Media release

8 August 2019

CEO remuneration update

As outlined by the Chairman at the AGM in May, the AMP Board today confirms it will adjust the remuneration package of Chief Executive Francesco De Ferrari to ensure he is appropriately incentivised and aligned with shareholders during the transformation of AMP.

Summary of adjustments

As indicated in the announcement of Mr De Ferrari's appointment in August 2018, the AMP Board agreed an incentive package for Mr De Ferrari, which included a buyout of incentives from his previous employer (the "Buyout Incentive") and an award to incentivise the delivery of a recovery in business performance (the "Recovery Incentive").

The face value of these awards was based on AMP's share price leading up to the date of that announcement (A$3.44), with the Recovery Incentives including significant stretch targets on share price performance to be achieved.

Prior to his start date of 1 December 2018, and in the period immediately afterwards, AMP's share price and performance were impacted by a range of events outside Mr De Ferrari's influence. Most significantly these included AMP's original agreement to sell AMP Life in October 2018 and adverse consequences flowing from the Royal Commission.

Taking into account feedback from a range of shareholders, the Board has resolved to adjust Mr De Ferrari's incentives to reflect the share price of the group immediately preceding his start date (A$2.45) and implement share price performance hurdles on the Recovery Incentive, which better reflect the challenges currently facing the company.

Mr De Ferrari will receive further shares and rights so that he holds the same number of shares and rights he would have been awarded originally had the reference price been A$2.45 instead of A$3.44. The value of the additional shares and rights he will receive is approximately A$2 million, meaning that the face value of his Buyout Incentive will be approximately A$7 million, down from A$10 million.

Further, the Board proposes to replace the Recovery Incentive. The new award will have a face value of approximately A$4.4 million down from A$6 million.

Vesting of the new Recovery Incentive will be subject to achieving a share price of A$2.45, representing the share price when the CEO commenced with AMP, with full vesting if the share price is A$2.75.

The new award will include terms to enable the Board to offset any value that may be achieved if the original Recovery Incentive did vest. The Board intends, subject to consultation with shareholders, to seek approval to cancel the original Recovery Incentive at the next AGM.

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AMP Chairman David Murray said:

"As foreshadowed at the 2019 annual general meeting, the Board recognises that the original announcement of the sale of AMP Life, and a number of other company-specific matters that affected our share price, occurred before our new CEO took office. A number of shareholders have also expressed concern that the current long-term incentives may no longer be realistic. The Board has carefully considered these matters in the context of today's revised agreement to sell AMP Life and with a new strategic plan, and has made these changes to Mr De Ferrari's remuneration arrangements to retain, motivate and align him to shareholder interests.

"Originally the Buyout and Recovery Incentives were designed to compensate for Mr De Ferrari's previously-earned remuneration. Together the adjustments made today do not fully compensate for the reduction in their value due to factors outside Mr De Ferrari's influence."

Contracted 2019 Long-term Incentive

In his remuneration package announced in August 2018, Mr De Ferrari was entitled under his contract to an LTI award with a face value of A$3.5 million.

This contracted award was intended to be granted early in 2019 but will now be awarded this month. As no trading window was available in the interim, the award now aligns with the strategic plan.

2019 LTI Transformation Award

The Board has decided Mr De Ferrari will also receive a 2019 LTI Transformation Award with a face value of A$3.5 million. This reflects the Board's desire to ensure the CEO is appropriately motivated, aligned and retained to execute on the new strategy and transformation of AMP for the benefit of all stakeholders.

For the 2019 Contracted LTI and 2019 LTI Transformation Award, vesting will be measured based on a comparison of the compound annual growth rate in AMP's total shareholder return (TSR) relative to a financial services comparator group of companies.

The tables below set out the detail of the remuneration adjustments for Mr De Ferrari with the Buyout and replacement Recovery Incentives as well as the 2019 Contracted LTI and 2019 LTI Transformation Award.

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Summary of remuneration adjustments for AMP CEO

The table below sets out the detail of the Buyout and replacement Recovery Incentives.

Type of Remuneration	Value at date of grant	Vesting schedule	Hurdles
Buyout Incentive - Shares	587,328 shares with a face value of A$1 million	In line with the original Buyout Incentive in Shares 60% on 15 August 2019 20% on 15 August 2020 20% on 15 August 2021	Continuous employment
Buyout Incentive - Rights	587,328 rights with a face value of A$1 million	In line with the original Buyout Incentive in Rights 50% on 15 Feb 2020 30% on 15 Feb 2021 20% on 15 Feb 2022	Continuous employment (but the Board may, in its absolute discretion, lapse all or some share rights if AMP Group suffers a material loss)
2019 – replacement Recovery Incentive	2.5 million rights with a face value of approximately A$4.4 million	Tested by the Board in February 2022 and February 2023 (each a testing date) If the awards vest, they may be deferred for a further period to ensure compliance with the Banking Executive Accountability Regime (BEAR) It is the Board's intention that if any value is subsequently realised under the original Recovery Incentive, it would offset the vesting outcome of the 2019 Recovery Incentive	On the first testing date, 50% will vest if the share price is A$2.45 (adjusted for any significant capital initiatives) On the second testing date, the balance of the award will be eligible to vest. If the share price is A$2.45 (adjusted for any significant capital initiatives), 50% (including any awards that have vested already) would vest and 100% will vest if the share price is A$2.75 (adjusted for any significant capital initiatives), with straight line vesting between these share price hurdles

Summary of 2019 LTI

The table below sets out the detail of the 2019 Contracted LTI and 2019 LTI Transformation Award.

Type of Remuneration	Value at date of grant	Vesting schedule	Hurdles
2019 Contracted LTI	A$3.5 million face value (or ~159% of salary)	Tested by the Board in February 2023 If the awards vest, they may be deferred for a further period to ensure compliance with the Banking Executive Accountability Regime (BEAR)	There will be a risk and conduct gateway before the performance condition is tested The performance condition will be a comparison of the Compound Annual Growth Rate (CAGR) in AMP TSR relative to an index TSR from August 2019 to February 2023 The index will be the ASX 100 Financial Services excluding A-REIT Index. This will be constructed based on an equal weighting assigned to each constituent – 25% will vest if 75% of the Index return is achieved – 50% will vest if 90% of the index return is achieved – 75% will vest if 100% of the index return is achieved – 100% will vest if 110% of the Index return is achieved.
2019 LTI – Transformation Incentive	A$3.5 million face value (or ~159% of salary)	Tested by the Board in February 2023 If the awards vest, they may be deferred for a further period to ensure compliance with the Banking Executive Accountability Regime (BEAR)	The vesting conditions are as per the contracted LTI outlined above