

# 2016 notice of meeting

Your guide to AMP Limited's 2016 annual general meeting



# Dear shareholder

It is my pleasure to invite you to the 2016 annual general meeting (AGM) of AMP Limited (AMP).

The meeting will be held in the Savoy Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria, Australia on Thursday 12 May 2016, commencing at 11am. Shareholders attending the AGM can register from 8.30am at the venue. Information on how to get to the Grand Hyatt Melbourne is on page 4.

This event is an opportunity for you to share your views directly with the board and senior management team and hear from them about your company's progress and plans for the future. We encourage all shareholders to join us either in person or via the live webcast at [amp.com.au/aggm](http://amp.com.au/aggm). If you are unable to attend, we are pleased to offer you the opportunity to ask questions via the live webcast and also appoint a proxy before the meeting either by post or online.

At the meeting, you will have the opportunity to vote on:

- the re-election of myself, Simon McKeon, as a director of AMP
- the election of Holly Kramer and Vanessa Wallace as directors of AMP
- the adoption of the remuneration report as set out on pages 24 to 44 of the AMP 2015 annual report, and
- the approval of the chief executive officer's (CEO's) long-term incentive for 2016.

## You're invited to an exclusive shareholder session

Join AMP online or in person for a free information session. Hear from specialists including Shane Oliver, AMP's Chief Economist, on changing market conditions and ideas to help secure your financial future.

- When** 9.30am (Melbourne time) Thursday 12 May 2016  
**Where** Mayfair Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria, Australia  
**Online** View the webcast live and ask questions or view the archive at [amp.com.au/secureyourfuture](http://amp.com.au/secureyourfuture)

This event will be followed by the AMP 2016 AGM.

The following pages contain details of the items of business for the meeting and the voting procedures.

I would like to take this opportunity to thank John Palmer and Brian Clark for their services to AMP. After almost nine years on the board, John and Brian have announced their intentions to retire as directors of AMP at the end of the AGM. John has not only been part of the AMP Limited Board but has also served as a non-executive director of AMP Life Limited, The National Mutual Life Association of Australasia Limited (NMLA) and AMP Capital Holdings Limited. Similarly, Brian has served on the boards of both AMP Limited and AMP Capital Holdings Limited, having also chaired the AMP Capital Board. Their extensive knowledge and sound judgement have proved invaluable over the years, and we greatly appreciate the contribution they have made to our company.

We are pleased to once again host a free information session for shareholders prior to the AGM. This is an opportunity for you to hear from a panel of specialists chaired by Shane Oliver, AMP's Chief Economist, on making the most of your circumstances to secure your future. The information session will be held in the Mayfair Ballroom, Grand Hyatt Melbourne at 9.30am on Thursday 12 May 2016, and shareholders will have the opportunity to ask questions of AMP's financial advisers during the morning. All shareholders are invited to attend the event in person or join the webcast and ask questions at [amp.com.au/secureyourfuture](http://amp.com.au/secureyourfuture).

I look forward to welcoming you to our 2016 AGM.

A handwritten signature in black ink that reads "Simon V. McKeon". The signature is written in a cursive, flowing style.

**Simon McKeon AO**  
Chairman

## Details of the meeting

AMP's 2016 AGM will be held on Thursday 12 May 2016, commencing at 11am (Melbourne time) in the Savoy Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne, Victoria, Australia. Registration will open at 8.30am (Melbourne time).

### How to watch the meeting and ask questions live online

You can watch a live webcast of the meeting and ask questions at [amp.com.au/agm](http://amp.com.au/agm).



### How to get to the meeting

Grand Hyatt Melbourne is located in the centre of Melbourne on Collins Street.

**Tram:** the closest tram stop is 101 Collins Street.

**Train:** the closest train stations are Flinders Street Station and Parliament Station.

**Car:** parking is available at Grand Hyatt Melbourne, or parking stations on Collins and Flinders Streets.

**Accessibility:** attendees requiring lift access should use the Russell Street entrance and go to level 8.

### AMP 2015 annual report

A copy of the AMP 2015 annual report (including the financial report, directors' report and auditor's report for the year ended 31 December 2015) is available online at [amp.com.au/2015annualreport](http://amp.com.au/2015annualreport).

Certain terms used in this notice have the meanings given to them on page 19. Unless otherwise specified, all amounts are in Australian dollars.

## Items of business

### Item 1: Financial report, directors' report and auditor's report

To receive and consider the financial report, the directors' report and the auditor's report for the year ended 31 December 2015.

Shareholders will be asked to consider and, if thought fit, to pass the resolutions below, which will be proposed as ordinary resolutions.

### Item 2: Re-election and election of directors

- (a) To re-elect Simon McKeon as a director.
- (b) To elect Holly Kramer as a director.
- (c) To elect Vanessa Wallace as a director.

### Item 3: Adoption of remuneration report

To adopt the remuneration report for the year ended 31 December 2015.

### Item 4: Approval of the chief executive officer's long-term incentive for 2016

To approve the acquisition by the chief executive officer of AMP Limited, Craig Meller, of:  
(a) performance rights as the chief executive officer's long-term incentive for 2016, and  
(b) shares in AMP Limited on the vesting of some or all of those performance rights, as described in the explanatory notes to the notice convening the meeting.

### Note: Voting exclusions for items 3 and 4

**Item 3:** AMP will disregard any votes cast on item 3:

- by or on behalf of a member of the key management personnel (KMP) whose remuneration details are included in the remuneration report for the year ended 31 December 2015 or a closely related party of a member of the KMP, in any capacity, or
- as a proxy by a person who has become a member of the KMP by the time of the AGM, or by any closely related party of a member of the KMP,

unless the vote is cast as proxy for a person who is entitled to vote on item 3 and:

- the vote is cast in accordance with directions on the proxy form specifying how the proxy is to vote, or
- the vote is cast by the chairman of the meeting and the proxy form authorises him to vote as he decides on item 3.

**Item 4:** AMP will disregard any votes cast on item 4:

- by or on behalf of Craig Meller or his closely related parties, in any capacity, or
- as a proxy by a member of the KMP or a closely related party of a member of the KMP, unless the vote is cast as proxy for a person who is entitled to vote on item 4 and:
  - the vote is cast in accordance with directions on the proxy form specifying how the proxy is to vote, or
  - the vote is cast by the chairman of the meeting and the proxy form authorises him to vote as he decides on item 4.

Please read the information under the heading Chairman of the meeting as proxy, on page 7, which deals with the chairman's voting of proxies on items 3 and 4.

The proposed items of business should be read in conjunction with the explanatory notes on pages 8 to 17.

## How to vote

As a shareholder, you can vote on the items of business by:

- attending the meeting, or
- appointing a proxy, representative or attorney to attend the meeting and vote on your behalf.

### Voting at the meeting

The board has determined that you will be entitled to attend and vote at the meeting if you are a registered shareholder of AMP at 7pm (Melbourne time) on Tuesday 10 May 2016. You will be entitled to vote in respect of the number of AMP shares registered in your name at that time.

Voting on all items of business at the meeting will be conducted by poll.

### Appointing a proxy

A shareholder who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote at the meeting on their behalf. A proxy does not need to be a shareholder of AMP.

If a shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the shareholder's votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes on a poll. Fractions will be disregarded.

Completed proxy forms (and any necessary supporting documents) must be received by AMP no later than 11am (Melbourne time) on Tuesday 10 May 2016.

### Submitting your proxy form

You can submit your proxy form in the following ways:

**Online** by visiting [investorvote.com.au](http://investorvote.com.au) on your computer or smartphone.

You will need the control number and holder number shown on your proxy form to submit your form online. To use the smartphone voting service, scan the QR code which appears at the top of your proxy form and follow the instructions provided or go to [investorvote.com.au](http://investorvote.com.au) from your smartphone. To scan the code, you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site. Participating intermediaries can lodge their form online through [intermediaryonline.com](http://intermediaryonline.com).

**By post** using the envelope provided or by posting it to:

Australia	Reply paid 2980, Melbourne VIC 8060
New Zealand	PO Box 91543, Victoria Street West, Auckland 1142
Other countries	GPO Box 2980, Melbourne VIC 3001, Australia

**By fax:**

Australia	1300 301 721
New Zealand	09 488 8787
Other countries	+613 9473 2555

**By post or hand delivery to:**

AMP's registered office	33 Alfred Street, Sydney NSW 2000, Australia
or the AMP share registry	
Australia	Level 4, 60 Carrington Street, Sydney NSW 2000, Australia
New Zealand	Level 2, 159 Hurstmere Road, Takapuna, Auckland 0622, New Zealand

### Power of attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the AMP share registry. A proxy cannot be appointed under a power of attorney or similar authority online.

### Attending the meeting

If you will be attending the meeting, please bring your personalised proxy form with you to assist registration.

If a representative of a corporate shareholder or a corporate proxy will be attending the meeting, the representative will need to bring to the meeting adequate evidence of their appointment unless this has previously been provided to the AMP share registry. An appointment of corporate representative form may be obtained from the AMP share registry or online at [computershare.com.au](http://computershare.com.au) (go to the Investor Centre and click on the Forms icon under the Help menu).

### Chairman of the meeting as proxy

AMP encourages you to consider directing your proxy how to vote by marking the appropriate box on each of the proposed resolutions on the proxy form.

If you appoint the chairman of the meeting as your proxy (or the chairman becomes your proxy by default) and you do not direct your proxy how to vote on the proposed resolutions set out in this notice, then you will be authorising the chairman of the meeting to vote as he decides on the proposed resolutions (even though items 3 and 4 are connected with the remuneration of members of the KMP).

The chairman of the meeting intends to vote, as your proxy, in favour of each of the proposed resolutions (where permissible).

If you do not want the chairman of the meeting to vote as your proxy in favour of any proposed resolution, you need to direct your proxy to vote against, or to abstain from voting on, the relevant resolution by marking the appropriate box on the proxy form.

If you appoint someone as your proxy (other than the chairman of the meeting) and direct them how to vote, the chairman must cast those proxy votes on your behalf on a poll if your proxy does not do so.

### Other key management personnel as proxy

If you appoint a director (other than the chairman of the meeting) or another member of the KMP (or a closely related party of a member of the KMP) as your proxy, you should direct them how to vote on items 3 and 4 by marking the appropriate boxes. If you do not do so, AMP will disregard those proxy votes on items 3 and 4.

By order of the board.



**David Cullen**

Company Secretary, 4 March 2016

## Explanatory notes

The information below is an explanation of the business to be considered at the 2016 AGM.

### Item 1: Financial report, directors' report and auditor's report

The AMP 2015 annual report (which includes the financial report, the directors' report and the auditor's report) will be presented to the meeting. Shareholders can access a copy of the annual report at [amp.com.au/2015annualreport](http://amp.com.au/2015annualreport). A printed copy of the AMP 2015 annual report has been sent only to those shareholders who have elected to receive a hard copy. To receive a printed copy of the annual report, free of charge, please contact the AMP share registry.

During this item, shareholders will be given an opportunity to ask questions about, and make comments on, the 2015 annual report and AMP's management, business, operations, financial performance and business strategies.

Shareholders will also be given an opportunity to ask a representative of AMP's auditor, Ernst & Young, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by AMP in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

If you would prefer to submit a written question to the auditor, please do so in accordance with the instructions on page 18 under the heading Questions from shareholders. All written questions to the auditor must be received by no later than Thursday 5 May 2016.

### Item 2: Re-election and election of directors

#### Who is standing for re-election?

Simon McKeon, Chairman and a non-executive director of the AMP Limited Board, is retiring in accordance with AMP's constitution.

Simon was first elected by shareholders at the AGM in 2013. He is eligible to be re-elected as a director of AMP and intends to offer himself for re-election.

The board considers Simon to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

A profile of Simon is included below.

#### Simon McKeon AO

BCom, LLB

Simon was appointed to the AMP Limited Board in March 2013 and assumed the role of Chairman in May 2014. He also became a member of the Nomination and Governance Committee and the People and Remuneration Committee in May 2014.

#### Experience

Simon is a specialist in corporate mergers and acquisitions, fund raising and strategic advice. In his 30 year career, he has worked with Macquarie Group, ultimately as Chairman of its Melbourne office, and as a solicitor with Dawson Waldron. He continues to consult to Macquarie and is Chancellor of Monash University.





Simon McKeon AO



Holly Kramer



Vanessa Wallace

Simon has served as Chairman of CSIRO and MYOB and was the Founding President of the Australian Takeovers Panel. He is the inaugural President of the Review Panel for the banking industry's Banking and Finance Oath, is a member of the Australian Institute of Company Directors' Chairman's Forum and was the 2011 Australian Banking Ambassador of the Year.

Simon was Australian of the Year in 2011 and was made an Officer of the Order of Australia in 2012 for distinguished service to business, commerce and the community as a supporter of national and international charitable, educational and sporting organisations. In 2015, Simon was awarded an honorary Doctorate of Public Health by La Trobe University.

#### **Government and community involvement**

- Australia Day Ambassador for the Victorian Government
- Director of Red Dust Role Models
- Member of the Big Issue Advisory Board
- Chairman of In2Science

#### **Board recommendation**

The board has undertaken a review of Simon's performance and, with Simon abstaining, unanimously recommends his re-election.

#### **Who is standing for election?**

Holly Kramer and Vanessa Wallace are eligible to be elected as directors of AMP and intend to offer themselves for election. Holly, an expert in retail and marketing, was appointed to the board in October 2015 and Vanessa, an experienced financial services consultant, will join the board from 1 March 2016.

The board considers both Holly and Vanessa to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

A profile of each candidate is included on the following page.

### **Holly Kramer**

BA, MBA

Holly was appointed to the AMP Limited Board in October 2015 and was appointed a member of the Audit Committee in November 2015.

#### **Experience**

Holly has more than 20 years experience in general management, marketing and sales for customer-focused organisations. Most recently, Holly was Chief Executive Officer of apparel retailer Best & Less, where she transformed the business and returned it to growth and profitability. Holly has also held senior executive and marketing roles with Pacific Brands, Telstra, eCorp and the Ford Motor Company.

#### **Listed directorships**

- Director of Nine Entertainment Co. Holdings Limited (appointed May 2015)
- Director of Woolworths Limited (appointed February 2016)

#### **Government and community involvement**

- Director of Australia Post
- Director of Southern Phone Company Limited
- Director of the Alannah and Madeleine Foundation

#### **Board recommendation**

The board, with Holly abstaining, unanimously recommends her election.

### **Vanessa Wallace**

BCom, MBA

Vanessa was appointed to the AMP Limited Board, and as a member of the Risk Committee and the People and Remuneration Committee, from 1 March 2016.

#### **Experience**

Vanessa has over 30 years experience consulting to the financial services sector across Asia Pacific, most recently as Executive Chairman of Strategy& Japan Inc which formed from the merger of PwC and Booz & Company. Previously, she was Booz & Company's financial services practice leader and held multiple governance roles at the highest level within Booz's global partnership including member of the board. She was actively involved in the firm's strategy and customer, channels and markets activities which focused on areas such as customer experience, offer design and channels to market across a number of industries. Vanessa also has experience in mergers and acquisitions and post-merger integration.

#### **Listed directorship**

- Director of Wesfarmers Limited (appointed July 2010)

#### **Government and community involvement**

- Member of the Chairman's Council of the Australian Chamber Orchestra Pty Ltd

#### **Board recommendation**

The board unanimously recommends her election.

### Item 3: Adoption of remuneration report

Remuneration at AMP is designed to align the interests of employees with the creation of value for shareholders. During 2015, there were minimal changes to the structure of AMP's remuneration or the remuneration received by the executives and non-executive directors.

- Salary costs continued to be closely managed and on average AMP employees received an increase in salary of 2.3%.
- Short-term incentive (STI) awards are closely linked to company performance against the STI scorecard. In 2015, AMP achieved 10% growth in profit attributable to shareholders and 7% growth in underlying profit. However, this year's growth was not as strong as 2014, and AMP did not meet all of its STI targets. Therefore the 2015 STI pool was reduced by 11%.
- The methodology for determining the number of rights to be granted to executives under the long-term incentive (LTI) plan changed from fair value to face value. This approach uses the actual share price at the time of the grant, providing shareholders with increased transparency of the maximum potential LTI vesting outcome for executives.
- Following a review of non-executive director fees, board and committee fees were increased by 3% to ensure they remain competitive in the market and AMP can continue to attract and retain high calibre board members.
- The non-executive director fee pool was increased to \$4,620,000 following support from shareholders at the 2015 annual general meeting.

Further information is available in the remuneration report, which appears on pages 24 to 44 of the AMP 2015 annual report. During this item, shareholders will be given an opportunity to ask questions about, and make comments on, the remuneration report.

Shareholders will be asked to vote on a resolution to adopt the remuneration report at the meeting. The vote on the resolution will be advisory only and will not bind the directors or AMP, however the board will take the outcome of the vote and any discussion into consideration when reviewing the remuneration policy for directors and executives in the future.

If you intend to appoint a proxy to vote on your behalf on the resolution for adoption of the remuneration report, please read the information on page 7 under the heading Chairman of the meeting as proxy.

#### **Board recommendation**

Each director recommends shareholders vote in favour of adopting the remuneration report.

#### **Item 4: Approval of the chief executive officer's long-term incentive for 2016**

Under his employment agreement with AMP, CEO Craig Meller's remuneration consists of:

- fixed remuneration
- short-term incentives (STIs), and
- long-term incentives (LTIs) payable in performance rights (which are rights to receive shares or a cash equivalent on vesting of the rights).

Approximately 80% of the CEO's maximum remuneration opportunity for 2016 is made up of his STI and LTI and is 'at risk'. Vesting of the CEO's 2016 LTI award is subject to AMP meeting performance hurdles determined by the board and designed to align company and CEO interests with those of shareholders. Details of the performance hurdles are provided on pages 13 to 14.

#### **Why is shareholder approval being sought?**

Any performance rights which may vest in the future may be converted into AMP ordinary shares. These shares would be purchased on market. AMP is not required to seek shareholder approval for the purchase of shares however in the interests of transparency and good governance, AMP believes it is appropriate to do so.

#### **What is the chief executive officer's proposed LTI for 2016?**

The actual value (if any) that Craig will receive from this award cannot be determined until the end of the three-year performance period and will depend on whether the performance hurdles are achieved and the share price at the time of vesting.

The board is proposing that AMP grant Craig performance rights with a face value of 225% of his fixed remuneration as his LTI for 2016 (2016 grant). Craig's fixed remuneration as at 1 April 2016 is \$1,900,000. Based on 225% of his fixed remuneration, AMP will grant \$4,275,000 worth of performance rights.

#### **What are performance rights?**

Each performance right will give Craig the right to acquire one fully paid ordinary share in AMP if the applicable performance hurdle described on pages 13 to 14 is met at the end of the performance period (or the right otherwise vests). However, the board may, in its discretion, decide to satisfy performance rights in the 2016 grant by AMP making a cash payment to Craig of an amount equivalent in value to the number of shares to which he would otherwise be entitled on vesting of the rights.

Performance rights are granted at no cost to the recipient. They do not carry dividend or voting rights or the right to participate in new issues of shares (such as any rights or bonus issues).

If there is a capital reconstruction or other corporate action by AMP (such as a rights or bonus issue), the board may make any adjustments it considers appropriate to the terms of performance rights in order to minimise or eliminate any material advantage or disadvantage to the participant, and having regard to the Australian Securities Exchange (ASX) Listing Rules. These may include adjustments to the number of performance rights or the number of shares to which the participant is entitled on vesting of the performance rights.

### How did the board determine the LTI arrangements?

In determining these LTI arrangements, the directors took into account the nature of the position, the context of the current market, the function and purpose of the LTI component of AMP's remuneration strategy and other components of Craig's remuneration.

### What performance hurdles will apply to the performance rights?

The vesting of the performance rights for the 2016 grant will be based on two performance hurdles.

60% of the grant value will be subject to a total shareholder return (TSR) performance hurdle based on the relative TSR performance of AMP over a three-year performance period (from 3 March 2016 to 3 March 2019). The remaining 40% will be subject to a performance hurdle based on AMP's return on equity (RoE) performance for the financial year ending on 31 December 2018.

#### *Total shareholder return tranche*

Vesting of these performance rights will be based on the TSR performance of AMP over the applicable three-year performance period relative to that of the entities in the market comparator group (being the top 50 industrial companies in the S&P/ASX 100 Index – based on market capitalisation rank at the start of the performance period). In determining this comparator group, all entities other than those in the global industry classification standard (GICS) energy industry and GICS metals and mining industry are classified as industrial companies. Broadly, TSR measures the percentage return to a shareholder over the relevant performance period in terms of changes in the market value of shares plus the value of any dividends paid and capital returns on the shares.

For the 2016 grant, the number of performance rights in the TSR tranche that vest and are converted into AMP shares after the end of the applicable performance period will be determined in accordance with the following vesting schedule:

TSR performance	Percentage of performance rights in the TSR tranche to vest
AMP's TSR ranking below the 50th percentile of the market comparator group	0%
AMP's TSR ranking at the 50th percentile of the market comparator group	50%
AMP's TSR ranking between the 50th and 75th percentile of the market comparator group	50% plus 2% for each additional percentile (rounded to the nearest whole percentile)
AMP's TSR ranking in at least the 75th percentile of the market comparator group	100%

The applicable three-year performance period for the TSR tranche is 3 March 2016 to 3 March 2019.

*Return on equity tranche*

Vesting of these performance rights will be based on AMP's RoE performance for the financial year ending 31 December 2018. Prior to the 2016 grant being awarded, the board will determine threshold and maximum RoE performance targets (expressed as percentage outcomes) to be achieved for the year ending 31 December 2018.

For the purposes of the RoE tranche, RoE will be calculated as follows (and then expressed as a percentage):

$$\text{RoE} = \frac{\text{Underlying profit less dividends paid on any preference shares}}{\text{Average AMP shareholder equity (book value)}}$$

where:

**Underlying profit** is the underlying profit for the year ending 31 December 2018, as reported in AMP's annual report for that year.

**Average AMP shareholder equity (book value)** will be calculated by adding AMP shareholder equity as at 31 December 2017 and AMP shareholder equity at the end of each month over 2018, but excluding any equity attributable to any preference shareholders, and dividing the resulting number by 13. For this purpose, AMP shareholder equity is the total equity of shareholders of AMP Limited, adjusted for accounting mismatch items and cash flow hedge reserves (as determined in accordance with Australian Accounting Standards). AMP shareholder equity as at the end of each financial year is disclosed in the capital management note to its financial statements for that year.

Dividends paid on, and equity relating to, any preference shares will be excluded from the measure, to focus on returns to ordinary shareholders. AMP does not currently have any preference shares on issue.

The number of performance rights in the RoE tranche that vest and are converted into AMP shares after the end of the financial year ending on 31 December 2018 will be determined in accordance with the following vesting schedule:

RoE performance	Percentage of performance rights in the RoE tranche to vest
RoE below threshold performance target	0%
RoE at threshold performance target	50%
RoE between threshold and maximum performance targets	Straight line vesting between 50% and 100%
RoE equal to or greater than maximum performance target	100%

Shareholders will be advised of the vesting outcomes for the 2016 LTI award in the annual report for the year ending 31 December 2019.

**How many performance rights will be granted to the chief executive officer for 2016?**

The number of performance rights in the 2016 grant is based on 225% of his fixed remuneration as at 1 April 2016. The formula used to calculate the total number of performance rights to be allocated to the CEO is set out below.

$$N = \frac{(225\% \times \$1,900,000)}{\text{Face value of an AMP share}}$$

where:

**N** is the number of performance rights to be allocated to the CEO. If N is a fractional number, it will be rounded up to the nearest whole number of performance rights.

**225%** is the actual percentage of the CEO's annual fixed remuneration determined by the board to be applicable for the CEO's LTI for 2016.

**\$1,900,000** is the fixed remuneration of the CEO at 1 April 2016.

**Face value of an AMP share** is the volume-weighted average price (VWAP) of AMP shares on the ASX during the 10-day trading period up to and including the valuation date for the 2016 LTI award. The valuation date for the 2016 award is expected to be 6 May 2016. At this time the VWAP will be calculated. However for illustrative purposes, the VWAP for the 10 trading days up to 15 January 2016 was \$5.45. Based on this VWAP, the number of rights allocated would have been 784,404 rights.

**When will performance rights be granted to the chief executive officer?**

If shareholders approve the proposed resolution in item 4 at the 2016 AGM, the 2016 grant will be made in June 2016.

**Can the board change the terms and conditions of performance rights?**

The board may vary or waive any of the terms and conditions of performance rights in the 2016 grant (including the performance hurdles), but may not do so in a way that reduces the participant's rights (except in limited circumstances or with the participant's consent). Additionally, the board may waive, amend or replace the performance hurdles for the 2016 grant if the board determines that the original performance hurdles are no longer appropriate or applicable, provided that the board is satisfied that the interests of the participant are not materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

In some limited circumstances (such as a takeover bid being made for AMP or other change in control event occurring in relation to AMP), the board will have the discretion to determine whether some or all of the performance rights held by Craig will vest, remain on foot or lapse, having regard to all relevant circumstances.

**What will happen to the performance rights if the chief executive officer leaves AMP before the end of the vesting period?**

If Craig gives notice of resignation to AMP and his full contractual notice period ends before the specified vesting date, all unvested performance rights will lapse, unless the board determines otherwise. All performance rights will lapse if Craig's employment is terminated by AMP for cause or inadequate performance. In other cases, including termination by AMP on notice, termination by agreement, death, disability, retirement and redundancy, Craig's performance rights will be retained subject to the original performance hurdles and performance periods, unless the board determines otherwise.

**What will happen at the end of the performance period?**

Under the LTI plan, if some or all of the performance rights in the 2016 grant satisfy the performance hurdles at the end of the applicable performance period and therefore vest, AMP will allocate shares to Craig (at no cost to him) equal to the number of performance rights that vest, unless the board decides to pay him a cash equivalent in lieu of an allocation of shares. Any cash equivalent would be determined by multiplying an average market price of AMP shares at the relevant time by the number of shares to which he would otherwise be entitled on vesting.

If the performance hurdles are not achieved for some or all of the performance rights granted to Craig, those performance rights will lapse immediately without re-testing of the performance hurdles.

Shares delivered to Craig on vesting of any performance rights will be bought on market and, therefore, will not dilute existing AMP shareholdings.

**Are there other circumstances when performance rights may lapse?**

The board may determine that any unvested performance rights granted as part of Craig's 2016 LTI award (or shares allocated on vesting of those rights) will lapse or be forfeited in certain circumstances. For example, the board may decide that Craig's unvested performance rights should lapse where it considers it appropriate to do so to protect the financial soundness of AMP, to meet unexpected or unknown regulatory requirements or if the board considers that the grant of equity was inappropriate in the circumstances.

**What will happen if shareholders do not approve the 2016 grant?**

To compensate Craig for the remuneration he would forego if shareholder approval of his LTI is not given, Craig is entitled, under his employment agreement, to receive a cash payment instead of performance rights in these circumstances. Craig will only be entitled to receive a cash payment if the performance hurdles are satisfied or the rights would otherwise have vested.

For the 2016 grant, any such cash amount will be equivalent to the value the grant would have had at vesting if it had been approved by shareholders.

If you intend to appoint a proxy to vote on your behalf on the resolution for approval of the CEO's long-term incentive for 2016, please read the information on page 7 under the heading Chairman of the meeting as proxy.



**Board recommendation**

In the non-executive directors' view, it is in the best interests of shareholders to approve the share-based 2016 LTI grant to the CEO because vesting of the performance rights will be subject to performance hurdles that appropriately align the CEO's remuneration with shareholder returns. Your directors (with the CEO, Craig Meller, abstaining) therefore recommend shareholders approve the 2016 grant and the CEO's continuing participation in the LTI plan.

As Craig has a personal interest in the resolution proposed in item 4, he abstained from the board decision to make a recommendation as to how shareholders should vote on this resolution.

## Questions from shareholders

We welcome questions from shareholders before and during the meeting. Questions should relate to matters relevant to the business of the meeting, including matters arising from the financial report, directors' report (including the remuneration report) and the auditor's report, general questions regarding the performance, business or management of AMP, and relevant questions of the auditor. You can ask AMP or the auditor a question in the following ways:

- Online at [amp.com.au/shares](http://amp.com.au/shares) (click on Ask a question) or through the online proxy service. You will need your holder number and control number, which can be found on your proxy form.
- Post or fax your question to the AMP share registry. You can use the envelope enclosed to post your question. Registry contact details are on the back cover of this booklet.
- In person at the meeting or online via the live webcast at [amp.com.au/agm](http://amp.com.au/agm).

If you have questions relating to private affairs, as either a shareholder or customer of AMP, our staff at the customer service desk or shareholder services desk in the foyer will be happy to assist you on the day of the meeting. Before or after the meeting, you can contact the AMP Investor Relations team on 1800 245 500 (+612 9257 9009) or by sending an email to [shares@amp.com.au](mailto:shares@amp.com.au).

Your questions (other than questions you wish to ask during the meeting) must be received no later than Thursday 5 May 2016.

The chairman of the meeting will answer as many of the frequently asked questions as possible at the meeting. Due to the expected volume of questions, AMP will not be sending individual replies. The meeting will be webcast live at [amp.com.au/agm](http://amp.com.au/agm).

## Definitions

**AMP share registry** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) of Level 4, 60 Carrington Street, Sydney NSW 2000

**CEO** means chief executive officer and managing director of AMP

**Closely related party**, in relation to a member of the key management personnel, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with AMP (or the AMP group), and any company the member controls

**Key management personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of AMP or the AMP group, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive) and certain senior executives

**Melbourne time** means Australian Eastern Standard Time

**You or holder** means a holder of AMP shares

## Contact us

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### AMP products and policies

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### AMP share registry

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AMP is incorporated and  
domiciled in Australia

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 [@AMP\\_AU](https://twitter.com/AMP_AU)