Zealand	**324**	384	(15.6)	**236**	326	27.6	**88**	58	51.7
Total AFS cashflows	**5,935**	7,398	(19.8)	**5,070**	6,638	23.6	**865**	760	13.8
AMP Banking – mortgages	**988**	1,800	(45.1)	**811**	801	(1.2)	**177**	999	(82.3)
AMP Banking – deposits							**576**	442	30.4
Cashflows by distribution channel									
AMP Financial Planning	**3,322**	4,353	(23.7)	**2,881**	3,697	22.1	**441**	656	(32.8)
Hillross	**773**	993	(22.2)	**659**	983	33.0	**114**	10	n/a
Corporate Superannuation – direct sales force	**777**	876	(11.3)	**419**	564	25.7	**358**	312	14.7
Centrally managed clients and other	**344**	370	(7.0)	**455**	538	15.4	**(111)**	(168)	33.9
3rd party distributors	**395**	422	(6.4)	**420**	530	20.8	**(25)**	(108)	76.9
Total Australia	**5,611**	7,014	(20.0)	**4,834**	6,312	23.4	**777**	702	10.7
New Zealand	**324**	384	(15.6)	**236**	326	27.6	**88**	58	51.7
Total AFS cashflows	**5,935**	7,398	(19.8)	**5,070**	6,638	23.6	**865**	760	13.8

Australian contemporary wealth management cash inflows (A$m)			
Member contributions	**600**	830	(27.7)
Employer contributions	**1,675**	1,715	(2.3)
Total contributions	**2,275**	2,545	(10.6)
Transfers and rollovers in[5]	**2,389**	3,345	(28.6)
Other cash inflows	**227**	331	(31.4)
Total	**4,891**	6,221	(21.4)

1 Retail superannuation includes the product Flexible Lifetime – Super (FLS), a component of which is small corporate superannuation schemes.

2 Externally manufactured products that earn platform fees (superannuation, pensions and investments).

3 Cashflows from the transfer of accumulated member benefits as a result of SignatureSuper mandate wins.

4 Fixed term annuities and lifetime annuities previously disclosed under CWM and CWP, respectively, have been reclassified to mature. Comparatives have been restated.

5 Transfers and rollovers in include the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pensions/annuities) and external products.

Cashflows and assets under management (AUM) cont'd

Overview

AFS net cashflows for 1H 09 were A$0.9b, up A$105m on 1H 08.

Contemporary wealth management (CWM) net cashflows fell marginally (1%) to A$1.1b, as a result of lower cash inflows to retail superannuation, allocated pensions/annuities and external platforms. Offsetting the lower cash inflows were lower outflows in superannuation (both retail and corporate) and external platforms.

The marginal decline in CWM net cashflows was more than offset by improved net cashflows for contemporary wealth protection, mature and New Zealand.

CWM 1H 09 net cashflows continued to be adversely impacted by the decline in investment markets and investor sentiment, resulting in materially lower (down 28%) discretionary member superannuation contributions. Employer contributions remained relatively steady reflecting their compulsory nature. The decline in investment markets has also resulted in lower cash outflows as AUM levels have fallen resulting in lower member balances, when withdrawing or transferring funds between products or providers.

Persistency excluding internal flows

Removing major internal product flows from the persistency calculations, total AFS persistency increased to 90.3% in 1H 09 from 90.0% in 1H 08.

Retail superannuation persistency increased to 92.3% compared to 91.5% in 1H 08. The increase was driven by a greater reduction in cash outflows relative to the fall in AUM.

For allocated pensions/annuities, persistency decreased from 86.5% to 84.8% in 1H 09 as changes in cash outflows are less sensitive to changes in AUM.

Corporate superannuation persistency rose to 94.0% from 93.8% in 1H 09 as outflows fell more than AUM.

Internal flows

AMP's cashflows, which are reported on a product basis, are impacted by flows both into and out of AMP, as well as internal flows between products. Overall net cashflows are not affected by internal flows; however, these internal transfers do impact individual product level flows.

Retail superannuation and allocated pensions/annuities

As retail superannuation and allocated pension/annuity flows are significantly impacted by internal movements, it is more appropriate to look at a combined result for retail superannuation and allocated pensions/annuities. Total retail superannuation and pensions/annuities net cashflows fell 33% to A$0.6b, with inflows declining 26% to A$2.5b and outflows declining 24% to A$2.0b.

Retail superannuation net cashflows increased by A$90m (21%) as the fall in cash inflows (down 23%) was offset by lower cash outflows (down 33%). Retail superannuation cash inflows, which are mainly discretionary in nature, suffered from the impact of declining investment markets as members reduced their contributions. Average member contributions were down 25% from 1H 08. Lower AUM levels also resulted in lower rollovers into AMP's retail superannuation product.

Cash outflows decreased by A$673m due to lower member balances after the decline in investment markets, resulting in lower withdrawals and lower outflows as members delayed retirement. In 1H 09, AMP retained 54% of all retail superannuation outflows, unchanged from 1H 08.

In late May 2009, AMP released a simple low-cost superannuation product, FL Super Easy. This product is distributed by planners and directly by AMP.

Allocated pensions/annuities net cashflows decreased by 92%. Cash inflows decreased A$312m (33%), mostly due to lower transitions from retail superannuation as members delayed retirement and had lower balances to transfer due to market declines. In 1H 09, AMP retained 26% of allocated pensions/annuities cash outflows, up from 14% in 1H 08 as members recontributed pension payments to their superannuation fund.

Corporate superannuation

Corporate superannuation net cashflows (excluding mandate wins) increased 57% to A$486m in 1H 09, largely driven by solid employer contributions and lower outflows.

Employer contributions into corporate superannuation products fell by 2%, reflecting lower absolute wage levels on which the superannuation guarantee levy is based and lower salary sacrifice contributions as a result of the economic conditions.

Cash outflows fell 25% due to the decline in investment markets resulting in lower balances when transferred to other products or providers. In corporate superannuation, 62% of outflows flowed back into AMP products, down slightly from 64% in 1H 08.

External platforms

External platforms represent superannuation and pension products on the Asgard and Macquarie platforms. External platform flows are largely driven by Hillross, who primarily target more affluent clients. Approximately 80% of cash inflows on external platforms in 1H 09 came from members contributing over A$100k during the half year.

External platform net cashflows increased by A$44m in 1H 09 to A$34m with the reduction in cash outflows (down 34%) more than offsetting reduced cash inflows (down 29%). Cash inflows into superannuation products fell as fewer members contributed and the average contribution per member fell, also down 25% on 1H 08.

Further, as a result of market declines, when members move from accumulation to pension phase, pension inflows also decline. Cash outflows decreased due to lower superannuation member balances as AUM declined.

External platforms net cashflows include A$48m from the Definitive Wrap product launched in 2009.

Mature

Mature net cash outflows improved by A$65m (10%) in 1H 09. Net cashflows benefited from lower cash outflows, which were down 16% in 1H 09. Lower outflows reflect lower volumes and the attractiveness of capital guaranteed products in times of market volatility.

Excluding fixed term and lifetime annuities, which transferred into mature during 1H 09, net cash outflow improved 27% in 1H 09.

Cashflows and assets under management (AUM) cont'd

New Zealand

AFS New Zealand increased net flows by A$30m to A$88m in 1H 09. Cash inflows fell 16% to A$324m, whilst outflows decreased by 28% to A$236m. Cash inflows have been impacted by market conditions, however KiwiSaver inflows remained robust at A$103m (up 5% AUD, 11% NZD) despite weaker market conditions. Cash outflows benefited from lower retail wealth management and mature outflows.

AMP Banking

AMP Banking recorded strong deposits growth of A$576m, up 30% on 1H 08. Deposit growth in 1H 09 resulted from growing retail deposits (up 19% to A$2.1b) and AMP's Super Cash products (up 15% to A$1.8b).

1H 09 mortgage growth slowed to 1%, compared to 12% in 1H 08.

The fall in mortgage growth is consistent with AMP Banking's strategy to fund future mortgage growth from deposits.

Total deposits grew by A$399m more than the growth in mortgages, as balance sheet mortgages growth was offset by off balance sheet run-off. On-balance sheet funding of mortgages increased from 44% in 1H 08 to 58% in 1H 09.

Channel flows

Net cashflows through AMP Financial Planning fell 33% in 1H 09 to A$0.4b, driven by lower member contributions as a result of market conditions. Net cashflows through Hillross increased to A$114m in 1H 09. 1H 08 Hillross net cashflows were impacted by the loss of a Hillross planner practice. There was strong growth in the corporate superannuation direct sales force due to the mandated nature of these contributions.

AUM by product (A$b)	FY 08 AUM	FY 08 share cap[6]	FY 08 total	Net cashflows	Other[7]	1H 09 AUM	1H 09 share cap[8]	1H 09 total	1H 09 % change
Australian contemporary wealth management									
Retail superannuation[1]	16.5	0.1	16.6	0.5	0.2	17.2	0.1	**17.3**	4.2
Allocated pensions/annuities	5.9	0.1	6.0	-	0.1	6.1	-	**6.1**	1.7
Retail investment	1.8	-	1.8	-	-	1.8	-	**1.8**	-
External platforms[2]	5.6	0.1	5.7	-	0.3	5.9	0.1	**6.0**	5.3
Total retail	29.8	0.3	30.1	0.5	0.6	31.0	0.2	**31.2**	3.7
Corporate superannuation	12.6	0.1	12.7	0.6	0.1	13.2	0.2	**13.4**	5.5
Total Australian contemporary wealth management	42.4	0.4	42.8	1.1	0.7	44.2	0.4	**44.6**	4.2
Australian contemporary wealth protection									
Group risk[3]	-	-	-	-	0.1	-	0.1	**0.1**	n/a
Individual risk[3]	-	0.6	0.6	0.2	(0.2)	-	0.6	**0.6**	-
Total Australian contemporary wealth protection	-	0.6	0.6	0.2	(0.1)	-	0.7	**0.7**	16.7
Total Australian contemporary	42.4	1.0	43.4	1.3	0.6	44.2	1.1	**45.3**	4.4
Australian mature[4]	18.8	0.2	19.0	(0.6)	(0.1)	17.9	0.4	**18.3**	(3.7)
Total Australia	61.2	1.2	62.4	0.7	0.5	62.1	1.5	**63.6**	1.9
New Zealand	4.5	0.3	4.8	0.1	(0.3)	4.3	0.3	**4.6**	(4.2)
Total AFS	65.7	1.5	67.2	0.8	0.2	66.4	1.8	**68.2**	1.5
AMP Banking – mortgages	9.6		9.6	0.2		9.7		**9.7**	1.0
AMP Banking – deposits[5]	3.4		3.4	0.6		4.0		**4.0**	17.6

AUM by asset class	FY 08	1H 09
Australian contemporary wealth management		
Fixed interest	30.1%	28.2%
Australian equities	32.6%	34.4%
International equities	22.9%	22.9%
Property[9]	6.7%	6.5%
Other	7.7%	8.0%
Total	**100.0%**	**100.0%**

1 Retail superannuation includes the product Flexible Lifetime – Super (FLS), a component of which is small corporate superannuation schemes.
2 Externally manufactured products that earn platform fees.
3 Individual and group risk are included in inflows and outflows but not in the AUM balances.
4 Fixed term annuities and lifetime annuities previously disclosed under CWM and CWP, respectively, have been reclassified to mature. Comparatives have been restated.
5 AMP Banking deposits include retail deposits and AMP Super Cash.
6 Share capital at 1 January 2009 contains A$70m of capital transfers declared at 31 December 2008.
7 Other includes product transfers, fees, investment returns, taxes, share capital movements and foreign currency movements on New Zealand AUM.
8 Share capital at 30 June 2009 includes A$100m of capital transfers declared at 30 June 2009.
9 Includes both listed and unlisted property securities.

Market share

Market share – Australia	March 2009 Total market size A$b	March 2009 Market position (rank)	March 2009 Market share %	March 2008 Total market size A$b	March 2008 Market position (rank)	March 2008 Market share %
Assets under management[1,2]						
Superannuation including rollovers	195.5	1	17.9	241.5	1	17.3
Retirement income	87.5	2	11.6	99.1	2	11.5
Unit trusts (excluding cash management trusts)	112.3	9	3.6	158.3	9	3.5
Total retail managed funds (excluding cash management trusts)	402.0	2	12.3	506.6	3	11.7
Total in-force annual premiums[3]						
Individual risk	5.0	4	11.2	4.4	4	10.9

1 Source: Plan for Life 31 March 2009 – QDS Retail & Wholesale.

2 March 2008 comparatives for assets under management have been restated by Plan for Life.

3 Source: Plan for Life 31 March 2009 – Detailed Risk Statistics and Plan for Life 31 March 2008 – Detailed Risk Statistics. In-force premiums individual risk excludes single premiums.

AMP's market share improved across all segments.

AMP retained its number one ranking in superannuation, increasing AUM based market share to 17.9%. Market share in retirement income increased to 11.6%.

Despite the market volatility, AMP performed relatively strongly over the 12 months to March 2009 increasing AUM based market share for total retail managed funds (excluding cash management trusts) by 0.6 percentage points to 12.3%. The increase in market share resulted in AMP's ranking improving from three to two.

Market share data is not available for the June 2009 quarter.

Market share – New Zealand	March 2009 Total market size NZ$b	March 2009 Market position (rank)	March 2009 Market share %	March 2008[4] Total market size NZ$b	March 2008[4] Market position (rank)	March 2008[4] Market share %
Assets under management						
Retail superannuation[1]	4.7	3	18.2	6.3	3	17.6
Unit trusts[1]	5.0	8	4.0	6.3	9	3.8
Insurance bonds[1]	0.7	3	18.6	1.0	3	19.5
Total retail funds[1]	15.3	5	10.0	18.9	4	8.9
Corporate superannuation[2]	3.2	1	37.4	3.4	1	34.9
Conventional[3]	0.1	1	42.6	0.1	1	42.9
KiwiSaver[1]	2.3	3	14.4	0.6	3	14.4
Total in-force annual premiums[5]						
Individual risk	1.1	2	12.4	1.0	2	11.9

1 Source: Fund Source Research Limited March 2009 (measured by AUM).

2 Source: Eriksen's Master Trust Survey March 2009 (measured by AUM).

3 Source: ISI Statistics March 2009 (measured by in-force premium).

4 March 2008 comparatives have been restated by Fund Source Research Limited.

5 From June 2008 it became industry standard for all premiums for non-life business to be reported inclusive of GST. Reporting across the various market participants previously was not done on a consistent basis.
Source: ISI Statistics March 2009.

In the period to 31 March 2009, life insurance market share increased to 12.4%, maintaining AMP New Zealand's number two ranking. AMP New Zealand continues to dominate the conventional market, holding market share of 43%.

AMP New Zealand maintained its number one market share ranking for corporate superannuation, and increased market share to 37.4%.

AMP New Zealand's market share of total retail funds increased 1.1% to 10.0%.

Embedded value (EV) and value of new business (VNB)

AFS embedded value (A$m)	3% dm	4% dm	5% dm
Embedded value as at 31 December 2008	7,536	7,021	6,574
Expected return	256	272	286
Investment returns, bond yields and other	(190)	(148)	(114)
VNB	141	124	109
Net transfers out	(271)	(271)	(271)
Embedded value as at 30 June 2009	7,472	6,998	6,584
1H 09 return on embedded value	2.7%	3.5%	4.3%
Embedded value comprises			
Adjusted net assets[1]	610	610	610
Value of in-force business[2]	6,862	6,388	5,974

AFS embedded value (A$m) at the 3% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at 31 December 2008	3,589	1,828	1,376	743	7,536
Restatement[3]	(68)	(105)	173	-	-
Expected return	120	61	46	29	256
Investment returns, bond yields and other	(113)	(83)	40	(34)	(190)
VNB	74	41	15	11	141
Net transfers out	(93)	(84)	(75)	(19)	(271)
Embedded value as at 30 June 2009	3,509	1,658	1,575	730	7,472
1H 09 return on embedded value	2.3%	1.1%	6.5%	0.8%	2.7%
AFS embedded value (A$m) at the 4% dm					
Embedded value as at 31 December 2008	3,330	1,699	1,303	689	7,021
Restatement[3]	(66)	(99)	165	-	-
Expected return	127	65	50	30	272
Investment returns, bond yields and other	(92)	(67)	40	(29)	(148)
VNB	65	36	14	9	124
Net transfers out	(93)	(84)	(75)	(19)	(271)
Embedded value as at 30 June 2009	3,271	1,550	1,497	680	6,998
1H 09 return on embedded value	3.1%	2.1%	7.1%	1.5%	3.5%
AFS embedded value (A$m) at the 5% dm					
Embedded value as at 31 December 2008	3,107	1,586	1,240	641	6,574
Restatement[3]	(63)	(94)	157	-	-
Expected return	135	68	53	30	286
Investment returns, bond yields and other	(80)	(52)	42	(24)	(114)
VNB	58	31	12	8	109
Net transfers out	(93)	(84)	(75)	(19)	(271)
Embedded value as at 30 June 2009	3,064	1,455	1,429	636	6,584
1H 09 return on embedded value	3.7%	3.2%	7.7%	2.2%	4.3%

	3% dm		4% dm		5% dm	
AFS value of new business (A$m)	**1H 09**	**1H 08**	**1H 09**	**1H 08**	**1H 09**	**1H 08**
Value of new business by business line						
Wealth management	74	105	65	96	58	90
Wealth protection	41	38	36	34	31	30
Mature	15	15	14	13	12	12
New Zealand	11	9	9	7	8	6
Total	141	167	124	150	109	138
% change	(15.6%)		(17.3%)		(21.0%)	

1 Adjusted net assets are shareholder assets in excess of regulatory capital requirements (allocated at product level), at face value.

2 Value of in-force business discounts the value of shareholder net assets (A$1,059m at face value) to reflect expected time of release.

3 The restatements reflect the reclassification of fixed term annuities from Wealth management and lifetime annuities from Wealth protection to mature.

4 AMP Banking is excluded.

Embedded value (EV) and value of new business (VNB) cont'd

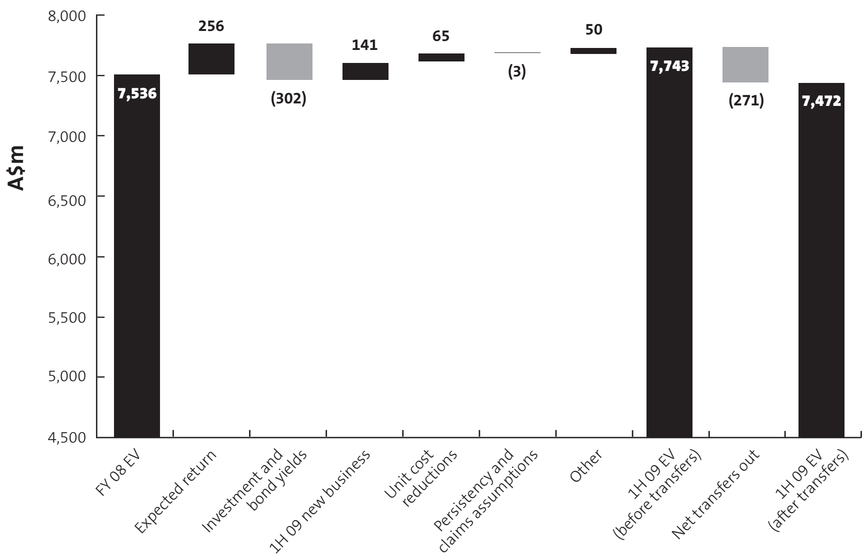
Embedded value increase was driven by unit cost reductions and new business, offset by the increase in bond yields.

Before 1H 09 transfers, AMP's embedded value increased by 2.7% at the 3% discount margin.

Excluding the impact of changes in investment markets and bond yields, EV would have increased by 7%.

Net transfers out of A$271m include capital and AFS profits, franking credits (at 70% of face value) and other value changes transferred to Group.

Change in embedded value FY 08 to 1H 09
(at the 3% dm above bond rate)

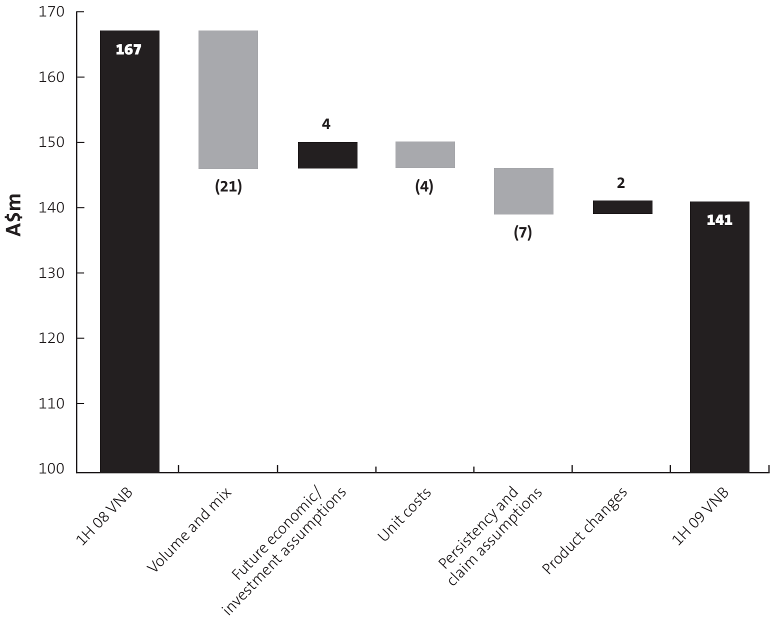


Embedded value (EV) and value of new business (VNB) cont'd

The decline in the value of new business (VNB) was driven mainly by lower volumes.

VNB fell 15.6% to A$141m in 1H 09 mainly as a result of lower wealth management volumes, increases in unit costs and changes to persistency assumptions. This was partly offset by a positive impact from the fall in bond yields relative to 1H 08 and increase in risk insurance volumes and pricing changes in New Zealand term risk business in 2H 08.

Change in value of new business 1H 08 to 1H 09
(at the 3% dm above bond rate)



EV and VNB sensitivities

1H 09 change in embedded value (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	67	13	16	4	100
10% reduction in discontinuance rates	214	136	52	41	443
1% (100 bps) decrease in long-term bond yields	76	60	(49)	13	100
1% (100 bps) increase in long-term bond yields	(70)	(54)	39	(12)	(97)
10% increase in Australian equities	66	-	45	-	111
10% increase in international equities	29	-	13	11	53
1% reduction in investment fees	(59)	-	(2)	(2)	(63)

1H 09 change in value of new business (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	3	1	-	-	4
10% reduction in discontinuance rates	8	8	2	2	20
1% (100 bps) decrease in long-term bond yields	2	4	-	1	7
1% (100 bps) increase in long-term bond yields	(2)	(3)	1	(1)	(5)
5% increase in sales (all costs variable)	3	2	1	1	7
5% increase in sales (controllable costs fixed)	5	3	1	1	10
1% reduction in investment fees	(2)	-	-	-	(2)

Key assumptions

The tables illustrate the sensitivity of the embedded and new business values to various economic and business variables.

The sensitivities can at best be only indicative because:

- they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the movement in a particular variable is independent of all others. For the change in discontinuance rates, unit costs are assumed unchanged. For the 5% increase in sales (all costs variable), unit costs are assumed unchanged. For the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
- they show the average movement for the risk discount margin range
- they are based on the 1H 09 position, ie not “forward looking”, and make no allowance for events subsequent to 30 June 2009.

The 1% increase in long-term government bond yields is assumed to be accompanied by a 0.5% increase in Consumer Price Index (CPI) and other associated changes in economic assumptions, bonus rates, risk discount rates and bond values. For equities, the assumed future earning rate is assumed to increase by 1.0% (ie the equity risk premium is unchanged).

The 5% reduction in costs is based on AFS controllable costs only, ie it excludes commission and investment management fees.

The 10% reduction in discontinuance rates is based on a uniform reduction in lapses in all future years (eg a 15% lapse rate changes to 13.5%).

The 10% increase in Australian equities assumes all Australian shares increase in value by 10%.

Investment fees are defined as all initial and ongoing fees on investment products with explicit fees. The investment fee sensitivity assumes no corresponding reduction in funds management costs or commission.

EV assumptions

Economic assumptions

Risk discount rates are based on the yield on long-term government bonds plus a discount margin.

Annualised 10 year bond yields	30 June 2009	31 December 2008
Australia	5.6%	4.0%
New Zealand	6.0%	4.7%

Assumed investment returns gross of income tax (% pa) are set at risk premiums over long-term government bond rates:

Risk premiums	30 June 2009	31 December 2008
Local equities[1]	4.6%	4.9%
International equities	2.5%	2.5%
Property	2.0%	2.0%
Corporate bonds	0.5%	0.5%
Other fixed interest	0.0%	0.0%
Cash (where significant)	(0.5%)	(0.5%)

1 Includes allowance of approximately 1.6% (FY 08 1.9%) for franking credits on equity income.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$15b) in Australia are:

AMP Life (Australia)	30 June 2009	31 December 2008
Equities	30%	31%
Property	11%	11%
Fixed interest	40%	40%
Cash	19%	18%

These asset mixes are not necessarily the same as the actual asset mix at the valuation date, as they reflect long-term future assumptions. The mixes shown are the weighted average across all Australian participating business, which is mostly in the mature business.

Annual inflation rates assumed are:

Inflation rate		30 June 2009	31 December 2008
Australia	– CPI	2.6%	1.5%
Australia	– Expenses	3.0%	3.0%
New Zealand	– CPI	2.6%	1.0%
New Zealand	– Expenses	3.0%	3.0%

These inflation rates are used for indexation of premiums and benefits, where appropriate, and for expense inflation.

Operating assumptions

Future mortality and morbidity rates are based on an analysis of recent AFS experience, general industry experience and, in some cases, population experience. Assumed mortality and morbidity experience is unchanged.

Future discontinuance rates are largely based on an analysis of recent AFS experience. Minor changes to discontinuance assumptions since 31 December 2008 were made to:

- the short-term lapse shock for New Zealand term risk products which reflect a short-term response to recent repricing; and
- the annual CPI take up rate for indexation for sums insured.

Maintenance unit costs are derived from 2009 revised budgets. Allowance is made for future inflation but potential cost improvements arising after 2009 are ignored. Future rates of bonus for participating business were set at levels that were supportable by the assets backing the respective product sub-funds as at 30 June 2009.

Acquisition costs for VNB are the actual costs incurred in 1H 09.

Franking credits are valued at 70% of face value.

Assumptions assume the continuation of the existing tax and regulatory framework and make no allowance for:

- Australian tax and superannuation reviews;
- New Zealand tax review; or
- any other regulatory changes.

Further details

Assumptions are consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life. A more detailed description of these assumptions and their 31 December 2008 values can be found in the notes to the 2008 AMP Ltd Financial Report. As all relevant business is projected for the embedded value, the description of the assumptions in the notes applies even where that business is not valued by projection methods for profit reporting.

AMP Capital Investors financial summary

Business overview

AMP Capital Investors (AMPCI) is a leading specialist investment management business operating in Australia and New Zealand, with selected investment management activities in Asia.

AMPCI has A$90b in assets under management.

Strategy

AMPCI's strategy is to become a high value-add Asia Pacific investment manager. Its key priorities are to:

- offer high value investment opportunities
- continue to develop its Pan-Asian capability
- be more operationally effective and efficient by building market-leading operating systems and processes
- strengthen its talent development programs.

AMPCI is positioning its business model for growth in response to changing client expectations and potential regulatory change. It is doing this by strengthening its investment capabilities, developing new investment products, deepening client relationships, and driving cost efficient growth.

AMP growth platform 1: grow financial planner capacity and broaden distribution

AMPCI is expanding distribution of its funds in the Australian retail and private client markets.

In 1H 09, AMPCI launched two new funds to this market:

- AMP Capital Asian Equity Growth Fund, which has been well rated, and targets investment opportunities across China, India, Hong Kong, Korea, Singapore and Taiwan
- AMP Capital Corporate Bond Fund, which provides investors with regular distributions through investment in an actively managed portfolio of credit securities.

AMPCI's capabilities are represented on 38 of the top 50 Australian retail platforms.

AMPCI also distributes selected products through third parties in the US, UK and Europe. These products include: the Asian Giants Infrastructure Fund (AGIF); Strategic Infrastructure Trust of Europe (SITE); and Australian Property Office Fund (UK and Europe only).

AMP growth platform 2: expand to Asia through AMPCI

AMPCI is making selective investments in key Asian markets.

At 1H 09, 5% of its AUM was sourced from Asia.

Channels

AMPCI products are distributed in Japan, Singapore, Malaysia and South Korea.

AMPCI strengthened its position in Japan with the purchase of Gemini Advisors Securities Investments Company Limited. The acquisition will help AMPCI further expand its reach into the Japanese retail investor market. Gemini has been the exclusive marketing agent for AMPCI in Japan since 2003, where it has helped raise A$4b from Japanese retail investors.

AMPCI also has relationships with Japan's top three asset management companies to distribute AMPCI products. AMPCI is also working with Japan's T&D Asset Management to distribute AMPCI infrastructure products (AGIF and SITE) to Japanese pension funds; and is now ranked number 10 among non-Japanese companies distributing Toshin in Japan.

In 1H 09, AMPCI attracted A$350m into its global REIT products and Australian bond products from Japanese retail investors.

To strengthen its focus in the region, AMPCI also appointed a Managing Director, South East Asia and Middle East in 1H 09. This role is responsible for institutional sales and business development.

Investment capabilities

AMPCI's medium-term goal is to build its Asian investment capabilities.

Currently, AMPCI has investment professionals in Singapore, Tokyo, Mumbai and Beijing sourcing and managing Asian equity, infrastructure, property and private debt investments.

AMP growth platform 4: reshape AMPCI into a high value-add investment manager

AMPCI is maintaining its focus on developing its investment capabilities in specialised, high margin segments.

Across its core property and infrastructure business:

- Progressed shopping centre redevelopment program. Received DA approval for construction at Sydney's Macquarie Centre and final work underway at Brisbane's Mt Ommaney shopping centre (completion expected in 2010). AMPCI manages a portfolio of 39 shopping centres across Australia
- Raised US$95m for first close of Asian Giants Infrastructure Fund and made its first investment in an Indian toll-road development company.

AMP growth platform 5: invest in key growth enablers

AMPCI is continuing to invest in its core assets of people, brand and technology. In 1H 09, AMPCI:

- continued investment in its leadership and mentoring programs
- launched a new advertising campaign, targeting the retail adviser market, building on AMPCI's reputation as a smart, contemporary investment manager by highlighting its investment insights and capabilities
- continued the upgrade of front office systems which has resulted in a strengthened operating platform and improved processes to support the business.

AMP Capital Investors financial summary cont'd

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Profit and loss					
Management fees – AUM based	**141**	158	156	314	(10.8)
Management fees – Non-AUM based	**29**	35	38	73	(17.1)
Total management fees	**170**	193	194	387	(11.9)
Performance fees	**13**	47	19	66	(72.3)
Transaction fees	**2**	12	8	20	(83.3)
Total performance and transaction fees	**15**	59	27	86	(74.6)
Fee income	**185**	252	221	473	(26.6)
Controllable costs	**(123)**	(138)	(130)	(268)	10.9
Tax expense	**(17)**	(33)	(26)	(59)	48.5
Operating earnings before net seed pool income	**45**	81	65	146	(44.4)
Net seed pool income[1]	**(2)**	(3)	(7)	(10)	33.3
Operating earnings	**43**	78	58	136	(44.9)
Underlying investment income	**5**	6	6	12	(16.7)
Underlying operating profit after income tax	**48**	84	64	148	(42.9)
Seed pool valuation adjustments[2]	**(35)**	-	(42)	(42)	n/a
Operating profit after income tax and seed pool valuation adjustments	**13**	84	22	106	(84.5)
Management fees					
Management fees – external	**96**	105	106	211	(8.6)
Management fees – internal	**74**	88	88	176	(15.9)
Total management fees	**170**	193	194	387	(11.9)
Controllable costs					
Employee related	**70**	77	68	145	(9.1)
Investment operations and other	**48**	50	54	104	(4.0)
Total operating costs	**118**	127	122	249	(7.1)
Project costs	**5**	11	8	19	(54.5)
Total controllable costs	**123**	138	130	268	(10.9)
Cost to income ratio	**65.3%**	53.6%	59.1%	56.3%	n/a
Controllable costs to AUM (bps)[3]	**27.6**	26.2	26.5	26.4	n/a
AUM (A$b)	**89.9**	101.4	91.8	91.8	(11.3)
Average AUM (A$b)	**89.6**	105.2	98.2	101.6	(14.8)
AUM based management fees to AUM (bps)[3]	**31.5**	30.0	31.8	30.9	n/a
Performance and transaction fees to AUM (bps)[3]	**3.3**	11.2	5.5	8.5	n/a
RoBUE	**56.6%**	66.7%	53.0%	59.9%	n/a

1 The net seed pool income excludes abnormal valuation adjustments.

2 Seed pool valuation adjustments represent the abnormal writedown of seed pool assets, being Singapore industrial property and an Australian retirement village business. Refer to page 30 for more detail.

3 Based on average monthly AUM.

AMP Capital Investors financial summary cont'd

Operating earnings and key performance metrics

AMPCI's strategic intent is to be a high value-add investment manager, focused on the Asia Pacific region. Earnings growth is being targeted through development of AMPCI's domestic and international distribution channels and a progressive shift to higher margin products and investment capabilities. Expansion into Asia is an integral part of this strategy.

Lower performance and transaction fees impacted operating earnings, which decreased by A$35m (45%) to A$43m in 1H 09. Operating earnings were also impacted by lower management fees, offset by lower controllable costs.

RoBUE decreased by 10.1 percentage points to 56.6%, due to lower operating earnings.

Fee income

Fee income decreased A$67m (27%) to A$185m in 1H 09. Fee income fell as a result of lower management fees (down 12%) and lower performance and transaction fees (down 75%).

Management fees decreased by A$23m (12%) to A$170m due to lower AUM and non-AUM based fees.

AUM-based management fees fell 11% to A$141m in 1H 09 as a result of the decline in investment markets. While average AUM fell 15% to A$89.6b, management fees benefited from a change in product mix. The proportion of infrastructure and property AUM increased and these products are higher margin.

Despite extremely challenging market conditions, AUM based management fees to AUM increased 1.5 bps to 31.5 bps from 1H 08. The increase was driven by a change in product mix and lower sub adviser costs. AUM based management fees to AUM were slightly lower than 2H 08, due to equities representing a greater portion of total AUM following equity markets stabilising. Future AUM based management fees to AUM ratio will be impacted by changes in asset mix.

Non-AUM income includes property asset management, bond lending, property development and property leasing fees. Non-AUM based fees decreased by A$6m (17%) to A$29m due to lower property development fees (down A$5m) and lower bond lending fees (down A$2m). Property development fees decreased due to lower property development activity as a result of the weaker economic conditions.

External management fees fell by only 9% compared to the 16% fall in internal management fees. Internal AUM has a higher weighting to equities.

Performance and transaction fees fell A$44m (75%) to A$15m in 1H 09. Improved relative investment performance across most asset classes in 1H 09 by AMPCI has not translated into significant performance fees to date given the need to recover past underperformance. Performance fees in 1H 08 were boosted by a net fee from DUET (A$15m) and the FDF Total Return Fund (A$9m) which were not repeated in 1H 09.

Performance fees are an intrinsic part of fund management businesses. AMPCI's performance fees have been impacted by challenging market conditions and recent investment performance. However, over the medium-term performance fees are expected to improve as AMPCI's investment performance improves and market conditions stabilise.

The performance fee split by asset class was infrastructure and other direct investments (63%), property (28%) and equities (9%).

Transaction fees fell A$10m (83%) to A$2m due to lower property and private debt fees. Transaction fees primarily relate to alternative assets such as infrastructure, property and private debt. Due to current market conditions, there is limited investor demand for these assets, resulting in lower transaction fees.

Controllable costs

Controllable costs decreased A$15m (11%) to A$123m in 1H 09 as a result of tight cost management.

Employee related costs decreased by A$7m (9%), reflecting lower staff bonuses. Notwithstanding the fall in employee costs, AMPCI continues to invest in its people to enhance its investment capability.

Investment operations and other costs decreased by A$2m, as higher technology costs were offset by reductions in other operating costs. Technology costs will continue to increase over the next 12 to 18 months, as the business introduces new platforms, enhancing business operations and scalability.

Controllable costs include A$5m of project related expenditure. Project costs are down A$6m on 1H 08.

The cost to income ratio increased by 11.7 percentage points to 65.3% in 1H 09 due to the reduction in performance and transaction fees. Over the medium-term, AMPCI should have a cost to income ratio of between 55% and 60%.

Tax expense

The AMPCI average tax rate in 1H 09 was 26.9%, which is lower than the Australian corporate tax rate (30%) due to tax concessions as a result of undertaking offshore activities and receipt of joint venture (JV) income.

In 1H 09, the average tax rate was lower than FY 08 (28.8%) due to a higher contribution from tax concessions on offshore activities. As this benefit has remained steady in dollar terms, the decrease in the effective rate has been higher than expected due to lower performance and transaction fees in 1H 09. Over the longer term it is expected that the growth in offshore activities will continue to result in an effective tax rate of approximately 28%.

AUM and cashflows

AUM fell A$1.9b (2%) to A$89.9b in 1H 09, reflecting weaker global investment markets. Total client net cashflows were positive for the half year.

External AUM decreased by A$1.1b (3%) to A$34.2b, while internal AUM decreased by A$0.8b (1%) to A$55.7b in 1H 09. In 1H 09, external AUM fell more than internal AUM due to internal AUM having a higher weighting to equities and a lower weighting to property.

External net inflows were A$192m. The fixed interest asset class recorded a net cash outflow of A$576m in 1H 09 due to the transfer of the Cobalt/Gordian fixed interest mandate (A$495m) to the new owner. Excluding the Cobalt/Gordian mandate transfer, external net cashflows were up strongly to A$687m, up from A$369m in 1H 08.

AMP Capital Investors financial summary cont'd

Internal net cashflows include AMP Group payments, such as dividend payments to shareholders (A$226m), and inflows/outflows from AFS products. Internal net cash outflows were A$71m in 1H 09, compared to a net cash outflow of A$1.9b in 1H 08. Internal fixed interest net cashflows also experienced outflows due to a change in asset allocation as investors reweighted to growth assets.

In the current environment, AMPCI has experienced a higher level of redemption requests than usual. In particular the A$14b Australian property business now has redemption requests totalling around 10% of its funds. Most of the redemptions relate to investment linked policies issued by AMP Life with redemptions to be paid between 2009 and 2011 and investors bearing the price risk. The redemption profile is currently being managed through retained cashflow, deferral of development pipeline and a managed program of asset sales.

Refer to the tables on page 32 for more detail on external and internal cashflows.

Net seed pool income

The seed pool is designed to assist business growth by funding the acquisition of assets to "seed" new funds or opportunities. Group Office lends AMPCI the funds at commercial interest rates. AMPCI seeks to generate future revenues from the subsequent on-sale of these assets to clients through new or existing funds.

At 30 June 2009, the seed pool held gross assets of A$278m. Seed pool assets comprise:

- Singapore industrial property (A$199m). The portfolio consists of five quality assets located in key industrial areas in Singapore. All properties are fully leased with an average lease expiry of 3.5 years. Assets include ramp up logistic, warehouse and light assembly properties.
- An investment in a New Zealand retirement village business. The business owns and operates retirement villages throughout New Zealand. In 1H 09, AMPCI sold half of its interest in this business with no material profit/loss on sale.
- An investment in a UK train leasing company. The company owns and finances the construction of new railway rolling stock and the heavy maintenance, rebuilding and modernisation of existing stock.
- Joint venture (JV) in an Australian retirement business. The JV owns and operates retirement villages in three Australian states, combining development and management of these properties.

During 1H 09, AMPCI disposed of its investment in an Indian toll-road development company with no material profit/loss on disposal.

The net seed pool result comprises funding costs, trading results and normal valuation movements. In normal market conditions we would expect the seed pool to break even. In 1H 09, the net seed pool incurred a loss of A$2m due to funding costs exceeding asset earnings.

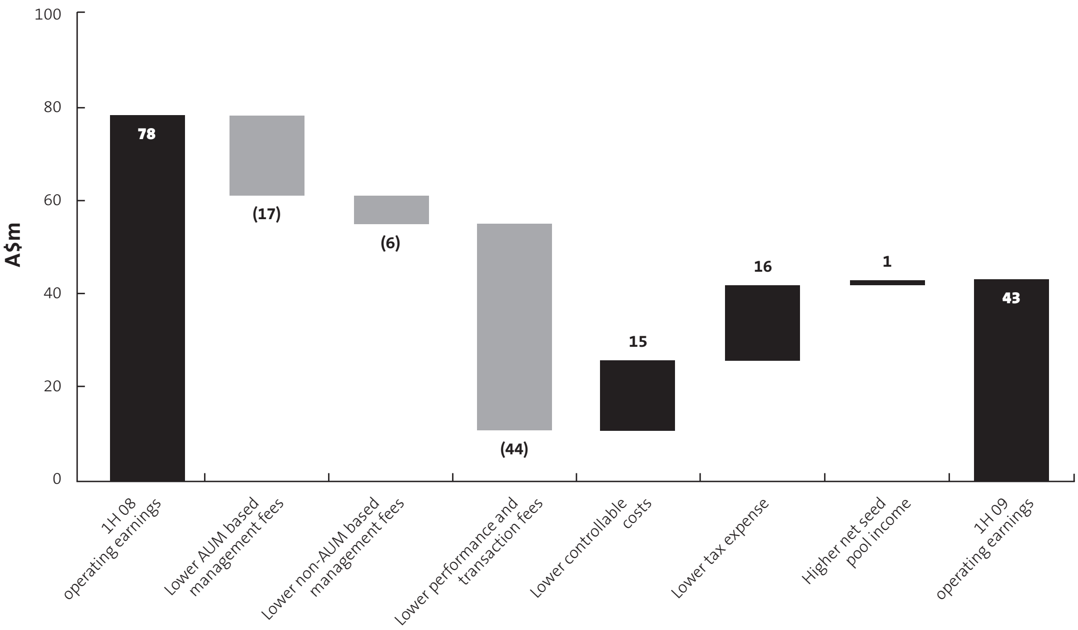
The seed pool valuation adjustments have been disclosed separately due to the nature and size of the valuation movement. In 1H 09, there were valuation adjustments of -A$35m (after tax) due to:

- a writedown of the Singapore industrial property portfolio. Property valuations have been impacted by higher capitalisation rates partly due to the weaker Singapore economy. AMPCI is currently reviewing options with regard to these assets
- a writedown on AMPCI's joint venture in an Australian retirement village business. The writedown reflects a deterioration in the market value of both the property and business.

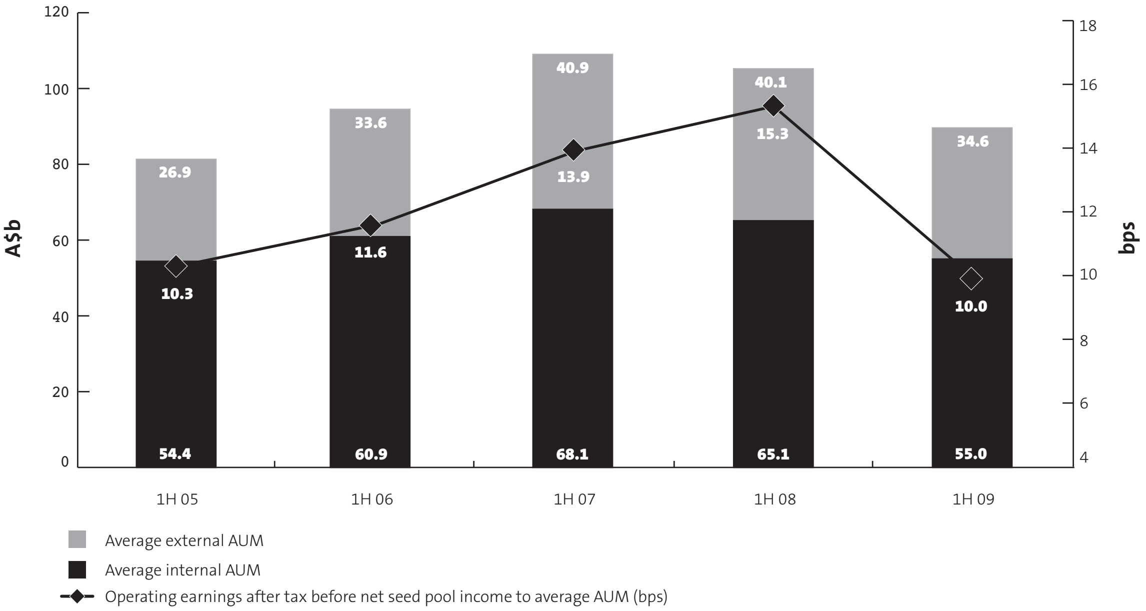
AMPCI has a contract to dispose of the UK rolling stock investment, with no material profit/loss expected to be made in 2H 09 from the sale.

AMP Capital Investors financial summary cont'd

Movement in operating earnings 1H 08 to 1H 09



Average AUM and operating earnings



Cashflows and assets under management (AUM)

Cashflows by asset class (A$m)	Cash inflows 1H 09	Cash inflows 1H 08	Cash inflows % 1H/1H	Cash outflows 1H 09	Cash outflows 1H 08	Cash outflows % 1H/1H	Net cashflows 1H 09	Net cashflows 1H 08	Net cashflows % 1H/1H
External									
Australian equities	**388**	718	(46.0)	**121**	1,354	91.1	**267**	(636)	n/a
International equities	**663**	701	(5.4)	**250**	806	69.0	**413**	(105)	n/a
Fixed interest	**672**	1,765	(61.9)	**1,248**	1,132	(10.2)	**(576)**	633	n/a
Infrastructure	**161**	386	(58.3)	**10**	6	(66.7)	**151**	380	(60.3)
Private equity	**-**	1	n/a	**3**	4	25.0	**(3)**	(3)	-
Property	**3**	248	(98.8)	**63**	148	57.4	**(60)**	100	n/a
Total external	**1,887**	3,819	(50.6)	**1,695**	3,450	50.9	**192**	369	(48.0)
Internal									
Australian equities	**1,041**	1,024	1.7	**702**	666	(5.4)	**339**	358	(5.3)
International equities	**1,054**	679	55.2	**277**	723	61.7	**777**	(44)	n/a
Fixed interest	**2,189**	1,872	16.9	**3,240**	3,990	18.8	**(1,051)**	(2,118)	50.4
Infrastructure	**43**	111	(61.3)	**65**	63	(3.2)	**(22)**	48	n/a
Private equity	**10**	16	(37.5)	**23**	18	(27.8)	**(13)**	(2)	(550.0)
Property	**57**	81	(29.6)	**158**	254	37.8	**(101)**	(173)	41.6
Total internal	**4,394**	3,783	16.2	**4,465**	5,714	21.9	**(71)**	(1,931)	96.3
Total	**6,281**	7,602	(17.4)	**6,160**	9,164	32.8	**121**	(1,562)	n/a

AUM by asset class (A$m)	FY 08[1]	Net cashflows	Investment returns and other[2]	1H 09	1H 08[1]	% 1H/1H
External						
Australian equities	3,528	267	144	**3,939**	5,110	(22.9)
International equities	6,250	413	(363)	**6,300**	8,030	(21.5)
Fixed interest	8,766	(576)	31	**8,221**	9,505	(13.5)
Infrastructure	2,955	151	(112)	**2,994**	2,698	11.0
Direct investments	196	(3)	11	**204**	471	(56.7)
Property	13,610	(60)	(999)	**12,551**	14,001	(10.4)
Total external	35,305	192	(1,288)	**34,209**	39,815	(14.1)
Internal						
Australian equities	16,040	339	772	**17,151**	20,184	(15.0)
International equities	10,775	777	(385)	**11,167**	11,444	(2.4)
Fixed interest	22,826	(1,051)	(446)	**21,329**	22,645	(5.8)
Infrastructure	1,468	(22)	(44)	**1,402**	1,469	(4.6)
Direct investments	956	(13)	(247)	**696**	909	(23.4)
Property	4,471	(101)	(386)	**3,984**	4,972	(19.9)
Total internal	56,536	(71)	(736)	**55,729**	61,623	(9.6)
Total						
Australian equities	19,568	606	916	**21,090**	25,294	(16.6)
International equities	17,025	1,190	(748)	**17,467**	19,474	(10.3)
Fixed interest	31,592	(1,627)	(415)	**29,550**	32,150	(8.1)
Infrastructure	4,423	129	(156)	**4,396**	4,167	5.5
Direct investments	1,152	(16)	(236)	**900**	1,380	(34.8)
Property[3]	18,081	(161)	(1,385)	**16,535**	18,973	(12.8)
Total	91,841	121	(2,024)	**89,938**	101,438	(11.3)
AUM by source of client (A$m)						
Australia	76,513	(797)	(1,165)	**74,551**	85,882	(13.2)
New Zealand	10,090	566	(617)	**10,039**	9,658	3.9
Asia (including Middle East)	4,633	353	(289)	**4,697**	5,046	(6.9)
Rest of world	605	(1)	47	**651**	852	(23.6)
Total	91,841	121	(2,024)	**89,938**	101,438	(11.3)

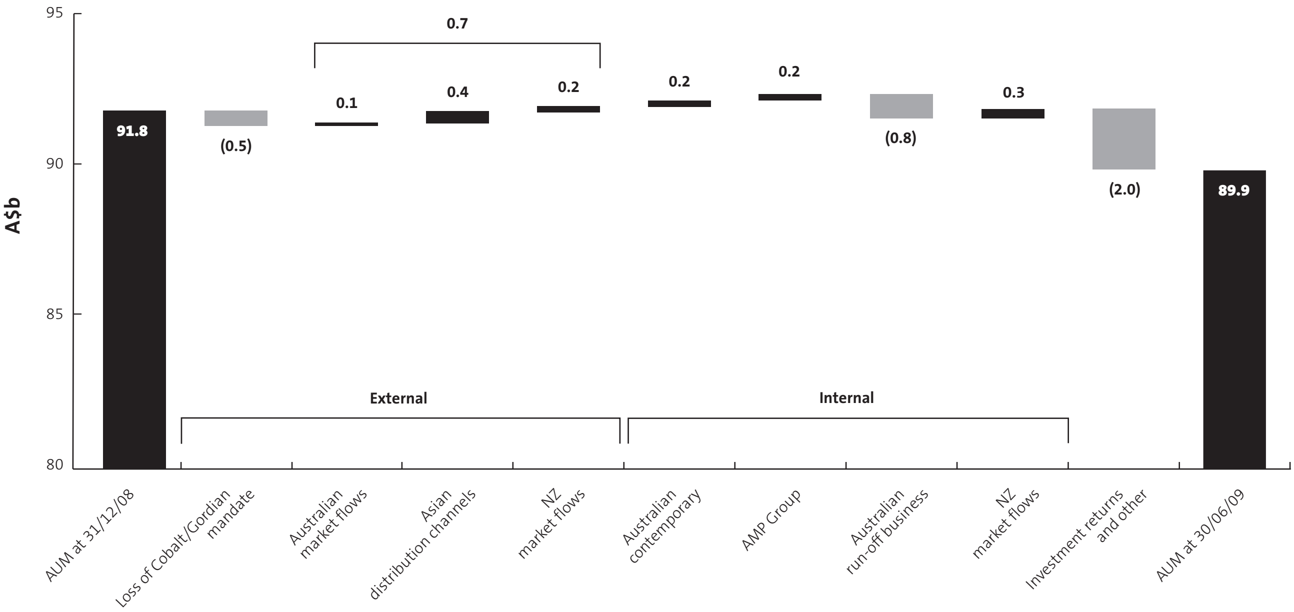
1 FY 08 and 1H 08 asset classes have been restated. Total AUM has not been restated.

2 Other includes distributions, taxes and foreign exchange movements.

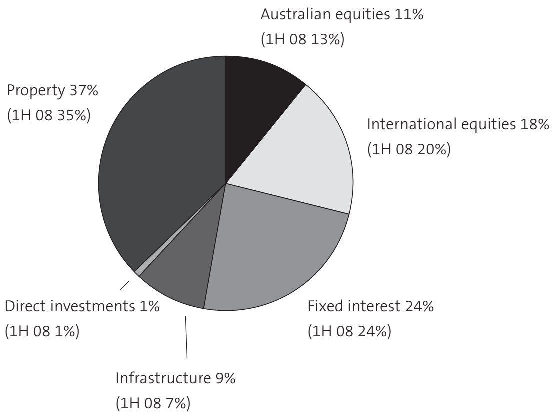
3 Property AUM comprises Australian (A$13.9b) and NZ (A$2.6b) managed assets. Australian property AUM is invested in retail (52%), office (37%), industrial (8%) and other (3%).

Cashflows and assets under management (AUM) cont'd

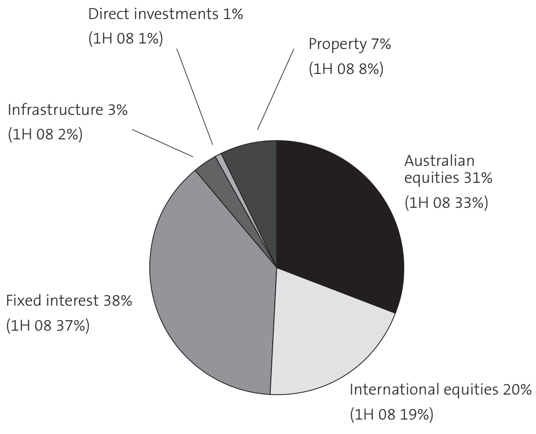
Movement in AUM by channel FY 08 to 1H 09



External AUM by asset class (A$34b AUM)



Internal AUM by asset class (A$56b AUM)



Investment performance

63% of AUM met or exceeded benchmark over the five years to 30 June 2009. Investment performance has been impacted by difficult investment markets, particularly in late 2008, resulting in 32% of funds meeting or exceeding benchmark for the 12 months to 30 June 2009. 55% of AUM met or exceeded benchmark for the six months to June 2009. The target for the business is 75% of AUM meeting or exceeding benchmark.

The competitive rankings of our main funds remain strong over the five year period to June 2009, with first quartile ranking for AMPCI's Balanced Growth Fund and second quartile rankings for Australian equities, fixed interest and direct property funds.

The first six months to June 2009 have continued to be challenging for the property and infrastructure sectors due to illiquidity, difficult credit conditions and the deteriorating economic conditions experienced during the period.

Many of the property and infrastructure benchmarks are set against a bond yield plus margin benchmark, which were challenging to exceed given market conditions over the past six months.

14% of Australian property AUM met or exceeded their benchmarks for the six months to June 2009, reflecting the current market environment and falling valuations. Around 70% of AMPCI property fund benchmarks related to the government bond yield plus a margin (eg 3%). Over five years 89% of property AUM exceeded benchmark.

Australian bond portfolios represent about 20% of total AMPCI AUM. 73% of AUM met or exceeded benchmark for the 12 months and 91% for the six months to 30 June 2009. Investment performance benefited from credit markets stabilising. The Corporate Bond Fund ranked in the first quartile according to the Mercer Sector Survey for one, three and five years.

42% of Australasian equities met or exceeded benchmarks for the 12 months; however, investment performance for the last six months was lower at 37%. Australasian equities represent approximately 23% of AMPCI's total AUM. The Value, Capital, Quant, Enhanced Index and multi-style strategies all added value over a one year period against the passive benchmark.

The Capital investment style exceeded benchmark by 2.0%. Over five years, the Small Companies investment style has beaten its benchmark by 5.8% with a Q1 competitor ranking, while the Capital and Quant investment style exceeded benchmark by 2.2% and 2.0% respectively and both with a second quartile competitor ranking.

Performance across multi-manager funds has improved in the six months to June 2009 as liquidity and credit conditions improved.

International bond portfolios benefited from improved credit spreads and liquidity resulting in all funds outperforming for the six months to June 2009.

International equities performance improved with the majority of funds outperforming. The large cap fund outperformed while the global small cap and emerging markets funds underperformed for the six months to June 2009.

AMPCI's investment capability was endorsed in 1H 09 with the following awards and ratings:

- AMPCI New Zealand was awarded the top honour as the Morningstar Fund Manager of the Year, the Fixed Interest Fund Manager of the Year and Multi Sector Fund Manager of the Year
- AMPCI New Zealand won the INFINZ 2009 Chapman Tripp Fund Manager of the Year - Equities award
- The Asian Equity Growth Fund achieved a three star rating by S&P in its first research review and a recommend rating from Lonsec.

Investment performance

Percentage of AUM meeting or exceeding benchmark (%)	June 2009			
AMPCI managed	**YTD**	**1 year**	**3 year**	**5 year**
Australasian equities	37	42	47	55
Australasian fixed interest	91	73	43	52
Infrastructure and private equity	1	3	41	51
Property	14	11	29	89
Diversified	9	14	68	97
Total AMPCI managed	39	35	45	70
Multi-manager				
Australasian equities	4	96	89	96
Australasian fixed interest	100	-	-	-
International equities	80	36	41	100
International fixed interest	100	10	-	-
Diversified	100	-	-	-
Total multi-manager	83	27	26	55
Total AMPCI	55	32	38	63

Investment performance cont'd

A summary of investment performance for the 1, 3 and 5 years to June 2009 across the various funds/styles is shown in the table below. In instances where there is more than one fund for an investment style, investment performance of the flagship fund has been quoted.

Investment performance across funds/styles

	1 Year			3 Year			5 Year		
Equities	**Absolute return[1] (%)**	**Excess return (%)**	**Competitor quartile ranking[2]**	**Absolute return[1] (%)**	**Excess return (%)**	**Competitor quartile ranking[2]**	**Absolute return[1] (%)**	**Excess return (%)**	**Competitor quartile ranking[2]**
Fund/style name									
Sustainable future (SRI)	(21.6)	(1.5)	Q4	(5.2)	(1.3)	Q4	7.2	0.3	Q4
Capital	(18.1)	2.0	Q3	(2.6)	1.3	Q3	9.0	2.2	Q2
Active quant	(19.3)	0.8	Q3	(2.1)	1.7	Q3	8.9	2.0	Q2
Value	(18.7)	1.4	Q3	(2.5)	1.3	Q3	8.3	1.4	Q2
Enhanced index	(19.6)	0.5	Q2	(3.5)	0.3	Q4	7.0	0.1	Q4
Small companies	(32.1)	(3.5)	Q4	(3.2)	3.2	Q2	11.4	5.8	Q1
New Zealand equities	(6.6)	4.5	n/a	(2.6)	3.7	n/a	5.2	3.1	n/a
Fixed interest									
Fund/style name									
Core plus strategies	7.8	(3.0)	Q3	4.9	(1.4)	Q2	5.4	(0.7)	Q2
Structured high yield	9.2	3.7	Q1	11.0	4.6	Q1	10.8	4.6	Q1
Enhanced yield	2.9	(1.9)	Q2	6.7	0.8	Q2	7.4	1.7	Q2
Corporate bond	5.4	(5.4)	Q2	4.4	(2.0)	Q2	5.2	(0.8)	Q2
New Zealand fixed interest	15.8	6.0	n/a	9.0	2.1	n/a	8.1	1.4	n/a
International funds (multi-manager)									
Fund/style name									
International equities	(18.7)	(2.5)	Q3	(10.9)	(0.1)	Q3	(1.9)	1.2	Q2
International fixed interest	(0.2)	(10.2)	Q4	2.1	(5.8)	Q4	3.9	(3.3)	Q3
Property (direct and listed)[3]									
Fund/style name									
Australian Core Property Portfolio	(11.2)	(19.2)	Q1	7.0	(1.7)	Q2	9.8	0.8	Q2
AMP Wholesale Office Fund	(20.2)	(28.7)	Q3	5.4	(3.8)	Q2	7.1	(2.0)	Q3
AMP Shopping Centre Fund	(11.9)	(20.4)	Q2	5.9	(3.3)	Q2	11.8	2.7	Q1
Property Income Fund	(9.8)	2.6	Q1	6.9	0.8	Q2	9.3	(0.4)	Q2
New Zealand Direct Property	(21.2)	n/a	n/a	7.0	n/a	n/a	11.1	n/a	n/a
Australian Listed Property Trusts	(42.2)	0.1	Q4	(22.4)	0.3	Q3	(7.8)	0.6	Q2
Global Listed Property Trusts	(38.8)	4.5	Q2	(16.3)	3.2	Q2	0.2	3.4	Q2
Infrastructure									
Fund/style name									
Infrastructure Equity Fund	(8.4)	(17.6)	n/a	0.4	(9.7)	n/a	6.1	(3.9)	n/a
Strategic Infrastructure Trust of Europe (GBP)	(0.7)	(9.9)	n/a	7.8	(2.3)	n/a	n/a	n/a	n/a
Australia Pacific Airports Fund	6.0	(6.0)	n/a	19.3	7.3	n/a	19.7	7.7	n/a
Private equity									
Fund/style name									
Business Development Fund 2	(18.1)	(2.0)	n/a	32.1	31.1	n/a	32.3	20.1	n/a
Private Equity Fund 3	(67.4)	n/a	n/a	(6.4)	n/a	n/a	n/a	n/a	n/a

1 Absolute returns are annualised for periods greater than one year. Absolute return for private equity represents internal rate of return.

2 Competitor quartile ranking determined using relevant Mercer Sector Surveys.

3 For Australian and global listed property trusts competitor quartile ranking, a composite return was used.

Capital management

30 June 2009

A$m	Total AMP	AMP Life Statutory Funds	AMP Life other[4]	AMP Banking[5]	Total AFS	AMPCI	Group Office
Total capital resources	**3,746**	1,597	526	266	2,389	266	1,091
Intangibles[1]	**(685)**	-	(454)	(28)	(482)	(109)	(94)
Tangible capital resources	**3,061**	1,597	72	238	1,907	157	997
Non-allowable hybrid instruments[2]	**(211)**						(211)
Senior debt[3]	**(899)**						(899)
Regulatory capital resources	**1,951**	1,597	72	238	1,907	157	(113)
Shareholder minimum regulatory capital requirements (MRR)	**826**	559	10	195	764	62	-
Regulatory capital resources above MRR	**1,125**	1,038	62	43	1,143	95	(113)

31 December 2008

A$m	Total AMP	AMP Life Statutory Funds	AMP Life other[4]	AMP Banking[5]	Total AFS	AMPCI	Group Office
Total capital resources	**3,745**	1,527	514	255	2,296	265	1,184
Intangibles[1]	**(650)**	-	(454)	(31)	(485)	(95)	(70)
Tangible capital resources	**3,095**	1,527	60	224	1,811	170	1,114
Non-allowable hybrid instruments	**(214)**						(214)
Senior debt[3]	**(1,154)**						(1,154)
Regulatory capital resources	**1,727**	1,527	60	224	1,811	170	(254)
Shareholder minimum regulatory capital requirements (MRR)	**829**	579	10	182	771	58	-
Regulatory capital resources above MRR	**898**	948	50	42	1,040	112	(254)

1 Refer to page 44 for definition. Intangibles include capitalised costs.

2 Non-allowable hybrid instruments reduced by A$3m due to final amortisation of callable subordinated debt (A$53m) offset by a partial on-market buyback of some of this debt (A$56m).

3 Refer to debt overview page 39.

4 Includes AFS accountable component of the AMP Life shareholders fund and AFS subsidiaries (eg AMPFP, Hillross).

5 The AMP Banking capital resources eliminates the impact of AIFRS cashflow hedge fair value movements.

Capital management

AMP holds a level of capital above its minimum regulatory requirements (MRR). At 30 June 2009 the regulatory capital resources above MRR were A$1,125m (A$898m at 31 December 2008). Regulatory capital resources were 2.4 times MRR (2.1 times at 31 December 2008). The MRR coverage ratio will vary throughout the year due to a range of factors including investment market movements, dividend payments and statutory profits.

Given the challenging market conditions, AMP continues to take a prudent approach to capital management and has a bias towards holding more capital rather than less. In 1H 09, AMP raised A$296m through the AMP Notes Offer, a retail Lower Tier 2, subordinated debt issue. This helped fund the refinancing of both the AMP Banking Lower Tier 2 capital in April 2009 and AMP Corporate subordinated debt in August 2009.

AMP's interim dividend is 14 cents per share franked to 50%. AMP's dividend payout ratio for 1H 09 is 77% of underlying profit, with future dividends likely to be in the range of 75% to 85% of underlying profit.

AMP's capital strategy remains focussed on enhancing its already strong capital position to maintain flexibility to grow in the current climate.

AMP will continue to offer a discount of 2.5% to DRP participants. Participation in the DRP will be partially underwritten to about 75%. This will provide:

- an additional capital buffer to protect against further falls in direct property valuations
- additional capacity to allow AMP Life SF1 to reinvest in equities as markets improve
- some capacity for small scale M&A opportunities should they arise.

MRR

The shareholder minimum regulatory capital requirement (MRR) is the amount of shareholder capital required by each of AMP's regulated businesses to meet their capital requirements as set by the appropriate regulator. These requirements are:

- AMP Life – solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards
- AMP Banking – capital requirements as specified under the APRA Banking Prudential Standards
- AMPCI – capital and liquidity requirements under its Australian Financial Services Licence (AFSL).

Capital management cont'd

Target surplus

AMP's regulated businesses each target a level of capital equal to MRR plus a target surplus.

The AMP Life Statutory Fund's target surplus is set by reference to a probability of breaching regulatory capital requirements. This is a two tiered test where the target surplus is set as the greater of the amount required for a:

- 0.5% probability of breaching solvency over one year
- 10% probability of breaching capital adequacy over one year.

AMP Life's capital position remained above its target level at 30 June 2009. The target surplus is a management guide to the level of excess capital that AMP Life seeks to carry. It is not a point estimate which requires automatic management action. AMP Life's capital position relative to its target surplus can vary significantly throughout the year.

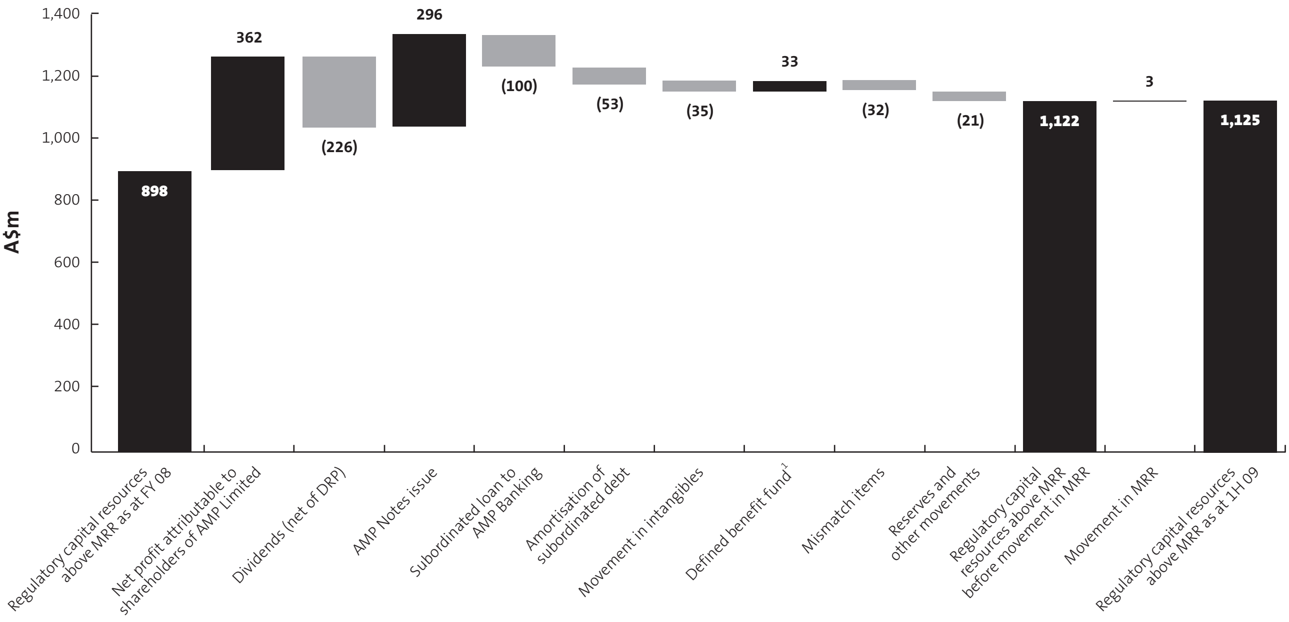
AMP Banking's target surplus reflects an additional 0.75% of risk weighted assets above the APRA minimum requirements.

AMP Capital Investors' target surplus is set to cover the seed pool investment risk and operational risks.

Capital allocation

AMP regularly reviews business unit capital allocation, taking into account improved control processes and growth or changes in the business unit requirements. The end of period tangible capital resources for each of the AFS divisions has been provided in the respective profit and loss tables provided elsewhere in this Investor Report.

Movement in 1H 09 regulatory capital resources above MRR



1 Defined benefit fund deficit relates to movements in the value of AMP's defined benefit fund which do not impact profit but flow through AMP's balance sheet reserves.

Regulatory capital resources (A$m)	30 June 2009	31 December 2008
AMP shareholder equity	**2,357**	2,241
Allowable hybrid Tier 1 instruments	**-**	-
Less: goodwill and other intangibles	**(685)**	(650)
Tier 1	**1,672**	1,591
Allowable upper Tier 2 instruments	**-**	-
Allowable lower Tier 2 instruments	**279**	136
Tier 2	**279**	136
Total regulatory capital (Tier 1 + Tier 2)	**1,951**	1,727

Capital management cont'd

Total capital resources by equity class (A$m)	30 June 2009	31 December 2008
Equity		
Contributed equity	**4,618**	4,481
Equity contribution reserve	**1,019**	1,019
Other reserves	**(18)**	(32)
Retained earnings[1]	**214**	154
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**2,248**	2,037
Accounting mismatches and cashflow hedge reserve	**109**	204
Total AMP shareholder equity	**2,357**	2,241
Corporate debt	**1,389**	1,504
Total capital resources	**3,746**	3,745

1 The movement in retained earnings (A$60m) is comprised of profit after mismatch items (A$362m) less dividends (A$319m) and adjusted for AIFRS (A$17m), eg reversal of dividends related to treasury shares.

Total capital resources by asset class (A$m)	30 June 2009	31 December 2008
International equities	**86**	145
Australian equities	**100**	133
Property	**287**	298
International fixed interest	**302**	320
Australian fixed interest	**187**	215
Cash[1]	**1,742**	1,478
Total shareholder funds	**2,704**	2,589
Other[2]	**357**	506
Tangible capital resources	**3,061**	3,095
Intangibles	**685**	650
Total capital resources	**3,746**	3,745

1 Cash includes cash balances held as bank deposits and short-term fixed interest securities.

2 Other includes A$32m (FY 08 A$115m) of cash held backing liabilities, net seed pool assets of A$217m (FY 08 A$297m) and A$108m (FY 08 A$94m) of other assets and liabilities.

Nominal versus effective exposure

AMP uses derivatives (futures) to obtain its desired level of equity allocation for its shareholder invested funds portfolio. The asset allocations above reflect the effective exposure of shareholder funds after consideration of the effects of derivative positions.

Management of market risks in the shareholder funds

During FY 08, AMP reviewed its approach to the investment of shareholder funds. In view of the equity market risk embedded in the operating businesses (eg through fees on AUM), AMP decided to reduce its equity exposure in shareholder funds. During 1H 09 AMP continued to reduce its equity exposure and move towards a more conservative asset mix for its shareholders funds.

International equity exposures are not hedged for currency. Property exposures relate primarily to a 65% interest in AMP's head office at 33 Alfred Street Sydney.

The shareholder fixed interest portfolio is split approximately 30% sovereign exposures and 70% corporate exposures. Corporate exposures are invested in AAA (31%), AA (31%), A (19%), BBB (12%) and sub-investment grade and unrated (7%).

Underlying investment income

AMP calculates the underlying investment income that is allocated to the business units and Group Office, for management reporting purposes, by applying an underlying rate of return to BU and Group Office shareholder assets invested in income producing investment assets (as opposed to operating assets). The underlying after tax rate of return used for 1H 09 is 4.25% pa (1H 08 5.20% pa).

Underlying investment income is calculated on shareholder funds invested in income producing assets. Shareholder funds invested in income producing assets may be higher or lower than business unit capital due to the working capital requirements of the business unit.

Australian contemporary wealth management underlying investment income

In the Australian contemporary wealth management business, AMP Banking income producing assets are excluded from the calculation of underlying investment income. The return on AMP Banking income producing assets is included in operating earnings.

Debt overview

	30 June 2009			31 December 2008		
A$m	**Corporate**	**AMP Banking**	**Total**	**Corporate**	**AMP Banking**	**Total**
Subordinated bonds/notes	294	-	**294**	350	100	**450**
AMP Notes[1]	296	-	**296**	-	-	**-**
Subordinated loan from Group Office to AMP Banking	(100)	100	**-**	-	-	**-**
Total subordinated debt (Tier 2)	490	100	**590**	350	100	**450**
Domestic commercial paper, NCDs and repos	121	1,359	**1,480**	76	1,641	**1,717**
Euro medium-term notes	628	-	**628**	628	-	**628**
Domestic medium-term notes	350	560	**910**	350	42	**392**
Bank facilities	-	-	**-**	100	-	**100**
Loan from Group Office to AMP Banking	(200)	200	**-**	-	-	**-**
Total senior debt	899	2,119	**3,018**	1,154	1,683	**2,837**
Deposits[2]	-	4,225	**4,225**	-	3,640	**3,640**
Total debt	1,389	6,444	**7,833**	1,504	5,423	**6,927**
Corporate gearing ratios						
S&P gearing	16%			14%		
Interest cover – underlying (times)	10.0			10.9		
Interest cover – actual (times)	8.4			8.1		

	Corporate debt by year of repayment					
A$m	**0-1 year[3]**	**1-2 years**	**2-5 years**	**5-10 years**	**10+ years**	**Total**
Corporate debt at 30 June 2009	332	580	694	-	83	**1,689**
Loans from Group Office to AMP Banking	(200)	-	(100)	-	-	**(300)**
Total Corporate debt at 30 June 2009	132	580	594	-	83	**1,389**
Total Corporate debt at 31 December 2008	443	230	748	-	83	**1,504**

1 The AMP Notes 10 year subordinated debt, with a call date in five years and have been structured to qualify as Lower Tier 2 capital for APRA purposes.

2 Deposits includes AMP Banking retail deposits (A$2.1b), AMP Super Cash (A$1.8b) and other AMP Life policyholder deposits (A$0.3b).

3 1H 09 Corporate debt repayable in 0–1 year is A$211m of subordinated bonds/notes callable in August 2009 and A$121m of domestic paper.

Total Corporate debt reduced by A$115m in 1H 09 to A$1,389m, primarily as a result of a A$200m loan and A$100m subordinated loan to AMP Banking, the repayment of A$100m in bank facilities and the on-market buyback of A$56m of the August 2009 subordinated debt, partially offset by the A$296m AMP Notes raising in April and an increase in commercial paper issuance of A$45m. Currently, the interest expense on total Corporate debt is effectively split approximately 60/40 between fixed and floating rate, excluding the short-term A$200m loan to AMP Banking.

AMP has access to significant liquidity through undrawn bank facilities of A$700m.

AMP Banking debt

Historically, the securitisation of residential mortgage backed securities (RMBS) has been a significant source of funding and capital relief for AMP Banking. Securitisation funding is non-recourse to AMP Banking and AMP Group. In 1H 09, the securitisation market continued to be very difficult for new issuance.

AMP Banking is focused on funding its future mortgage growth primarily through deposit growth supplemented with modest government guaranteed issuance and RMBS repos with the RBA.

AMP Banking deposits include retail deposits, AMP Super Cash and other AMP Life policyholder deposits. Deposits grew strongly in 1H 09 due to flows into AMP Super Cash and increased marketing for retail deposits. AMP Banking also issued A$520m of government guaranteed debt in 1H 09.

AMP Banking called A$100m of subordinated bonds in April 2009. This subordinated debt was refinanced through a subordinated loan from AMP Group.

Debt in entities controlled by AMP Life policyholder funds

This represents debt raised in various funds managed by AMPCI where AMP Life policyholders' funds have a controlling interest. As the lenders in relation to this debt have limited recourse to the assets of the borrowing entity or fund and no recourse to AMP, the debt does not form part of the AMP Corporate debt and is not included in S&P's definition of debt from an AMP Group perspective.

Reconciliation of total borrowings per AMP Limited half year financial statements (A$m)	
Total Corporate and AMP Banking debt at 30 June 2009	7,833
Plus limited recourse debt in entities controlled by AMP Life policyholder funds	1,898
Plus deposits with AMP Life	285
Plus limited recourse debt in investment entities controlled by AMP Capital Investors	54
Less policyholder deposits with AMP Banking[1]	(2,082)
Value of cross currency interest rate swaps, fair value adjustments on borrowings and net discounts and transaction costs	(70)
Subtotal	7,918
Plus AMP Banking securitisation brought back on balance sheet as a result of AIFRS	4,218
Total borrowings and subordinated debt as per AMP Limited Financial Report for the half year ended 30 June 2009	12,136

1 Includes AMP Super Cash (A$1.8b) and other AMP Life policyholder deposits (A$0.3b).

Group Office

A$m	1H 09	1H 08	2H 08	FY 08	% 1H/1H
Group Office costs not recovered from business units	**(18)**	(18)	(18)	(36)	-
Underlying investment income on Group Office capital	**23**	24	25	49	(4.2)
Interest expense on Corporate debt	**(37)**	(37)	(45)	(82)	-
AMP Limited tax loss recognition	**8**	7	8	15	14.3
Market adjustment – investment income	**(42)**	(122)	(138)	(260)	n/a
Other items	**53**	2	71	73	n/a
Seed pool valuation adjustments	**(35)**	-	(42)	(42)	n/a
Timing differences					
Market adjustment – annuity fair value	**(9)**	(41)	(76)	(117)	n/a
Loan hedge revaluations	**(4)**	2	(43)	(41)	n/a
Accounting mismatches	**32**	88	69	157	n/a
Interest expense summary					
Average volume of Corporate debt	**1,602**	1,268	1,549	1,409	
Weighted average cost of Corporate debt[1]	**6.78%**	8.46%	8.28%	8.36%	
Tax rate	**30%**	30%	30%	30%	
Interest expense on Corporate debt	**37**	37	45	82	
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**81**			133	

1 Weighted average cost of Corporate debt as at 30 June 2009 is 7.55% pa (post tax 5.29% pa).

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the interim dividend (50%), the balance of franking credits will be A$21m.

Group Office costs were A$18m, in line with 1H 08. Group Office costs benefited from lower staff numbers, offset by lower business unit recoveries as Cobalt/Gordian is no longer part of the AMP Group.

Underlying investment income on Group Office capital decreased from A$24m in 1H 08 to A$23m in 1H 09. Underlying investment income is lower than 1H 08 underlying investment income due to a lower assumed underlying rate of return (reduced from 5.20% pa to 4.25% pa) despite an increase in shareholder investment assets.

Interest expense on Corporate debt was in line with 1H 08 at A$37m. 1H 09 interest expense benefited from a lower weighted average cost of debt, offset by a higher average volume of debt.

The weighted average cost of Corporate debt in 1H 09 was 6.78%, compared to 8.46% in 1H 08. Interest rates in 1H 09 were materially lower than in 1H 08.

AMP Limited tax loss recognition

AMP Limited tax loss recognition relates to the gradual recoupment of carried forward tax losses. Recognition of the tax benefit is linked to overall AMP Group taxable earnings (both ordinary policyholder and shareholder) and the amount recognised is expected to move in line with the growth in taxable earnings.

The amount recognised in 1H 09 was A$8m. AMP expects to recognise a benefit from recouping these tax benefits over a number of years. At 30 June 2009, the amount of carried forward tax losses to be recouped (in line with the growth in taxable earnings) is A$150m.

Market adjustment – investment income

Market adjustment – investment income represents the excess (or shortfall) between the underlying investment income and actual return on shareholder assets invested in income producing assets. The investment income market adjustment was -A$42m in 1H 09 and was impacted by the cash rate being lower than AMP's assumed long-term cash rate (5.5% pa) and lower property valuations.

The market adjustment – investment income includes -A$16m (1H 08 nil) due to the impact of changes in economic variables (bond yields, CPI) on the valuation of assets and liabilities on the risk insurance business.

Other items

1H 09 other items principally comprise the release of prior year tax provisions. The release of tax provisions mainly relate to benefits of entering the tax consolidations regime in 2003 not recognised at that time. There is unlikely to be future material tax provision releases.

Seed pool valuation adjustment

The seed pool assists with AMPCI business growth by funding the acquisition of assets to "seed" new funds or opportunities. The disclosure of the net seed pool result is discussed in the AMPCI section (see page 30 for details).

As a result of the current investment market and economic conditions, there has been a large, abnormal writedown in the value of seed pool assets. As a result the seed pool valuation adjustment has been disclosed as part of the Group result.

Group Office cont'd

Timing differences

Market adjustment – annuity fair value

The market adjustment on annuities relates to the net impact of investment markets on AMP's annuity portfolio. AMP's annuity portfolio comprises fixed term and lifetime annuity products, with Australian fixed term liabilities of A$0.8b and Australian lifetime annuity liabilities of A$1.5b. The Australian annuity portfolio is managed on a matched basis, with fixed interest assets matched to expected annuity cash outflows. Equities are not used by AMP to match its Australian annuity book.

The assets that support AMP's Australian annuity book comprise a mixture of government bonds, semi-government bonds and corporate bonds. These assets are principally exposed to Australian credit markets. This mix is required to achieve the matching of assets to expected cash annuity outflows. Ultimately, the matching should remove any interest rate or reinvestment risk, but credit risk remains.

Accounting standards require fixed term liabilities and the assets that back them both to be valued consistently on a fair value basis.

For lifetime annuities, accounting standards require the liabilities to be valued based on the risk-free rate of return and the assets valued on a fair value basis. As such, changes in credit spreads and the deterioration in the quality of individual assets can lead to timing differences.

As the assets are held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults. In 1H 09, the average credit spread on AMP's portfolio widened, resulting in the loss.

Losses can also occur from defaults on individual assets. There were no asset defaults in 1H 09.

Loan hedge revaluations

A portion of AMP's Corporate debt is denominated in foreign currency, predominantly Euro and Sterling. After taking into account hedging, AMP maintains a policy of holding 100% of its Corporate debt as AUD denominated and between 40% and 60% at floating interest rates. AMP uses cross currency swaps and interest rate swaps to maintain these policy guidelines.

Under AIFRS, AMP is required to recognise the movements in fair value of debt, to the extent it is an effective fair value hedge relationship, and associated derivatives. This gives rise to an accounting gain or loss which will reverse over time.

Accounting mismatches

Under AIFRS, some assets held on behalf of the policyholders (and related tax balances) are included in the accounts at different values to the value used in the calculation of policy liabilities in respect of the same asset. Movements in these policyholder assets flow through to shareholder profit. These differences have no impact on the true operational profits and losses of the Group.

Mismatch items that may impact the profit and loss account arise from policyholder interests in the following:

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders)
- owner-occupied properties
- life company statutory funds' investments in controlled entities
- AMP Life statutory funds superannuation products invested with AMP Banking.

Sensitivities – profit and capital

FY 09 profit sensitivities (A$m)

	Operating earnings									
	CWM	CWP	Mature	NZ	Total AFS	AMPCI	Group Office	Total	Investment income	Total
Investment market variables										
10% increase in Australian equities	9	-	3	-	12	4		**16**	8	**24**
10% decrease in Australian equities	(9)	-	(3)	-	(12)	(4)		**(16)**	(8)	**(24)**
10% increase in international equities	3	-	1	2	6	3		**9**	7	**16**
10% decrease in international equities	(3)	-	(1)	(2)	(6)	(3)		**(9)**	(7)	**(16)**
10% increase in property	4	-	1	1	6	9		**15**	20	**35**
10% decrease in property	(4)	-	(1)	(1)	(6)	(9)		**(15)**	(20)	**(35)**
1% (100 bps) increase in 10 year Australian bond yields	-	-	3	1	4	1		**5**	(17)	**(12)**
1% (100 bps) decrease in 10 year Australian bond yields	-	-	(3)	(1)	(4)	(1)		**(5)**	17	**12**
Business variables										
AMP Financial Services										
5% increase in average AUM	13	-	4	2	**19**					
5% increase in sales volumes	2	2	-	1	**5**					
1% increase in persistency	2	4	(3)	-	**3**					
AMP Capital Investors										
5% increase in average external AUM						**7**				
5% increase in average internal AUM						**5**				
AMP Limited										
5% reduction in controllable costs	12	3	2	2	19	9	2	**30**		

These sensitivities are only indicative, because:

- they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the particular variable moves independently of all others
- they are based on the 1H 09 position, ie not "forward looking", and make no allowances for events subsequent to 30 June 2009
- in general, for profit, they assume the movement occurs evenly over the year; for capital, they assume the movement occurs at 30 June 2009.

Other assumptions include:

- parent company shareholders' equity is fully invested and there are no adjustments for investments which are outside index weightings
- currency movements in investments in self-sustaining operations do not impact profit
- sales sensitivity assumes the same product mix as that in underlying sales during 1H 09
- investment income sensitivity is based on the amount of investments held as at 30 June 2009
- all profit sensitivities shown are a full year impact
- property sensitivities relate to unlisted property; listed property trusts are included in equities
- profit sensitivities exclude the impact of movements in credit spreads in corporate and semi-government debt.

Important considerations when using these sensitivities

Profit sensitivities

The sensitivities set out above apply to FY 09 operating earnings (post tax), assuming the changes in a range of hypothetical economic or business variables.

Operating earnings – investment linked business

For investment linked business, fee income is largely based on the level of AUM, which in turn is directly impacted by investment markets.

For changes in economic variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable half way through the year. For large movements that do not occur half way through the year, the profit sensitivities need to be extrapolated. For example, a 10% increase/decrease in equity markets at the start of the year would have double the impact on FY 09 operating earnings than set out in the table above.

The sensitivities are based on the 1H 09 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 09 profit sensitivities for FY 10), an allowance for changes in AUM levels should be made.

See page 10 (CWM) and page 28 (AMPCI) for average AUM levels that applied in 1H 09.

The AMPCI operating earning sensitivities assume no change to performance and transaction fees.

Sensitivities – profit and capital cont'd

Operating earnings – risk insurance and annuity business

For risk insurance and annuity business, movements in economic variables (bond yields, CPI) impact to the extent that the valuation of assets and liabilities are mismatched. These impacts are included in market adjustment and have no effect on BU operating earnings.

Operating earnings – participating business

For participating business, profit margins are dependent on the level of future bonuses supported by both the value of available assets and the assumed future investment earnings (largely driven by prevailing bond yields). As the effect of movements in investment markets is absorbed by bonuses over a number of years, only a portion of the impact is recognised in the current reporting period and is allocated between policyholders and shareholders.

Investment income

The analysis is point in time and indicates the impact a change in variable would have on AMP's FY 09 total investment income (ie underlying investment income plus investment income market adjustment).

The investment income sensitivities do not include any allowance for investment gains/losses on assets that back AMP's annuity book (refer to page 41 for details) or the impact of changes in economic variables (bond yields, CPI) on the valuation of assets and liabilities on the risk insurance business.

The investment income sensitivity at 30 June 2009 is lower than at 31 December 2008 due to AMP adopting a more conservative position on its investment portfolio in 1H 09.

30 June 2009 capital sensitivities – regulatory capital resources above MRR (A$m)[1]		AMP Life Statutory Funds	AMP Group[2]
Actual 30 June 2009 (ASX 200 @ 3,955; Australian bond yields @ 5.6%)		1,038	1,125
Equity sensitivity	– ASX 200 @ 4,500	110	130
	– ASX 200 @ 4,000	10	10
	– ASX 200 @ 3,500	(70)	(90)
	– ASX 200 @ 3,000	(140)	(180)
Australian bond yields sensitivity	– Australian bond yields @ 6.5%	(10)	20
	– Australian bond yields @ 6.0%	-	10
	– Australian bond yields @ 5.0%	(30)	(50)
	– Australian bond yields @ 4.5%	(120)	(150)
Property sensitivity	– 10% increase in unlisted property values	120	140
	– 10% decrease in unlisted property values	(130)	(150)

1 These sensitivities are a point in time view and do not make any allowance for management actions.

2 AMP Group sensitivities are AMP Life statutory funds sensitivities plus the movement in group shareholder capital held outside of the life statutory funds. This includes the effect on capital from AMP's defined benefit fund and investment gains/losses on shareholder funds.

AMP capital sensitivities – regulatory capital resources above MRR

The analysis is a point in time view of the capital impact of movements in equity markets, bond yields and property values on the 30 June 2009 capital position. The regulatory capital resources above MRR based on 30 June 2009 equity markets, bond yields and property values correspond to the disclosure in the capital management section (refer page 36).

Regulatory capital requirements are met by a combination of both policyholder and shareholder assets.

Sensitivities include the profit/loss impact from changes in investment market variables on total shareholder funds. Changes in BU operating earnings are not reflected.

The capital sensitivities for AMP Life relate to the business within the AMP Life Statutory Funds. This includes guaranteed products (the majority of which are contained within the AFS mature business), risk insurance products and unit linked products.

AMP actively manages both the asset mix and the associated capital. Market movements and trends are carefully monitored and adjustments made accordingly.

The bond yield sensitivities have reduced in magnitude from FY 08. This is the result of continued active capital management of AMP's interest rate exposure combined with the increase in bond yields during 1H 09.

The property sensitivities relate to unlisted property. The impacts from movements in the value of listed property trusts is included in the equity sensitivities.

AMP's capital management framework includes market related trigger points at which management will take action to reduce the impact of market movements on AMP's capital position. The sensitivities contained in the table above do not make any allowance for these management actions which can have a significant impact on MRR.

In addition to this, AMP is actively managing existing levels of protection and has commenced strategies to capture upside as stability returns to markets. As AMP continues to execute these strategies it is possible the sensitivity to markets could increase during 2H 09. For more detail on derivative strategies used to protect the mature business, refer to page 15.

Accounting treatment and definitions

Capital treatment: regulatory and ratings

Security type	Regulatory credit (as described by APRA regulations)	Ratings credit (Standard & Poor's)
Ordinary equity	Full capital credit	Full capital credit
Value of future shareholder profits	No capital credit	50% credit for capital adequacy purposes and 100% credit for gearing purposes
Non-innovative Tier 1	Up to 25% of total Tier 1 capital (Innovative Tier 1 cannot exceed 15% of total Tier 1 capital)	For capital adequacy purposes up to 25% of TAC[1] and for gearing purposes up to 15% of TAC
Innovative Tier 1		
Upper Tier 2	Up to 100% of total Tier 1 capital (lower Tier 2 cannot exceed 50% of total Tier 1 capital)	
Lower Tier 2		
Senior debt	No capital credit	No capital credit

1 TAC = Total Adjusted Capital as defined by Standard & Poor's.

Accounting mismatches – Refer to page 41.

Controllable costs – Include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on Corporate debt.

Controllable costs to AUM – Calculated as controllable costs divided by average AUM.

Corporate debt – Is borrowings used to fund shareholder activities of the AMP Group including the impact of any cross-currency swaps entered into to convert the debt into A$, but excluding limited recourse debt in investment entities controlled by AMPCI and debt used to fund AMP Banking activities. Refer to page 39 for more detail.

Cost to income ratio – Calculated as controllable costs divided by gross margin. Gross margin is calculated as total operating earnings and underlying investment income before income tax plus controllable costs. An income tax rate of 30% has been used to gross up the AFS numbers.

Discontinuance rates – The assumed future rates for voluntary discontinuance (lapse) of contracts for the purposes of determining the embedded value. These rates vary by individual product or product groups and, where appropriate, by other factors such as duration in-force or age attained.

Dividend payout ratio – Calculated as dividend per share divided by EPS (underlying).

Embedded value – A calculation of the economic value of the shareholder capital in the business and the profits expected to emerge from the business in-force.

Employee defined benefit scheme – A scheme that provides a retirement benefit, usually based on salary and/or a pre-determined formula for calculating that benefit. Unlike an accumulation scheme, the retirement benefit and method of calculation is known to the member at all times.

EPS (actual) – Calculated as profit attributable to shareholders of AMP Limited before accounting mismatches divided by the basic weighted average number of ordinary shares.

EPS (underlying) – Calculated as underlying profit divided by the basic weighted average number of ordinary shares.

External AUM (AMPCI) – Assets managed by AMPCI sourced directly from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients.

Full-time equivalent (FTE) – A measure of the total level of staff resources used. The FTE of a full-time staff member is equal to 1.0. The calculation of FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff.

Group risk API – Contractual annual premium payable on all in-force group risk policies.

Individual risk API – Contractual annual premium payable on all in-force individual risk policies.

Individual risk lapse rate – Calculated as annualised voluntary cancellations as a percentage of average annual premium in-force prior to cancellations. Policies expiring due to maturities, death or disablement are excluded from the calculation.

Intangibles – Represents acquired goodwill, acquired asset management mandates and capitalised costs.

Interest cover (actual) – Calculated on a rolling 12 month basis as profit after income tax before timing differences, profit on sale of discontinued business and interest expense on Corporate debt for the year divided by interest expense on Corporate debt after income tax for the same period.

Interest cover (underlying) – Calculated on a rolling 12 month basis as underlying profit before interest expense on Corporate debt for the year divided by interest expense on Corporate debt after income tax for the same period.

Internal AUM (AMPCI) – Assets managed by AMPCI sourced from AFS (excluding external platforms) and Group Office.

Investment performance – The percentage of AUM meeting or exceeding their benchmarks.

Loan hedge revaluations – Refer to page 41.

Market adjustment – annuity fair value – Refer to page 41.

Market adjustment – investment income – The excess (or shortfall) between the underlying investment income and actual return on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets). The market adjustment – investment income also includes the impact of changes in economic variables (bond yields, CPI) on the valuation of assets and liabilities on the risk insurance business.

Net seed pool income (AMPCI) – Income on seed pool assets, including normal valuation movements and net profit/loss on sales, offset by funding costs.

Operating earnings – Represent shareholder attributable profits or losses that relate to the performance of the BU. The principles of life insurance accounting are used in reporting the results of AFS. Operating earnings exclude investment earnings on shareholder capital and one-off items such as transformation costs and asset sales.

Accounting treatment and definitions cont'd

Persistency – Calculated as opening AUM less outflows during the period divided by opening AUM. AFS AUM numbers are adjusted to exclude shareholder amounts so as to reflect product AUM levels.

AFS and CWM outflows are adjusted to exclude major internal flows so as to reflect external outflows only.

Return on embedded value – Calculated as the increase in embedded value in the period before transfers, divided by embedded value at the beginning of the period.

RoBUE – Return on BU equity is calculated as BU underlying operating profit after income tax (including underlying investment income) over the BU's average monthly tangible capital resources. No allowance is made for the benefit of gearing, which occurs at Group level.

RoE (actual) – Calculated as annualised profit after income tax before timing differences and profit on sale of discontinued business divided by average monthly shareholder equity for the period.

RoE (underlying) – Calculated as annualised underlying profit divided by average monthly shareholder equity for the period.

Shareholder minimum regulatory requirements – Refer to pages 36 and 37.

S&P gearing – Senior debt plus non-allowable hybrids divided by Economic Capital Available plus hybrids plus senior debt. Economic Capital Available is as defined by Standard & Poor's and includes AMP shareholders' equity (including goodwill but excluding management rights and capitalised costs) and 100% of future AMP Life shareholder profits including recurring contributions.

Tier 1 capital – Comprises the highest quality components of capital that fully satisfy all of the following essential characteristics:

(a) provide a permanent and unrestricted commitment of funds

(b) are freely available to absorb losses

(c) do not impose any unavoidable servicing charge against earnings, and

(d) rank behind the claims of depositors, policyholders and other creditors in the event of winding-up.

Tier 2 capital – Includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an entity as a going concern. It is divided into:

(a) Upper Tier 2 capital – Comprising components of capital that are essentially permanent in nature, including some forms of hybrid capital instrument, and

(b) Lower Tier 2 capital – Comprising components of capital that are not permanent, ie dated or limited life instruments.

Total capital resources – Total capital invested in BUs and Group Office including both tangible and intangible capital.

Underlying investment income – The investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to the BUs (including Group Office) has been normalised in order to bring greater clarity to the results by eliminating the impact of short-term market volatility on underlying performance. The excess (or shortfall) between the underlying return and the actual return is disclosed separately. Underlying returns are set based on long-term expected returns for each asset class. The return on AMP Banking income producing investment assets is included in contemporary wealth management operating earnings.

Underlying profit – AMP's key measure of business profitability, as it smoothes investment market volatility and aims to reflect the trends in the underlying business performance of the AMP group. The components of underlying profit are listed on page 3.

Value of new business – A calculation of the economic value of the profits expected to emerge from the new business written over a particular period, net of the cost of providing supporting capital.

Value of risk new business – Value of new business for contemporary wealth protection and AFS New Zealand risk business.

Variable costs – Include costs that vary directly with the level of related business (eg planner fees and commissions, investment management fees and banking securitisation and commission costs).

Definitions of business units (BUs) and exchange rates

AMP

AMP Financial Services, AMP Capital Investors and Group Office.

AMP Financial Services

AMP Financial Services provides a range of products and services to customers in Australia and New Zealand. These products and services are primarily distributed through self employed financial planners and advisers aligned with AMP Financial Services.

AMP Financial Services is reported as four separate divisions:

- Contemporary wealth management (CWM) – Unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans. Financial planning and advice services are disclosed within CWM.

  CWM includes AMP Banking which is a direct Australian bank offering residential mortgages, deposits, transactional banking and white-labelled credit cards.
- Contemporary wealth protection (CWP) – Includes personal term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independent of a superannuation contract.
- Mature – A closed business comprising over 40 closed products which are in run-off and two open products (RSA and ERF). Closed products include whole of life, endowment, investment linked, investment account and annuities.
- New Zealand – A risk insurance business and mature book with a growing unit-linked superannuation and investment business.

AMP Capital Investors

AMP Capital Investors is AMP's wholly-owned specialist investment manager. It manages investments across all the major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds. AMP Capital Investors also provides commercial, industrial and retail property management services. It provides its investment management services through in-house investment professionals and a carefully selected global network of investment partners.

In addition to its well established reputation in Australia and New Zealand, AMP Capital Investors has a strong and growing international presence with offices in Beijing, London, Mumbai, Singapore and Tokyo, allowing it to source competitive offshore opportunities.

Group Office

Group Office comprises:

- Group Office operations
- Corporate debt.

Exchange rates			AUD/NZD
2009	1H 09	– closing	1.2480
		– average	1.2471
2008	FY 08	– closing	1.1930
		– average	1.1922
	2H 08	– closing	1.1930
		– average	1.2096
	1H 08	– closing	1.2609
		– average	1.1846

Five year summary

	1H 09	1H 08	1H 07	1H 06	1H 05
Earnings					
Total operating earnings (A$m)	**332**	394	382	327	276
Underlying investment income as a percentage of underlying profit	**17%**	17%	17%	24%	26%
Underlying profit (A$m)	**367**	437	446	395	371
Net profit attributable to shareholders of AMP Limited (A$m)	**362**	366	470	347	392
EPS – underlying (cps)	**18.3**	23.3	27.9	22.4	21.1
EPS – actual (cps)	**16.4**	14.8	30.0	22.6	21.3
RoE – underlying	**31.6%**	40.5%	38.0%	26.6%	22.9%
RoE – actual	**29.5%**	29.4%	40.1%	26.7%	22.5%
Dividend per share (cps)	**14**	22	22	19	14
Dividend per share – sale of Cobalt/Gordian business (cps)		2			
Dividend payout ratio – underlying	**77%**	94%	79%	85%	67%
Capital returns per share (cps)	**-**	-	40	40	40
Ordinary shares on issue (m)[1]	**2,014**	1,875	1,875	1,875	1,865
Weighted average number of shares on issue (m)[1] – basic	**2,008**	1,875	1,875	1,873	1,862
– fully diluted	**2,018**	1,883	1,882	1,877	1,869
Share price for the period (A$) – low[2]	**3.59**	6.49	9.48	7.08	5.59
– high[2]	**5.66**	9.98	10.56	9.08	6.87
EV and VNB					
VNB – AFS (3% dm) (A$m)	**141**	167	203	165	134
VNB – risk insurance (3% dm) (A$m)	**47**	44	39	33	24
Return on EV – AFS (3% dm)	**2.7%**	0.8%	12.3%	11.2%	11.1%
Financial position					
AMP shareholder equity (A$m)	**2,357**	2,037	2,173	2,507	2,851
Corporate debt (excluding AMP Banking debt) (A$m)	**1,389**	1,443	1,061	1,291	1,291
S&P gearing	**16%**	13%	8%	20%	26%
Interest cover – underlying (times)	**10.0**	13.5	19.1	14.6	10.6
Interest cover – actual (times)	**8.4**	11.6	20.1	15.4	12.6
Cashflows and AUM					
AMPCI net cashflows – external (A$m)	**192**	369	1,414	1,144	1,055
AFS net cashflows (A$m)	**865**	760	2,413	2,843	893
Persistency – AFS[3]	**90.3%**	90.0%	89.4%	84.7%	85.2%
AUM – AMPCI managed (A$b)	**90**	101	112	96	84
AUM – externally managed (A$b)	**14**	16	18	14	12
Total AUM (A$b)	**104**	117	130	110	96
Investment performance – AMPCI					
Percentage of funds meeting or exceeding benchmark – Australian AUM[4]				84%	83%
Percentage of funds meeting or exceeding benchmark – total AUM[4]	**32%**	57%	76%		
Costs					
Controllable costs – AMP (A$m)	**413**	442	421	393	375
Cost to income ratio – AMP	**42.4%**	39.9%	38.5%	39.2%	41.1%
Controllable costs to AUM (bps)	**81**	72	67	73	81
Staff numbers					
AFS[5]	**1,840**	2,233	2,042	2,343	2,355
AMPCI[6]	**954**	984	798	753	746
Group Office	**876**	949	915	380	355
Total staff numbers[7]	**3,670**	4,166	3,755	3,476	3,456

1 The number of shares has not been adjusted to remove treasury shares.

2 In each of June 05, 06 and 07, A$0.40 per share was returned to shareholders. High and low share price has been adjusted accordingly.

3 1H 09, 1H 08 and 1H 07 persistency exclude major internal flows. Other comparatives have not been restated (see page 45 for details).

4 Performance figures are on a 12 month rolling basis.

5 Excludes non-salaried planners.

6 1H 09 includes 261 shopping centre FTEs (266 in 1H 08); however, the costs of these FTEs are recharged to shopping centres.

7 Total staff numbers exclude Cobalt/Gordian.

1H 09 financial results

Analysis of operating results (A$m)	AMP Financial Services	AMP Capital Investors	Group Office	Total
BU operating earnings	307	43	-	**350**
Group Office costs not recovered from business units	-	-	(18)	**(18)**
Total operating earnings	307	43	(18)	**332**
Underlying investment income	36	5	23	**64**
Interest expense on Corporate debt	-	-	(37)	**(37)**
AMP Limited tax loss recognition	-	-	8	**8**
Underlying profit	343	48	(24)	**367**
Market adjustment – investment income	-	-	(42)	**(42)**
Other items	-	-	53	**53**
Seed pool valuation adjustments	-	(35)	-	**(35)**
Profit after income tax before timing differences	343	13	(13)	**343**
Market adjustment – annuity fair value	-	-	(9)	**(9)**
Loan hedge revaluations	-	-	(4)	**(4)**
Accounting mismatches	-	-	32	**32**
Net profit attributable to shareholders of AMP Limited	343	13	6	**362**

Total capital resources by equity class (A$m)	30 June 2009	31 December 2008
Equity		
Contributed equity	**4,618**	4,481
Equity contribution reserve	**1,019**	1,019
Other reserves	**(18)**	(32)
Retained earnings	**214**	154
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**2,248**	2,037
Accounting mismatches and cashflow hedge reserve	**109**	204
Total AMP shareholder equity	**2,357**	2,241
Corporate debt	**1,389**	1,504
Total capital resources	**3,746**	3,745

Independent review statement

Independent review report of selected information contained in the AMP Limited Investor Report for the half year ended 30 June 2009

To management of AMP Limited

The Investor Report and management's responsibility

The management of AMP Limited is responsible for the Investor Report including pages 26 and 48.

Embedded Value

Scope

We have conducted an independent review of the embedded value assumptions set out on page 26 of the Investor Report of AMP Limited ("the Investor Report") for the half year ended 30 June 2009 in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the embedded value assumptions as stated on page 26 are not reasonable for their intended purpose.

We disclaim any assumption of responsibility for any reliance on this review report to any person other than management of AMP Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to review of AMP Limited's documentation to support the embedded value assumptions, inquiries of AMP Limited's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the embedded value assumptions as stated on page 26 of the Investor Report for the half year ended 30 June 2009 are not reasonable for their intended purpose.

Analysis of Operating Results

Scope

We have conducted an independent review of the results ("financial information") set out on page 48 of the Investor Report of AMP Limited for the half year ended 30 June 2009. We have performed the review of the financial information set out on page 48 of the Investor Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial results on page 48 of the Investor Report are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources set out on pages 44 and 45. We disclaim any assumption of responsibility for any reliance on this review report to any person other than management of AMP Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to review of the reconciliation of financial information to the Financial Report of AMP Limited, review of the determination of the operating earnings, underlying investment income and total capital resources in accordance with the definitions set out on pages 44 and 45, inquiries of AMP Limited's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial results set out on page 48 of the Investor Report for the half year ended 30 June 2009 are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources as set out on pages 44 and 45.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Ernst & Young

Ernst & Young
Sydney
20 August 2009

Information for shareholders

7 September 2009	Ex-dividend date for interim 2009 dividend (Australia)
11 September 2009	Record date for interim 2009 dividend
14 September 2009	Ex-dividend date for interim 2009 dividend (New Zealand)
16 September - 12 October 2009	Pricing period for DRP
16 October 2009	2009 interim dividend payment date
22 October 2009	Third quarter 2009 cashflow release
18 February 2010	FY 2009 results announced
23 February 2010	Ex-dividend date for final 2009 dividend (Australia)
1 March 2010	Record date for final 2009 dividend
2 March 2010	Ex-dividend date for final 2009 dividend (New Zealand)
14 April 2010	2009 final dividend payment date
13 May 2010	Annual General Meeting

1H09

Website

For additional 2009 half year results information, visit AMP's website at **www.amp.com.au/shareholdercentre**

You will find:

– Background information on AMP, business units, management and policies.

– Statutory reporting at the AMP Limited level (incorporating shareholder, policyholder and unattributed interests).

– Archived webcasts of presentations to investors and analysts.

– Archived ASX announcements and historical information.

– Definitions, details of assumptions and calculations of key ratios.

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