AMP Income Securities

Off Market Buy-Back Offer
March 2004

How to accept the Buy-Back Offer

Issuer Sponsored Holders

You are eligible to participate in the Buy-Back Offer if you hold Income Securities. If you wish to accept the Buy-Back Offer and have an Issuer Sponsored Holding, please complete and sign the accompanying Acceptance Form and return it in the reply paid envelope provided (if posting from within Australia) or:

send by mail to	or	hand deliver to
(if posted from within Australia) AMP Securities Registry Reply Paid 2980 GPO Melbourne VIC 8060 (if posted from outside Australia) AMP Securities Registry GPO Box 2980 Melbourne VIC 3001 Australia		AMP Securities Registry C/- Computershare Investor Services Pty Limited Level 3 60 Carrington Street Sydney NSW 2000

so that it is received no later than 5.00pm Sydney time, Monday 19 April 2004 (or no later than 5.00pm Sydney time, Monday 29 March 2004 for Early Settlement).

CHESS Holders

If you have a CHESS Holding, contact your Controlling Participant (normally your broker) in sufficient time for your Controlling Participant to process your Acceptance Form no later than 5.00pm Sydney time, Monday 19 April 2004 (or no later than 5.00pm Sydney time, Monday 29 March 2004 for Early Settlement). Your Controlling Participant may request you to complete the Acceptance Form accompanying this booklet to confirm your instruction to accept the Buy-Back Offer.

Early Settlement

To give Income Securities holders the opportunity to accept the Buy-Back Offer early, AMP GFS will offer Early Settlement for acceptances received or processed by 5.00pm Sydney time, Monday 29 March 2004. Income Securities holders whose acceptances are received or processed prior to that time will receive $98.00 plus accrued interest up to and including 29 March 2004 (see section 1.2) and cheques will be despatched or direct crediting will occur as soon as reasonably practicable after that time.

Further information

If you have any questions about the Buy-Back Offer, you can refer to the Buy-Back Offer Questions and Answers section on the AMP website www.ampgroup.com/incomesecurities or call the **AMP Income Securities Information Line on 1300 130 262 (within Australia) or +61 3 9649 5258 (if calling from outside Australia)**. Neither AMP nor AMP GFS is able to advise you in relation to the value of the Income Securities or whether you should accept the Buy-Back Offer.

Before you decide what to do with your Income Securities, we strongly recommend you seek your own legal, financial or other professional advice.

AMP Group Finance Services Limited (ABN 95 084 247 914)

Contents

Important dates

Date	**Event**
Wednesday 17 March	Buy-Back Offer opens
Monday 29 March	Early Settlement closes. Early Settlement acceptances must be received by AMP Securities Registry or processed by your Controlling Participant no later than 5.00pm Sydney time
Tuesday 30 March (or as soon as reasonably practicable)	Cheques despatched or direct crediting to nominated accounts for Early Settlements
Monday 19 April	Buy-Back Offer closes (unless extended). Acceptances must be received by AMP Securities Registry or processed by your Controlling Participant no later than 5.00pm Sydney time
Tuesday 20 April (or as soon as reasonably practicable)	Cheques despatched or direct crediting to nominated accounts for remaining acceptances

Section 1
Details of the Buy-Back Offer

1.1 What is the Buy-Back Offer?

The Buy-Back Offer is the offer by AMP Group Finance Services Limited, a wholly owned subsidiary of AMP and the issuer of the Income Securities, to buy back all of your Income Securities, on the terms set out in this booklet and the Acceptance Form.

The Buy-Back Offer relates to all Income Securities on issue. The offer is not subject to AMP GFS receiving a minimum number of acceptances or any other conditions. Income Securities holders may only accept for all of the Income Securities they hold.

The Buy-Back Offer allows holders of Income Securities the opportunity to dispose of the Income Securities at a price higher than the prices traded on ASX since listing up to the day before the announcement of the Buy-Back Offer (for trading price information see section 1.9). You should consult your stockbroker for information on the current trading price.

1.2 What is the Buy-Back Offer Price?

The Buy-Back Offer Price is $98.00 plus accrued interest for each Income Security held. The amount of accrued interest per Income Security will depend on whether the holder wishes to take advantage of Early Settlement (by accepting no later than 5.00pm Sydney time, 29 March 2004).

Type	Price (before accrued interest) per security $	Accrued interest per security $	Buy-Back Offer Price per security $
Acceptances received by 5.00pm Sydney time, 29 March 2004	98.00	0.8995	98.8995
Acceptances received after 5.00pm Sydney time, 29 March 2004 and before 5.00pm Sydney time, 19 April 2004	98.00	1.2930	99.2930

If AMP GFS receives acceptances for all the Income Securities on issue, the total amount paid to buy back the Income Securities would be approximately $1.2 billion. This amount includes the $139,391,000 face value of Income Securities bought back by AMP GFS at $98.00 plus accrued interest on 25 February 2004. See section 4.4.

1.3 Why is AMP GFS undertaking the Buy-Back Offer?

The Buy-Back Offer forms part of the AMP Group's broader strategy to repay debt and rebalance its capital mix. For further details see section 4.1.

1.4 What are the alternatives for Income Securities holders?

The alternatives available to each Income Securities holder are to accept the Buy-Back Offer for all of your holding, sell some or all of your holding on ASX or continue to hold all of your investment in Income Securities. See section 1.8 on selling your Income Securities on ASX.

If you keep your Income Securities you will continue to receive interest payments in accordance with the Income Securities Terms. The next quarterly Interest Payment Date is 10 May 2004.

AMP GFS has agreed with the Trustee and others to amend the Trust Deed (including the Income Securities Terms) to make interest payments on the Income Securities cumulative and compounding with effect from 1 July 2004, resulting in interest payments on the Income Securities remaining tax deductible from that date. See section 4.3.

AMP GFS has a right to redeem the Income Securities for their face value of $100 plus accrued interest for each Income Security at any time on or after the Interest Payment Date falling in February 2005. AMP GFS is not under any obligation to exercise this right.

1.5 Am I eligible to participate in the Buy-Back Offer?
The Buy-Back Offer relates to all Income Securities on issue. Registered holders of the Income Securities are entitled to accept the Buy-Back Offer by completing the Acceptance Form so that it is received before the end of the Buy-Back Offer Period or instructing their Controlling Participant. For further details see sections 1.11, 5.2 and 5.3.

1.6 How many Income Securities will be bought back?
The number of Income Securities bought back will equal the number of valid acceptances received in respect of the Buy-Back Offer. AMP GFS has funds available to acquire all of the Income Securities if acceptances are received for them.

1.7 How long will the Buy-Back Offer be open?
The Buy-Back Offer will open on Wednesday 17 March 2004 and close at 5.00pm Sydney time on Monday 19 April 2004. Acceptances must be received by AMP Securities Registry or processed by your Controlling Participant prior to the closing time. AMP GFS may extend this period but does not expect to do so. If the Buy-Back Offer Period is extended, the new closing date will be announced to ASX at least five business days prior to the closing date of the Buy-Back Offer and published in a national newspaper.

See section 1.2 in relation to Early Settlement for those holders of Income Securities who accept the Buy-Back Offer early.

1.8 How does the Buy-Back Offer compare with selling my Income Securities on ASX?
You may be able to sell your Income Securities for a higher price on ASX.

However, you would usually pay brokerage if you were to sell your Income Securities on ASX.
You do not have to pay brokerage if you accept the Buy-Back Offer.

The market price of Income Securities on ASX may be, or may move, higher than the Buy-Back Offer Price during the Buy-Back Offer Period. It may also vary significantly in the future. Neither AMP nor AMP GFS is making any recommendation or giving any advice on the value of the Income Securities or whether (or how) you should sell your Income Securities.

Before you decide what to do with your Income Securities, we strongly recommend you seek your own legal, financial or other professional advice.

1.9 How has the trading price of Income Securities performed since January 2003?
The highest and lowest price and volume of Income Securities traded since January 2003 for each month up to and including 9 March 2004 is set out below.

Month	Low $	High $	Volume '000
January 2003	83.15	89.60	438
February 2003	72.50	84.25	319
March 2003	66.25	79.45	347
April 2003	78.65	83.20	170
May 2003	75.80	81.70	255
June 2003	75.20	79.75	558
July 2003	79.00	84.90	249
August 2003	79.50	93.00	778
September 2003	89.50	92.59	692
October 2003	90.20	94.30	780
November 2003	91.10	94.25	173
December 2003	93.70	95.00	136
January 2004	93.00	96.75	254
February 2004	92.25	98.48	259
March 2004[1]	98.25	98.53	87

Note:
1. Represents the trading in March up to and including 9 March 2004

The last sale price of Income Securities on 20 February 2004, the last trading day before AMP and AMP GFS announced the Buy-Back Offer, was $94.10.

The last sale price of Income Securities prior to the finalisation of this booklet was $98.35 on 9 March 2004.

1.10 What effect will the Buy-Back Offer have on trading of Income Securities?

The impact of the Buy-Back Offer on the trading of Income Securities will depend in part on the number of Income Securities that are bought back. The greater the number of Income Securities bought back, the more likely that the volume of Income Securities traded will be lower in the future. Lower trading volumes may have the impact of reducing the market price for Income Securities on ASX. However, as many factors affect listed securities, it is impossible to know with absolute certainty what impact the Buy-Back Offer will have on trading in Income Securities.

1.11 How do I participate in the Buy-Back Offer?

Ensure your acceptance is received by AMP Securities Registry or processed by your Controlling Participant by 5.00pm Sydney time on Monday 19 April 2004 (unless the Buy-Back Offer is extended). For Early Settlement, ensure your acceptance is received by AMP Securities Registry or processed by your Controlling Participant by 5.00pm Sydney time on Monday 29 March 2004. The Buy-Back Offer is for all of your Income Securities only. Those Income Securities must be registered in your name. You cannot accept for part only of your holding of Income Securities. Special arrangements apply to persons who hold Income Securities as trustees or nominees, see section 5.2(b) and 5.3.

You must not sell or offer to sell your Income Securities to others if you have submitted an Acceptance Form or have instructed your Controlling Participant to accept the Buy-Back Offer.

How to accept the Buy-Back Offer will depend on whether you have an Issuer Sponsored Holding or a CHESS Holding. This will be indicated on your Acceptance Form.

(a) Issuer Sponsored Holdings
To accept this Buy-Back Offer you must:

- complete and sign your Acceptance Form in accordance with the instructions on it; and
- send or hand deliver your completed Acceptance Form together with all other documents required by those instructions, so that it is received in accordance with the dates set out under Important Dates on page 1 at:

if sending by mail	or	if hand delivering
(if posted from within Australia) AMP Securities Registry Reply Paid 2980 GPO Melbourne VIC 8060 (if posted from outside Australia) AMP Securities Registry GPO Box 2980 Melbourne VIC 3001 Australia		AMP Securities Registry C/- Computershare Investor Services Pty Limited Level 3 60 Carrington Street Sydney NSW 2000

You can use the enclosed reply paid envelope if you are posting in Australia. Please note that if you are returning your Acceptance Form by post, your acceptance will not be processed by AMP GFS unless it is actually received at either of the above addresses before the expiry of the Buy-Back Offer Period. You should allow sufficient time for this to occur.

(b) CHESS Holdings

If you have a CHESS Holding, you will need to instruct your Controlling Participant (normally your broker) in sufficient time for your Controlling Participant to process your acceptance before the expiry of the Buy-Back Offer Period.

Your Controlling Participant may require you to forward your Acceptance Form to them to confirm your instruction to accept the Buy-Back Offer.

You should not send your Acceptance Form to AMP Securities Registry.

If you have a CHESS Holding, you can expect to receive written confirmation from CHESS of the acceptance made on your holding by your Controlling Participant.

1.12 Can I withdraw or amend my acceptance?

No. Once you have submitted an Acceptance Form or instructed your Controlling Participant to process your acceptance (including where you have submitted an Acceptance Form or instructed your Controlling Participant in time for Early Settlement), you may not withdraw or amend your acceptance.

1.13 How can I obtain additional Acceptance Forms?

If you require any replacement Acceptance Forms, please call the AMP Income Securities Information Line on 1300 130 262 (within Australia) or +61 3 9649 5258 (if calling from outside Australia).

1.14 How and when will I receive payment for Income Securities bought back?

If you have an existing direct credit authority for the payment of interest on your Income Securities recorded on the Income Securities register the proceeds of any Income Securities you sell in the Buy-Back Offer will be credited to your nominated bank account. In all other cases you will be paid the proceeds by cheque in Australian dollars.

AMP GFS expects to mail cheques or direct credit bank accounts as soon as reasonably practicable after the close of the Buy-Back Offer Period.

If your Acceptance Form is received before the Early Settlement Date, AMP GFS expects to mail cheques or direct credit bank accounts for those acceptances as soon as reasonably practicable after that date.

Cheques and direct credit advices will be sent, at your risk, to the registered address for your holding as shown on the Income Securities register by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail. Payment to bank accounts and the despatch of cheques to the address for your holding will be deemed to be satisfaction by AMP GFS of its payment obligation in respect of your Income Securities which are bought back.

1.15 What if I have more than one holding of Income Securities?

You will receive a personalised Acceptance Form for each separate holding of Income Securities (for example, if you hold some Income Securities in your name and some Income Securities jointly you will receive two Acceptance Forms). You may accept the Buy-Back Offer for your separate holdings provided that you complete the relevant Acceptance Form and follow the instructions on each Acceptance Form or for CHESS Holdings, instruct your Controlling Participant to accept in respect of your separate holdings. See section 5 for further details.

1.16 What if I hold my Income Securities jointly with another person?

If you hold your Income Securities jointly with another person (for example, your spouse) you must complete and return the Acceptance Form in accordance with the instructions for joint holdings on the Acceptance Form. See section 5 for further details.

1.17 Income Securities holders located in the United States

Income Securities holders located in the United States should be aware that the Buy-Back Offer is being conducted in accordance with the applicable laws and practice in Australia. The disclosure requirements in relation to a buy-back offer in Australia differ from those applying in the United States.

AMP and AMP GFS are Australian corporations. Most of their directors and executive officers reside outside the United States. Most of their assets are located outside the United States. As a result, it may be difficult for US investors to effect service of process in the United States or to enforce against AMP, AMP GFS or its directors or executive officers in foreign courts a judgment predicated upon the civil liability provisions of the federal securities laws of the United States.

This Buy-Back Offer booklet has not been submitted to or reviewed by the US Securities and Exchange Commission or any US state securities regulator. None of these authorities has passed upon the merits of the Buy-Back Offer nor the accuracy or adequacy of the Buy-Back Offer booklet. Any representation to the contrary is a criminal offence.

Income Securities holders in the United States should consult their tax adviser to ascertain the specific taxation implications of the Buy-Back Offer in relation to their own affairs.

1.18 Corporations Act and ASX Listing Rules buy-back provisions do not apply

The buy-back provisions in the Corporations Act and the ASX Listing Rules do not apply to the buy-back of the Income Securities and the Buy-Back Offer is therefore not being conducted pursuant to those provisions. However, AMP GFS has had regard to those provisions in formulating the terms of the Buy-Back Offer.

1.19 Cancellation of Income Securities bought back

AMP GFS intends to cancel all Income Securities bought back following the end of the Buy-Back Offer Period.

1.20 Overseas holders

The Buy-Back Offer is not made to Income Securities holders who are a citizen or a resident of a jurisdiction outside Australia and its external territories, New Zealand, the United States of America, the United Kingdom, the Hong Kong Special Administrative Region or Singapore. AMP GFS may, in its sole discretion, extend the Buy-Back Offer to a holder who is a citizen or resident outside those jurisdictions if that holder provides AMP GFS, prior to expiry of the Buy-Back Offer Period, with a representation satisfactory to AMP GFS that the making and acceptance of the Buy-Back Offer does not breach any securities laws of the relevant jurisdiction and complies with any other conditions which AMP GFS may require.

Section 2
Taxation implications of the Buy-Back Offer

The following discussion on the Australian taxation implications of the Buy-Back Offer is necessarily general in nature. It should not be relied upon as tax advice in relation to the specific circumstances of any particular taxpayer. Taxpayers should consult their tax adviser to ascertain the specific taxation implications of the Buy-Back Offer pertaining to their own affairs.

2.1 Australian resident holders

The following comments apply to holders of Income Securities that are Australian resident taxpayers and beneficially own Income Securities.

Under the terms of the Buy-Back Offer, any accrued interest will be paid as a component of the Buy-Back Offer Price. Holders who are treated as deriving their interest income on a cash received basis (for instance, most individuals), will not be required to treat the interest component of the Buy-Back Offer Price as a separate amount for tax purposes. The total amount received from the Buy-Back Offer will be treated as the consideration received for calculating any gain or loss on disposal of the Income Securities.

For these taxpayers the difference between the total Buy-Back Offer Price received and the taxpayer's total cost of the Income Securities will either give rise to:

- a tax deduction if the total Buy-Back Offer Price (inclusive of any accrued interest) is less than the tax cost of the Income Securities; or
- a taxable gain if the total Buy-Back Offer Price exceeds the tax cost of the Income Securities.

No amount will be assessable or deductible if the total Buy-Back Offer Price received equals the total tax cost of the Income Securities held by the particular holder.

In accordance with Australian Taxation Office practice, the same treatment will apply for holders that include their interest income in their tax return on a due and receivable basis (for instance most non-financial institutions).

Holders that are "financial institutions" are treated as deriving their interest income on an accruals basis. Such holders would identify accrued interest and are taxed on that income.

In accordance with current Australian Taxation Office practice, as an amount equal to the interest component is separately taxable, an adjustment to the Buy-Back Offer Price received can appropriately be made by these holders to exclude the interest component of the price when calculating whether a gain or loss arises in relation to acceptance of the Buy-Back Offer. A tax deduction will be available for any resulting loss if the Buy-Back Offer Price (as adjusted) is less than the tax cost of the Income Securities to the holder. Conversely, if the adjusted Buy-Back Offer Price exceeds the holder's tax cost the excess will be required to be included in assessable income of the taxpayer.

2.2 Non-resident holders

The following comments apply in relation to holders of the Income Securities that are not residents for Australian taxation purposes and are not carrying on a business or an enterprise in Australia through a permanent establishment.

For these holders, the specific taxation implications will differ depending upon:

- whether a gain or loss arises on the buy-back of the Income Securities;
- the country of residence of the relevant holder and in particular whether a double tax agreement exists between that country and Australia; and
- the geographical "source" of any gain or loss arising in respect of the buy-back of the Income Securities.

In general terms, if a gain is made by the non-resident holder on the buy-back of Income Securities, no Australian income tax liability should arise for a non-resident holder if:

- the holder is a resident of a country with which Australia has concluded a double tax agreement and the gain arising on the buy-back of the Income Securities is derived in carrying on business or an enterprise in that other country; or
- the gain arising on the buy-back of the Income Securities does not have an Australian source. Ordinarily, if the relevant non-resident holder acquired the Income Securities whilst a non-resident, held the Income Securities offshore and participated in the buy-back of the Income Securities from offshore, the source of any gain would likely be outside Australia. However, source is a question of fact dependent upon the particular circumstances of the taxpayer and each holder should seek their own advice.

Section 3
Effect of the Buy-Back Offer on the AMP Group

The table below sets out the AMP Group's consolidated capital position as at 31 December 2003 with unaudited pro-forma adjustments for:

- the redemption of the Reset Preferred Securities for $1,150 million plus accrued distributions; and
- the buy-back of Income Securities with a total face value of $1,240 million.

The actual amount paid to buy back the Income Securities under the Buy-Back Offer could be anywhere between $nil and $1,090 million depending on the level of acceptances. Income Securities with a face value of $139 million have already been bought back from two investors as described in section 4.4.

Unaudited pro-forma statement of the AMP Group's regulatory capital

Capital employed by regulatory class $m	As at 31 December 2003 per Investor Report			Pro-forma – Unaudited		
	Tangible capital resources	Intangibles[1]	Total capital	Pro-forma tangible adjustments[2]	Tangible capital resources	Total capital
Equity attributable to ordinary shareholders	2,733	796	3,529	–	2,733	3,529
Allowable hybrid tier 1 instruments[3]	882	–	882	(882)	–	–
Tier 1	**3,615**	**796**	**4,411**	**(882)**	**2,733**	**3,529**
Allowable upper tier 2 instruments[4]	268	–	268	(268)	–	–
Allowable lower tier 2 instruments[5]	1,808	–	1,808	(1,109)	699	699
Tier 2	**2,076**	**–**	**2,076**	**(1,377)**	**699**	**699**
Total regulatory capital (tier 1 + tier 2)	**5,691**	**796**	**6,487**	**(2,259)**	**3,432**	**4,228**
Non-allowable hybrid instruments	131	–	131	(131)	–	–
Senior debt	1,224	–	1,224	–	1,224	1,224
Total shareholder capital resources	**7,046**	**796**	**7,842**	**(2,390)**	**4,656**	**5,452**

Notes:
1. Intangibles relating to goodwill and the excess of market value over net assets are unaffected by the adjustments outlined below.
2. Pro-forma adjustments:
   (i) RPS redeemed in January 2004 for $1,150 million plus accrued distributions.
   (ii) Assumed buy-back of $1,240 million face value of Income Securities at $98 per security (plus accrued interest). Funded from existing internal cash resources. The impact of any profit on the Buy-Back Offer, profit or loss on the closure of swaps and accrued interest included in the Buy-Back Offer Price are not shown as they are considered immaterial for the purposes of the capital analysis above.
3. Limited to 25% of total equity attributable to shareholders to ordinary shareholders. The RPS was the only AMP security that qualified as hybrid tier 1.
4. Limited to 100% of tier 1. Although no AMP securities qualify as upper tier 2, any RPS in excess of the hybrid tier 1 limit were allowable as upper tier 2.
5. Limited to 50% of tier 1 but only to the extent upper tier 2 limit has not been utilised. The Income Securities and subordinated debt issues both qualify as lower tier 2.

3.1 How will the Buy-Back Offer be funded?

The Buy-Back Offer will be funded from existing cash reserves. AMP has no intention to raise additional capital to fund the Buy-Back Offer.

3.2 Impact of the Buy-Back Offer on key financial indicators

The Buy-Back Offer will reduce the AMP Group's hybrid securities to levels more consistent with the ratings agencies' and APRA's guidelines. It will reduce the AMP Group's total debt levels, improve gearing and simultaneously reduce interest costs, thereby improving operating profits and interest coverage.

3.3 What is the current status of the AMP Group's ratings in relation to the Income Securities?

AMP receives credit ratings from both Standard & Poor's and Moody's.

As at 9 March 2004, Standard & Poor's had an issue credit rating of BBB – (meaning "exhibits adequate protection parameters") on the Income Securities and a counterparty credit rating of BBB+ (meaning "has adequate capacity to meet its financial obligations") on AMP Group Holdings Limited, the guarantor for the Income Securities. Standard & Poor's currently has the AMP Group's ratings on "Negative Outlook". There was no change in these ratings following the announcement by AMP of its intention to make the Buy-Back Offer.

Moody's does not assign a rating to the Income Securities. However, as at 9 March 2004, Moody's had a senior debt rating of Baa1 (meaning "subject to moderate credit risk") on both AMP GFS and AMP Group Holdings Limited. Following the announcement by AMP of its intention to make the Buy-Back Offer, Moody's changed the outlook on these ratings to "Stable" from "Negative".

Ratings are subject to revision or withdrawal at any time.

Section 4
Current status and future intentions in respect of the Income Securities

4.1 Why is AMP GFS undertaking the Buy-Back Offer?

The AMP Group currently has debt of $3.2 billion. AMP indicated in its explanatory memorandum for its demerger that it intended to pay down $600 million of existing debt securities to achieve the demerger explanatory memorandum pro-forma debt level of $2.6 billion with the nature and allocation of this restructure to be determined. With its improved balance sheet, the AMP Group is now in a position to pay down over $1.2 billion of external debt, and reduce its debt to around $2 billion.

The AMP Group has determined that the first step to achieve this reduction is to buy back as many of its Income Securities as possible.

AMP has made this decision in view of interest rate changes which have increased the cost of the Income Securities to the AMP Group relative to other debt instruments, and because it has too much debt in the form of hybrid securities, most of which are Income Securities.

4.2 What happens if I do not accept the Buy-Back Offer?

The Income Securities which are not bought back under the Buy-Back Offer will remain on issue as a perpetual security and AMP GFS will continue to pay interest in accordance with the Income Securities Terms.

Under the Income Securities Terms, AMP GFS may redeem some or all of the Income Securities at any time on or after the Interest Payment Date falling in February 2005 for $100 plus accrued interest for each Income Security. This redemption may only be made out of the proceeds of an issue of ordinary shares, perpetual preferred shares or perpetual subordinated debt or securities which receive no lesser degree of equity treatment than the Income Securities from any international ratings agency.

AMP GFS is not under any obligation to exercise this right of redemption.

4.3 Amendments to the Income Securities Terms on 1 July 2004

New rules dealing with deductibility of interest on debt securities were introduced in 2001. Although interest paid on the Income Securities would not be tax deductible under these rules, special transitional rules apply so that the interest payments will remain tax deductible until 30 June 2004. AMP GFS has agreed with the Trustee and others to amend the Trust Deed (including the Income Securities Terms) to make interest payments on the Income Securities cumulative and compounding with effect from 1 July 2004, resulting in them remaining tax deductible from that date. Copies of the amending deed and a consolidated amended version of the terms and conditions which will apply from 1 July 2004 will be released to ASX and made available on AMP's website once they are finalised.

4.4 What is the current status of the court proceedings in respect of the Income Securities?

On 1 May 2003, AMP announced a proposal for a demerger of the AMP Group's businesses along geographic lines. On 12 December 2003, the Federal Court of Australia made orders approving the scheme of arrangement that gave effect to the demerger. The demerger took effect from 23 December 2003.

On 19 December 2003, two holders of Income Securities filed a statement of claim in the Supreme Court of New South Wales against AMP GFS, AMP Group Holdings Limited and the Trustee seeking a declaration to the effect that the demerger would cause an event of default under the Income Securities Terms, with the result that the outstanding principal amount of the Income Securities could be declared due and payable. In particular, the statement of claim alleged that the demerger would cause AMP Group Holdings Limited to cease or threaten to cease to carry on all or a substantial part of its business or operations. In connection with this, the Trustee had initiated proceedings seeking judicial advice as to whether it was justified in continuing to act as if there had not been an event of default.

In its demerger explanatory memorandum AMP had disclosed the opinion of AMP that the Income Securities Terms do not preclude the implementation of the demerger nor did AMP consider that an event of default had occurred or would occur under those terms as a result of the announcement or implementation of the demerger.

On 23 February 2004, AMP entered into a deed of settlement and release with those holders of Income Securities that had commenced the litigation. Those holders of Income Securities have agreed to consent to the dismissal of the proceedings. Further, AMP GFS agreed to purchase from those holders of Income Securities an aggregate amount of $139,391,000 face value of Income Securities at $98.00 plus accrued interest to the date of settlement. This buy-back of Income Securities was completed on 25 February 2004. The Trustee has announced it does not intend to pursue the proceedings for judicial advice and those proceedings have been discontinued.

Section 5
Additional information on the Buy-Back Offer

5.1 Effect of accepting the Buy-Back Offer
By accepting the Buy-Back Offer, you undertake to transfer to AMP GFS all of your Income Securities.

The terms of the Buy-Back Offer comprise this booklet and the Acceptance Form. The requirements on the Acceptance Form must be observed in accepting this Buy-Back Offer in respect of your Income Securities.

5.2 Who may accept the Buy-Back Offer?
During the Buy-Back Offer Period:

(a) any person who is able to give good title to a parcel of your Income Securities may accept (if they have not already accepted a Buy-Back Offer in the form of this Buy-Back Offer) as if a Buy-Back Offer on terms identical with this Buy-Back Offer has been made to them; and

(b) any person who holds one or more parcels of Income Securities as trustee or nominee, or otherwise on account of another person, may accept as if a separate Buy-Back Offer had been made in relation to:
   (i) each of those parcels; and
   (ii) any parcel they hold in their own right.

A person is taken to hold Income Securities if the person is, or is entitled to be registered as, the holder of those Income Securities.

5.3 Holding Income Securities on trust or as a nominee
A person is taken to hold Income Securities on trust for, as nominee for, or on account of, another person if they:

(a) are entitled to be registered as the holder of particular Income Securities; and

(b) hold their interest in the Income Securities on trust for, as nominee for, or on account of, that other person.

An acceptance of the Buy-Back Offer by a person who may accept the Buy-Back Offer as if a separate Buy-Back Offer is taken to be made for a parcel of Income Securities within a holding is ineffective unless:

(a) the person gives the Income Securities holder a notice stating that the Income Securities consist of a separate parcel; and

(b) the acceptance specifies the number of Income Securities in the parcel.

A person may, at the one time, accept for two or more parcels as if there had been a single Buy-Back Offer for a separate parcel consisting of those parcels.

5.4 Costs and expenses
All costs and expenses of the preparation, despatch and circulation of the Buy-Back Offer will be paid by AMP GFS.

5.5 Documents required
When accepting this Buy-Back Offer, you must also forward for inspection:

(a) if the Acceptance Form is executed by an attorney, and if not already noted by AMP Securities Registry, a certified copy of the power of attorney and any other documents required by law; and

(b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Income Securities holder, and if not already noted by AMP Securities Registry, a certified copy of the relevant grant of probate or letters of administration and any other documents required by law.

5.6 When acceptance complete

Acceptance of this Buy-Back Offer will not be complete until the completed Acceptance Form has been received, at one of the addresses set out in section 1.11 and the requirements of the Buy-Back Offer have been met or in the case of CHESS Holdings, your acceptance has been processed by your Controlling Participant and the requirements of the Buy-Back Offer have been met, provided that:

(a) AMP GFS may in its sole discretion waive any or all of those requirements at any time; and

(b) where such requirements have been complied with in respect of some but not all of your Income Securities, AMP GFS may, in its sole discretion, deem your acceptance of this Buy-Back Offer complete in respect of those Income Securities for which the requirements have been complied with but not in respect of the remainder.

5.7 Payment of Buy-Back Offer Price

AMP GFS will pay the Buy-Back Offer Price for valid acceptances as soon as reasonably practicable after the end of the Buy-Back Offer Period. Where a valid acceptance is received before the Early Settlement Date, AMP GFS will pay the Buy-Back Offer Price as soon as reasonably practicable after the Early Settlement Date.

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given after the end of the Buy-Back Offer Period, AMP GFS will pay the Buy-Back Offer Price as soon as reasonably practicable after the documents are given.

If you do not provide AMP GFS the required additional documents within one month after the end of the Buy-Back Offer Period, AMP GFS may, in its sole discretion, rescind the contract resulting from your acceptance of the Buy-Back Offer.

5.8 Payments to offshore residents

If at the time of acceptance of this Buy-Back Offer, you are resident in, or of, a place outside Australia, you will not be entitled to receive the Buy-Back Offer Price until all necessary authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

5.9 Valid acceptances

You irrevocably authorise AMP GFS and its officers or agents to alter the Acceptance Form on your behalf by:

(a) inserting correct details of your Income Securities;

(b) filling in any blanks remaining on the Acceptance Form; and

(c) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Buy-Back Offer and to enable registration of the buy-back of your Income Securities by AMP GFS.

If any of your Income Securities are in a CHESS Holding and you send an Acceptance Form in respect of that holding to AMP Securities Registry, you irrevocably authorise AMP GFS to:

(a) instruct your Controlling Participant to initiate acceptance of this Buy-Back Offer in respect of all such Income Securities in accordance with the SCH Business Rules; and

(b) give any other instructions in relation to those Income Securities to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

However, AMP GFS may choose, in its absolute discretion, whether to exercise its authority in this regard. If AMP GFS does not exercise this authority your Acceptance Form may (but will not necessarily) be returned to you asking you to contact your Controlling Participant.

5.10 Representations

You represent and warrant to AMP GFS, as a condition of the contract resulting from your acceptance of the Buy-Back Offer, that at the time of acceptance and at the time of settlement of your acceptance of the Buy-Back Offer:

(a) all of your Income Securities are free from all mortgages, charges, liens and other encumbrances of any nature and any third party rights; and

(b) you have full power and capacity to sell and transfer those Income Securities.

5.11 Appointment of proxy

By accepting the Buy-Back Offer, you irrevocably appoint AMP GFS and each of its officers from time to time severally as your agent and attorney on your behalf to:

(a) attend and vote in respect of your Income Securities at all general meetings of Income Securities holders; and

(b) sign all documents (including an instrument appointing one of AMP GFS's directors as a proxy in respect of any or all of your Income Securities) and resolutions relating to your Income Securities, and generally to exercise all powers and rights which you may have as an Income Securities holder and perform such actions as may be appropriate in order to vest good title in your Income Securities in AMP GFS, and you agree that, in exercising such powers, any such director is entitled to act in AMP GFS's interests as the beneficial owner and intended registered holder of your Income Securities.

5.12 Non-complying acceptances

Except in relation to Income Securities in a CHESS Holding, AMP GFS may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Buy-Back Offer even though there is not compliance with any one or more of the other requirements for acceptance but, if AMP GFS does so, AMP GFS is not obliged to make the Buy-Back Offer Price available to you until all of the requirements for acceptance have been met. AMP GFS may in its sole discretion reject any Acceptance Form which does not comply with any one or more of the requirements for acceptance.

5.13 Breach

You agree that if you breach the contract formed on your acceptance of the Buy-Back Offer you will indemnify each member of the AMP Group for all their losses arising from the breach.

5.14 Withdrawal and variation of Buy-Back Offer

AMP GFS may withdraw unaccepted Buy-Back Offers at any time.

AMP GFS may vary this Buy-Back Offer at any time by announcing the terms of the variation to ASX and placing an advertisement giving notice of the variation in one national newspaper.

5.15 Number of Income Securities to which acceptance applies

Subject to the special arrangements for trustees and nominees (see sections 5.2 (b) and 5.3), if you accept the Buy-Back Offer you are deemed to have accepted for all the Income Securities you hold as at the Early Settlement Date or the close of the Buy-Back Offer Period (as applicable), regardless of the number of Income Securities stated on your Acceptance Form or otherwise.

5.16 Directors' entitlements

Directors of AMP and AMP GFS are entitled to participate in the Buy-Back Offer and may do so, according to their own particular circumstances. As at 9 March 2004, the following directors of AMP and AMP GFS held or had a relevant interest in the following Income Securities.

Director	Income Securities[1]
Peter Willcox	2,500

Note:
1. These relevant interests include interests arising through superannuation funds, trusts and joint or other ownership structures.

Mr Willcox intends to accept the Buy-Back Offer in respect of his holding.

5.17 Applicable law

The Buy-Back Offer is governed by the laws of New South Wales.

Section 6
Definitions and interpretation

In this booklet and the Acceptance Form unless the context otherwise requires:

Acceptance Form
means the form of acceptance accompanying this Buy-Back Offer

AMP
means AMP Limited (ABN 49 079 354 519)

AMP GFS
means AMP Group Finance Services Limited (ABN 95 084 247 914)

AMP Group
means AMP and its controlled entities

AMP Securities Registry
means Computershare Investor Services Pty Limited (ABN 48 078 279 277), Level 3, 60 Carrington Street, Sydney NSW 2000

ASX
means Australian Stock Exchange Limited

ASX Listing Rules
means the listing rules of ASX

Buy-Back Offer
means the offers to holders of Income Securities to buy back Income Securities as set out in this booklet

Buy-Back Offer Period
means the period commencing on 17 March 2004 and ending at 5.00pm Sydney time on 19 April 2004, or such later date to which the Buy-Back Offer has been extended

Buy-Back Offer Price
means $98.00 plus accrued interest for each Income Security as set out in section 1.2 of this booklet

CHESS
means the Clearing House Electronic Subregister System

CHESS Holding
means a holding of Income Securities on the CHESS subregister of AMP GFS

Controlling Participant
means the broker or non-broker participant who is designated as the Controlling Participant for securities in a CHESS Holding in accordance with the SCH Business Rules

Corporations Act
means the Corporations Act 2001 (Cth)

Early Settlement
means settlement of any acceptance of the Buy-Back Offer which is received by AMP Securities Registry or processed by your Controlling Participant before the Early Settlement Date

Early Settlement Date
means 5.00pm Sydney time, Monday 29 March 2004

Global Income Security
has the meaning given in the Income Security Trust Deed

Income Securities Terms
means the terms and conditions of the Income Securities as set out in the Income Security Trust Deed

Income Security
means a direct, unsecured and subordinated obligation of AMP GFS from time to time owing under the Global Income Security and the Income Security Trust Deed, having a principal amount and denomination of $100 and no fixed maturity date

Income Security Trust Deed
means the AMP Income Security Trust Deed between AMP GFS, AMP Group Holdings Limited, Perpetual Trustee Company Limited and AMP Finance Services Limited dated 7 October 1999 as amended on 18 October 1999 and 16 December 1999

Interest Payment Date
has the meaning given in the Income Securities Terms

Investor Report
means the report comprising the AMP Group's financial results for the year ended 31 December 2003, called Investor Report Full Year 2003 and released to ASX on 4 March 2004

Issuer Sponsored Holding
means a holding of Income Securities on the issuer sponsored subregister of AMP GFS

Moody's
means Moody's Investors Service Pty Limited

Reset Preferred Securities or **RPS**
means reset preferred securities, being units in the AMP Reset Preferred Securities Trust issued by AMP Henderson Global Investors Limited (now known as AMP Capital Investors Limited) (as responsible entity of the AMP RPS Trust) pursuant to the replacement prospectus dated 26 September 2002 (as supplemented)

SCH
means ASX Settlement and Transfer Corporation Pty Ltd (ABN 98 008 624 691) as approved as the Securities Clearing House under the Corporations Act

SCH Business Rules
means the SCH Business Rules issued by ASX Settlement and Transfer Corporation Pty Ltd as amended and replaced from time to time

Standard & Poor's
means Standard & Poor's (Australia) Pty Limited

Trustee
means Perpetual Trustee Company Limited (ACN 000 001 007)

you or **holder**
means a holder of Income Securities

Interpretation
In this booklet and the Acceptance Form unless the context otherwise requires:

- headings are for convenience only and do not affect interpretation;
- the singular includes the plural, and vice versa;
- words importing one gender include other genders;
- where a word or phrase is defined, other grammatical forms have a corresponding meaning;
- a reference to a person includes a body corporate, an unincorporated body or other entity and vice versa;
- a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation (as the case may be) jointly and severally;
- a reference to currency is to Australian dollars; and
- a reference to time is to Sydney time.

The postal acceptance rule does not apply to the Buy-Back Offer.

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Need help?

Contact the AMP Income Securities Information Line

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www.ampgroup.com/incomesecurities

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