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ASX ANNOUNCEMENT

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SUBJECT : AMP 2002 profit expectations

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21 January 2003

AMP 2002 profit expectations

AMP has reduced its current estimate of the 2002 operating margins of its UK Financial Services business by around £36 million (A\$100 million) from the £112 million (A\$311 million) estimate provided at its 4 December market briefing.

About £8 million (A\$22 million) of this reduction reflects the deterioration in equity and bond markets from the assumptions held on 4 December to the actual market close on 31 December.

A further £15 million (A\$42 million) reduction is anticipated because it is becoming clear during AMP's year-end financial processes that earlier assumptions underestimated the cumulative effect of weak equity markets on the margins released through its 90:10 funds. This is expected to have a similar effect on UK Financial Services' margins in 2003, all other things being equal.

In addition, the year-end processes are indicating the need for a top-up in provisions for pensions mis-selling and other potential liabilities to policyholders of about £13 million (A\$36 million).

The anticipated reduction in UK Financial Services' operating margins means that AMP now expects to report a 2002 net operating profit of around A\$500 million before write-downs, asset sales and restructuring costs. After those items, AMP currently expects to report a total net loss of around A\$900 million for the 2002 year.

As AMP's year-end processes are still in their early stages, all estimates remain subject to final actuarial and audit review and sign-off. AMP will report its full 2002 financial results on 26 February 2003.

Payments of Reset Preferred Securities (RPS) distributions will not be affected by this announcement or the previously announced writedowns.

UK Financial Services is separately announcing details of its 2002 bonus rates on with-profit policies in the UK today. These will range from 0 to 5 per cent. The UK media release is available on AMP's website at www.ampgroup.com. These bonus decisions do not directly impact the 2002 operating margins of UK Financial Services.

"The UK results underline the impact of depressed equity markets and the continued difficult operating environment we face there," AMP's Chief Executive Officer Andrew Mohl said.

"However, we have over A\$7 billion of our capital invested in the UK and we are committed to extracting value from our mature business and selectively growing our contemporary business in the best interests of shareholders."

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