ASX Announcement

05 May 2006

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Sydney NSW 2000

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Announcement No: 22/06

Part One: **AMP announces increased first quarter net cashflows**

Part Two: **Presentation to Macquarie Securities Conference**

5 May 2006

AMP announces increased first quarter net cashflows

AMP Financial Services (AFS) has reported robust cashflows for the first quarter of 2006, with cash inflows rising by 29 per cent and net cashflows of A$341 million compared with A$115 million in the first quarter of 2005.

Releasing the figures at a conference in Sydney today, Chief Executive Officer Andrew Mohl said the result was pleasing given the first quarter is traditionally AMP's slowest, and underlined the strength of AMP's advice-based businesses.

Mr Mohl also noted the first quarter figures for cash inflows and outflows were inflated by around 4 per cent due to a one-off project aimed at superannuation clients aged over 65, in response to regulatory changes. This resulted in higher than normal outflows from retail superannuation and inflows into allocated annuities.

Cash inflows

Total cash inflows rose 29 per cent to A$2,663 million, compared with A$2,068 million in the first quarter of 2005.

In terms of cash inflows by distribution channel, AMP Financial Planning recorded a 31 per cent increase to A$1,531 million, while the Corporate Super direct sales force channel rose 47 per cent to A$241 million.

A 49 per cent increase in cash inflows into Hillross was inflated by a one-off consolidation of the Arrive business into this distribution channel, totalling around A$50 million.

New Zealand reported a 7 per cent increase in inflows to A$141 million.

Cash outflows

Cash outflows rose by 19 per cent to A$2,322 million.

Persistency was down by 0.8 percentage points to 85.4 percentage points, but was broadly flat after allowing for the impact of the over-65 project.

Net cash flows

Overall, net cash flows rose strongly to A$341 million, compared with A$115 million in the first quarter of 2005.

This increase reflected broadly similar growth in net cashflows in AMP Financial Planning (A$99 million) and Hillross (A$106 million).

AFS expects to report first quarter net cashflows of about A$440 million to Plan for Life (which reports retail products excluding regular premium and risk products). The comparative figure for the first quarter of 2005 was A$250 million.

Outlook

Mr Mohl flagged strong inflows for the second and third quarters of 2006 as recent large Corporate Superannuation wins transition into the business. New mandates totalling around A$1.5 billion will flow into the business in the next two quarters from companies such as Woolworths, the Nine Network and Mitsubishi.

"The employer sponsored master trust area has been a significant growth area for AMP with 34 plans worth A$3.7 billion won since the launch of our Signature Super product," Mr Mohl said.

"Overall, AMP remains well placed to deliver on the goal announced last year to double the value of an investment in AMP between mid 2005 and mid 2010."

Table 1: Cashflows by Business Line

	Q1 06			Q1 05		
	Inflows A$m	**Outflows A$m**	**Net A$m**	**Inflows A$m**	**Outflows A$m**	**Net A$m**
Australian contemporary/open	2,313	1,677	636	1,733	1,292	441
Australian mature/closed	209	505	(296)	203	506	(303)
New Zealand	141	140	1	132	155	(23)
Total AMP Financial Services	2,663	2,322	341	2,068	1,953	115

Table 2: Cashflows by Distribution Channel

	Q1 06 inflows A$m	**Q1 05 inflows A$m**	**Change %**	**Q1 06 net cashflows**	**Q1 05 net cashflows**	**Change A$m**
AMP Financial Planning	1,531	1,173	31	263	164	99
Hillross	456	306	49	176	70	106
Corporate Super direct sales force	241	164	47	81	61	20
Customer care centre & other	163	196	(17)	(97)	(62)	(35)
3rd Party Distributors	131	97	35	(83)	(95)	12
New Zealand	141	132	7	1	(23)	24
Total	**2,663**	**2,068**	**+29**	**341**	**115**	**226**

Note: this table contains data for the AFS business only and excludes all external AMP Capital Investors flows.

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AMP – well positioned to deliver strong, sustainable growth

Andrew Mohl
Chief Executive Officer

5 May 2006

AMP

AMP's positioning, strategy and goal

- AMP is a free-standing Australian wealth management group, operating across the value chain, in a high growth industry
- Strategy of operational excellence is based on two key insights:
  - The greatest value creation opportunities lie in the businesses we are in now
  - The better we get at running the business, the more opportunities we are finding to improve
- Delivering encouraging outcomes in our five key indicators:
  - Return on equity
  - Cost ratio
  - Value metrics
  - Operating margins
  - Investment performance
- Medium term goal to double the value of an investment in AMP from mid 2005 to mid 2010, consistent with top quartile TSR

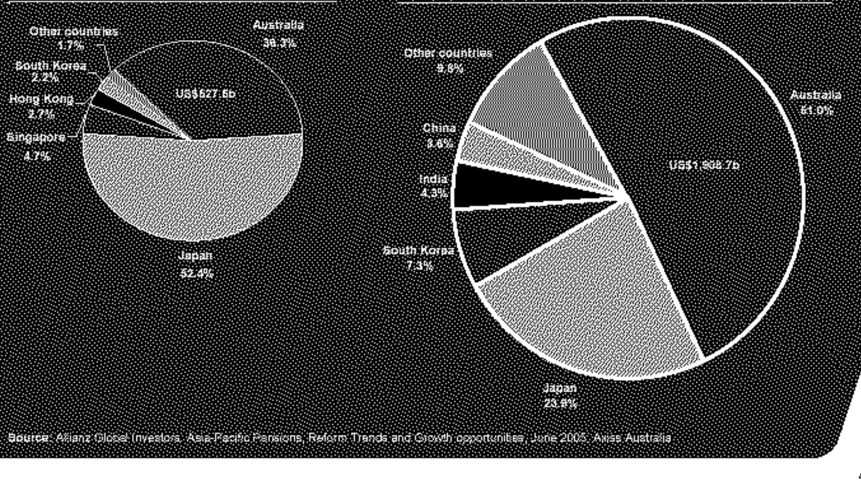
Outline

- Market overview
- Business update
  - Cashflows
  - Costs
  - Capital
  - Growth opportunities
- Wrap up

Overview – Australian private pension market to triple in 10 years and exceed all of Asia

2005
Total US$1,452 billion

2015
Total US$3,744 billion

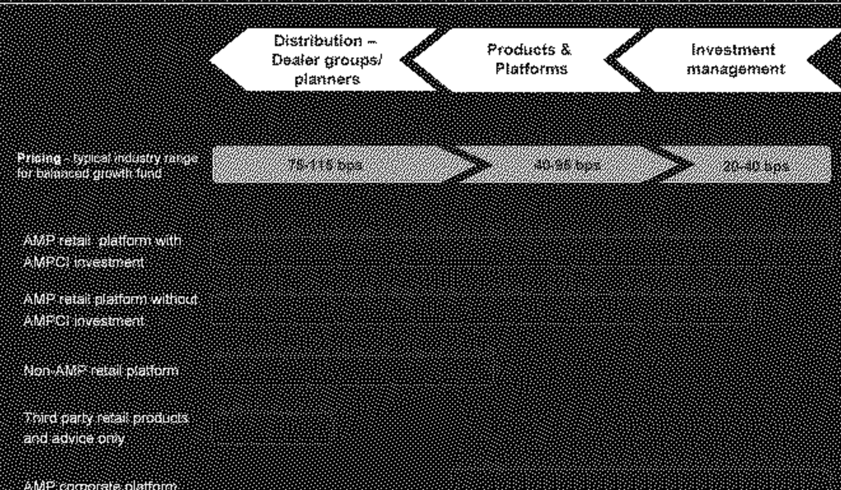


Source: Allianz Global Investors, Asia-Pacific Pensions, Reform Trends and Growth opportunities, June 2005, Axiss Australia

Overview – AMP holds leading market positions across the industry value chain

- Pure wealth manager operating across the industry value chain
- Strongly positioned in each area:
  - Market leader in AUM terms in both retail and corporate superannuation and 2nd ranking in retirement incomes – the fastest growing segments of retirement savings market
  - Retail distribution centred on largest network of financial planners; wholesale distribution on a total corporate superannuation solution
  - One of region's largest investment managers, leveraging internal funds and targeting external growth in selected asset classes and markets in Australia and Asia

Overview – AMP captures margin across the industry value chain



Cashflows

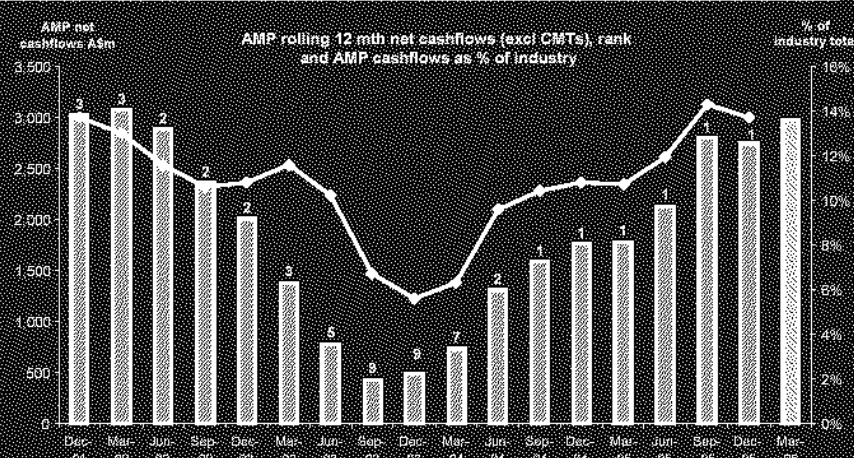
Strong cashflows in Q1 06

- Cash inflows and outflows inflated by 4% due to 'over 65s' project
- Cash inflows up 29% to $2.7b
  - AMPFP up 31% to $1.5b
  - Australian contemporary up 33% to $2.3b
- Cash outflows up 19% to $2.3b
  - Persistency down 0.8 percentage points to 85.4%, broadly flat in underlying terms after allowing for impact of 'over 65s' project
- Net cashflows up from $115m to $341m
  - Australian contemporary up 44% to $636m

Cashflow growth by channel

A$m	Q1 06 inflows	Q1 05 inflows	Change	Q1 06 net cashflows	Q1 05 net cashflows	Change
AMP Financial Planning	1,531	1,173	+ 31%	263	164	+ $99m
Hillross	456	306	+ 49%	176	70	+$106m
Corporate Super – direct sales force	241	164	+ 47%	81	61	+ $20m
Customer care centre & other	163	196	- 17%	(97)	(62)	- $35m
Third party distributors	131	97	+ 35%	(83)	(95)	+ $12m
New Zealand	141	132	+ 7%	1	(23)	+ $24m
TOTAL	2,663	2,068	+ 29%	341	115	+ $226m

AMP has ranked first in net retail annual cashflows since Q3 04



Source: Plan for Life Dec 2005, Retail Managed Funds Report

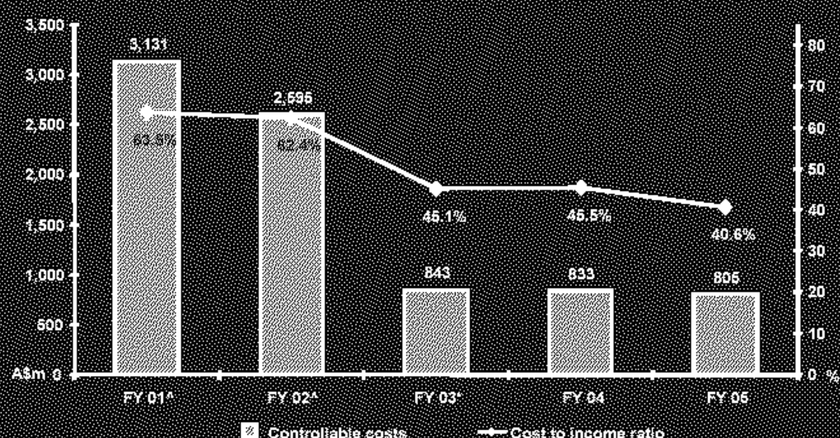
Note: Number above box represents relative industry ranking in year ending quarter / rankings exclude badged products

AMP net retail cashflows (ex CMTs) as % of industry total

AMP rolling 12 month net retail cashflows to March 06 as reported on Plan for Life basis

Costs

Strong cashflows across lowest unit cost base

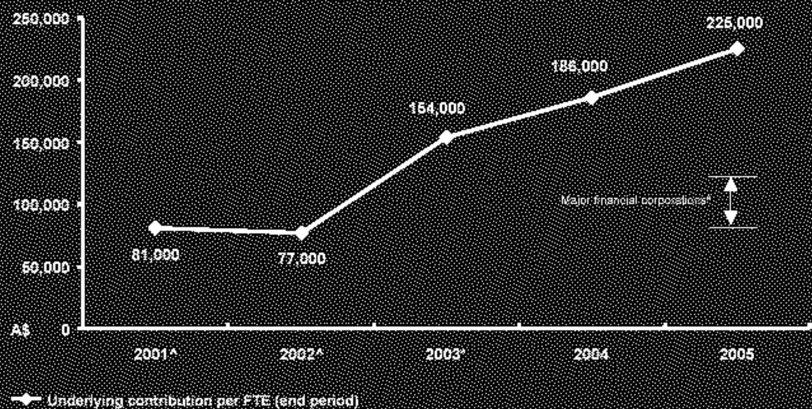


^ AMP group including previously owned HHG entities

* Demerged basis, excluding UK costs and not restated for AIFRS

All numbers restated to exclude transitional tax relief

Underlying contribution per FTE – substantial gains in productivity and business efficiency



^ AMP group including previously owned HHG entities * Demerged AMP

Australian listed financial services companies with market capitalisation over A$15b. Range: $85,000-$125,000 in profit per FTE

Process excellence is our next initiative to achieve a step change in unit cost base

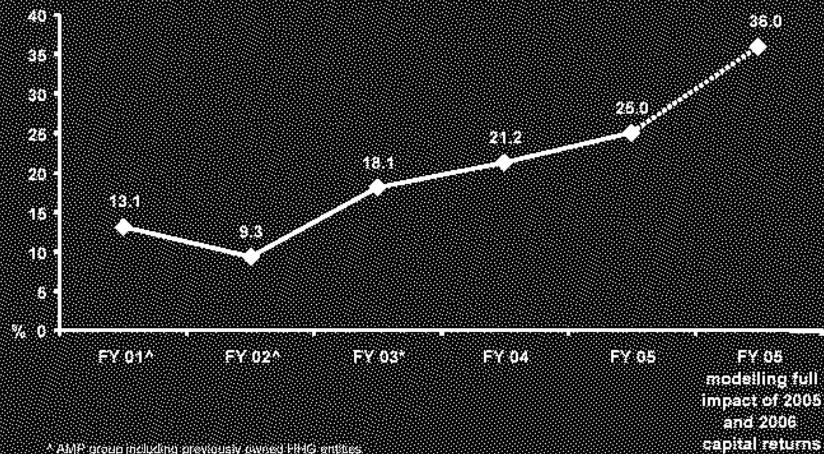
- Process excellence initiative in train to deliver next tranche of unit cost reductions
- Goal to simplify and enhance processes to reduce unit costs
  - Also aims to strengthen risk and control framework and drive sales and retention by improving the customer and planner experience
- Six process owners reviewing and managing a portfolio of end-to-end processes across the business
  - Product development
  - Payments in
  - Payments out
  - New business
  - Investment management
  - Servicing and maintenance

Capital

Capital management – update

- First capital return of $746 million or $0.40 a share was implemented in 2005
- Second capital return of $750 million is proposed in 2006
  - Subject to shareholder approval at May 18 AGM, a second payment of $0.40 a share will be made in June 2006
  - ATO has ruled that capital return is a reduction in shareholder cost base and not a taxable dividend
- Third capital management initiative is the lift in ordinary dividend payout ratio policy from 75% of underlying contribution in 2005 to 85% in 2006
  - Franking rate also to increase from 75% in 2005 to 85% in 2006
- Future capital management initiatives
  - Balance sheet currently supports a fourth capital initiative in FY 07
  - Preferred form has not yet been determined
  - Initiative will continue to be framed against the objective to maintain the Group's 'A' credit rating

Underlying RoE will rise strongly as full impact of capital initiatives is realised



^ AMP group including previously owned HHG entities

* Demerged AMP

Growth opportunities

AMP

Growth focus is on core business

- Financial planning
- Retail and corporate superannuation
- Retirement income streams
- Risk insurance
- Asset management

Financial planning – increasing productivity and improving quality of advice

- Largest planner network across Australia and New Zealand
- Priority is to embed, systemise and refine planner support propositions to improve productivity and quality of advice
- AMP Financial Planning is now two years into a five year reform program to aid financial planners to:
  - increase their productivity and lower their cost to serve, eg tailored advice packages and tools, retirement, debt and corporate advice specialists
  - enhance their business skills, eg practice development programs
  - improve the quality of advice, eg annual competency assessment

Financial planning – progress to date

- Strong cashflows
  - 22% increase in 2005 net cashflows through this channel during transformation program
  - Momentum maintained in Q1 06
- Positive feedback from clients
  - 91% of new clients rate planner service as excellent
- Brand campaign educating Australians about the value of financial planning advice

Corporate super – progress to date

- Market leader in employer sponsored master trusts - 17.5% market share*
- Scale position and cost efficiency deliver competitive product set for corporates and small-medium enterprises
  - Success in fast growing employer sponsored master trust market with launch of SignatureSuper – 34 plans won with total assets of $3.7b to date
  - $2.2b of this has been fully transitioned and a further $1.5b is still to transition (including new corporate super clients - Woolworths, Nine Network, Mitsubishi)
- Market changes and downstream opportunities offer significant growth potential
  - APRA licensing changes
  - Downstream opportunities in advice, retail super, retirement incomes, risk, banking
  - Focus on "super for life" driving process improvements and product enhancements to keep members with us longer

* **Source:** DEXX&R Market Share Analysis, December 2005

Retail super – progress to date

- Market leader in retail super - 17% market share*
- Strategic pricing critical to protecting and growing margins
  - Drivers for pricing are different by customer segment
- Cash inflows increased 15% in FY 05; strong momentum in Q1 06
- Focus on maintaining growth by capturing corporate super flows (delinks) and improving planner productivity

*Source: Plan for Life December 2005, Retail Managed Funds Report

Retirement incomes – progress to date

- Ranked 2nd in retirement incomes - 12.3% market share*
- Focus on increasing retention from super to retirement income products by
  - enhancing planners' retirement advice capabilities, eg retirement specialists and ongoing planner education
  - providing market leading products and features, eg first to market with "transition to retirement" term allocated pension
- Encouraging trends in recent quarters

*Source: Plan for Life December 2005, Retail Managed Funds Report

Risk – progress to date

- Ranked 3rd in individual risk market – 11.4% market share*
  - Annual premium income growth of 11% in FY05
  - Industry leading lapse rates
- Strong market growth projected
  - In force annual premiums forecast to grow by 9.6% per annum to 2014#
- Focus on upgrading individual risk business for growth
  - Continuously enhancing product range and processes
  - Now piloting automated underwriting capability

*Source: Plan for Life detailed risk statistics December 2005 – in force premiums individual risk.
#Source: DEXX&R Market Projections Report, March 2005.

Investor Report disclosure

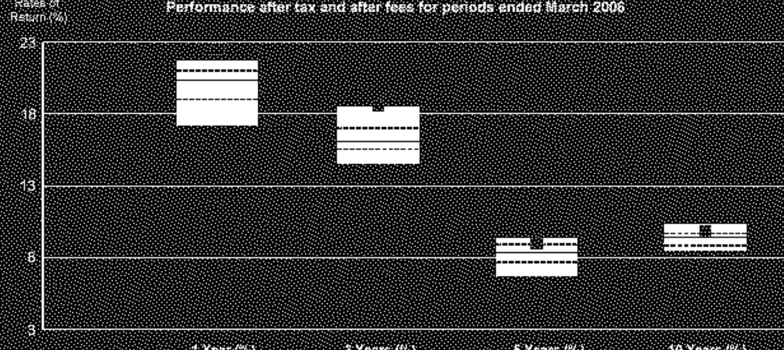
- Further disclosure in the 2006 Half-Year Investor Report:
  - Risk to be reported separately: Australian Contemporary - Wealth Protection
  - Non-risk to be reported separately: Australian Contemporary - Wealth Management
  - Embedded Value and Value of New Business to be revised on more realistic basis, in particular to include recurring contributions and higher retention of recurring business

AMPCI – growth initiatives on four fronts

- Deepening presence in domestic, high growth markets
  - Secured representation on product lists and platforms of major financial planning dealer groups
  - Launching retail offering specifically targeting private clients
- Expanding offshore in selected Asian markets
  - Asian Property business to be established in Singapore
  - Expanded distribution network to Malaysia
  - Launched total return fund in Japan
- Strengthening core investment capabilities
  - Secured US partner for new global property products
  - Expanded high yield business, with offshore debt investment in Structured High Yield fund at $500m
  - Raised over $330m for European and Asian infrastructure opportunities
- Delivering strong, consistent investment performance
  - All asset classes performing strongly

AMPCI – Balanced Growth fund ranks 1st over 1 year and 2nd over 3 years

AMP Capital Balanced Growth
Comparison with the Mercer Diversified Fund Survey - Balanced Funds Universe
Performance after tax and after fees for periods ended March 2006



AMP Capital Balanced Growth	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Return	22.6	18.5	8.9	9.8
Ranking	1	2	6	4
Number of funds	26	26	25	18

Note: Top of box represents 95th percentile and bottom of box represents 5th percentile.

Wrap up

- AMP is well positioned to deliver strong, sustainable growth
  - Leading position in market projected to grow by 10%+ over next decade
  - Strategy of operational excellence delivering strong inflows from lowest unit cost base with high free cashflows to shareholders
  - Pursuing attractive growth opportunities in core business across the industry value chain
- Medium term goal to double the value of an investment in AMP from mid 2005 to mid 2010