



ASX Announcement

21 May 2003

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Part One: AMP Share Purchase Plan set to open

Part Two: Letter from Chairman and Application Forms

21 May 2003

AMP Share Purchase Plan set to open

AMP's Share Purchase Plan (SPP) will open tomorrow, providing eligible retail shareholders with the opportunity to subscribe for up to A\$5,000 worth of shares.

The SPP is part of the capital raising announced by AMP on 1 May 2003 to facilitate its proposed demerger. The offer is open only to resident Australian and New Zealand shareholders, opening 22 May 2003 and closing 13 June 2003 (unless extended).

Almost 900,000 shareholders are currently being mailed an application form and letter from the AMP Chairman, Peter Willcox, inviting them to participate in the SPP offer.

In the letter, Mr Willcox explains to shareholders a number of issues including the reasons behind the raising and its timing.

"We wanted certainty. We knew the current market conditions and the likely price we could achieve. We don't know what market conditions will be like later in the year, so we chose to immediately proceed with the capital raising and not let the markets control the process," Mr Willcox says in the letter.

"We have set what we believe is a very tight deadline to complete the separation of AMP's businesses. To start cleanly separating the businesses, we had to immediately begin raising additional capital. By doing this now, we believe we will be better able to meet all our deadlines so we can separate the businesses by December 2003."

Mr Willcox also confirms in the letter that AMP's policy is to pay dividends in line with the Group's sustainable earnings. As AMP has already announced, volatile global investment markets, along with weak investor sentiment, impacted full year 2002 financial results.

"These two factors continue to impact our 2003 earnings and on 1 May 2003 we announced lower first quarter results for the Group," Mr Willcox tells shareholders in the letter.

"AMP's Board will consider the payment of dividends in light of the Group's sustainable earnings following the release of the 2003 half-year results in August."

The SPP has been underwritten by UBS Warburg up to A\$500 million. The maximum amount that can be raised through the offer is A\$750 million.

Ordinary shares under the SPP will be offered at the lower price of:

- A\$5.50 (the price at which institutional investors subscribed for shares under the placement); or

- a 5 per cent discount to the average market price of AMP shares calculated over a 15 day trading period after the close of the offer.

A copy of the Chairman's letter and application form, including the terms and conditions, is attached.

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