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ASX ANNOUNCEMENT

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SUBJECT : **AMP update on review programme**

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NOTE - If you do not receive _3 _ page(s) including this one, please contact Penny Chan, on (02) 9257-5453 as soon as possible.

18 November 2002

AMP update on review programme

AMP is continuing the review of its activities and costs, in line with the new Chief Executive Officer's five point reform agenda.

Last week, AMP updated the market on a number of early decisions. This update included strategic decisions on AMP Bank and the Corporate office and structural changes in Australian Financial Services (AFS).

The review of the United Kingdom Financial Services (UKFS) business is still in progress. However, AMP has formed the view that there will be significant asset writedowns.

In the last few days AMP has accelerated its review of the carrying value of its operating subsidiaries, primarily within UKFS and the former AMP International business unit.

AMP's Chief Executive Officer Andrew Mohl said: "Previous valuations are no longer appropriate in light of the substantial falls in equity markets since 30 June 2002, difficult operating conditions and the changes in the business arising from the five point reform agenda."

While uncertainty remains around precise valuations as an independent valuation process and review will not be complete for several weeks, AMP currently anticipates that a writedown in the order of A$1.2 billion is possible for the year to 31 December 2002.

"AMP believes the carrying value of these assets is unlikely to recover for some time and it will therefore be prudent to reflect a more realistic view in the balance sheet," Mr Mohl said.

The possible A$1.2 billion writedown broadly includes:

- A$850 million related to UK assets including NPI, which accounts for around A$600 million; and
- A$350 million related mainly to former AMP International businesses.

"While these numbers are very preliminary and subject to change, AMP believes it is important to keep the market informed," Mr Mohl said.

The writedowns in UKFS will largely be goodwill (ie intangible assets) and will not impact on the net assets invested in the UK businesses. Total capital invested in UKFS is expected to be around A$6.6 billion (after the writedowns) at 31 December 2002. This compares with A$6.1 billion at 30 June 2002 and takes into account the £500 million invested in UKFS in the second half of the year, less the anticipated asset writedowns.

The anticipated writedowns do not include restructuring costs or other financial implications of the strategic review, details of which will be made available when finalised.

"Payments of dividends and the Reset Preferred Securities (RPS) distributions will not be affected by the writedowns," Mr Mohl said.

"Overall, notwithstanding these anticipated writedowns, AMP's capital position remains strong. We are completely focused on running the business to maximise long term shareholder value."

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