17 February 2005

Dear fellow investor,

AMP has today announced a strong financial result for 2004, reflecting improved underlying business performance and better market conditions.

Consolidated bottom line profit rose to $934 million for the year, compared with a bottom line loss of $5.5 billion for 2003.

The 2004 profit is largely the result of a more focused and efficient business prospering in a favourable market environment.

The drivers of AMP's results were increased cash flows, improved investment performance, better markets, lower costs and more efficient capital management.

This is a pleasing result but we're under no illusions that we must continue to work hard to make this company more valuable for you, its owners.

Underlying business performance
Each of AMP's businesses performed well.

- **AMP Financial Services'** operating margins were up 15 per cent to $475 million. The highlights of this result were better cash flows, with a $1.7 billion turnaround on 2003, continued cost reduction with another 4 per cent drop in controllable costs, more effective claims management and enhanced capital management.

- **AMP Capital Investors'** operating margins rose 7 per cent to $73 million, boosted by improved investment performance with 86 per cent of all Australian assets under management meeting or exceeding their benchmarks.

- **Cobalt** continued to manage the run-off of its insurance and reinsurance books with good results. Operating margins were ahead of plan at $51 million, reflecting positive net claims and commutations, while liabilities were reduced by 26 per cent over the year.

Dividends
Your board is pleased to declare a final dividend of 14 cents a share (75 per cent franked), bringing the full dividend to 27 cents per share, up from 16 cents a share in 2003. The dividend will be paid on 26 April.

Capital Return
With continuing strong markets and business performance, and significantly reduced debt levels, AMP is now in a position to return excess capital to our shareholders.

We are proposing to return around $750 million to you, by giving each of you 40 cents cash for every share you hold.

An Australian Tax Office (ATO) ruling on the proposed capital return is in progress. AMP has applied to the ATO to treat the capital return as a reduction in the cost base and not as a taxable dividend.

The proposal is subject to shareholder approval at the Annual General Meeting (AGM) on 19 May. More detail on this proposal is contained in the Notice of Meeting for the AGM, which you should be receiving in early April.

I encourage you to read those explanatory notes and have your say by voting.

Income Securities
Another leg of our capital plan for 2005 is to repay more debt, to maintain our current gearing ratio and our A- credit rating after the capital return. That is why we are redeeming the outstanding Income Securities at their face value of $100 each, for a total cost of $265 million.

If you are an Income Securities holder, you will receive a redemption notice by mail outlining the process. You don't have to take any action.

You will simply receive a direct credit or cheque for the value of your securities, plus your final interest payment, on 10 May.

Outlook
AMP remains in an enviable position. It has the pre-eminent wealth management brand in Australasia, market-leading distribution, scale and cost efficiencies, and a broadly-based investment capability. These capabilities stand us in good stead for the year ahead.

Full details about our 2004 results are available in the Investor Report and presentation materials available on this site.

Peter Willcox
Chairman