



ASX Announcement

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AMP announces sale of Cobalt/Gordian

AMP Limited has today announced the sale of its closed reinsurance and general insurance operations, Cobalt/Gordian, to Enstar Group Limited for A\$585 million.

The sale includes both the manager of the businesses, Cobalt, and the closed book portfolios including Gordian. Enstar is a NASDAQ-listed company which specialises in the management of closed insurance books.

Based on book value at 30 June 2007 AMP will book a profit from the sale of around A\$83 million (see table below). Under the terms of the sale, Enstar Group Limited will assume the risks and benefits of the Cobalt/Gordian operations from 1 July 2007. The final sale proceeds payable to AMP will increase for the period from 1 July 2007 to completion at a rate of around A\$3.3 million per month.

The sale will represent a complete exit from the business by AMP.

As a consequence of the sale, based on AMP's 30 June 2007 position, minimum shareholder regulatory capital requirements will reduce by around A\$137 million, while Group Office capital will increase by around A\$157 million (based on the proceeds of A\$585 million less current loans of A\$423 million and transaction/exit costs of A\$5 million).

AMP plans to use this increase in Group Office capital to lift the next four dividend payments by two cents per share, commencing with the final 2007 dividend to be paid in April 2008. This increase will be in addition to the existing dividend payout ratio policy of 85 per cent of underlying profit. Franking details will be confirmed with each dividend announcement.

AMP Chief Executive Officer Andrew Mohl said that AMP had generated significant value from the runoff of Cobalt/Gordian in the past few years, but it had received attractive terms and conditions from Enstar to facilitate a clean exit from the business.

“Cobalt has been well managed in recent years, generating solid earnings and releasing capital while being non-core to AMP’s business strategy. Enstar Group, as a specialist runoff business owning and managing runoff portfolios, is a more natural long-term owner of Cobalt/Gordian than AMP,” Mr Mohl said.

“The sale of Cobalt/Gordian means that AMP is now fully focused on its core businesses of financial planning and advice, corporate and retail superannuation, retirement income and investment products, life insurance, banking and investment management, and is well positioned to continue to grow earnings and shareholder value in these areas.”

The sale is subject to a number of regulatory approvals, including APRA, and is expected to be completed in the first quarter of 2008.

Reconciliation of profit on sale of Cobalt/Gordian

	A\$m
Sale proceeds ⁽¹⁾	585
Less: book value as at 30 June 2007	(497) ⁽²⁾
Less: costs	(5)
Expected profit on sale	83

Notes

1. The sale proceeds will increase for the period from 1 July 2007 to completion at a rate of around \$3.3 million per month.
2. Book value is represented by net assets of \$679 million less the group provision of \$182 million as at 30 June 2007.

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