AMP

ASX Announcement

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Update on demerger proposal

AMP Chief Executive Officer Andrew Mohl has today provided the market with an update on the progress of the company's demerger proposal.

Explanatory Memorandum (EM)

In late August 2003, the UK regulator the Financial Services Authority (FSA) released an industry consultation paper, which proposes new rules to determine capital requirements for UK life insurers (also known as 'realistic solvency' requirements). The new rules will begin in 2004 following feedback from industry and prescription of requirements by the FSA.

These potential changes are an important driver of AMP's UK Life Services business plans. AMP and consulting actuaries Tillinghast are working through the consultation paper and discussing likely outcomes with the FSA to ensure the EM reflects potential impacts of the proposed new rules.

The work on realistic solvency is also critical to the finalisation of AMP's UK life companies' market-consistent embedded values (also known as modified EV), which is also being prepared by Tillinghast. This will be the first time this analysis has been produced for a UK life company.

AMP now plans to lodge its EM with the Australian Securities & Investments Commission (ASIC) in early October, rather than 19 September 2003 as originally planned. The EM is expected to be available publicly by late October.

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Outline of capital structures

Subject to receiving necessary regulatory and Board approvals, AMP will provide details of the capital structures of 'new' AMP and 'new' Henderson to the market in October, ahead of the finalisation of the EM with ASIC and court approval.

Demerger timetable

AMP remains committed to completing the demerger this year.

"While our timetable is tight, the demerger remains achievable by the end of 2003," Mr Mohl said.

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