AMP Investor Report

Half year 2008

1H08

Information for shareholders

15 September 2008	Ex-dividend date for interim 2008 dividend (Australia)
19 September 2008	Record date for interim 2008 dividend
22 September 2008	Ex-dividend date for interim 2008 dividend (New Zealand only)
22-30 September 2008	Pricing period for DRP
17 October 2008	2008 interim dividend payment date
21 October 2008	Third quarter 2008 cashflows release

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Executive management team

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Craig Meller	Managing Director, AMP Financial Services
Stephen Dunne	Managing Director, AMP Capital Investors
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Brian Salter	General Counsel
Jonathan Deane	General Manager, Strategy
Matthew Percival	General Manager, Public Affairs
Fiona Wardlow	General Manager, Human Resources

Online reports

This investor report is available online at amp.com.au/shareholdercentre along with the AMP annual report and other investor relations information.

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 auditors, 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 08 performance summary

Results against five key performance measures

Return on equity (RoE – underlying)	**up to 40.5%**
Total operating earnings	**up 3.1%**
Cost to income ratio	**up to 39.9%**
Investment performance	**57% of AUM met or exceeded benchmark**
Growth measures	
Net cashflows	**AFS down to A$760m, AMPCI (external) down to A$369m**
Value of risk new business (CWP and NZ risk VNB)	**up 13% to A$44m**

Profit and profit drivers

Total operating earnings up 3% to A$394m, underlying profit down 2%

Profit after tax (before accounting mismatches) down 50% to A$278m

- AFS contemporary wealth management down 2% and AMPCI flat
- AFS contemporary wealth protection up 29%, New Zealand up 13% and mature down 6%
- Contemporary (open businesses) contributed 78% of total BU operating earnings
- Total investment income down A$209m due to lower investment markets (A$148m), annuity fair value adjustment (A$43m) and lower shareholder capital following the June 2007 capital return (A$18m).

Cashflows, AUM and revenue margins

Group AUM down 9% to A$117b for the half, primarily due to the decline in investment markets

- AFS AUM fell 8% to A$76b, AMPCI AUM down 9% to A$101b
- AFS net cashflows down 69% year on year. Retail superannuation and pensions/annuities (including retirement incomes) fell 49%, corporate superannuation declined 52%, while New Zealand flows increased A$89m to A$58m
- Contemporary wealth management gross revenue margins decreased 4 bps compared to 1H 07 to 182 bps. AMPCI management fees grew 3 bps to 37 bps, while performance and transaction fees to average AUM grew 2 bps to 11 bps.

Costs and cost ratios

Cost to income ratio up 1.4 percentage points to 39.9%, total costs rose 5% to A$442m

- AFS controllable costs rose A$8m (3%) to A$278m, AMPCI costs grew at a higher rate (11%) to A$138m. Cost increases were primarily due to growth initiatives and higher labour costs.

Capital management and dividend

Interest cover (underlying) remains a strong 13.5 times

- RoE (underlying) increased 2.5 percentage points to 40.5%
- Gearing on an S&P basis is 13%
- Final dividend of 22 cps (85% franked) was declared for 1H 08, unchanged from 1H 07
- Return of capital via a special dividend from proceeds of Cobalt/Gordian sale of 2 cps.

Financial summary

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss					
Australian contemporary wealth management	**142**	145	161	306	(2.1)
Australian contemporary wealth protection	**76**	59	60	119	28.8
Australian mature	**89**	95	95	190	(6.3)
New Zealand	**27**	24	24	48	12.5
AMP Financial Services	**334**	323	340	663	3.4
AMP Capital Investors	**78**	78	72	150	-
BU operating earnings	**412**	401	412	813	2.7
Group Office costs	**(18)**	(19)	(24)	(43)	5.3
Total operating earnings	**394**	382	388	770	3.1
Underlying investment income	**73**	90	68	158	(18.9)
Interest expense on Group debt	**(37)**	(26)	(33)	(59)	(42.3)
AMP Limited tax loss recognition[1]	**7**	-	13	13	n/a
Underlying profit[2]	**437**	446	436	882	(2.0)
Market adjustment					
Investment income	**(122)**	27	(14)	13	n/a
Annuity fair value[1]	**(41)**	2	(15)	(13)	n/a
Profit after income tax before other items[2]	**274**	475	407	882	(42.3)
Discontinued business – Cobalt/Gordian[2]	**-**	88	83	171	n/a
Employee defined benefit schemes	**3**	3	3	6	-
Fair value adjustments	**2**	(4)	-	(4)	n/a
Other items	**(1)**	(1)	2	1	-
Profit attributable to shareholders of AMP Limited before accounting mismatches	**278**	561	495	1,056	(50.4)

Reconciliation to AMP Limited Financial Report

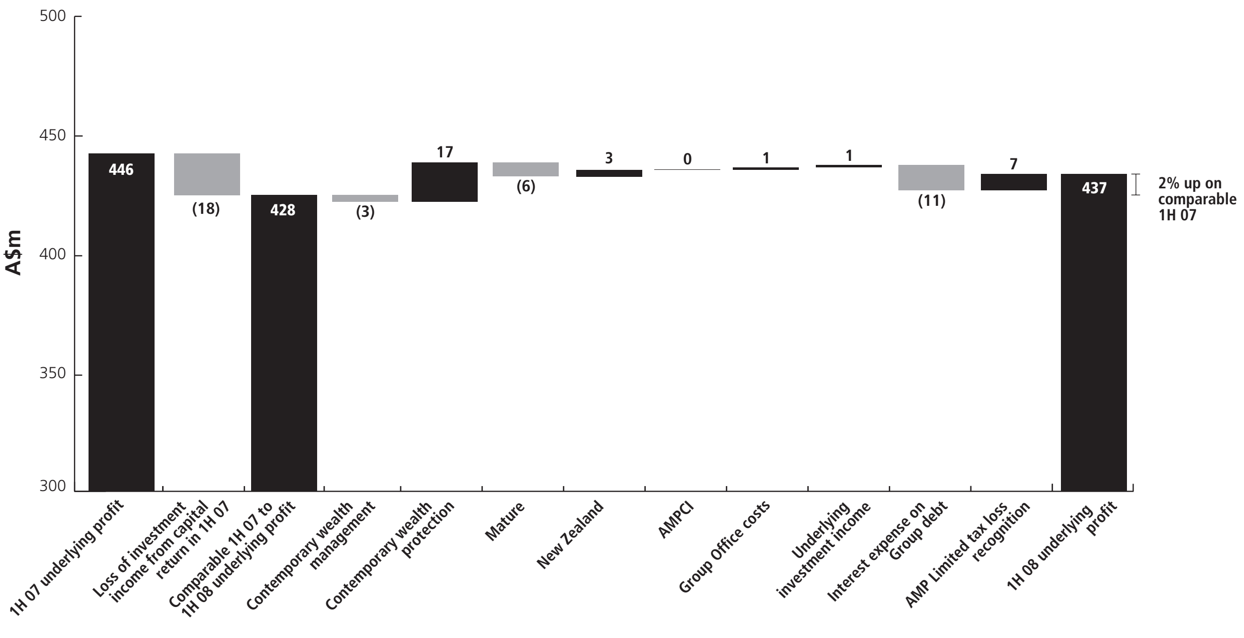
Accounting mismatches[3]	**88**	(91)	20	(71)	n/a
Net profit attributable to shareholders of AMP Limited	**366**	470	515	985	(22.1)

1 Refer to page 41 for details.

2 Following the completion of the sale of the Cobalt/Gordian business (refer to page 49 for details), underlying profit and profit after income tax before other items has been restated (both FY 07 and 1H 07 by A$78m) to exclude Cobalt/Gordian operating earnings.

3 Refer to page 44 for details.

Movement in underlying profit 1H 07 to 1H 08



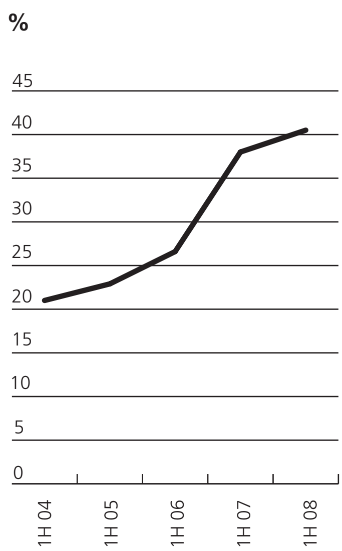
Financial summary cont'd

	1H 08	1H 07	2H 07	FY 07
Earnings				
EPS – underlying (cps)	**23.3**	27.9	23.3	51.2
EPS – actual (cps)	**14.8**	30.0	26.4	56.3
RoE – underlying	**40.5%**	38.0%	37.7%	37.9%
RoE – actual	**25.4%**	40.1%	34.4%	37.5%
Underlying investment income as a percentage of underlying profit	**17%**	17%	16%	16%
Dividend per share (cps)	**22**	22	22	44
Dividend per share – sale of Cobalt/Gordian business (cps)	**2**	-	2	2
Dividend payout ratio – underlying	**94%**	79%	94%	86%
Ordinary shares on issue (m)[1]	**1,874.9**	1,874.9	1,874.9	1,874.9
Weighted average number of shares on issue (m)[1] – basic	**1,874.9**	1,874.9	1,874.9	1,874.9
– fully diluted	**1,883.1**	1,882.2	1,882.8	1,882.8
Market capitalisation – end period (A$m)	**12,543**	18,974	18,655	18,655
Capital management				
Group debt (excluding operational debt) (A$m)[2]	**1,443**	1,061	1,169	1,169
S&P gearing	**13%**	8%	10%	10%
Interest cover – underlying (times)	**13.5**	19.1	17.3	17.3
Interest cover – actual (times)	**10.7**	20.1	17.3	17.3
EV and VNB				
EV after transfers – AFS (3% dm) (A$m)[3,4]	**7,372**	7,760	7,685	7,685
Return on EV – AFS (3% dm)	**0.8%**	12.3%	4.6%	17.2%
VNB – AFS (3% dm) (A$m)[4]	**167**	203	173	376
Cashflows and AUM				
AFS cash inflows (A$m)	**7,398**	8,811	9,965	18,776
AFS cash outflows (A$m)	**(6,638)**	(6,398)	(9,469)	(15,867)
AFS net cashflows (A$m)	**760**	2,413	496	2,909
AFS persistency	**90.0%**	89.4%	88.7%	88.6%
AFS AUM – externally managed (A$b)	**16**	18	18	18
AFS AUM – AMPCI managed (A$b)	**60**	64	65	65
AMPCI net cashflows – external (A$m)	**369**	1,414	291	1,705
AMPCI net cashflows – internal (A$m)	**(1,931)**	(1,038)	(1,008)	(2,046)
AMPCI AUM (A$b)	**101**	112	111	111
Investment performance				
Percentage of funds meeting or exceeding benchmark – total AUM[5]	**57%**	76%	68%	68%
Controllable costs and cost ratios				
Operating costs (A$m)[6]	**404**	392	416	808
Project costs (A$m)	**38**	29	34	63
Total controllable costs (A$m)[6]	**442**	421	450	871
Cost to income ratio[6]	**39.9%**	38.5%	40.8%	39.7%
Controllable costs to AUM (bps)[6]	**72**	67	69	68

1 Number of shares has not been adjusted to remove treasury shares.
2 Group debt increased primarily as a result of a A$350m senior debt issue in May. Proceeds are intended to be used to repay Euro medium-term notes (A$312m) which are due to mature in November 2008.
3 1H 08 transfers of A$374m (FY 07 A$882m).
4 Comparatives restated for methodology and modelling changes.
5 Performance figures are on a 12 month rolling basis for total AMPCI AUM.
6 Comparative controllable costs and associated ratios have been restated to exclude Cobalt/Gordian (refer to page 49) and for AFS planner related variable costs reclassified from controllable to variable (refer to page 12).

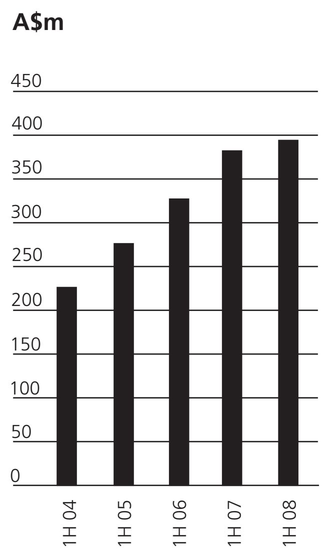
Key performance measures

Return on equity (RoE – underlying)



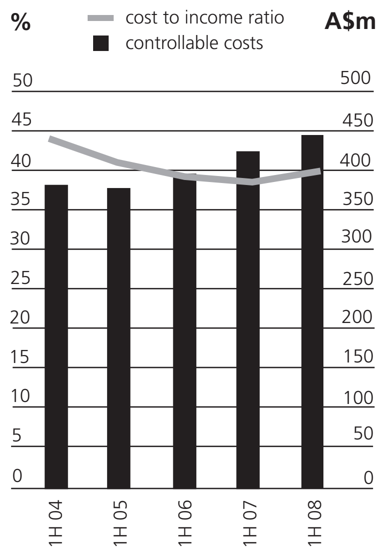
- Underlying RoE rose to 40.5% in 1H 08

Total operating earnings



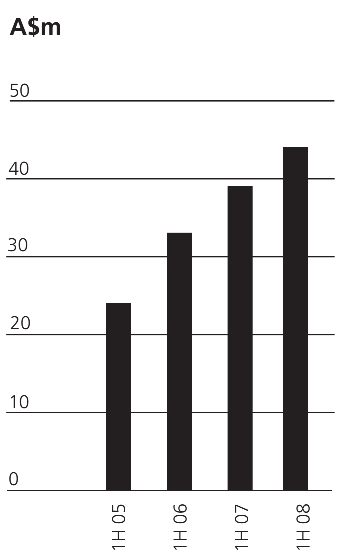
- Operating earnings were up 3.1% (A$12m) on 1H 07

Controllable costs (A$m) and cost to income ratio (%)



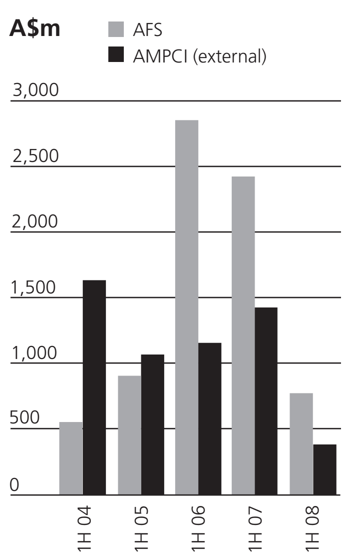
- Cost to income ratio increased from 38.5% in 1H 07 to 39.9% in 1H 08
- Controllable costs increased by 5% in 1H 08

Value of risk new business (VNB)



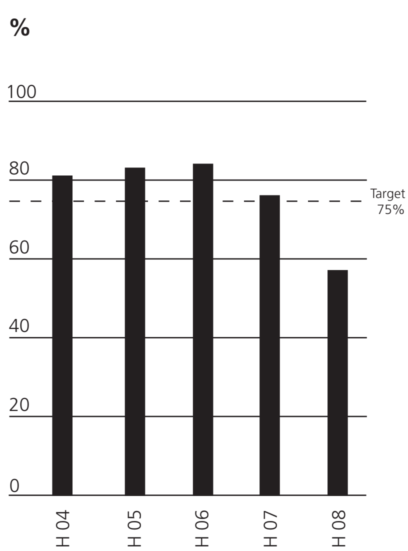
- Value of risk new business was up 13% to A$44m

Net cashflows



- Net cashflows for AFS down to A$760m; AMPCI (external) down to A$369m

Percentage of funds meeting or exceeding benchmark



- 57% of AUM met or exceeded their benchmarks for the 12 months to June 2008

Strategic overview

Overview

AMP is a leading wealth management company operating in Australia and New Zealand, with a broadening investment management footprint in Asia through AMP Capital Investors.

The company is financially strong and strategically well positioned in attractive markets with a resilient business model.

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

AMP is well positioned to manage through the current environment due to its financial strength, diversity of earnings, low cost ratios and prudent approach to capital management.

Business unit (BU) operating earnings are more than five times underlying investment earnings on shareholder capital, and about 47% of BU operating earnings are largely insensitive to short-term market volatility. The company's cost leadership position moderates the impact of market fluctuations.

AMP has two core businesses:

- AMP Financial Services (AFS)
- AMP Capital Investors (AMPCI).

Open businesses account for 78% of BU operating earnings. AMP's only closed business is AFS mature.

Capital management

AMP targets a level of capital equal to the shareholder minimum regulatory capital requirement (MRR), plus a target surplus. AMP's capital position remained above its target level at 30 June 2008.

AMP's dividend policy remains to pay out 85% of underlying profits, 85% franked. The dividend has been maintained at 22 cents per share for the first half, taking the payout ratio to 94%. An additional two cents per share payment from the sale proceeds of Cobalt/Gordian has also been made.

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. AMP's capital strategy is aimed at enhancing this already strong position in the current climate, increasing business flexibility to grow and further optimising our capital mix.

AMP is taking a number of steps to enhance its strong capital position. The first is aimed at optimising the capital mix. AMP is currently evaluating options to raise lower Tier 2 capital with a final decision on the quantum and timing of any issue yet to be made and dependent on capital market conditions. Part of the funds would be used to refinance the A$267 million subordinated debt maturing in 2009. There are no plans for a buyback with any funds raised in this environment.

The second step involves two changes to the Dividend Reinvestment Plan (DRP): the current 10,000 cap on participation will be lifted, while new shares will be issued to fund the DRP rather than buying shares on-market.

The final step involves the likely cessation of further payments from the Cobalt/Gordian sale proceeds. While AMP had planned to make two further payments of two cents per share (four cents in total), it is now considered unlikely that these will be made.

This approach will be monitored in response to changing market conditions.

Strategy

AMP is pursuing a focused growth strategy to strengthen its position in its core markets and selectively expand into Asian markets (through AMPCI). The strategy is balanced by a prudent approach to managing through current market conditions.

This strategy capitalises on the strong long-term growth economies of Australia and Asia, as well as the attractive wealth management markets in these countries.

Australia's wealth management market is expected to double by 2015, driven by successive government reforms to the nation's superannuation and retirement incomes system.

AMP is strategically well positioned in this market, with leading market positions in product (superannuation and retirement incomes); financial planner and employer-sponsored distribution; and investment management. The company is capitalising on these positions to drive growth.

Significant opportunities exist for AMPCI in Asia. Asia's pension market is forecast to double by 2015, which will drive demand for and growth in Asian investment opportunities. AMPCI currently distributes its products across four Asian countries and continues to focus on developing its distribution channels and pan-Asia investment capabilities.

The AMP growth strategy aims to drive strong value growth by investing in two areas: distribution and enhanced products and services. Strong cost and capital disciplines are fundamental to the strategy.

Outlined below are the five growth platforms AMP is targeting during the next three to five years.

1. **Grow financial planner capacity and broaden distribution**
   Short-term: increase financial planner numbers and improve their productivity.

   Medium-term: develop broader, complementary distribution channels in both AFS and AMPCI.

2. **Expand to Asia through AMP Capital Investors**
   Short-term: expand Asian distribution channels and alliances to market existing Australian and global products.

   Medium-term: establish investment capabilities in Asia to manage Asian assets.

3. **Grow customers in high value segments**
   Short-term: continue to drive growth in the at-retirement market.

   Medium-term: extend relationships with customers, particularly with employer-sponsored superannuation members; rollout improved product and service offerings.

Strategic overview cont'd

4. **Reshape AMPCI into a high value-add investment manager**
   Short-term: refresh investment platforms and research capabilities to support stronger business growth.

   Medium-term: expand investment capabilities in specialised high margin segments such as high alpha strategies, private debt, property and infrastructure.
5. **Invest in key growth enablers**
   Short and long-term: continue to invest in programs to position AMP's brand as contemporary, smart and high performing; to attract and retain talented people and invest in leadership and talent programs; and to improve technology platforms.

   Medium-term: develop longer-term growth opportunities.

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 five key performance measures: underlying return on equity; total operating earnings; cost to income ratio; 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.

The outcome of this approach is that between 60% and 70% of senior executive remuneration is "at risk".

Outlook – overview and assumptions over five year cycle

top quartile TSR performance

requires 15% average annual growth in the value of an investment in AMP over every five year cycle[1]

operating earnings growth of 10-12% CAGR over next five years	**dividend payout ratio policy of 85% of underlying profit, franked to 85%**	**ongoing capital initiatives where capital is surplus to business needs**

AMP's over-arching goal is to deliver first quartile TSR performance to shareholders.

To achieve this goal, AMP aims to deliver the following over the medium-term:

- operating earnings compound annual growth (CAGR) of between 10% and 12% (with earnings from contemporary businesses to grow from around 75% of total in 2007 to between 85% and 90%)
- dividend payout ratio policy of 85% of underlying operating earnings, franked to 85%.
- ongoing capital initiatives where capital is surplus to business needs.

This goal is based on a set of environmental assumptions:

- Australian superannuation sector assets under management (AUM) will grow at a CAGR of 10% (stronger growth in retirement incomes of around 18%)
- equity market growth on average of 6% per annum plus dividend
- stronger growth in externally derived, higher margin AUM in AMPCI
- management of gross revenue margin contraction in AFS contemporary wealth management of circa 2-3% per annum, driven by changes to business mix, movements in average AUM balances and infrequent strategic repricing initiatives
- cost to income ratio trending down.

1 Includes share price, dividends and other returns of capital.

Five year summary

		1H 08	1H 07	1H 06	1H 05	1H 04
Total operating earnings (A$m)[1]		**394**	382	327	276	226
Underlying investment income as a percentage of underlying profit		**17%**	17%	24%	26%	39%
Underlying profit (A$m)[1]		**437**	446	395	371	290
Profit attributable to shareholders of AMP Limited before accounting mismatches (A$m)		**278**	561	424	397	370
EPS – underlying (cps)		**23.3**	27.9	22.4	21.1	16.7
EPS – actual (cps)		**14.8**	30.0	22.6	21.3	21.6
RoE – underlying		**40.5%**	38.0%	26.6%	22.9%	21.0%
RoE – actual		**25.2%**	40.1%	26.7%	22.5%	26.2%
Dividend per share (cps)		**22**	22	19	14	13
Dividend per share – sale of Cobalt/Gordian business (cps)		**2**	-	-	-	-
Dividend payout ratio – underlying		**94%**	79%	85%	67%	77%
Capital returns per share (cps)		**-**	40	40	40	-
Ordinary shares on issue (m)		**1,874.9**	1,874.9	1,874.9	1,865.2	1,854.9
Weighted average number of shares on issue (m)	– basic	**1,874.9**	1,874.9	1,873.3	1,862.0	1,848.7
	– fully diluted	**1,883.1**	1,882.2	1,876.8	1,868.7	1,853.6
Share price for the period (A$)	– low[2]	**6.49**	9.48	7.08	5.59	3.73
	– high[2]	**9.98**	10.56	9.08	6.87	5.53
Return on EV – AFS (3% dm)		**0.8%**	12.3%	11.2%	11.1%	9.3%
VNB – AFS (3% dm) (A$m)[3]		**167**	203	165	134	125
Financial position						
AMP shareholder equity (A$m)		**2,037**	2,173	2,507	2,851	3,077
S&P gearing		**13%**	8%	20%	26%	22%
Group debt (excluding operational debt) (A$m)[4]		**1,443**	1,061	1,291	1,291	1,553
Interest cover – underlying (times)		**13.5**	19.1	14.6	10.6	5.9
Interest cover – actual (times)		**10.7**	20.1	15.4	12.6	6.9
Assets under management (AUM)						
AUM – internally managed (AMPCI) (A$b)		**101**	112	96	84	73
AUM – externally managed (A$b)		**16**	18	14	12	10
Total AUM (A$b)		**117**	130	110	96	83
Investment performance – AMPCI						
Percentage of funds meeting or exceeding benchmark – Australian AUM[5]		**58%**	77%	84%	83%	81%
Percentage of funds meeting or exceeding benchmark – total AUM[5]		**57%**	76%			
Persistency – AFS[6]		**90.0%**	89.4%	84.7%	85.2%	84.3%
Controllable costs – AMP (A$m)[7]		**442**	421	393	375	379
Cost to income ratio – AMP[7]		**39.9%**	38.5%	39.2%	41.1%	44.0%
Controllable costs to AUM (bps)[7]		**72**	67	73	81	95
Staff numbers						
AFS[8]		**2,233**	2,042	2,343	2,355	2,792
AMPCI[9]		**984**	798	753	746	663
Group Office		**949**	915	380	355	109
Total staff numbers[10]		**4,166**	3,755	3,476	3,456	3,564

1 Following the completion of the sale of the Cobalt/Gordian business, comparatives have been restated (refer to page 49 for details).

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 Comparatives restated for methodology and modelling changes.

4 Group debt increased primarily as a result of a A$350m senior debt issue in May. Proceeds are intended to be used to repay Euro medium-term notes (A$312m) which are due to mature in November 2008.

5 Performance figures are on a 12 month rolling basis for total AMPCI AUM.

6 1H 08 and 1H 07 persistency excludes major internal flows. Other comparatives have not been restated.

7 Comparative controllable costs and associated ratios have been restated to exclude Cobalt/Gordian (refer to page 49) and for AFS planner related variable costs reclassified from controllable to variable (refer to page 12).

8 Excludes non-salaried planners.

9 1H 08 includes 266 shopping centre FTEs (244 in 1H 07); however, the costs of these FTEs are recharged to shopping centres.

10 Total staff numbers exclude Cobalt/Gordian.

AMP Financial Services financial summary

Business overview

AMP Financial Services (AFS) is a scalable wealth management business, operating in the Australian and New Zealand markets. The Australian wealth management market is characterised by a mandated superannuation structure with tax incentives to encourage savings and favourable demographic factors such as an ageing population.

AFS's business model has driven average growth in operating earnings of 14% a year for the past five years. It is a market leader in retail and corporate superannuation and retirement products and has the largest aligned planner channel in Australia and New Zealand.

AFS is well positioned to manage through the current market environment. More than 57% of its 1H 08 operating earnings were from businesses largely insensitive to short-term investment market movements.

For financial reporting purposes, AFS discloses its results by the following businesses, which are described on pages 12 to 19:

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

Strategy

In line with AMP's five growth platforms, AFS is strategically focused on increasing the size and productivity of its distribution footprint, broadening its distribution channels and increasing access to high-value customer segments. It aims to achieve this while maintaining its cost leadership position by manufacturing products at the lowest unit price.

AFS's strategy capitalises on its key competitive advantages of:

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

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

Grow planner numbers and increase productivity

AFS is focused on growing and improving the productivity of its planner network.

Recognising the supply-constrained nature of the financial planning industry, increasing planner and practice growth remained a key focus for AFS in 1H 08.

AFS has implemented a range of programs to source, attract and train planners. These programs leverage common capabilities and infrastructure to help minimise the investment cost per planner.

Overall planner numbers grew 3% in 1H 08 to 2,093 from 2,032 at the end of 2007, with strong business-as-usual recruitment and succession programs adding 25 planners. The average age of AMPFP planners fell slightly from 46 in 2001 to 45 at June 2008.

Recruitment and interest in AFS's new Horizons Financial Planner Academy was also strong in 1H 08. Since the academy has opened, 64 planners have graduated, with a further 29 due to graduate in August 2008. Recruitment is underway in Victoria for the fourth intake. Overall, there have been more than 2,000 applications for 126 positions in the first four intakes of the academy.

AFS is using its scale advantage – as the largest, most qualified planner network in Australia and New Zealand – to achieve productivity and efficiency gains that ensure its planners have the lowest cost to serve in the industry.

AFS is driving planner productivity through four key initiatives:

- Rollout of new financial planning software that is expected to improve efficiencies by up to 30%. The new software has now been taken up by 47 pilot practices.
- Greater use of para planning numbers and support services. More than 150 practices are now using the services.
- Increased take up of the low-touch program, with almost 100,000 clients now being serviced. This program provides planners the opportunity to focus on higher-value clients and new business.
- Targeted activity management that drives cashflows.

Developing broader, complementary distribution channels

AFS is working to broaden its distribution channels to drive revenue and profit.

Focus on broadening these channels has been particularly important in an environment where market volatility has led to a decrease in discretionary savings.

In 1H 08, AFS:

- continued organic growth of its corporate superannuation business, with more than A$100m of mandates transferred to AFS in 1H 08 and more than A$500m expected to transition in the second half of 2008
- diversified insurance distribution; a major mortgage distributor selected AMP's Loan Cover product to distribute through its network; built specifically for mortgage brokers to offer to their clients, Loan Cover provides death or terminal cover, up to $500,000, for people taking out a home loan with acceptance automatic
- continued rollout of New Zealand's KiwiSaver; at 30 June 2008, AMP represented approximately 12% of the total KiwiSaver market with 85,000 workplace and direct enrolment members
- strengthened third-party distribution with a team of in-house business development professionals actively sourcing risk business. New business from this source grew 75% over 1H 07.

AMP Financial Services financial summary cont'd

AMP growth platform 3: grow customers in high value segments

A key priority for AFS is building and delivering the right customer offer to the right customer segment at the right time.

In 2007, AFS identified four key revenue segments in the Australian wealth management market, namely:

- at-retirement
- small business builders
- property-biased wealth builders
- high net worth.

Focus is currently on providing relevant offers to customers in a way that creates value for AMP and is economic and efficient for AMP's financial planners. Examples of this include:

- continued enhancement to the retirement offering
- launch of the insurance offering Loan Cover
- Separately Managed Account platform in Hillross and AMPFP
- AMP Super Cash – a deposit with AMP Banking. AMP's Super Cash product provides low risk investment returns in the tax effective superannuation and retirement income environment. It also provides downstream benefits to AMP Banking
- continued rollout of AMP's automated underwriting, online lodgement and instant cover offering. The majority of new underwritten insurance is now processed through AMP's automated underwriting engine.

AMP growth platform 5: Invest in key growth enablers

AFS is continuing to invest in core assets of people, brand and technology.

- Continued rollout of initiatives to develop leadership capabilities and build a high performance culture.
- Launched two AMP brand campaigns during 1H 08 designed to position AMP as a contemporary wealth management company in its target markets.
- Continued platform updates and network upgrades to meet new product requirements (eg Separately Managed Account platform and AMP Super Cash and enhancements).

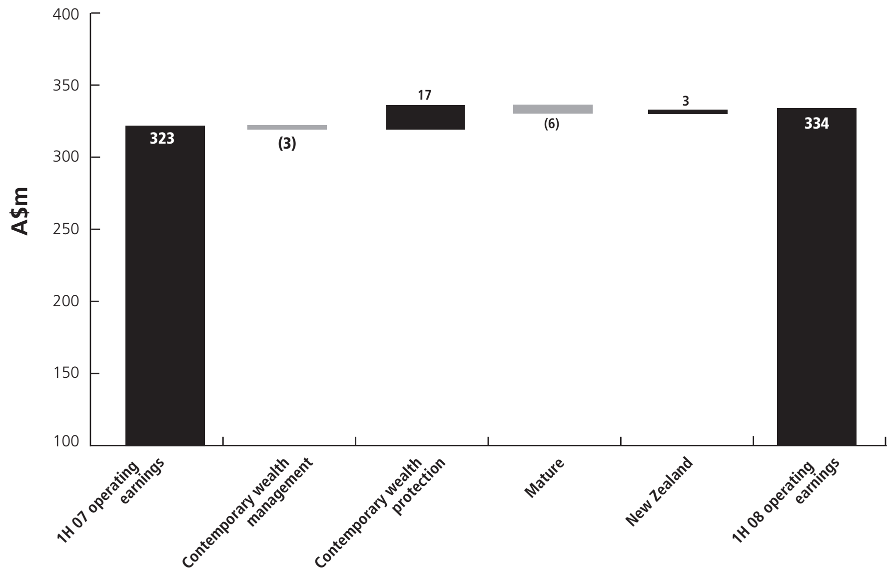
AMP Financial Services financial summary cont'd

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss					
Profit margins	**319**	320	336	656	(0.3)
Experience profits	**15**	3	4	7	400.0
Operating earnings	**334**	323	340	663	3.4
Underlying investment income	**43**	44	38	82	(2.3)
Underlying operating profit after income tax	**377**	367	378	745	2.7
Controllable costs and cost ratios					
Operating costs[1]	**251**	247	256	503	1.6
Project costs	**27**	23	27	50	17.4
Total controllable costs[1]	**278**	270	283	553	3.0
Cost to income ratio[1]	**34.0%**	34.0%	34.4%	34.2%	n/a
Controllable costs to AUM (bps)[1]	**71**	68	69	69	n/a
Return on capital					
RoBUE	**49.9%**	49.8%	51.1%	50.7%	n/a
End period tangible capital resources (A$m) – after transfers	**1,399**	1,334	1,401	1,401	n/a
Cashflows and AUM					
AFS cash inflows (A$m)	**7,398**	8,811	9,965	18,776	(16.0)
AFS cash outflows (A$m)	**(6,638)**	(6,398)	(9,469)	(15,867)	(3.8)
AFS net cashflows (A$m)	**760**	2,413	496	2,909	(68.5)
EV and VNB					
EV – after transfers (3% dm) (A$m)[2]	**7,372**	7,760	7,685	7,685	n/a
Return on EV (3% dm)	**0.8%**	12.3%	4.6%	17.2%	n/a
VNB (3% dm) (A$m)[2]	**167**	203	173	376	(17.7)
AUM, persistency and risk annual premium income (API)					
AUM (pre-capital) (A$b)	**74.5**	80.9	81.3	81.3	(7.9)
Persistency	**90.0%**	89.4%	88.7%	88.6%	n/a
Australian individual risk API (A$m)	**484**	433	469	469	11.8
New Zealand risk API (NZ$m)	**124**	110	119	119	12.7

1 Planner related variable costs previously included in controllable costs have been reclassified to variable costs. Comparatives have been restated (1H 07 A$4m, 2H 07 A$5m, FY 07 A$9m).

2 Comparatives restated for methodology and modelling changes.

Movement in operating earnings 1H 07 to 1H 08



Australian contemporary wealth management

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss[1]					
Revenue					
AUM related	**488**	493	527	1,020	(1.0)
Other[2]	**90**	87	98	185	3.4
Total revenue	**578**	580	625	1,205	(0.3)
Controllable costs[3]	**172**	174	178	352	(1.1)
Variable costs[3]	**203**	201	224	425	1.0
Tax expense	**61**	60	62	122	1.7
Operating earnings	**142**	145	161	306	(2.1)
Underlying investment income	**12**	15	11	26	(20.0)
Underlying operating profit after income tax	**154**	160	172	332	(3.8)
RoBUE	**51.8%**	49.0%	57.9%	54.1%	n/a
End period tangible capital resources (A$m) – after transfers	**532**	532	557	557	n/a
Net cashflows (A$m)	**1,095**	2,964	1,122	4,086	(63.1)
AUM (pre-capital) (A$b)	**51.3**	55.4	56.5	56.5	(7.4)
Average AUM (including capital) (A$b)	**53.6**	53.0	56.6	54.7	1.1
Persistency	**90.0%**	89.5%	88.7%	88.5%	n/a
Cost to income ratio[3]	**43.9%**	43.3%	42.1%	42.7%	n/a
AUM related revenue to AUM (bps)[4]	**182**	186	186	186	n/a
Variable costs to AUM (bps)[3,4,5]	**68**	68	72	70	n/a
Controllable costs to AUM (bps)[3,4,5]	**55**	57	54	56	n/a
Operating earnings to AUM (bps)[4,6]	**51**	53	55	54	n/a

1 Contemporary wealth management business comprises: retail superannuation, corporate superannuation, retail investment, allocated pensions/annuities, fixed term annuities, external platforms (see page 20), AMP Banking and Financial Planning, Advice & Services.

2 Other revenue includes AMP Banking revenue (net interest income and fees) and product and platform fees received by Financial Planning, Advice & Services from mature and wealth protection.

3 Planner related variable costs previously included in controllable costs have been reclassified to variable costs. Comparatives have been restated (1H 07 A$4m, 2H 07 A$5m, FY 07 A$9m).

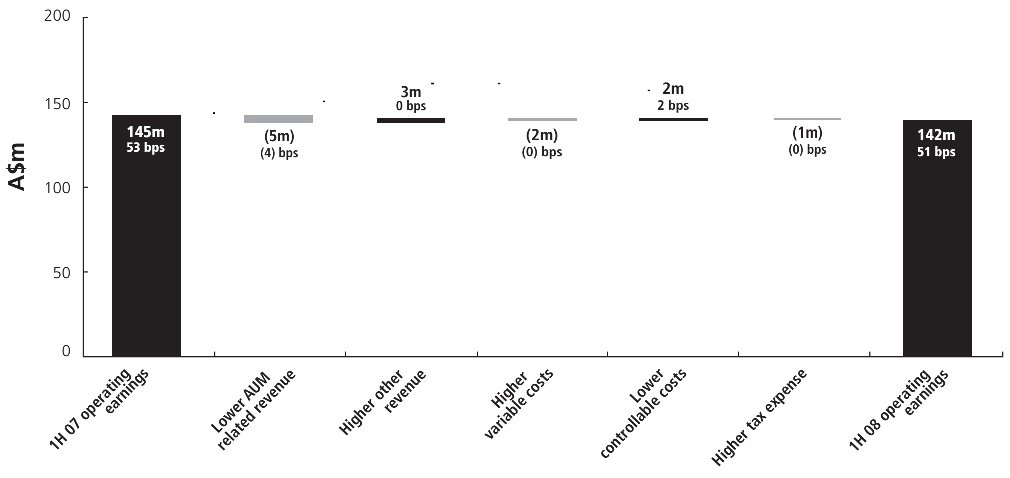
4 Based on monthly average AUM including capital.

5 Costs in this ratio exclude AMP Banking costs.

6 Operating earnings exclude AMP Banking.

7 Contemporary wealth management EV and VNB are contained on page 24 with commentary on page 13.

Movement in operating earnings 1H 07 to 1H 08



Australian contemporary wealth management cont'd

Business overview

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

CWM's key priorities are:

- **AUM and revenue growth:** drive AUM and revenues while retaining a vigilant focus on cost control.
- **Distribution:** improve planner productivity and the quality of the advice experience, grow planner numbers and develop complementary advice channels. In the direct (corporate superannuation) channel, AFS aims to better capitalise on downstream opportunities and improve service for corporate superannuation fund members.
- **Products:** take a segmented approach to developing more attractive products and services; expand offerings to third parties; and continue to manufacture contemporary products at the lowest unit cost.
- **Efficiency:** continue to drive down unit costs and achieve ongoing capital efficiencies.

Operating earnings

Operating earnings fell by A$3m (2%) to A$142m in 1H 08, driven by lower revenue margins and higher variable costs.

Operating earnings to AUM fell in 1H 08 to 51 bps as operating earnings fell and average AUM increased slightly over 1H 07.

Gross revenue margins

Gross revenue margins declined 4 bps (2%) to 182 bps compared to 2H 07 after remaining unchanged through 2007. The lower initial fees from lower cash inflows in 1H 08 contributed 3 bps of this decline. The mix impact of funds moving to the lower margin cash option from a higher non-cash option in 1H 07 has also contributed to the decline.

Guidance for gross revenue trends remains at 2% to 3% pa decline across the cycle.

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 grew 1% to A$203m in 1H 08 from A$201m in 1H 07. This increase was primarily due to higher payments to planners following the launch of a new planner value proposition program, growth in average AUM and bank volumes.

Variable costs to AUM at 68 bps in 1H 08 were unchanged from 1H 07 but down 4 bps from 2H 07. This reduction reflected the slowdown in advised discretionary contributions and consequent initial fees received.

Net revenue margins

Net revenue margins (AUM related revenue less variable cost to AUM ratio) remained unchanged from 2H 07 at 114 bps.

Other revenue

Other revenue includes AMP Banking revenue (net interest income and fees) and product and platform fees paid to Financial Planning, Advice & Services (FPAS) from mature and contemporary wealth protection.

Approximately two thirds of other revenue is from AMP Banking. After deducting for costs and income tax expense, AMP Banking contributed A$6m to contemporary wealth management operating earnings, up from A$4m in 1H 07.

Controllable costs

The cost to income ratio increased from 1H 07 to 43.9% in 1H 08 as the reduction in controllable costs was offset by a reduction in gross margin. Controllable costs to AUM decreased 2 bps to 55 bps.

Total controllable costs fell A$2m to A$172m in 1H 08 from 1H 07. While some parts of CWM experienced absolute cost reductions, these were largely offset by funding for a number of distribution and product initiatives.

Cashflows, AUM and persistency

See cashflows commentary on pages 20 to 22.

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

EV grew by 1.4% at the 3% discount margin during 1H 08 before transfers. This result was impacted by poor investment markets.

VNB at the 3% discount margin was A$105m, a reduction of 27% compared to 1H 07. The reduction is mainly due to lower volumes and change in mix of business. 1H 07 volumes for wealth management products benefited from the 2007 Simpler Super legislation changes.

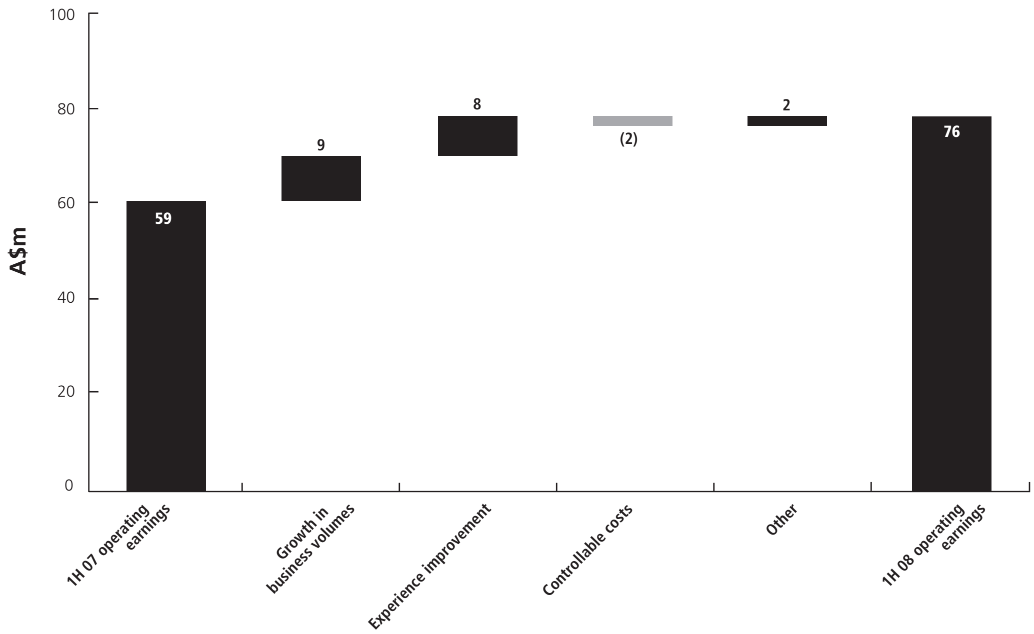
For further details on EV and VNB refer to pages 24 to 26.

Australian contemporary wealth protection

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss[1]					
Profit margins	**66**	57	58	115	15.8
Experience profits	**10**	2	2	4	400.0
Operating earnings	**76**	59	60	119	28.8
Underlying investment income	**23**	21	19	40	9.5
Underlying operating profit after income tax	**99**	80	79	159	23.8
RoBUE	**33.5%**	29.3%	28.3%	28.9%	n/a
End period tangible capital resources (A$m) – after transfers	**592**	524	553	553	n/a
VNB (3% dm) (A$m)[2]	**38**	31	34	65	22.6
EV – after transfers (3% dm) (A$m)[2]	**1,638**	1,636	1,560	1,560	n/a
Return on EV (3% dm)	**7.9%**	9.3%	(1.0%)	8.2%	n/a
Individual risk API (A$m)	**484**	433	469	469	11.8
Group risk API (A$m)	**145**	134	141	141	8.2
AUM (pre-capital) (A$b)[3]	**1.6**	1.7	1.7	1.7	(5.9)
Individual risk lapse rate	**10.1%**	10.0%	11.2%	10.6%	n/a
Operating earnings/annual premium[4]	**24.3%**	20.9%	20.4%	20.7%	n/a
Controllable costs (A$m)	**40**	33	40	73	21.2
Cost to income ratio	**22.2%**	22.5%	26.0%	24.2%	n/a
Controllable costs/annual premium[4]	**13.0%**	11.8%	13.6%	12.6%	n/a

1 Contemporary wealth protection includes individual risk, group risk and lifetime annuities.
2 Comparatives restated for methodology and modelling changes.
3 Relates to lifetime annuities.
4 Based on average annual premium in-force.

Movement in operating earnings 1H 07 to 1H 08



Australian contemporary wealth protection cont'd

Business overview

Individual risk protection is a core component of AMP's contemporary advice proposition with 44% of in-force business and 79% of sales 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 market leading
- improve ease and profitability of writing AMP risk for planners
- grow distribution through third party planners and alternative channels
- improve operational leverage
- enhance claims management processes built on the philosophy of paying all genuine claims.

Operating earnings

Changes to superannuation as part of the Simpler Super rules enacted in 2007 make it more attractive to hold insurance in a superannuation policy. AMP has significantly increased superannuation linked business off the back of these legislative changes.

Operating earnings grew 29% in 1H 08 to A$76m due to strong new business growth in both individual and group risk and experience profits, primarily resulting from improved claims performance.

Annual premium in-force (API)

Individual risk API grew A$51m (12%) over 1H 07 and A$15m (3%) over 2H 07 due to three factors:

- increased new business (up 31%) aided by strong growth in Instant Cover (AMP's automatically accepted death cover for members of small business plans), which was launched in July 2007
- increased planner activity and focus (in 1H 07 planners were primarily focused on the 2007 Simpler Super legislation changes)
- growth in the third-party market (up 75%), where AFS has used its pre-eminent brand and competitive product and service offering to win new business.

Group risk API rose A$11m (8%) over 1H 07 and A$4m (3%) over 2H 07. This performance is attributable to:

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

Lapse rates

Lapse rate management is a critical driver of CWP's profitability. AMP has lapse rates amongst the lowest in the industry. In 1H 08, lapse rates fell 1.1 percentage points to 10.1% over 2H 07.

The key drivers of the improved lapse rate in 1H 08 were:

- improved business retention practices
- a maturing of the book of retained insurance business where a customer delinks from group to retail superannuation insurance.

Controllable costs

Controllable costs increased A$7m (21%) to A$40m in 1H 08. The increase in controllable costs was driven by costs associated with higher sales and increased project spend. Despite the increase in controllable costs, the cost to income ratio fell marginally to 22.2% due to revenue increases offsetting controllable cost increases.

Return on capital

RoBUE of 33.5% is 4.2 percentage points higher than 1H 07 due to higher operating earnings.

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

EV increased by 7.9% at the 3% discount margin in 1H 08 before transfers. The increase was driven by new business and mortality experience profits.

VNB increased by 23% to A$38m in 1H 08 compared to A$31m in 1H 07, due to an increase in new business premiums.

For further details on EV and VNB, refer to pages 24 to 26.

Pricing and product features

AMP aims to price risk products at market median. Product features are revisited to keep pace with the market and enhanced where it is economic to provide increased cover.

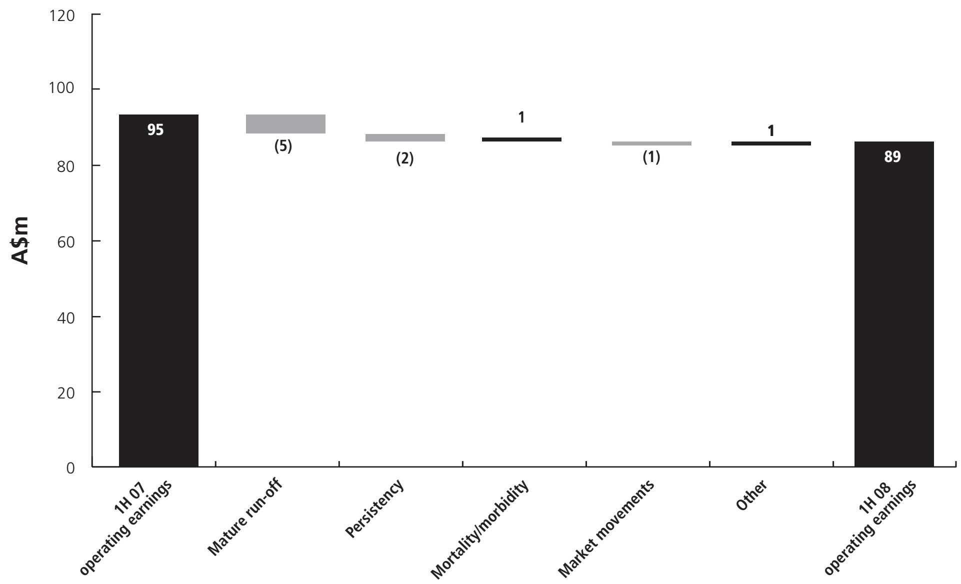
There were no material changes to individual income or term insurance prices in 1H 08.

Australian mature

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss					
Profit margins	**89**	93	95	188	(4.3)
Experience profits	**-**	2	-	2	n/a
Operating earnings	**89**	95	95	190	(6.3)
Underlying investment income	**5**	5	5	10	-
Underlying operating profit after income tax	**94**	100	100	200	(6.0)
RoBUE	**178.9%**	201.1%	180.6%	193.3%	n/a
End period tangible capital resources (A$m) – after transfers	**66**	74	74	74	n/a
VNB (3% dm) (A$m)[1]	**15**	19	13	32	(21.1)
EV – after transfers (3% dm) (A$m)[1]	**1,560**	1,768	1,763	1,763	n/a
Return on EV (3% dm)	**(4.8%)**	13.5%	5.1%	18.9%	n/a
Net cashflows (A$m)	**(522)**	(614)	(819)	(1,433)	15.0
AUM (pre-capital) (A$b)	**17.3**	18.9	18.4	18.4	(8.5)
Operating earnings to AUM (bps)[2]	**100**	100	101	101	n/a
Persistency	**89.3%**	87.6%	86.6%	87.0%	n/a
Controllable costs (A$m)	**33**	33	31	64	-
Cost to income ratio	**19.6%**	19.0%	17.7%	18.3%	n/a
Controllable costs to AUM (bps)[2]	**37**	35	33	34	n/a

1 Comparatives restated for methodology and modelling changes.
2 Based on monthly average AUM including capital.

Movement in operating earnings 1H 07 to 1H 08



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$17.3b at 1H 08. AUM has declined 6% for the half year as a result of lower investment markets and the natural run-off of the book.

Key priorities for management are:

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

Lower surrenders and lower transaction volumes in 1H 08 impacted positively on persistency, which rose 2.7 percentage points from 2H 07 to 89.3%. Volumes in 2007 were higher than 1H 08 as a result of the Simpler Super legislative changes. Both persistency and cash outflows in 1H 08 benefited from the lower transaction volumes.

Operating earnings

Operating earnings fell 6% to A$89m in 1H 08.

The key drivers in operating earnings in the period were:

- business run-off (-A$5m)
- market movements (-A$1m).

Controllable costs

Controllable costs remained steady at A$33m in 1H 08, while the cost to income ratio increased 0.6 percentage points from 1H 07 to 19.6%, largely as a result of the decline in operating earnings. Controllable costs to AUM rose to 37 bps from 35 bps in 1H 07 due to lower AUM.

Cashflows

Net cash outflows improved 15% to A$522m in 1H 08 as a result of lower volumes (withdrawals were higher in 1H 07 due to Simpler Super legislative changes) and volatile investment markets which result in less surrenders.

Gross outflows fell by A$167m (15%) from A$1,098m in 1H 07 to A$931m in 1H 08. Gross inflows decreased by A$75m (16%) to A$409m in 1H 08 from A$484m in 1H 07.

Return on capital

RoBUE fell to 178.9% in 1H 08 from 201.1% in 1H 07 as a result of the decline in operating earnings.

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

EV fell 4.8% in 1H 08, driven by the decline in investment markets and changes to expense assumptions, offset by improved persistency and value of new business volumes in AMP's Retirement Savings Account (RSA) and Eligible Rollover Fund (ERF).

Mature VNB fell A$4m to A$15m in 1H 08 (at the 3% discount margin), largely as a result of lower inflows than in 1H 07, with 1H 07 inflows benefiting from Simpler Super legislative changes.

For further details on EV and VNB, refer to pages 24 to 26.

Product characteristics

The mature product range includes over 40 closed products such as whole of life, endowment, investment linked and investment account products, plus two open products, RSA and ERF.

The legacy business services around 600,000 customers and has AUM of A$13.1b. The RSA/ERF products, which are usually the default options for exiting members of other superannuation funds, have approximately 1.5m customers and AUM of A$4.2b.

Investment linked products currently have an equity backing ratio (EBR) of 75%, RSA/ERF have an EBR of 12% and the remaining assets have an EBR of 50%. Since 2005 this split has changed little.

Mature AUM supports capital guaranteed products (81%) and market linked products (19%).

Run-off profile

The mature business is in slow decline but is expected to remain profitable for many years, running off between 3% and 5% per annum.

Active management of the business (including improvement in retention, rationalisation of product, outperformance from active investment management and other efficiency gains), as well as investment market performance, can lead to variations in this rate of run-off.

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

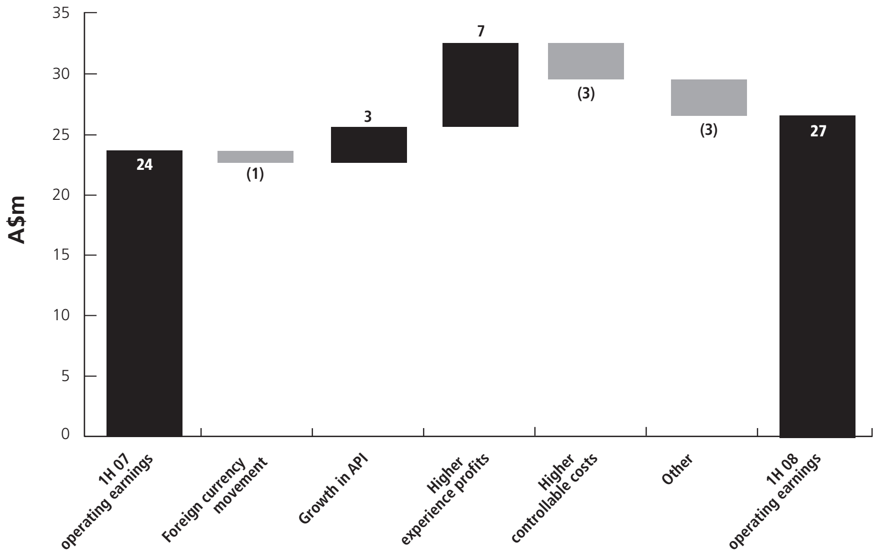
The run-off of the mature book AUM is anticipated to have an average duration of between 15 and 20 years. The profile of the run-off for existing customers in RSA and ERF products is similar to AMP's contemporary superannuation products. The key source of new customers for these products is determined by policy decisions of trustees of superannuation schemes. The increasing use of master trusts rather than stand-alone corporate schemes means that membership from non-AMP sources is declining.

New Zealand

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss					
Profit margins	**22**	26	21	47	(15.4)
Experience profits (losses)	**5**	(2)	3	1	n/a
Operating earnings	**27**	24	24	48	12.5
Underlying investment income	**3**	3	3	6	-
Underlying operating profit after income tax	**30**	27	27	54	11.1
RoBUE	**27.3%**	29.8%	25.9%	27.6%	n/a
End period tangible capital resources (A$m) – after transfers	**209**	204	217	217	n/a
VNB (3% dm) (A$m)[1,2]	**9**	9	11	20	-
EV – after transfers (3% dm) (A$m)[2]	**605**	626	649	649	n/a
Return on EV (3% dm)[3]	**(4.5%)**	7.7%	3.7%	11.7%	n/a
Net cashflows (A$m)	**58**	(31)	81	50	n/a
AUM (pre-capital) (A$b)	**4.3**	4.9	4.7	4.7	(12.2)
Individual risk API (A$m)[4]	**98**	101	104	104	(3.0)
Operating earnings/annual premium[5]	**45.5%**	50.1%	47.5%	48.9%	n/a
Lapse rates	**7.9%**	7.1%	8.0%	7.1%	n/a
Controllable costs (A$m)	**33**	29	35	64	13.8
Cost to income ratio	**43.1%**	42.5%	46.7%	44.3%	n/a
Controllable costs/annual premium[5]	**55.5%**	61.9%	69.3%	65.2%	n/a

1 In NZ dollar terms, VNB has increased by 16% on 1H 07.
2 Comparatives restated for methodology and modelling changes.
3 In NZ dollar terms, return on EV is 5.4%.
4 In NZ dollar terms, individual risk API has increased by 12.7% over 1H 07.
5 Based on monthly average risk API.

Movement in operating earnings 1H 07 to 1H 08



New Zealand cont'd

Business overview

AFS New Zealand (AFS NZ) is being affected by an unprecedented wave of regulatory, tax and savings changes, as well as dynamic market and competitor activity.

To take account of this changing environment, AFS NZ is implementing a transformation program which should lead to improved cost management, increased earnings and enhanced capital efficiency.

AFS NZ's priorities are:

- building the quality, productivity and number of AMP advisors
- implementing a strategic review of the business operating model focused on maximising efficiency and service delivery
- manufacturing market-leading products in risk insurance and workplace savings (equivalent to corporate superannuation in Australia)
- maintaining a strong presence in the savings and investment markets through AMP manufactured and in-sourced products
- achieving cost and capital efficiencies.

Operating earnings

Operating earnings increased 13% to A$27m from A$24m in the 1H 07. The earnings increase was primarily driven by:

- higher experience profits
- growth in annual premium in-force.

Controllable costs

Controllable costs increased 14% to A$33m from A$29m in 1H 07. The increase was mainly due to increased depreciation related to KiwiSaver and Portfolio Investment Entity (PIE) projects, increased accommodation costs and a provision for restructuring costs, offset by the impact of exchange rate movements.

The cost to income ratio increased 0.6 percentage points to 43.1% in 1H 08 as higher operating earnings were offset by an increase in controllable costs.

Annual premium in-force (API)

In NZ dollar terms, API increased by 12.7%, primarily due to growth in the risk life insurance book.

Return on capital

RoBUE fell to 27.3% from 29.8% in 1H 08. This is largely the result of higher average capital.

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

EV reduced by 4.5% in 1H 08 before transfers at the 3% discount margin. The reduction was mainly due to the fall in value of the NZ dollar. In NZ dollar terms, EV increased by 5.4%.

VNB is unchanged at A$9m. In NZ dollar terms, VNB increased by 16%.

For further details on EV and VNB, refer to pages 24 to 26.

Adviser proposition

AFS NZ is reinvigorating its advisor value proposition to leverage the significant wealth management opportunity emerging in NZ.

AFS NZ has recruited 42 advisors in the year to date, bringing total advisors to 356, who are operating out of 81 advisor businesses. Total aligned intermediaries numbered 388 at the end of June, including 32 mortgage or insurance advisors for Roost, operating from 26 franchises. Planner recruitment and retention in NZ has been impacted by poor market conditions.

Impact of legislative changes

The KiwiSaver and PIE program have successfully delivered the legislative and major business requirements to position AFS NZ to capture future market growth in NZ. Consistent with expectations, member growth has been predominantly derived from the key workplace channel, which should generate an overweight share of AUM growth.

The NZ Government announced that at the end of June 715,000 people had joined KiwiSaver, 363,000 via the workplace and 352,000 direct. AMP continues to experience strong growth with 85,000 members to date, with 68,000 generated via the workplace and 17,000 by direct enrolments. This represents approximately 12% of the total KiwiSaver market.

Cashflows and assets under management (AUM)

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	1H 08	1H 07	%1H/1H	1H 08	1H 07	%1H/1H	1H 08	1H 07	%1H/1H
Australian contemporary wealth management									
Retail superannuation[1]	**2,489**	3,203	(22.3)	**2,054**	1,954	(5.1)	**435**	1,249	(65.2)
Allocated pensions/annuities	**955**	787	21.3	**564**	403	(40.0)	**391**	384	1.8
Total retail superannuation and pensions/annuities	**3,444**	3,990	(13.7)	**2,618**	2,357	(11.1)	**826**	1,633	(49.4)
Retail investment	**149**	207	(28.0)	**231**	260	11.2	**(82)**	(53)	(54.7)
Fixed term annuities	**70**	81	(13.6)	**121**	117	(3.4)	**(51)**	(36)	(41.7)
External platforms[2]	**930**	1,348	(31.0)	**940**	792	(18.7)	**(10)**	556	n/a
Total retail	**4,593**	5,626	(18.4)	**3,910**	3,526	(10.9)	**683**	2,100	(67.5)
Corporate superannuation	**1,595**	1,693	(5.8)	**1,286**	1,241	(3.6)	**309**	452	(31.6)
Corporate superannuation mandate wins[3]	**103**	412	(75.0)	**-**	-	-	**103**	412	(75.0)
Total Australian contemporary wealth management	**6,291**	7,731	(18.6)	**5,196**	4,767	(9.0)	**1,095**	2,964	(63.1)
Australian contemporary wealth protection									
Group risk	**77**	73	5.5	**34**	39	12.8	**43**	34	26.5
Individual risk	**235**	214	9.8	**81**	87	6.9	**154**	127	21.3
Lifetime annuities	**2**	5	(60.0)	**70**	72	2.8	**(68)**	(67)	(1.5)
Total Australian contemporary wealth protection	**314**	292	7.5	**185**	198	6.6	**129**	94	37.2
Total Australian contemporary	**6,605**	8,023	(17.7)	**5,381**	4,965	(8.4)	**1,224**	3,058	(60.0)
Australian mature	**409**	484	(15.5)	**931**	1,098	15.2	**(522)**	(614)	15.0
Total Australia	**7,014**	8,507	(17.6)	**6,312**	6,063	(4.1)	**702**	2,444	(71.3)
New Zealand	**384**	304	26.3	**326**	335	2.7	**58**	(31)	n/a
Total AFS cashflows	**7,398**	8,811	(16.0)	**6,638**	6,398	(3.8)	**760**	2,413	(68.5)
AMP Banking – mortgages	**1,800**	1,262	42.6	**801**	636	(25.9)	**999**	626	59.6
AMP Banking – deposits							**442**	(190)	n/a
Cashflows by distribution channel									
AMP Financial Planning	**4,353**	4,939	(11.9)	**3,697**	3,487	(6.0)	**656**	1,452	(54.8)
Hillross (including Arrive and Magnify)	**993**	1,415	(29.8)	**983**	929	(5.8)	**10**	486	(97.9)
Corporate Superannuation – direct sales force	**876**	1,296	(32.4)	**564**	553	(2.0)	**312**	743	(58.0)
Centrally managed clients and other	**370**	427	(13.3)	**538**	581	7.4	**(168)**	(154)	(9.1)
3rd party distributors	**422**	430	(1.9)	**530**	513	(3.3)	**(108)**	(83)	(30.1)
Total Australia	**7,014**	8,507	(17.6)	**6,312**	6,063	(4.1)	**702**	2,444	(71.3)
New Zealand	**384**	304	26.3	**326**	335	2.7	**58**	(31)	n/a
Total AFS cashflows	**7,398**	8,811	(16.0)	**6,638**	6,398	(3.8)	**760**	2,413	(68.5)

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.

Cashflows and assets under management (AUM) cont'd

Overview

Net cashflows of A$0.8b were down A$1.7b on 1H 07. Contemporary wealth management (CWM) net cashflows were A$1.1b, down A$1.9b, reflecting lower cash inflows to retail superannuation and external platforms and lower cash inflows from corporate superannuation mandate wins. CWM cash outflows were also up 9%. The reduction in CWM flows was partly offset by lower cash outflows from mature and higher net cashflows in contemporary wealth protection and New Zealand.

1H 08 flows have been impacted by increased market volatility and declining consumer sentiment. This has resulted in falling discretionary superannuation contributions in 1H 08 as members faced an environment of falling investment markets and a higher cost of living.

In contrast, 1H 07 net cashflows benefited from legislative changes (Simpler Super), which resulted in significant changes to the size and pattern of flows across the financial services sector. Incentives to bring forward superannuation contributions pre 30 June 2007 and delay withdrawals to post 1 July 2007, resulted in higher than normal flows. Discretionary contributions, particularly above A$100k, were not matched in 1H 08 as cash inflows returned to more normal levels.

Despite the 1H 07 growth in inflows not being repeated, the superannuation environment remains attractive, due to its mandated structure, tax incentives to encourage saving and economic and demographic factors like Australia's ageing population. Simpler Super reforms also provide incentives to save. Australians can deposit up to A$150k per annum or A$450k every three years in non-concessional superannuation contributions. They can contribute up to A$50k per annum in concessional contributions, or up to A$100k until 2012 for Australians aged 50 and over.

AUM

Total AFS AUM fell 8% to A$74.5b (pre-capital) in the half year. AUM for CWM fell 9% to A$51.3b. The reduction in AUM was a result of falling investment markets and lower net cashflows.

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.

Internal flows are particularly significant between retail superannuation and allocated pensions/annuities. This was evident in both 1H 08 and 2H 07, following the Simpler Super legislative changes. For this reason, it is more appropriate to look at a combined result for retail superannuation and allocated pensions/annuities.

In Australia, those over 60 can benefit from the tax-free status of superannuation if they roll their superannuation into an approved income stream product. To enable customers to consolidate these accounts prior to converting them into a pension, a specific product was developed that links with the retail superannuation Flexible Lifetime Superannuation (FLS) range, called Super Consolidation Account (SCA). Customers can utilise a SCA for a six month period.

The SCA contributed A$564m of inflows into allocated pension/annuity products in 1H 08 versus A$404m in 1H 07. The SCA inflates outflows from retail superannuation, representing 27% of outflows during the half year.

AMP's strong focus on the at-retirement segment continued to benefit from the recirculation of funds in 1H 08. AMP retained 54% of retail superannuation outflows, down from 68% in 2H 07 and up from 50% in 1H 07. Retention was down from 2H 07 primarily due to the incentives to delay retirement until post 1 July 2007, which resulted in significant flows in 2H 07 from AMP's retail superannuation to allocated pensions/annuities products.

Internal flows between corporate superannuation and retail superannuation are also significant. This provides an important source of cash inflows for AFS retail products.

Around two thirds of corporate superannuation outflows in 1H 08 flowed back into other AMP products.

Persistency excluding internal flows

Removing major internal product flows from the persistency calculations, retail superannuation persistency increased to 91.5% compared to 90.6% in 1H 07. The increase was driven by both an improved performance in reducing cash outflows and higher opening AUM. For allocated pensions/annuities, persistency was largely unchanged at 86.5%. Corporate superannuation persistency was up to 93.8% from 92.8% in 1H 07.

Retail superannuation and allocated pensions/annuities

Total retail superannuation and allocated pensions/annuities net cashflows fell 49.4% to A$0.8b in 1H 08.

Overall, inflows fell 13.7% while outflows increased 11.1%. Outflows increased primarily as a result of an increase in retirement outflows post 1 July 2007. Persistency excluding internal flows improved from 89.9% to 90.3%.

Inflows into the allocated pensions/annuities category grew 21.3% in 1H 08. Net flows increased 1.8% to A$0.4b. AMP has significantly invested in planner training and support programs focused on the at-retirement market. These efforts have improved customer retention and attracted new business from customers consolidating their superannuation balances.

Allocated pensions/annuities cash outflows increased A$161m (40%) mostly due to the nature of the product. However, persistency was largely unchanged at 86.5% due to the significant growth in AUM over the last 18 months.

While product pricing for allocated pensions/annuities and retail superannuation products is aligned, average balances for allocated pensions/annuities products tend to be higher than average superannuation balances and therefore AUM fees in absolute terms are lower due to the impact of tiered AUM based reductions in fees.

Cashflows and assets under management (AUM) cont'd

Corporate superannuation

AMP has built a strong position in the employer-sponsored channel.

Employers are a key entry point to superannuation for the majority of Australians. Employer-sponsored superannuation flows are largely driven by government mandated superannuation guarantee levy contributions with contracts generally medium-term.

The large flows into AFS's corporate superannuation business, which incorporate asset transfers associated with mandate wins, assist in driving lower unit costs in other parts of AFS through common use of systems and supply chains, as well as providing downstream product opportunities.

Corporate superannuation net cashflows excluding mandate wins decreased in 1H 08, largely driven by lower discretionary contributions. AMP retained 64% of all corporate superannuation outflows, an improvement from 61% in 1H 07.

External platforms

Net cashflows fell from A$556m in 1H 07 to a net outflow of A$10m in 1H 08. While inflows were impacted by higher contributions in 1H 07, 1H 08 outflows were adversely impacted by the loss of a Hillross planner practice, with 1H 08 outflows of A$121m.

Mature

Outflows in the mature business declined by 15.2% in 1H 08, reflecting lower volumes compared to 1H 07. During 1H 07 volumes were partially driven by member consolidation ahead of the Simpler Super changes.

New Zealand

Despite difficult market conditions, AFS NZ recorded strong growth in inflows to A$384m in 1H 08, led by higher corporate superannuation and retail wealth management flows. Outflows also stabilised, falling by 2.7% to A$326m in the first half, leading to an increase in net cashflows to A$58m. As a result, AFS NZ has increased its market share in the corporate and retail wealth management market for the last four consecutive quarters to 14.7%, up from 12.0% a year ago.

Channel flows

Net cashflows through AMP Financial Planning fell 55% in 1H 08 to A$0.7b, driven by lower discretionary contributions.

Net cashflows through Hillross (including Arrive and Magnify) fell to A$10m in 1H 08. The increasing amount of off platform business into Hillross (such as direct shares) is not reflected in reported cashflow amounts. This has dampened the growth in platform related net cashflows. Along with the slowdown in discretionary contributions, cashflows were also impacted by the loss of a Hillross planner practice.

AUM by product (A$b)	FY 07 AUM	FY 07 share cap[4]	FY 07 total	Net cashflows	Other[5]	1H 08 AUM	1H 08 share cap[6]	1H 08 total	1H 08 % change
Australian contemporary wealth management									
Retail superannuation[1]	22.5	0.2	22.7	0.4	(2.8)	20.0	0.3	**20.3**	(10.6)
Allocated pensions/annuities	7.2	-	7.2	0.4	(0.8)	6.8	-	**6.8**	(5.6)
Retail investment	3.0	-	3.0	(0.1)	(0.4)	2.5	-	**2.5**	(16.7)
Fixed term annuities	1.0	-	1.0	-	(0.1)	0.9	-	**0.9**	(10.0)
External platforms[2]	7.8	0.1	7.9	-	(0.9)	6.9	0.1	**7.0**	(11.4)
Total retail	41.5	0.3	41.8	0.7	(5.0)	37.1	0.4	**37.5**	(10.3)
Corporate superannuation	15.0	0.2	15.2	0.4	(1.3)	14.2	0.1	**14.3**	(5.9)
Total Australian contemporary wealth management	56.5	0.5	57.0	1.1	(6.3)	51.3	0.5	**51.8**	(9.1)
Australian contemporary wealth protection									
Group risk[3]	-	-	-	-	-	-	-	**-**	n/a
Individual risk[3]	-	0.5	0.5	0.2	(0.2)	-	0.5	**0.5**	-
Lifetime annuities	1.7	0.1	1.8	(0.1)	-	1.6	0.1	**1.7**	(5.6)
Total Australian contemporary wealth protection	1.7	0.6	2.3	0.1	(0.2)	1.6	0.6	**2.2**	(4.3)
Total Australian contemporary	58.2	1.1	59.3	1.2	(6.5)	52.9	1.1	**54.0**	(8.9)
Australian mature	18.4	0.1	18.5	(0.5)	(0.6)	17.3	0.1	**17.4**	(5.9)
Total Australia	76.6	1.2	77.8	0.7	(7.1)	70.2	1.2	**71.4**	(8.2)
New Zealand	4.7	0.3	5.0	0.1	(0.6)	4.3	0.2	**4.5**	(10.0)
Total AFS	81.3	1.5	82.8	0.8	(7.7)	74.5	1.4	**75.9**	(8.3)
AMP Banking – mortgages	8.1		8.1	1.0		9.1		**9.1**	12.3
AMP Banking – deposits[7]	2.0		2.0	0.4		2.4		**2.4**	20.0

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 Share capital at 1 January 2008 contains A$300m of capital transfers declared at 31 December 2007.

5 Other includes product transfers, fees, investment returns, taxes, share capital movements and foreign currency movements on New Zealand AUM.

6 Share capital at 30 June 2008 includes A$237m of capital transfers declared at 30 June 2008.

7 AMP Banking – deposits includes deposits received into AMP Super Cash.

Market share

Market share – Australia	March 2008 Total market size A$b	March 2008 Market position (rank)[3]	March 2008 Market share %	March 2007[4] Total market size A$b	March 2007[4] Market position (rank)[3]	March 2007[4] Market share %
Net cashflows[1]						
Superannuation including rollovers	11.5	6	5.1	20.9	1	17.3
Retirement income	16.6	3	12.8	4.4	3	11.8
Unit trusts (excluding cash management trusts)	7.2	16	0.6	11.3	11	2.8
Total retail managed funds (excluding cash management trusts)	35.0	4	7.8	36.2	1	12.2
Assets under management[1]						
Superannuation including rollovers	238.8	1	17.5	254.2	1	17.3
Retirement income	95.8	2	11.9	79.3	2	12.0
Unit trusts (excluding cash management trusts)	155.1	10	3.6	170.9	10	3.5
Total retail managed funds (excluding cash management trusts)	497.4	3	11.9	512.5	3	11.8
Total in-force annual premiums[2]						
Individual risk	4.4	4	10.9	3.9	3	11.2

1 Source: Plan for Life 31 March 2008 – QDS Retail & Wholesale. Net cashflows includes the flows for the 12 months to 31 March 2008.

2 Source: Plan for Life 31 March 2008 – Detailed Risk Statistics (in-force premiums individual risk excludes single premiums).

3 The net cashflows market position (rank) is calculated on a rolling 12 month basis. In determining the ranking, white labelled products that are administrated and marketed by two different companies have been excluded.

4 March 2007 comparatives have been restated by Plan for Life.

Superannuation and retirement income net cashflows in the 12 months to March 2008 were materially impacted by the legislative changes from Simpler Super and a rapidly deteriorating investment market backdrop.

There was a large draw forward of superannuation contributions in the second quarter of 2007, a significant flow to retirement income products in the second half of 2007 and a decline in discretionary contributions in the first quarter of 2008. The combination of these factors make market share comparisons difficult, as the industry's superannuation net cashflows for the 12 months to March fell 45% pcp while retirement income net cashflows almost quadrupled in size.

In this volatile environment, AMP performed well in the 12 months to March 2008, lifting its AUM based market share in superannuation to 17.5% while recording only a minor decline in market share for retirement income AUM at 11.9%.

Market share is not available for the June 2008 quarter.

Market share – New Zealand	March 2008 Total market size NZ$b	March 2008 Market position (rank)	March 2008 Market share %	March 2007[4] Total market size NZ$b	March 2007[4] Market position (rank)	March 2007[4] Market share %
Assets under management						
Retail superannuation[1]	6.1	2	18.3	6.8	2	18.6
Unit trusts[1]	6.3	9	3.9	8.2	8	3.5
Insurance bonds[1]	1.0	3	19.5	1.1	3	21.2
Total retail funds[1]	18.6	4	9.0	21.4	4	8.7
Corporate superannuation[2]	3.4	1	34.9	3.6	1	30.0
Conventional[3]	0.1	1	42.9	0.1	1	43.7
Term insurance[3]	0.6	2	13.6	0.6	2	13.3

1 Measured by AUM: Source: Fund Source Research Limited March 2008.

2 Measured by AUM: Source: Eriksen's Master Trust Survey March 2008.

3 Measured by in-force premium: Source: ISI Statistics March 2008.

4 March 2007 comparatives have been restated by Fund Source Research Limited.

AMP New Zealand maintained its number one and two market share of AUM for conventional and term insurance respectively.

Aided by flows from mandate wins, AMP New Zealand maintained the top market share ranking for corporate superannuation, and increased market share by 4.9 percentage points to 34.9%.

AMP New Zealand increased its corporate superannuation AUM despite the broader market decreasing 6% in total AUM terms.

Over the year to 30 June 2008, life insurance market share marginally increased to 12%. In-force premiums grew by nearly 5% in the first half, while market share grew for 21 of the past 22 quarters. AFS NZ also continues to dominate the conventional market, holding market share of 43% and annual premium of NZ$60m.

AFS NZ has a total annual premium in-force of NZ$199m, representing 16% of the contemporary and conventional life insurance markets in NZ.

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

AFS embedded value (A$m)	3% dm	4% dm	5% dm
Embedded value as at 1 January 2008	7,691	7,213	6,796
Restatement[1]	(6)	-	7
Expected return	344	355	363
Investment returns, bond yields and other	(450)	(431)	(418)
VNB	167	150	138
Net transfers out	(374)	(374)	(374)
Embedded value as at 30 June 2008	7,372	6,913	6,512
1H 08 return on embedded value	0.8%	1.0%	1.2%
Embedded value comprises			
Adjusted net assets[2]	292	292	292
Value of in-force business[3]	7,080	6,621	6,220

AFS embedded value (A$m) at the 3% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at 1 January 2008	3,739	1,566	1,736	650	7,691
Restatement[1]	(26)	(6)	27	(1)	(6)
Expected return	164	76	75	29	344
Investment returns, bond yields and other	(218)	10	(175)	(67)	(450)
VNB	105	38	15	9	167
Net transfers out	(195)	(46)	(118)	(15)	(374)
Embedded value as at 30 June 2008	3,569	1,638	1,560	605	7,372
1H 08 return on embedded value	1.4%	7.9%	(4.8%)	(4.5%)	0.8%

AFS embedded value (A$m) at the 4% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at 1 January 2007	3,504	1,468	1,635	606	7,213
Restatement[1]	(26)	(1)	28	(1)	-
Expected return	169	78	78	30	355
Investment returns, bond yields and other	(206)	5	(165)	(65)	(431)
VNB	96	34	13	7	150
Net transfers out	(195)	(46)	(118)	(15)	(374)
Embedded value as at 30 June 2008	3,342	1,538	1,471	562	6,913
1H 08 return on embedded value	1.7%	8.0%	(4.4%)	(4.6%)	1.0%

AFS embedded value (A$m) at the 5% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at 1 January 2008	3,304	1,381	1,546	565	6,796
Restatement[1]	(23)	3	28	(1)	7
Expected return	172	80	81	30	363
Investment returns, bond yields and other	(204)	1	(155)	(60)	(418)
VNB	90	30	12	6	138
Net transfers out	(195)	(46)	(118)	(15)	(374)
Embedded value as at 30 June 2008	3,144	1,449	1,394	525	6,512
1H 08 return on embedded value	1.8%	8.0%	(3.9%)	(4.3%)	1.2%

	3% dm		4% dm		5% dm	
AFS value of new business (A$m)	1H 08	1H 07[1]	1H 08	1H 07[1]	1H 08	1H 07[1]
Value of new business by business line						
Wealth management	105	144	96	131	90	120
Wealth protection	38	31	34	27	30	24
Mature	15	19	13	17	12	16
New Zealand	9	9	7	7	6	5
Total	167	203	150	182	138	165
% change	(17.7%)		(17.6%)		(16.4%)	

1 The restatements are due to methodology and modelling changes. Both EV and VNB have been restated.

2 Adjusted net assets are defined on page 46.

3 Value of in-force business discounts the value of shareholder net assets (A$913m at face value) to reflect expected time of release.

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

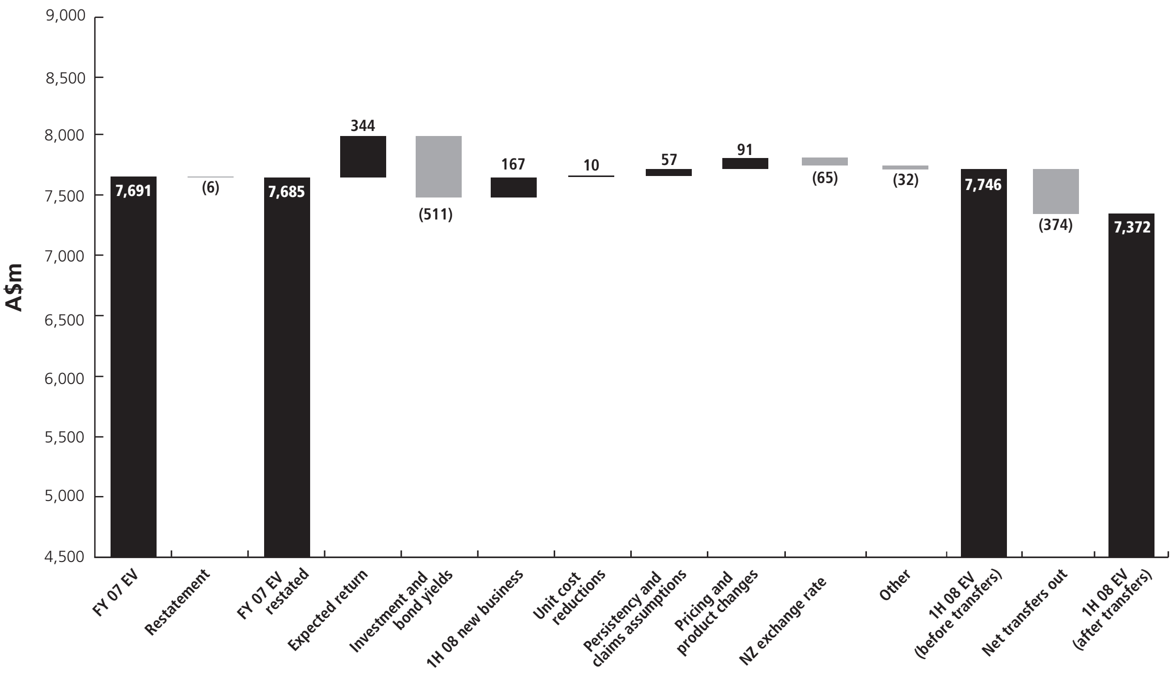
Embedded value movement was driven by poor investment returns

Before 1H 08 transfers, AMP's embedded value increased 0.8% at the 3% discount margin.

The increase in EV was held back by poor investment returns due to deteriorating markets in 1H 08. The impact of the deteriorating conditions has been to reduce the revenue base for AMP's investment products which has ultimately led to a lower embedded value.

Net transfers include capital of A$306m transferred out, and A$68m of franking credits at 70% of face value.

Change in embedded value FY 07 to 1H 08
(at the 3% dm above bond rate)



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

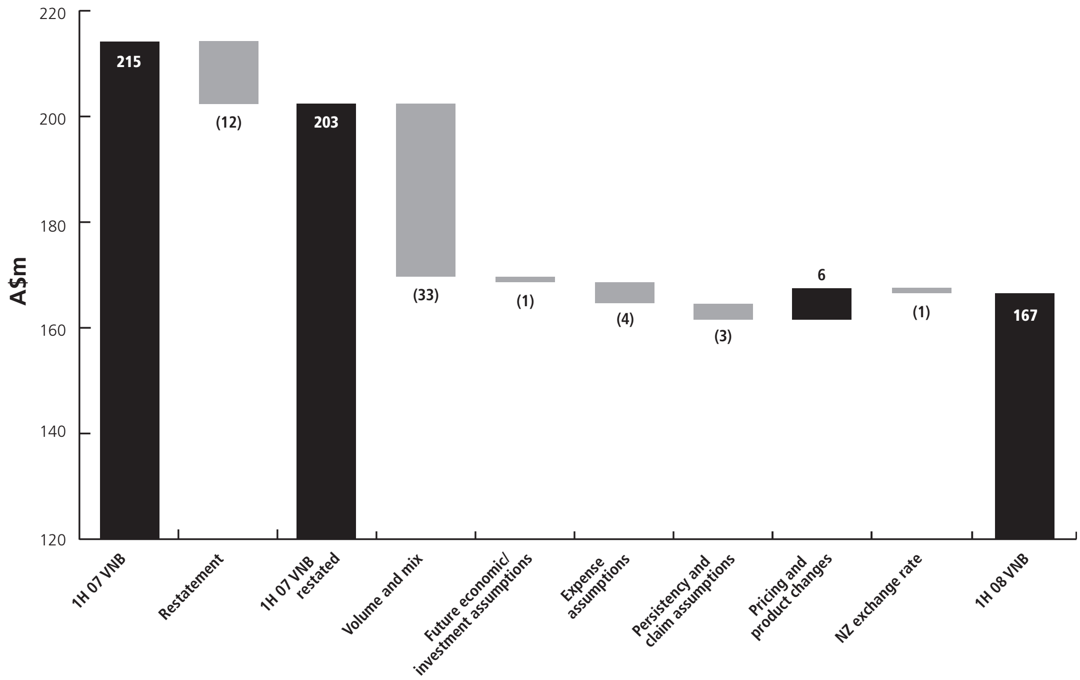
Value of new business (VNB) reduction was driven mainly by reduced volumes

The value of new business fell by 17.7% to A$167m in 1H 08 (at the 3% dm).

The reduction in the VNB was primarily driven by lower volumes due to the Simpler Super changes in 1H 07 and the volatile investment environment.

The VNB in 1H 07 was restated from A$215m to A$203m due to methodology and modelling changes.

Change in value of new business 1H 07 to 1H 08
(at the 3% dm above bond rate)



EV and VNB sensitivities

1H 08 change in embedded value (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	67	13	19	5	104
10% reduction in discontinuance rates	211	100	54	30	395
1% (100 bps) decrease in long-term bond yields	105	46	(10)	11	152
1% (100 bps) increase in long-term bond yields	(95)	(39)	3	(9)	(140)
10% increase in Australian equities	85	-	57	-	142
10% increase in international equities	37	-	16	11	64
1% reduction in investment fees	(60)	-	(2)	(1)	(63)

1H 08 change in value of new business (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	4	1	-	-	5
10% reduction in discontinuance rates	9	6	1	1	17
1% (100 bps) decrease in long-term bond yields	4	4	-	1	9
1% (100 bps) increase in long-term bond yields	(4)	(4)	-	(1)	(9)
5% increase in sales (all costs variable)	4	2	1	-	7
5% increase in sales (controllable costs fixed)	6	3	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 08 position, ie not "forward looking", and make no allowance for events subsequent to 30 June 2008.

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

The 5% reduction in costs is based on AFS controllable costs only, ie it excludes variable costs as defined on page 45.

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 fees 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 2008	31 December 2007
Australia	6.6%	6.4%
New Zealand	6.4%	6.5%

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

Risk premiums	30 June 2008	31 December 2007
Local equities[1]	4.0%	4.0%
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% for franking credits on equity income.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$16b) in Australia are:

AMP Life (Australia)	30 June 2008	31 December 2007
Equities	35%	35%
Property	14%	15%
Fixed interest	34%	34%
Cash	17%	16%

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 2008	31 December 2007
Australia – CPI	3.7%	3.5%
Australia – Expenses	3.0%	3.0%
New Zealand – CPI	2.4%	2.2%
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

The main change to assumptions since 31 December 2007 related to "delinking" policies where employees transfer into retail products when exiting their corporate superannuation schemes. The assumption changes were made to reflect the greater success AMP has experienced in the retention of these customers.

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

Future discontinuance rates are largely based on an analysis of recent AFS experience.

Maintenance unit costs are derived from 2008 budgets. Allowance is made for future inflation but potential cost improvements arising after 2008 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 2008.

Acquisition costs for VNB are the actual costs incurred in 1H 08.

Franking credits are valued at 70% of face value.

Further details

Assumptions are consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life. A fuller description of these assumptions and their 31 December 2007 values can be found in the notes to the 2007 AMP Ltd Financial Report. As all 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 an expanding distribution footprint in Asia.

AMPCI is one of the largest investment managers in Australia and New Zealand. AMPCI has more than A$101b in assets under management.

AMPCI is a well-diversified investment house, which strongly positions it to manage through the current market environment.

Strategy

AMPCI's strategy is to become a high value-add, Asia Pacific investment manager.

In 2008, AMPCI's key priorities are to:

- become a specialist Asia Pacific investment manager by strengthening its investment capabilities in this region, expanding its distribution footprint and becoming the Asia Pacific partner of choice
- offer high value, high margin investment opportunities
- be more operationally effective and efficient by implementing market leading operating systems and processes
- strengthen its talent development programs.

These priorities underlie AMP's growth strategy.

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

AMPCI is expanding distribution of its funds in the high growth Australian retail and private client market.

In 1H 08:

- AMP Capital Core Infrastructure Fund achieved fund inflows of A$70m
- Core Property Fund added to leading external platforms
- AMPCI was named market leader in ethical investments and global property in Rainmaker's 2007 platform report.

AMP growth platform 2: Expand to Asia through AMPCI

Asia's growing funds management market offers significant opportunities for AMPCI.

Growth in this market is being driven by:

- growth of Asia's private pensions market, which is forecast to double by 2015
- a significant shift of Asian household wealth to new investments. For example Japanese investors are increasingly moving to higher-yielding investment products to diversify their cash holdings and bank deposits
- growing need for infrastructure investment.

AMPCI's strategic focus on Asia is also driven by domestic demand, from both retail and institutional investors, for international investment opportunities. This is a result of the large volume of Australian superannuation money outstripping domestic investment opportunities.

AMPCI is carefully building its presence in Asia by extending its investment strengths and seeking opportunities that do not require significant regulatory capital.

In 1H 08, AMPCI continued to focus on its Asian distribution channels and on-the-ground pan-Asia investment capabilities.

Expand Asian distribution channels

Existing AMPCI products are distributed in four Asian countries: Japan, Singapore, Malaysia and Korea.

In 1H 08:

- AMPCI strengthened its distribution team, appointing a Head of Institutional Business in Japan
- won a mandate from Malaysian investment bank Hwang DBS for AMP Capital Structured High Yield Fund.

Establish investment capabilities in Asia

AMPCI now has more than 20 investment professionals on the ground in Singapore, Tokyo, Mumbai and Beijing, sourcing and managing investments in equities, infrastructure, property and private debt.

In 1H 08, AMPCI appointed a Head of Asia Pacific Equities responsible for building AMPCI's pan-Asia equities offer; and a Head of Private Debt Asia to establish investment capabilities on the ground in Singapore.

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

AMPCI is increasingly focused on developing its investment capabilities in specialised, high margin segments, such as high alpha strategies, private debt, property and infrastructure.

In 1H 08, AMPCI focused on its core property and infrastructure business:

Property

- Raised A$190m through Select Property Portfolio 3.
- Continued its A$2.4b shopping centre redevelopment program, with approvals to start redevelopment at Brisbane's Mt Ommaney shopping centre and the Gold Coast's Pacific Fair shopping centre.

Infrastructure

- Raised A$497m from investors.
- Awarded Rainmaker's Best New Investment Product of the Year for the AMP Capital Core Infrastructure Fund in 2008.

AMP growth platform 5: Invest in key growth enablers

AMPCI continued its programs to attract, develop and retain its people. These programs include an investment leadership initiative and mentoring programs.

AMPCI also continued to invest in its operating platform. In 1H 08, new trading, data warehouse, reconciliation and performance systems were installed.

AMP Capital Investors financial summary cont'd

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Profit and loss					
Management fees – external[1]	**105**	101	104	205	4.0
Management fees – internal[1]	**88**	83	87	170	6.0
Total management fees	**193**	184	191	375	4.9
Performance fees	**47**	39	40	79	20.5
Transaction fees	**12**	9	6	15	33.3
Total performance and transaction fees	**59**	48	46	94	22.9
Fee income	**252**	232	237	469	8.6
Controllable costs	**(138)**	(124)	(133)	(257)	11.3
Tax expense	**(33)**	(32)	(30)	(62)	3.1
Operating earnings before net seed pool income	**81**	76	74	150	6.6
Net seed pool income	**(3)**	2	(2)	-	n/a
Operating earnings	**78**	78	72	150	-
Underlying investment income	**6**	6	5	11	-
Underlying operating profit after income tax	**84**	84	77	161	-
Controllable costs					
Employee related	**77**	71	79	150	8.5
Investment operations and other	**50**	47	47	94	6.4
Total operating costs	**127**	118	126	244	7.6
Project costs	**11**	6	7	13	83.3
Total controllable costs	**138**	124	133	257	11.3
Cost to income ratio	**53.6%**	51.4%	55.0%	53.1%	n/a
Controllable costs to average AUM (bps)[2]	**26.2**	22.9	23.9	23.3	n/a
Average AUM (A$b)	**105.2**	109.0	112.1	110.5	(3.5)
Total management fees to AUM (bps)[2]	**36.7**	33.8	34.1	33.9	n/a
Performance and transaction fees to average AUM (bps)[2]	**11.2**	8.8	8.2	8.5	n/a
RoBUE	**66.7%**	71.6%	57.9%	64.2%	n/a

1 External/internal management fee split has been restated due to methodology changes. External/internal management fee split represents the source of the client (external/internal).

2 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 and supported by a robust operating platform. Earnings growth is being driven through development of AMPCI's domestic and international distribution channels and a progressive shift to higher margin product and investment capabilities. Expansion into Asia is an integral part of this strategy.

Operating earnings of A$78m in 1H 08 were in line with 1H 07. Strong growth in fee income in 1H 08 was offset by higher controllable costs and a loss on the seed pool.

RoBUE decreased by 4.9% to 66.7%, due to higher average capital.

Investment performance for the 12 months to 30 June 2008 is discussed on page 35. 57% of AUM met or exceeded their investment performance benchmark, compared to a target of 75%.

Fee income

Fee income increased A$20m (9%) to A$252m in 1H 08.

Management fees increased A$9m (5%) to A$193m in a tough market, reflecting the diversity of AMPCI's fee income sources. Management fees benefited from increased margins on bond lending, higher property development fees and increased fees from infrastructure and property.

Total management fees to average AUM grew 2.9 bps to 36.7 bps.

Performance and transaction fees increased A$11m (23%) in 1H 08. This increase was largely driven by fees in infrastructure, equities and property. Of the A$47m in performance fees, 66% were subject to relative performance measures and 34% were subject to absolute measures. The performance fee split by asset class was infrastructure (41%), equities (33%), private equity (15%) and property (11%).

Performance fees were boosted by a net fee from DUET (A$15m) and the FDF Total Return Fund (A$9m).

Costs

Controllable costs increased A$14m (11%) to A$138m in 1H 08.

Employee related costs rose A$6m (8%) to A$77m in 1H 08, reflecting tight labour conditions and higher staff numbers.

Controllable costs include A$11m of project related expenditure, primarily related to growth initiatives.

Technology costs are expected to increase over the next 12 to 18 months, as the business pursues its growth initiatives and enhances its product offering.

Seed pool

The seed pool assists 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.

The seed pool currently has A$254m invested and made a loss of A$3m after funding costs in 1H 08. Seed pool assets include retirement villages and Singapore industrial property.

AUM and cashflows

Refer to the tables on page 33 for more detail on external and internal cashflows.

AUM fell A$9.7b (9%) to A$101.4b in 1H 08, reflecting weaker global investment markets.

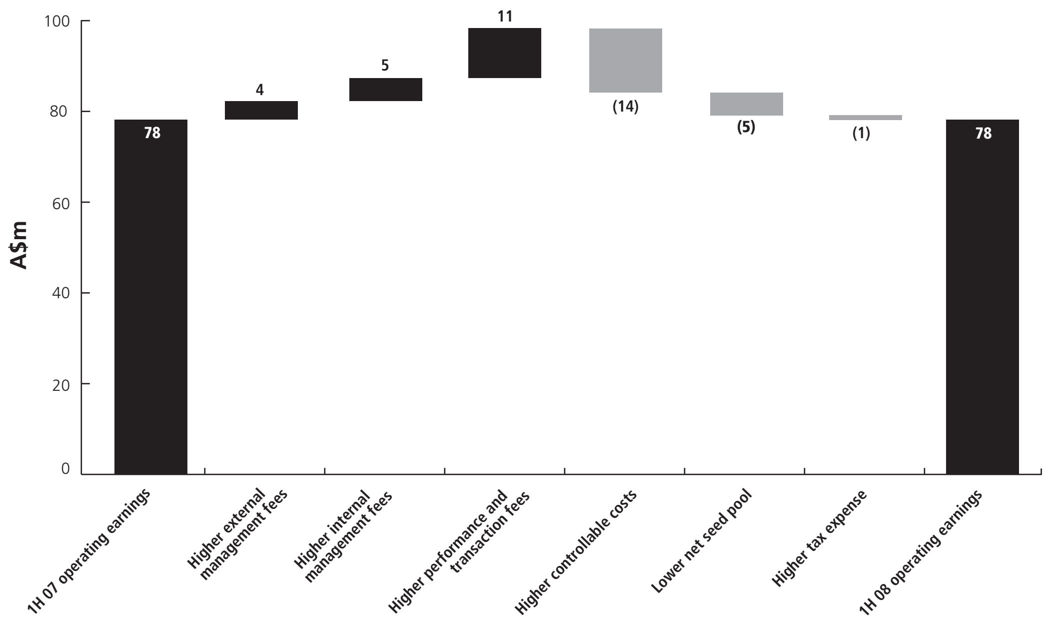
External AUM decreased 5% to A$39.8b, while internal AUM decreased 11% to A$61.6b in 1H 08. External AUM fell less than internal AUM due to higher external cashflows and a heavier weighting in property.

The net cashflow result was due to poor market conditions and the Simpler Super changes which positively impacted 1H 07 inflows.

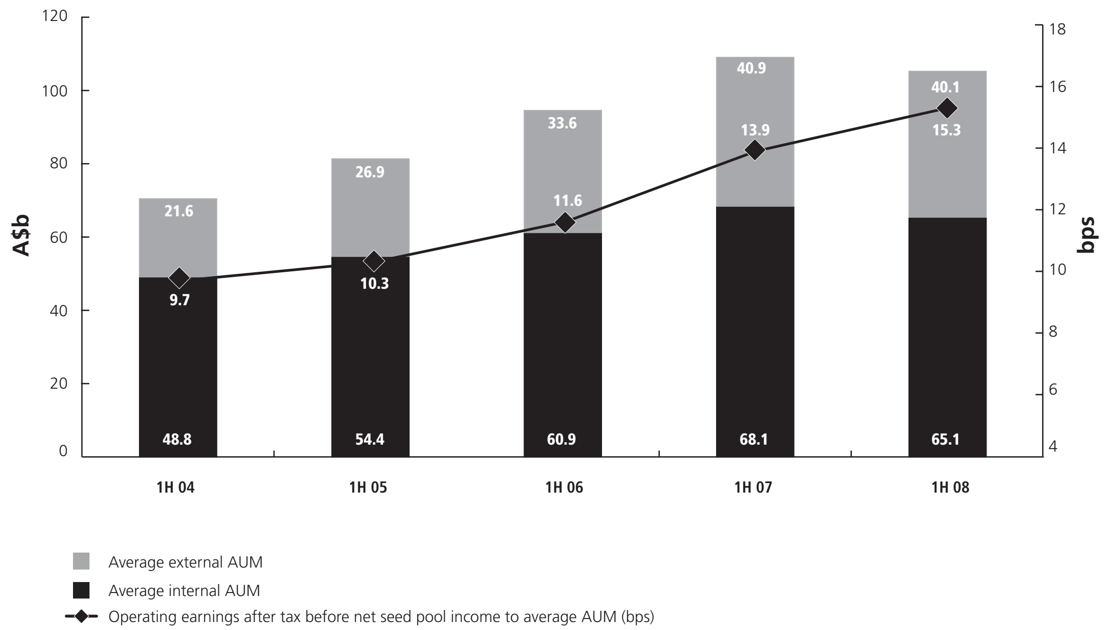
Internal net cash outflows were A$1.9b in 1H 08, compared to a net cash outflow of A$1.0b in 1H 07. Internal net cashflows include AMP Group payments, such as dividend and capital return payments to shareholders, and inflows/outflows from AFS products. 1H 08 cashflows includes A$0.6b relating to the transfer of the Cobalt/Gordian mandate from internal (fixed interest cash outflows) to external (fixed interest cash inflows).

AMP Capital Investors financial summary cont'd

Movement in operating earnings 1H 07 to 1H 08



Average AUM and operating earnings before net seed pool income (bps)



Cashflows and assets under management (AUM)

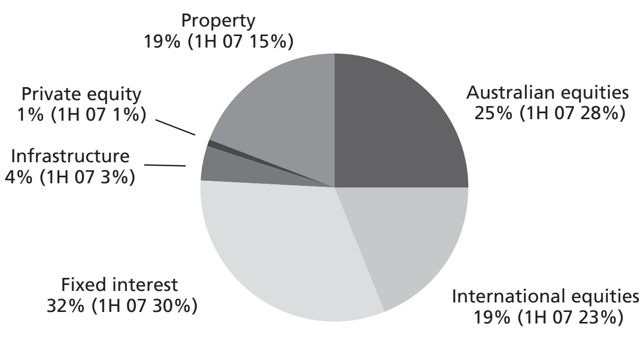
Cashflows by asset class (A$m)	Cash inflows 1H 08	Cash inflows 1H 07[1]	Cash inflows % 1H/1H	Cash outflows 1H 08	Cash outflows 1H 07[1]	Cash outflows % 1H/1H	Net cashflows 1H 08	Net cashflows 1H 07	Net cashflows % 1H/1H
External									
Australian equities	**718**	812	(11.6)	**1,354**	1,412	4.1	**(636)**	(600)	(6.0)
International equities	**701**	1,140	(38.5)	**806**	711	(13.4)	**(105)**	429	n/a
Fixed interest	**1,765**	2,201	(19.8)	**1,132**	893	(26.8)	**633**	1,308	(51.6)
Infrastructure	**386**	128	201.6	**6**	14	57.1	**380**	114	233.3
Private equity	**1**	1	-	**4**	2	(100.0)	**(3)**	(1)	(200.0)
Property	**248**	207	19.8	**148**	43	(244.2)	**100**	164	(39.0)
Total external	**3,819**	4,489	(14.9)	**3,450**	3,075	(12.2)	**369**	1,414	(73.9)
Internal									
Australian equities	**1,024**	673	52.2	**666**	1,824	63.5	**358**	(1,151)	n/a
International equities	**679**	1,027	(33.9)	**723**	814	11.2	**(44)**	213	n/a
Fixed interest	**1,872**	2,992	(37.4)	**3,990**	3,008	(32.6)	**(2,118)**	(16)	n/a
Infrastructure	**111**	9	1,133.3	**63**	43	(46.5)	**48**	(34)	n/a
Private equity	**16**	10	60.0	**18**	15	(20.0)	**(2)**	(5)	60.0
Property	**81**	134	(39.6)	**254**	179	(41.9)	**(173)**	(45)	(284.4)
Total internal	**3,783**	4,845	(21.9)	**5,714**	5,883	2.9	**(1,931)**	(1,038)	(86.0)
Total	**7,602**	9,334	(18.6)	**9,164**	8,958	(2.3)	**(1,562)**	376	n/a

1 1H 07 external cash inflows and outflows have been restated to exclude distributions in accordance with FY 07 disclosure. Distributions are disclosed as part of other movements.

AUM by asset class (A$m)	FY 07	Net cashflows	Investment performance and other[1]	1H 08	1H 07	% 1H/1H
External						
Australian equities	6,879	(636)	(1,133)	**5,110**	8,014	(36.2)
International equities	9,914	(105)	(1,779)	**8,030**	11,297	(28.9)
Fixed interest	9,124	633	(252)	**9,505**	8,329	14.1
Infrastructure	2,494	380	(176)	**2,698**	2,193	23.0
Private equity	416	(3)	58	**471**	420	12.1
Property	13,057	100	844	**14,001**	11,896	17.7
Total external	41,884	369	(2,438)	**39,815**	42,149	(5.5)
Internal						
Australian equities	23,328	358	(3,434)	**20,252**	23,173	(12.6)
International equities	14,024	(44)	(2,469)	**11,511**	14,417	(20.2)
Fixed interest	24,637	(2,118)	163	**22,682**	24,368	(6.9)
Infrastructure	1,271	48	(22)	**1,297**	1,269	2.2
Private equity	983	(2)	(72)	**909**	1,100	(17.4)
Property	4,988	(173)	157	**4,972**	5,078	(2.1)
Total internal	69,231	(1,931)	(5,677)	**61,623**	69,405	(11.2)
Total						
Australian equities	30,207	(278)	(4,567)	**25,362**	31,187	(18.7)
International equities	23,938	(149)	(4,248)	**19,541**	25,714	(24.0)
Fixed interest	33,761	(1,485)	(89)	**32,187**	32,697	(1.6)
Infrastructure	3,765	428	(198)	**3,995**	3,462	15.4
Private equity	1,399	(5)	(14)	**1,380**	1,520	(9.2)
Property	18,045	(73)	1,001	**18,973**	16,974	11.8
Total	111,115	(1,562)	(8,115)	**101,438**	111,554	(9.1)

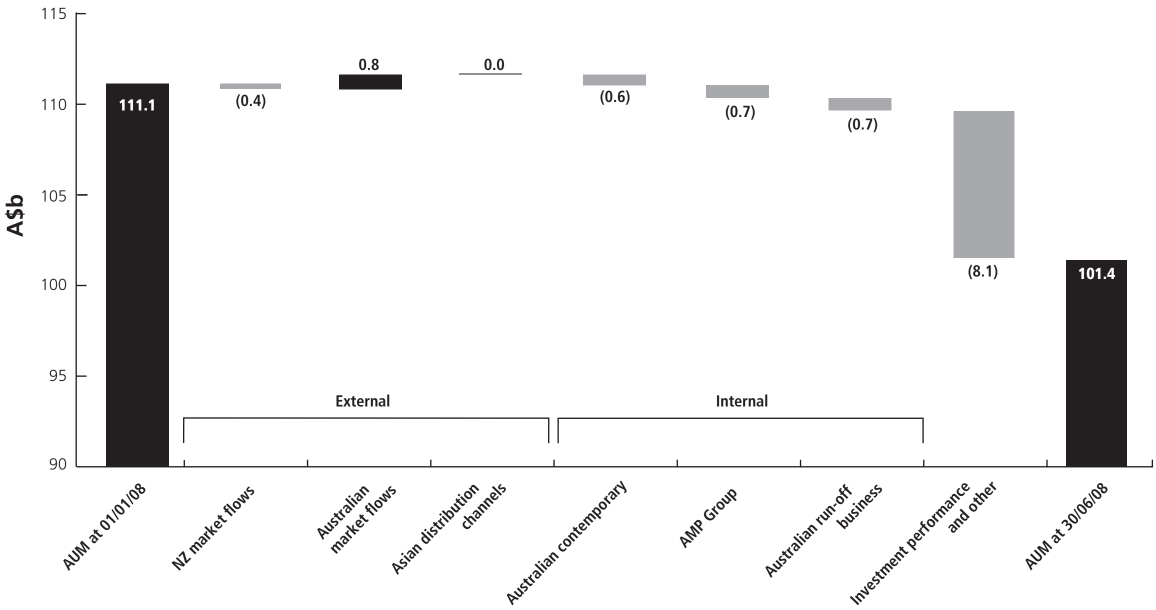
1 Other includes distributions and taxes.

1H 08 AUM by asset class



Cashflows and assets under management (AUM) cont'd

Movement in AUM by channel FY 07 to 1H 08



	31 March 2008			31 March 2007		
Australian market position by AUM[1]	**Total market size**[2] **A$b**	**Market share (rank)**	**Market share %**	**Total market size**[2] **A$b**	**Market share (rank)**	**Market share %**
Total investment management market	1,475.2	2	6.3	1,433.9	2	6.6
Retail investment market	382.7	3	12.0	400.2	2	13.3
Wholesale investment market	1,119.1	8	4.2	1,059.7	7	3.8
Select asset classes						
Australian equities	360.2	2	6.7	380.9	2	7.3
Australian fixed income	181.6	1	10.1	186.3	1	9.7
International equities	283.2	5	5.0	277.3	6	5.6
International fixed income	77.0	10	3.8	78.3	10	3.6
Property	131.7	1	14.0	133.4	1	11.4

1 Source: Rainmaker Roundup, March 2008 and March 2007.

2 The sum of the wholesale and retail investment market does not reconcile to the total investment management market due to an overlap in the classification of the funds.

Investment performance

Investment performance

57% of AUM met or exceeded their investment performance benchmarks for the 12 months to 30 June 2008. The target for the business is 75% of AUM meeting or exceeding benchmark. 58% of Australian AUM and 57% of New Zealand AUM met or exceeded their benchmarks.

Performance across AUM managed directly by AMP Capital Investors (AMPCI) was mixed for the 12 months to June 2008. In a challenging market environment, Australasian equities and property outperformed their benchmarks.

81% of Australasian equities met or exceed benchmark, highlighted by the small companies style outperforming benchmark by 7.2%, while the flagship capital investment style beat benchmark by 4.7% for the 12 months to 30 June 2008.

Sourcing and managing property investment is a key investment capability for AMPCI. 79% of property AUM met or exceeded their benchmarks for the 12 months to June 2008. The Wholesale Office Fund delivered a strong performance (outperforming benchmark by 9.3%), along with the Australian Core Property Portfolio (beating benchmark by 6.2%) and the Shopping Centre Fund (beating benchmark by 4.9%).

Australasian fixed interest and infrastructure and private equity underperformed in the first half of 2008. Continuing volatility in global bond markets and deteriorating credit conditions significantly impacted the investment performance of the Australian bond portfolio. For the 12 months to 30 June 2008, 22% of Australasian fixed interest AUM met or exceeded their benchmarks.

Performance across AMPCI's multi-manager portfolios was also mixed for the 12 months to June 2008. The Future Directions funds underperformed against benchmark. International fixed interest performance was adversely affected by market volatility and rising market spreads that negatively impacted the portfolio in the final quarter of 2007 and the first half of 2008. The Future Directions Total Return Fund, AMPCI's A$1.2b hedge fund of fund offering, returned 29.9% for the 12 months to June 2008.

Within AMPCI's diversified portfolio 71% of AUM met or exceeded their benchmark for the 12 months to June 2008.

AMPCI's investment capability was endorsed in 1H 08 with the following awards and ratings:

- The Nikko Global REIT Fund was awarded first place in the Global REIT category of the 2008 Rating & Investment Inc awards, Japan's leading rating house.
- The AMP Capital Core Infrastructure Fund was awarded "Best New Investment Product of the Year" by Rainmaker for 2008.
- Two funds received the top award in their categories at the 2008 AFR Smart Investor Blue Ribbon Awards. The Enhanced Yield Fund won the "multi-strategy income" category and the AMP Monthly Income Fund No 3 took top place in the "multi-sector – balanced" category.
- The AMP Capital Sustainable Share Fund achieved an A-rating in Van Eyk's 2008 Australian Equities Environmental Social and Governance (ESG) review – one of only two funds to achieve this.
- AMPCI's Balanced Growth Fund and Conservative Fund ranked fourth over one year, according to the Mercer Pooled Fund and Mercer Capital Stable Fund surveys. Both funds ranked first over three, five and 10 years according to the surveys.

As at 30 June, AMPCI had no material exposure to sub-prime securities, or to securities such as collateralised debt obligations (CDOs) and specialised investment vehicles (SIVs) that are materially exposed to sub-prime securities.

Investment performance	June 2008 %	December 2007 %
Percentage of AUM meeting or exceeding benchmark		
AMPCI managed		
Australasian equities	**81**	89
Australasian fixed interest	**22**	29
Infrastructure and private equity	**40**	92
Property	**79**	84
Multi-manager		
Future Directions funds	**61**	64
International equities	**80**	77
International fixed interest	**8**	7
Diversified		
Diversified funds	**71**	99
Total	**57**	68

Investment performance cont'd

A summary of investment performance for the 12 months to June 2008 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

Equities	Absolute return %	Out/(under) performance %	Property (direct and listed)	Absolute return %	Out/(under) performance %
Fund/style name			**Fund/style name**		
Sustainable Future (SRI)	(15.2)	(1.8)	Australian Core Property Portfolio	15.4	6.2
Capital	(8.7)	4.7	Wholesale Office Fund	19.0	9.3
Active Quant	(9.8)	3.6	Shopping Centre Fund	14.6	4.9
Value	(9.8)	3.6	Property Income Fund	17.6	2.9
Enhanced Index	(12.8)	0.6	New Zealand Direct Property	20.9	n/a
Small Companies	(13.3)	7.2	Australian Listed Property Trusts	(36.8)	(0.5)
New Zealand Equities	(20.3)	2.8	Global Listed Property Trusts	(21.4)	0.3
Fixed interest			**Infrastructure**		
Fund/style name			**Fund/style name**		
Core Plus Strategies	2.8	(1.6)	Infrastructure Equity Fund	(6.7)	(17.4)
Structured High Yield	12.9	5.5	Strategic Infrastructure Trust of Europe	15.3	4.6
Enhanced Yield	7.3	0.5			
Corporate Bond	2.7	(1.7)			
New Zealand Fixed Interest	9.3	(1.1)			
International funds (multi-manager)			**Private equity**	**Internal rate of return**	
Fund/style name			**Fund/style name**		
International Equities	(20.6)	0.7	Business Development Fund 2	10.6	(4.0)
International Fixed Interest	(0.2)	(8.2)	Private Equity Fund 3	13.7	n/a

Capital management

30 June 2008

A$m	Total AMP	AMP Life	AMP Banking	Total AFS	AMPCI	Group Office
Total capital resources	**3,480**	1,677	227	1,904	322	1,254
Intangibles[1]	**(754)**	(472)	(33)	(505)	(130)	(119)
Tangible capital resources	**2,726**	1,205	194	1,399	192	1,135
Non-allowable hybrid instruments	**(160)**					
Senior debt[2]	**(1,093)**					
Other deductions[3]	**-**					
Regulatory capital resources	**1,473**					
Shareholder minimum regulatory capital requirements (MRR)	**808**	531	182	713	95	-
Regulatory capital resources above MRR	**665**					

31 December 2007

A$m	Total AMP	AMP Life	AMP Banking	Total AFS	AMPCI	Group Office
Total capital resources	**3,405**	1,665	219	1,884	322	1,199
Intangibles[1]	**(699)**	(452)	(31)	(483)	(113)	(103)
Tangible capital resources	**2,706**	1,213	188	1,401	209	1,096
Non-allowable hybrid instruments	**(160)**					
Senior debt[2]	**(819)**					
Other deductions[3]	**(9)**					
Regulatory capital resources	**1,718**					
Shareholder minimum regulatory capital requirements (MRR)[4]	**823**	552	174	726	71	26
Regulatory capital resources above MRR	**895**					

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

2 Senior debt increased primarily as a result of a A$350m senior debt issue in May. Proceeds are intended to be used to repay Euro (A$312m) medium-term notes which are due to mature in November 2008.

3 Other deductions relate to employee defined benefit scheme surpluses.

4 31 December 2007 total capital resources reflects the capital and MRR position as if the Cobalt/Gordian sale had occurred on 1 July 2007. As at 31 December 2007, Cobalt/Gordian MRR was A$118m.

Capital management

AMP targets a level of capital equal to the shareholder minimum regulatory capital requirement (MRR), plus a target surplus. AMP's capital position remained above its target level at 30 June 2008.

AMP's dividend policy remains to pay out 85% of underlying profits, 85% franked. The dividend has been maintained at 22 cents per share for the first half, taking the payout ratio to 94%. An additional two cents per share payment from the sale proceeds of Cobalt/Gordian has also been made.

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. AMP's capital strategy is aimed at enhancing this already strong position in the current climate, increasing business flexibility to grow and further optimising our capital mix.

AMP is taking a number of steps to enhance its strong capital position. The first is aimed at optimising the capital mix. AMP is currently evaluating options to raise lower Tier 2 capital with a final decision on the quantum and timing of any issue yet to be made and dependent on capital market conditions. Part of the funds would be used to refinance the A$267 million subordinated debt maturing in 2009. There are no plans for a buyback with any funds raised in this environment.

The second step involves two changes to the Dividend Reinvestment Plan (DRP): the current 10,000 cap on participation will be lifted, while new shares will be issued to fund the DRP rather than buying shares on-market.

The final step involves the likely cessation of further payments from the Cobalt/Gordian sale proceeds. While AMP had planned to make two further payments of two cents per share (four cents in total), it is now considered unlikely that these will be made.

This approach will be monitored in response to changing market conditions.

Capital management cont'd

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.

The increase in AMP Banking's MRR was a result of the impact of the increase in on-balance sheet loans exceeding the reduction in MRR due to the introduction of Basel II on 1 January 2008.

Target surplus

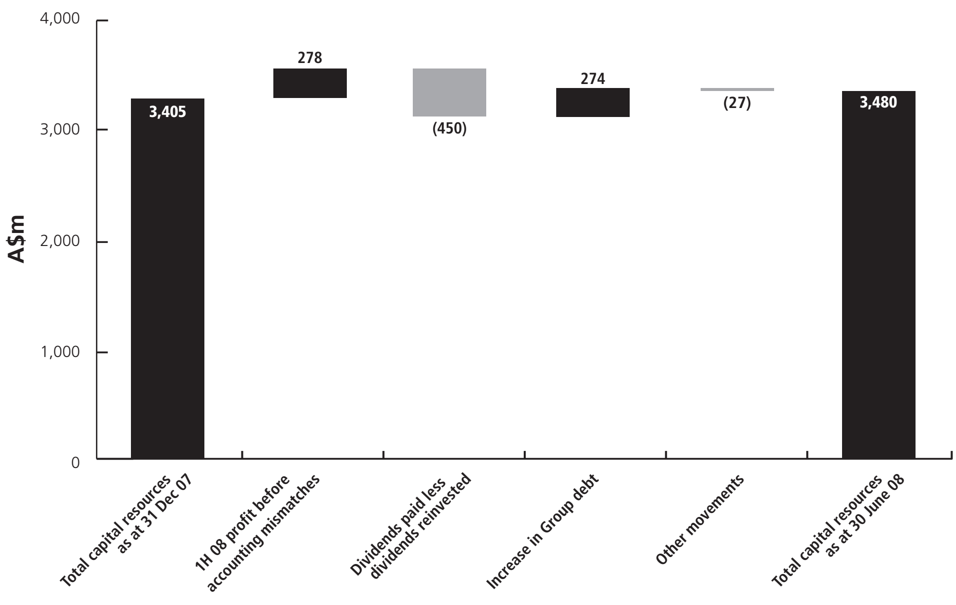
The majority of the target surplus relates to the AMP Life Statutory Funds and is set by reference to a probability of breaching regulatory capital requirements. This is a two tiered test where the target surplus is set as the greater of the amount required for a:

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

Capital allocation

AMP regularly reviews business line 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 business lines has been provided in the respective profit and loss tables.

Movement in 1H 08 total capital resources



Regulatory capital resources (A$m)	30 June 2008	31 December 2007
AMP shareholder equity	**2,037**	2,236
Allowable hybrid Tier 1 instruments	**-**	-
Less: goodwill and other intangibles	**(754)**	(699)
Less: other deductions[1]	**-**	(9)
Tier 1	**1,283**	1,528
Allowable upper Tier 2 instruments	**-**	-
Allowable lower Tier 2 instruments[2]	**190**	190
Tier 2	**190**	190
Total regulatory capital (Tier 1 + Tier 2)	**1,473**	1,718

1 Other deductions relate to employee defined benefit scheme surpluses.

2 AMP currently has A$350m of subordinated debt. Of this, only A$190m is currently allowable as lower Tier 2 under APRA rules. Of the A$267m of AMP's subordinated debt that matures in 2009, A$160m has been amortised.

Capital management cont'd

Total capital resources (A$m)	30 June 2008	31 December 2007
Equity		
Contributed equity	**3,888**	3,827
Equity contribution reserve	**1,019**	1,019
Other reserves	**103**	120
Retained earnings[1]	**469**	546
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**1,894**	1,927
Accounting mismatches	**143**	309
Total AMP shareholder equity	**2,037**	2,236
Group debt	**1,443**	1,169
Total capital resources	**3,480**	3,405

1 The movement in retained earnings (A$77m) is comprised of profit after mismatch items (A$366m) less dividends (A$450m) and adjusted for AIFRS (A$7m), eg reversal of dividends related to treasury shares.

A$m	30 June 2008	31 December 2007
International equities	**229**	341
Australian equities	**221**	374
Property	**317**	329
International fixed interest	**289**	356
Australian fixed interest	**237**	221
Cash[1]	**1,053**	877
Total shareholder funds	**2,346**	2,498
Other[2]	**380**	208
Tangible capital resources	**2,726**	2,706
Intangibles	**754**	699
Total capital resources	**3,480**	3,405

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

2 Other includes partially offsetting assets and liabilities, including A$17m (FY 07 A$208m) of cash held backing liabilities and seed pool assets of A$254m.

Nominal versus effective exposure

AMP uses derivatives (options and futures) to obtain its desired level of equity allocation for its shareholder invested funds portfolio. Equity options have proven to be effective in providing both equity upside exposure and downside protection. The asset allocations above reflect the effective exposure of shareholder funds after consideration of the effects of derivative positions. This has resulted in an increase in cash (to reflect downside protection) and a reduction in equities (to reflect the actual effective exposure).

Management of market risks in the shareholder funds

The market risks in the shareholder funds are managed by reference to the probability of loss over a one year time horizon at a 99% confidence level. This loss tolerance target is set at 3% of shareholder funds (with a tolerance range of + or - 0.5%) under a fat-tailed distribution.

During 1H 08, AMP adopted a more conservative position on its investment portfolio, which reduced its downside exposure. As a result of this decision, the loss tolerance is currently around 1%.

Underlying investment income

AMP calculates the underlying investment income that is allocated to the business units (BU) 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 FY 07 and 1H 08 is 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.

AFS contemporary wealth management underlying investment income

In the AFS 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

A$m	30 June 2008 Group	Operational[1]	Total	31 December 2007 Group	Operational[1]	Total
Subordinated bonds/notes	350	100	**450**	350	100	**450**
Total subordinated debt (Tier 2)	350	100	**450**	350	100	**450**
Domestic commercial paper and NCDs	152	1,577	**1,729**	70	908	**978**
Euro medium-term notes	941	-	**941**	941	-	**941**
Domestic medium-term notes	350	-	**350**	-	-	**-**
Loan from Group Office to AMP Banking	(350)	350	**-**	(192)	192	**-**
Total senior debt	1,093	1,927	**3,020**	819	1,100	**1,919**
Deposits-in	-	2,408	**2,408**	-	1,961	**1,961**
Total debt	1,443	4,435	**5,878**	1,169	3,061	**4,330**
Corporate gearing ratios						
S&P gearing	13%			10%		
Interest cover – underlying (times)	13.5			17.3		
Interest cover – actual (times)	10.7			17.3		

A$m	0-1 years	1-2 years	2-5 years	5-10 years	10+ years	Total
			Group debt by year of repayment			
30 June 2008						
Group debt	464	267	978	-	84	**1,793**
Loan from Group Office to AMP Banking	(350)	-	-	-	-	**(350)**
Total	114	267	978	-	84	**1,443**
31 December 2007			Group debt by year of repayment			
Group debt	382	267	628	-	84	**1,361**
Loan from Group Office to AMP Banking	(192)	-	-	-	-	**(192)**
Total	190	267	628	-	84	**1,169**

1 Operational debt relates only to AMP Banking.

Total Group debt increased A$274m in 1H 08 to A$1,443m, primarily as a result of the A$350m senior debt issue in May. The proceeds from this debt issue are intended to be used to repay the A$312m of Euro medium-term notes which are due to mature in November 2008. Currently, the interest expense on total Group debt is effectively split approximately 50/50 between fixed and floating rate.

AMP Banking debt

In addition to the on-balance sheet funding included in operational debt, AMP Banking also uses securitisation (RMBS) as a source of funding. Securitisation funding is fully non-recourse to AMP Banking and AMP Group. AMP Banking operational debt increased in 1H 08 to fund mortgage growth while conditions in the securitisation market remained challenging.

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 Group debt and is not included in S&P's definition of debt from an AMP Group perspective.

Reconciliation of AMP's total borrowings per AMP Limited half year financial statements (A$m)	
Total Group and operational debt at 30 June 2008	5,878
Plus limited recourse debt in entities controlled by AMP Life policyholder funds	2,123
Plus deposits with AMP Life	200
Plus limited recourse debt in investment entities controlled by AMP Capital Investors	132
Less policyholder deposits with AMP Banking	(910)
Value of cross currency interest rate swaps, fair value adjustments on borrowings and net discounts and transaction costs	(174)
Bank securitisation brought back on balance sheet as a result of AIFRS	5,043
Total borrowings and subordinated debt as per AMP Limited Financial Report for the half year ended 30 June 2008	12,292

Group Office

A$m	1H 08	1H 07	2H 07	FY 07	% 1H/1H
Group Office costs not recovered from business units	**(18)**	(19)	(24)	(43)	5.3
Underlying investment income on Group Office capital[1]	**24**	40	25	65	(40.0)
Interest expense on Group debt	**(37)**	(26)	(33)	(59)	(42.3)
AMP Limited tax loss recognition	**7**	-	13	13	n/a
Market adjustment					
Investment income	**(122)**	27	(14)	13	n/a
Annuity fair value	**(41)**	2	(15)	(13)	n/a
Discontinued business – Cobalt/Gordian	**-**	88	83	171	n/a
Employee defined benefit schemes	**3**	3	3	6	-
Fair value adjustments	**2**	(4)	-	(4)	n/a
Other items	**(1)**	(1)	2	1	-
Interest expense summary					
Average volume of Group debt	**1,268**	969	1,115	1,042	
Weighted average cost of Group debt[2]	**8.46%**	7.75%	7.65%	7.69%	
Tax rate	**30%**	30%	30%	30%	
Interest expense on Group debt	**37**	26	33	59	
Franking credits					
AMP dividend franking credits at face value at end of period[3]	**184**			249	

1 1H 07 and FY 07 underlying investment income on Group Office capital includes underlying investment income previously disclosed as part of Cobalt/Gordian.

2 Weighted average cost of debt as at 30 June 2008 is 8.95% pa (post tax 6.27%).

3 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, the balance of franking credits will be A$20m.

Group Office costs not recovered from business units decreased by A$1m compared to 1H 07. Group Office costs are considerably lower than 2H 07, which included A$5m of costs in respect of departing executives.

Underlying investment income on Group Office capital decreased from A$40m in 1H 07 to A$24m in 1H 08 as a result of capital returned to shareholders in June 2007.

Interest expense on Group debt increased to A$37m in 1H 08 from A$26m in 1H 07. The increase in interest expense is a result of the higher average volume of Group debt (see page 40 for details) and higher cost of funding.

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 taxable earnings and the amount recognised is expected to move in line with growth in earnings.

The amount recognised in 1H 08 is lower than anticipated at the end of FY 07 due to the impact on AMP's earnings (including investment income market adjustment) from lower AUM and deteriorating investment markets. The total amount of the benefit to be recognised is unchanged. Based on the current levels of recognition, the benefit is expected to continue to 2016.

Market adjustment – annuity fair value

The fair value market adjustment on annuities relates to investment gains (losses) on assets that back AMP's annuity portfolio. AMP's 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 annuity book. As a result of the deterioration of credit markets, AMP has reported a A$41m loss in 1H 08 by recognising the market value of assets in its annuity portfolio. To the extent that there are no asset defaults, this loss will reverse over time. Previously, these adjustments were reported as part of the market adjustment investment income.

Sensitivities – profit and capital

FY 08 profit sensitivities (A$m)

	Operating earnings									
	CWM	CWP	Mature	NZ	Total AFS	AMPCI	Group Office	Total	Investment income	Total
Economic variables										
10% increase in Australian equities	11	-	3	-	14	5		**19**	14	**33**
10% increase in international equities	3	-	1	2	6	3		**9**	17	**26**
10% decrease in Australian equities	(11)	-	(3)	-	(14)	(5)		**(19)**	(13)	**(32)**
10% decrease in international equities	(3)	-	(1)	(2)	(6)	(3)		**(9)**	(16)	**(25)**
1% (100 bps) decrease in 10 year Australian bond yields	-	-	(7)	(1)	(8)	(1)		**(9)**	8	**(1)**
Business variables										
AMP Financial Services										
5% increase in average AUM	14	-	4	2	**20**					
5% increase in sales volumes	2	1	-	1	**4**					
1% increase in persistency	2	3	(4)	-	**1**					
AMP Capital Investors										
5% increase in average external AUM						**8**				
5% increase in average internal AUM						**6**				
AMP Limited										
5% reduction in controllable costs	12	3	2	2	19	10	1	**30**		

30 June 2008 capital sensitivities – AMP Life guaranteed products (A$m)	Changes in capital resources above shareholder minimum regulatory requirements (MRR)
Economic variables	
10% increase/(decrease) in equities	0
20% increase/(decrease) in equities	0
1% (100 bps) increase/(decrease) in 10 year Australian bond yields	0

Important considerations when using these sensitivities

These sensitivities are only indicative and based on a number of assumptions as covered on page 45 in the definitions section of this document. These sensitivities are based on the 30 June 2008 position and provide an indication of the sensitivity of AMP's FY 08 profit and end of period capital position to changes in economic and business variables.

Profit sensitivities

The sensitivities set out above apply to FY 08 operating earnings (post tax), assuming the changes in a range of hypothetical economic or business variables were to apply for 2008.

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 08 operating earnings than set out in the table above.

The sensitivities are based on the 1H 08 position and are not forward looking. If using the sensitivities as forward looking (eg applying FY 08 profit sensitivities for FY 09), an allowance for changes in AUM levels should be made.

See page 12 (CWM) and page 30 (AMPCI) for average AUM levels that applied in 1H 08.

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

Operating earnings – risk and annuity business

For risk and annuity business, movements in economic variables 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 fraction of the impact is recognised in the current reporting period and is allocated between policyholders and shareholders.

Sensitivities – profit and capital cont'd

Investment income

The analysis is point in time and indicates the impact a change in variable would have on AMP's FY 08 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.

The investment income sensitivity at 30 June 2008 is lower than at 31 December 2007 due to AMP adopting a more conservative position on its investment portfolio in 1H 08, reducing its current loss tolerance to 1%, versus a long-term target of 3% (see page 39).

AMP Life capital sensitivities – shareholder capital above MRR

The analysis is a point in time looking at the capital impact of a movement at the end of the period.

The regulatory capital sensitivities relate to A$21b of assets backing guaranteed products sitting within the AMP Life book, the majority of which are contained within the AFS mature business.

AMP actively manages both the asset mix and the associated capital. Market movements and trends are carefully monitored and adjustments made accordingly. It requires a large sustained movement, as opposed to a brief correction, to materially impair the shareholder capital resources above MRR.

Regulatory capital requirements are met by a combination of policyholder and shareholder assets. The shareholder capital resources above MRR was not sensitive to movements in the levels of equity markets (up to 20% movement in either direction) and bond yields (a 1% movement in either direction) at June 2008 due to a combination of:

- significant policyholder surplus capital
- the strength of assets backing liabilities
- shareholder capital resources being invested conservatively
- allowance for recent and future expected investment market performance in finalising decisions around bonuses to policyholders.

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 – 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.

For Investor Report purposes, the profit and loss impact and equity adjustments associated with these mismatch items have been excluded from the Group results and equity.

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

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

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.

Debt

- **Group debt** – Comprises the amounts classified as Group debt as set out on page 40.
- **Operational debt** – Debt raised directly by a subsidiary to fund its operations. Operational debt relates to AMP Banking.

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 (underlying) 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.

Fair value adjustments – Represents items whose accounting treatment does not reflect the underlying commercial position. These items include the movement in the fair value of assets and liabilities that are effectively hedged and the depreciation of capitalised expenditure on owner-occupied properties.

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 cash inflows – Premiums received for insurance cover offered both via superannuation plans administered by Corporate Superannuation and as stand-alone group life schemes.

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 other items and interest expense on Group debt for the year divided by interest expense on Group 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 Group debt for the year divided by interest expense on Group debt after income tax for the same period.

Internal AUM (AMPCI) – Assets managed by AMPCI sourced from AFS (excluding external platforms) and Group Office. 1H 07 and FY 07 internal AUM (AMPCI) include assets sourced from Cobalt/Gordian.

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

Market adjustment – annuity fair value – Represents the difference in the fair value of assets which back AMP's annuity liabilities. The assets and liabilities are valued at rates prescribed by AIFRS.

Accounting treatment and definitions cont'd

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).

Net seed pool income (AMPCI) – Income on seed pool assets, including 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.

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.

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

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 less goodwill on the acquisition of GIO (for AFS) and acquired asset management mandates (for AMPCI) (pre-transfers) over the period. No allowance is made for the benefit of gearing, which occurs at Group level.

RoE (actual) – Calculated as annualised profit after income tax before other items 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.

Sensitivities – profit and capital – For the sensitivities on page 42, the following apply:

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 08 position, ie not "forward looking", and make no allowances for events subsequent to 30 June 2008
- in general, for profit, they assume the movement occurs evenly over the year; for capital, they assume the movement occurs at 30 June 2008.

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 08
- investment income sensitivity is based on the amount of investments held as at 30 June 2008
- all profit sensitivities shown are a full year impact.

Shareholder minimum regulatory requirements – Capital resources being used to meet the minimum capital requirements of all regulatory bodies which impact the BU (eg APRA, ASIC). This is after taking account of any other resources, eg policyholder retained earnings.

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 intangibles) 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.

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).

EV and VNB methodology

EV and VNB valuations are the outcomes of actuarial modelling based on a complex set of assumptions. They are not management projections of the value of the company. Value measurement metrics are highly sensitive to the model's underlying assumptions. Valuations for AMP are modelled on cashflows (cash in, cash out, AUM at period end). Profit margins are assumed to be stable over time. The AMP methodologies are consistent with Australian and European standards.

The table below outlines the key underlying assumptions for the embedded value (EV) and value of new business (VNB) calculations for the main product groupings for the AMP Financial Services business.

AMP's EV and VNB methodologies include an allowance for expected recurring contributions on all Corporate Superannuation (CS), Flexible Lifetime Superannuation (FLS) and Retirement Savings Account (RSA) contracts where future contributions can be reasonably anticipated.

	Embedded value (EV)	Value of new business (VNB)
Definitions	The EV is a measure of the economic value of the shareholder capital in the business and the profits expected to emerge from the business currently in force. The EV is made up of two items: • value of in-force business (VIF) – the discounted value of future profits and movements/releases of regulatory capital, and • adjusted net assets – shareholder assets in excess of the regulatory capital requirements, at face value. For this purpose regulatory capital is allocated at a product-group level with a minimum of zero. This will give a different regulatory capital to the MRR disclosed on page 37, which is calculated at an entity level.	The VNB is a measure of the economic value of the profits expected to emerge from new business net of the cost of supporting capital. VNB is the increase in EV over the period due to new business.
Method of calculating VIF	Future profit margins and capital requirements are projected on best estimate assumptions (see page 28 for more details on assumptions). VIF is calculated by discounting these to a present value using a range of risk discount rates, expressed as margins above the 10 year bond yield.	Calculated at point of sale using the same method as for VIF. The value at the point of sale is rolled up at the risk discount rate to the valuation date.
Main product groupings	**Key elements of cashflows included in future projections**[1]	
	Embedded value (EV)	**Value of new business (VNB)**
Regular premium retail risk insurance, conventional, investment account and investment linked contracts	Future premiums, claims, investment returns, taxes and expenses adjusted for best estimates of lapses/surrenders. Future expenses are projected using unit costs related to number of policies, annual premiums or assets under management, depending on the underlying driver of the expenses. Unit costs that are related to policies are indexed annually at 3%.	Only new contracts commencing during the period for consistency with EV approach.
Single premium retail investment account, investment linked and eligible rollover contracts and external platform contracts	As above but with no future premiums.	Single premiums paid during the period are included – no future premiums assumed for consistency with EV approach.

1 Only contracts which are in force at the valuation date are included in EV and VNB calculations.

EV and VNB methodology cont'd

Main product groupings	Key elements of cashflows included in future projections[1]	
	Embedded value (EV)	**Value of new business (VNB)**
Corporate superannuation, retail flexible lifetime superannuation and retirement savings account contracts	As above but with full allowance for expected future recurring contributions based on contractual policy terms and conditions and observed policyholder payment methods[2].	All single premium and transfer values paid during the period (for both new and old policies) are included, along with expected future recurring contributions for new contracts commencing in the period[2].
Group risk contracts	As above but assuming future premiums for existing members only – ie assumes withdrawing members are not replaced.	Only new group contracts commencing during the period are included in VNB (new members replacing withdrawing members only impact EV).

1 Only contracts which are in force at the valuation date are included in EV and VNB calculations.

2 For corporate superannuation contracts, where member administration is at a group level, EV assumes that departing members from a continuing scheme are replaced with new scheme members. However, no allowance is made for the potential transfers of accumulated benefits with the new member from their previous superannuation scheme.

FLS and RSA contracts are administered as separate accounts for each member. EV assumes there will be no replacement when existing members withdraw, and new members are included as new contracts in VNB. For FLS, employer sourced contributions (including salary sacrifice) are considered as recurring contributions, but member direct contributions are considered as recurring contributions only if they are sourced from a periodic direct debit or a periodic reminder notice payment facility. New business includes all new policies or schemes, all single premiums received and, in the case of retail business, any increases in regular contributions. Note that the corporate superannuation single premiums include asset transfers for new members of existing schemes, consistent with the exclusion of these transfers within the EV.

It is estimated that conservatively there were recurring contributions of A$1.7b in 1H 08 based on contributions coming to AMP through:

- employer salary systems of A$1.6b (largely Superannuation Guarantee Levy contributions)
- direct member contributions in FLS and RSA of A$0.1b (largely periodic contributions out of after tax income).

Total AFS contributions received in 1H 08 were A$7.4b as summarised below.

Contributions received in 1H 08 (A$b)	
Transfer values and single premiums – for CS, FLS and RSA	1.9
Recurring contributions – for CS, FLS and RSA	1.7
Total CS, FLS and RSA	3.6
Other AFS cash inflows[1]	3.8
Total AFS cash inflows	7.4

1 Pensions, external platforms, contemporary wealth protection, New Zealand.

Life insurance accounting

Contract classification

The accounting treatment of the life insurance business varies depending on the nature of the contract.

The majority of the business of AMP Life relates to wealth management products such as savings, superannuation and allocated pensions/annuities where there is no insurance risk and no discretion over the vesting of policyholder benefits (ie non-participating). These contracts are classified as "investment contracts" and are accounted for at fair value under the Australian equivalents to International Financial Reporting Standards (AIFRS) for Financial Instruments and Revenue.

AMP Life also issues contracts that either:

- transfer significant insurance risk from the policyholder such as death, disability or longevity, or
- provide discretionary participating benefits.

These contracts are classified as "life insurance contracts" and are accounted for using Margin on Services (MoS).

Investment contracts

Life investment contracts may consist of a financial instrument and an investment management services element, both of which are measured at fair value. Apart from fixed term annuity policies, the resulting liability to policyholders is tightly linked to the performance and value of the assets (after income tax) that back those liabilities. The fair value of such liabilities is therefore the same as the fair value of those assets, after income tax on the basis charged to policyholders. There has been an accounting mismatch, as deferred income tax on unrealised gains (or losses) was often charged to policyholders on a discounted basis, whereas under AIFRS the related deferred income tax liability must be established on a non-discounted basis. During 2006, the accounting of deferred tax charged to policyholders was largely removed and the associated accounting mismatches reversed, with the remaining reversals appearing in 2007.

Fees and other charges passed to the shareholder are reported as revenue.

For fixed term annuity policies, the financial instruments element is the fair value of the fixed term annuity payments, which is their present value at a risk-free discount rate. The fair value of the associated management services element is the net present value at a risk-free discount rate of all costs associated with the provision of services and any profit margins thereon.

Life insurance contracts

MoS is the financial reporting methodology developed to report on the life insurance business of Australian companies. It continues to apply to life insurance contracts issued by Australian companies or their subsidiaries.

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received, hence the name Margin on Services.

Detailed description of MoS

MoS policy liabilities are ordinarily determined using a projection method, whereby estimates of policy cashflows (premiums, benefits, costs and profit margins to be released in future periods) are projected into the future. The policy liability is calculated as the net present value of these projected cashflows.

The policy liabilities have two components:

- the best estimate liabilities (to cover future benefits and costs, and allowing for future premiums)
- the value of future profit margins (based on the appropriate profit carrier).

A risk-free discount rate is used unless policyholder benefits are linked to performance of assets backing the contract, in which case the discount rate is the expected future earnings rate on those assets.

No profit is normally recognised on inception of new business.

Instead, profit margins on new business (after allowing for the recoverability of acquisition costs) enhance the existing value of future profit margins, to be released over the future life of the business.

The expected profit margins are related to a profit carrier, which best reflects the provision of services under the contract and emerges as a proportion of that profit carrier.

MoS policy liabilities are calculated using best estimate assumptions about future conditions. In the case of maintenance costs, the assumption must be sufficient to cover the budgeted costs in the following year.

If actual experience differs from that expected, the financial effects of these differences are recognised as experience profits or losses in addition to the expected profits.

The best estimate assumptions are reviewed and revised as necessary at each reporting date. Changes generally do not affect policy liabilities and reported profit; their effect is absorbed in the value of future profit margins, to emerge in the future.

The exception is market related changes in the investment earning assumption for non-participating business. In this case, the policy liabilities are altered and, to the extent that such change is not matched by a similar movement in the value of assets, a profit or loss emerges.

Where future losses are expected, they must be recognised immediately. If a favourable change in assumptions subsequently occurs, or if profitable new business is written, previously recognised losses may be reversed.

An accumulation method may be used if it produces results that are not materially different from those produced by a projection method. A modified accumulation method is used for some discretionary participating contracts, where the policy liability is the accumulation of amounts invested by the policyholder, less fees specified in the policy, plus investment earnings and vested benefits, adjusted to allow for the fact that the crediting rates are determined by reference to investment income over a period greater than one year. This accumulation may be adjusted to the extent that acquisition costs are to be recovered from future margins between fees and costs.

A similar approach is used for group risk business except that the basic accumulation is the amount of the unearned premium plus outstanding and unreported claims at the valuation date.

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 including:

- financial planning and advice services
- personal superannuation and retirement income products
- employer sponsored superannuation and insurance schemes
- managed investment products, including separately managed accounts
- personal term, disability and income protection insurance products
- mortgage and deposit products.

These products and services are primarily distributed through self-employed financial planners and advisers aligned with AMP Financial Services.

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
- Group debt.

Cobalt/Gordian

During 1H 08, AMP completed the sale of its closed reinsurance and general insurance operations, Cobalt/Gordian. The buyer of the business assumed all of the risks and benefits of the Cobalt/Gordian operations from 1 July 2007. For Investor Report purposes, the sale has been treated as effective 1 July 2007. The sale was completed on 5 March 2008. The sale proceeds increased by A$3.3m per month up to completion. An amount of A$5m has been disclosed within underlying investment income, calculated as 5.20% of A$585m for 1 January to 5 March 2008.

Following completion of the sale, AMP has restated prior period profit comparatives to exclude Cobalt/Gordian. Key performance measures have not been restated.

Exchange rates			AUD/NZD
2008	1H 08	– closing	1.2609
		– average	1.1846
2007	FY 07	– closing	1.1410
		– average	1.1373
	2H 07	– closing	1.1410
		– average	1.1490
	1H 07	– closing	1.0982
		– average	1.1201

1H 08 financial results

Analysis of operating results (A$m)	AMP Financial Services	AMP Capital Investors	Group Office	Total
BU operating earnings	334	78	-	**412**
Group Office costs not recovered from business units	-	-	(18)	**(18)**
Total operating earnings	334	78	(18)	**394**
Underlying investment income	43	6	24	**73**
Interest expense on Group debt	-	-	(37)	**(37)**
AMP Limited tax loss recognition	-	-	7	**7**
Underlying profit	377	84	(24)	**437**
Market adjustment				
Investment income	-	-	(122)	**(122)**
Annuity fair value	-	-	(41)	**(41)**
Profit after income tax before other items	377	84	(187)	**274**
Employee defined benefit schemes	-	-	3	**3**
Fair value adjustments	-	-	2	**2**
Other items	-	-	(1)	**(1)**
Profit attributable to shareholders of AMP Limited before accounting mismatches	377	84	(183)	**278**

Reconciliation to AMP Limited Financial Report

Accounting mismatches	-	-	88	**88**
Net profit attributable to shareholders of AMP Limited	377	84	(183)	**366**

Total capital resources (A$m)	30 June 2008	31 December 2007
Equity		
Contributed equity	**3,888**	3,827
Equity contribution reserve	**1,019**	1,019
Other reserves	**103**	120
Retained earnings	**469**	546
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**1,894**	1,927
Accounting mismatches	**143**	309
Total AMP shareholder equity	**2,037**	2,236
Group debt	**1,443**	1,169
Total capital resources	**3,480**	3,405

AMP Limited – major ASX announcement index for 1H 08

Announcement date		Subject	Announcement no.
February	1	AMP to appoint new General Counsel	04/08
	14	AMP releases the following with the announcement of its 2007 full year results:	05/08
		Part One: AMP underlying profit up 10% per cent 2007 to A$960 million	
		Part Two: Investor Presentation	
		Part Three: Investor Report	
		Part Four: Appendix 4E and AMP Limited Directors' Report and Financial Report	
	20	AMP 2007 final dividend information and DRP pricing period	06/08
March	10	Professor Peter Shergold to join AMP Board	13/08
	28	AMP release the following in relation to the 2007 full year financial reports and 2008 AGM:	17/08
		Part One: Annual Report 2007	
		Part Two: Shareholder Review 2007	
		Part Three: Notice of Annual General Meeting 2008	
		Part Four: Proxy Form 2008	
	31	AMP Final 2007 Dividend Reinvestment Plan Price	18/08
April	3	Presentation by AMP Limited Chief Executive Officer, Craig Dunn and Chief Financial Officer, Paul Leaming to Offshore Investor Roadshow – April 2008	19/08
	14	AMP welcomes credit rating increase	23/08
May	1	AMP Financial Services reports first quarter 2008 cashflows	24/08
	8	AMP completes A$350 million senior debt raising	26/08
	9	Presentation by AMP Limited Chief Executive Officer, Craig Dunn to Macquarie Capital Securities Conference	27/08
	13	AMP announces executive appointments	28/08
	15	AMP release the following in relation to the Chairman and CEO Addresses to Shareholders:	29/08
		Part One: AMP Annual General Meeting – held in Sydney	
		Part Two: Annual General Meeting – Chairman's Address to Shareholders	
		Part Three: Annual General Meeting – CEO's Address to Shareholders	
	15	Results of the AMP Limited Annual General Meeting held on 15 May 2008	30/08
June	10	AMP confirms approach to MacarthurCook Limited	35/08
	25	Presentation by AMP Financial Services Managing Director, Craig Meller to UBS Financial Services conference	37/08

This summary excludes administrative type announcements, eg changes in directors' interests, substantial holdings, etc.

Independent review statement

Independent review report of selected information contained in the AMP Limited Investor Report for the half year ended 30 June 2008

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 28 and 50.

Embedded value

Scope

We have conducted an independent review of the embedded value assumptions set out on page 28 of the Investor Report of AMP Limited ("the Investor Report") for the half year ended 30 June 2008 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 28 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, enquiries 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 28 of the Investor Report for the half year ended 30 June 2008 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 50 of the Investor Report of AMP Limited for the half year ended 30 June 2008. We have performed the review of the financial information set out on page 50 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 50 of the Investor Report are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources set out on page 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 page 45, enquiries 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 50 of the Investor Report for the half year ended 30 June 2008 are not materially consistent with the definitions of operating earnings, underlying investment income and total capital resources as set out on page 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

28 August 2008

1H08

Website

For additional information on the 2008 half year results, visit the AMP website at
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 from 2004.
- Definitions, details of assumptions and calculations of key ratios.

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